

# CUSTOMER CASE STUDY: DR. NORA C., DDS

Dr. Nora C. is a late-career prosthodontist who's been practicing in the same dental office in Charlotte, NC for several years. With her dental office lease just 6 months from its expiry date, she was contemplating relocating the practice to a property that would be more suitable to support her plans for a gradual transition over the next 5-6 years.

## The Problem

After a lengthy search, the doctor found the ideal location for her practice, and was presented with the landlord's standard office lease agreement for the new space. The doctor's primary concerns were to make certain that the relocation go smoothly, to mitigate any potential risks with the new lease, and to minimize any negative impact on her patients, all the while ensuring that both her investment and estate would be protected.

Dr. C's Henry Schein consultant introduced her to Cirrus Consulting Group, the dental office lease negotiation experts, to review her existing lease for costly surrender provisions and critical dates that might impact her relocation, as well as the new lease proposed by the landlord. Cirrus began by assessing her personal and practice goals, and then developed a strategy to help guide her through a safe relocation.

## The Challenge

Upon reviewing Dr. C's proposed new lease agreement, Cirrus uncovered various issues that could be detrimental to her eventual transition out of dentistry, including an "Assignment" clause that would leave her personally responsible for the practice's debt after transitioning, and the landlord's right to collect a significant portion of her practice sale proceeds.

Dr. C. was looking for her new lease agreement to provide her with the following:

- **The ability to transfer the lease and exit dentistry smoothly and profitably.**
- **Practice protection, security, and stability for peace-of-mind.**
- **Minimized personal risk.**
- **Flexibility and protection for future buyers.**

## The Solution

Cirrus collaborated with Dr. C. to clarify her transition goals, and then guided her through their eight-step strategic lease negotiation process, achieving the following key wins:

- **Negotiated a rent-free fixturing period of 120 days into the lease, resulting in a savings of over \$6,000 to build out the practice.**
- **Removed the landlord's right to claim 50% of her practice sale proceeds.** Prior to negotiations, if the doctor sold her practice for \$800,000, the landlord would be entitled to \$400,000 of the sale price.



**CIRRUS**  
CONSULTING GROUP

For 20 years, the Cirrus Team of expert dental office lease negotiators have been committed to getting doctors fair and affordable financial terms in their leases. Cirrus is devoted to ensuring the lease is set up for long-term practice stability, security and success, with the ability to sell and transition out of practice.

**Questions? Contact us at 1.800.459.3413 or visit [www.cirrusconsultinggroup.com/lease](http://www.cirrusconsultinggroup.com/lease).**

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## Continuation of Negotiation Wins:

- Eliminated Dr. C's personal risk by amending the "Assignment" clause to **release the doctor from all financial obligations following the assignment of her lease**. For example, prior to negotiations, if the doctor who acquired Dr. C's practice failed to pay rent, or did not fulfill other obligations in the lease, the landlord would require Dr. C. to pay for all rent arrears even if such event occurred years after she had sold her practice.
- Negotiated the same rental rate as her last location, with an annual increase of 3%. Pre-determining rental increases provides the tenant clear visibility into rent escalations.
- Amended the "Surrender" language to state that Dr. C. will not be required to remove alterations and improvements to the space at the end of the lease term, **saving her potentially \$150,000 or more in demolition/construction costs**.
- Negotiated two additional 5-year options to renew the lease, making these options transferrable to a future buyer.
- Extended the primary term of the lease from 6 years to 10 years, thereby providing additional security and stability for a new tenant, should Dr. C. decide to retire earlier than previously planned.
- Added "Associate" language, allowing Dr. C. or her successor to bring in associates.
- Broadened the "Permitted Use" language to include "the practice of dentistry, including all oral health and wellness related activities". This provides Dr. C. with the flexibility to expand her service offering in the space without having to seek the landlord's consent.
- Introduced "Death and Disability" protection, affording Dr. C. the right to terminate the lease with 6 months' notice in the event of death or disability. Without this protection, if the doctor is unable to work, her family/estate would be left paying off practice debt until the end of term. For example, the family/estate would be left paying over **\$24,000/year in rent, or, \$240,000 over the 10-year term**.

*"They went through the lease in detail and explained the complicated legalese in a way I could understand. My previous leases were nowhere near as comprehensive and were far more stressful to negotiate even with an experienced local real estate attorney."*

- Dr. Nora C., DDS | Charlotte, NC

**What happens when you sign your dental office lease without first reviewing it for risks?**  
**Watch the video and find out:** [www.cirrusconsultinggroup.com/video-dental-office-lease](http://www.cirrusconsultinggroup.com/video-dental-office-lease)



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