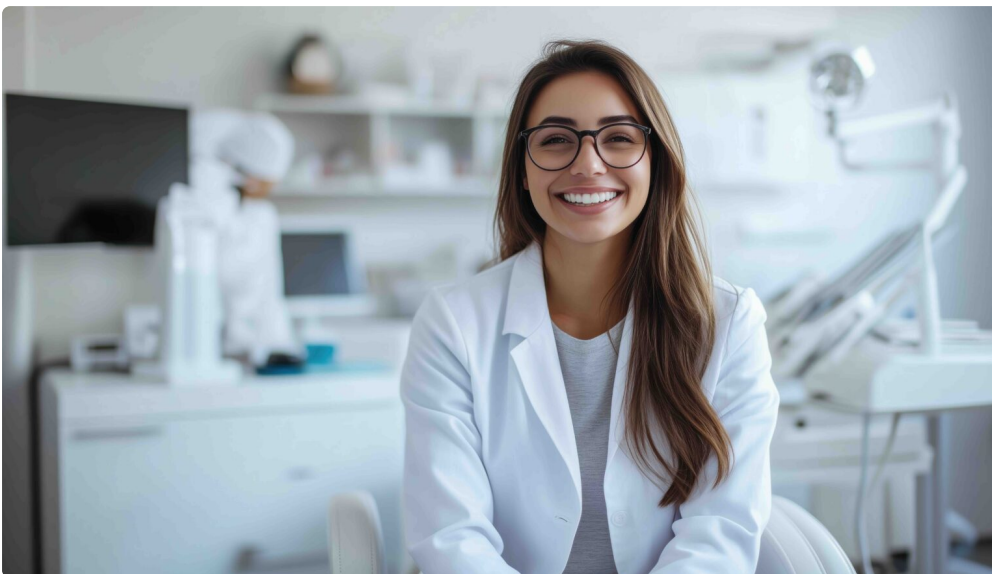




Selling a medical practice in La Jolla rarely feels like a simple business transaction. On paper, it is the transfer of assets, contracts, goodwill, staff relationships, and patient continuity from one owner to another. In practice, it is more personal than that. A physician may be stepping away from a career built over twenty or thirty years. A buyer may be betting not just on financial performance, but on referral patterns, retention, reputation in the local medical community, and the ability to carry a patient base forward without disruption.

That is [Medical Practice Sales in La Jolla aestheticbrokers.com](https://aestheticbrokers.com) why the letter of intent, often called an LOI, matters so much in Medical Practice Sales in La Jolla. It arrives early enough to shape the deal, yet serious enough to create momentum and expectations. Many physicians treat it as a short formality before the “real” purchase agreement. That is a mistake. The LOI is where the tone of the transaction gets set, where the biggest business points are often framed, and where avoidable misunderstandings can either be prevented or quietly planted.

In deals involving medical practices, especially in a market as competitive and nuanced as La Jolla, the LOI can tell you a great deal about the other side. It reveals whether the buyer has discipline, whether the seller has realistic expectations, and whether both parties actually want the same transaction.

Why La Jolla deals tend to require more care

La Jolla is not a generic local market. Practice sales here often involve higher overhead, premium lease terms, a patient population with expectations around service and continuity, and a concentration of specialists, concierge practices, and high performing general medical offices. Buyers may include local physicians, regional groups, private equity backed platforms, management groups, or hospitals seeking strategic access.

That mix creates two practical realities.

First, valuations can diverge more than sellers expect. A solo specialty practice with strong collections and a prime location may command a very different multiple than a buyer initially assumes. At the same time, a beautiful office and an upscale zip code do not automatically overcome weak retention, concentrated referral dependency, or aging receivables.

Second, structure matters as much as price. In many Medical Practice Sales, a seller focuses on headline value and misses what really drives the economics. Is the purchase an asset sale or an entity sale? How much is paid at closing versus through an earnout? Is the seller expected to stay on for six **Medical Practice Sales in La Jolla** months, two years, or not at all? Are accounts receivable included? Is working capital expected to remain? These points often first appear in the LOI, sometimes in just a few lines.

A one paragraph summary can carry consequences worth hundreds of thousands of dollars.

What a letter of intent is really doing

An LOI is a written expression of proposed deal terms before the parties spend serious time and money on definitive documents and diligence. It usually outlines the purchase price, structure, key timelines, exclusivity, confidentiality, diligence rights, employment or transition expectations, and any major contingencies.

In most situations, the core business terms are nonbinding, while certain provisions such as confidentiality, exclusivity, governing law, costs, or access during diligence may be binding. That distinction sounds clean in theory. In practice, it is rarely that tidy.

Even when price language is labeled nonbinding, it becomes the reference point for later negotiations. If a buyer reduces the number after diligence, the seller will compare that revision to the LOI and often feel the deal has changed, even if the buyer believes the adjustment is justified. Likewise, if a seller agrees in the LOI to a long transition period and later resists that commitment in the purchase agreement, the buyer may view the seller as backtracking.

The LOI is not the final contract, but it is often the first real commitment test.

The provisions that deserve close attention

A strong LOI is concise, but not vague. It should be short enough to keep momentum and detailed enough to avoid competing assumptions. In Medical Practice Sales in La Jolla, the most important provisions usually include the following:

- purchase price and how it will be paid
- deal structure, including asset versus stock or membership interest purchase
- scope and timing of due diligence
- exclusivity period and access to information
- post-closing employment, transition support, and restrictive covenants

Those five points usually drive the rest of the negotiation. If they are clear, the deal has a chance to progress smoothly. If they are fuzzy, the definitive documents become a cleanup exercise for unresolved issues, and that is where transactions often stall.

Price is never just price

A seller may receive an LOI offering \$1.8 million and feel it clearly beats another offer at \$1.65 million. Yet the higher number may include a twelve month earnout tied to patient retention, or a seller note payable over three years, or a reduction if receivables underperform. The lower offer may be nearly all cash at closing with only a short transition commitment.

Sophisticated buyers know that physicians often compare the top line number first. Sophisticated sellers learn, sometimes late, that certainty of payment can matter more than headline value.

In La Jolla, where practices can have meaningful goodwill tied to a founder's name and referral network, earnouts deserve especially careful review. They are not inherently bad. In some cases, they bridge a valuation gap and reward a smooth handoff. But they need careful drafting. What metrics apply? Who controls scheduling, staffing, payer contracting, and marketing during the earnout period? If the buyer changes operations after closing and collections dip, should the seller bear that risk?

I have seen LOIs where the earnout language looked harmless, one sentence at most, only for the purchase agreement to become contentious because that sentence left too much unsaid. When the business depends on provider continuity, patient scheduling patterns, and local referral relationships, measurement details are not minor details.

Asset sale or entity sale changes the economics

Most smaller practice transactions are structured as asset sales. Buyers often prefer them because they can select which assets and liabilities they are assuming, and because asset deals may offer tax advantages depending on the circumstances. Sellers may prefer entity sales in some situations, especially where contracts, licenses, or tax treatment make that cleaner, though healthcare regulatory and corporate practice considerations can complicate things.

The LOI should state the proposed structure clearly. If it does not, each side may build its expectations on a different assumption.

This matters because the structure affects more than legal paperwork. It can influence tax outcomes, transferability of leases and vendor contracts, responsibility for pre-closing liabilities, and treatment of accounts receivable. A seller who thinks receivables are retained may be surprised to learn the buyer priced the deal assuming they are included. A buyer may assume the seller will resolve old billing liabilities or payroll issues, only to discover the LOI never addressed them.

For many physicians selling for the first time, this is where seasoned counsel and accounting advice earn their fees. The LOI is the right place to surface these issues before emotional investment in the transaction gets too high.

Exclusivity can help, but it has a cost

Most buyers want exclusivity, often thirty to ninety days. Once an LOI is signed, they do not want to pay attorneys, accountants, consultants, and diligence teams while the seller shops the deal elsewhere. That is

understandable.

But exclusivity is not free. It ties up the seller's options during a sensitive period. If the buyer moves slowly, keeps asking for more information, or begins hinting at a retrade on price, the seller can lose valuable leverage. In a desirable market like La Jolla, where qualified buyers may exist for well run practices, granting a long exclusivity period too early can be expensive.

The practical question is not whether exclusivity should exist, but whether its scope and duration are justified. A disciplined LOI often links exclusivity to specific milestones. If the buyer receives financial statements, payer mix information, lease details, payroll data, and provider production reports within a certain timeframe, then the buyer should also commit to moving diligence and draft documents forward promptly.

A one sided exclusivity clause is usually a sign that the LOI was not negotiated carefully.

The seller's transition role needs real definition

One of the most common friction points in Medical Practice Sales is the seller's post-closing role. Buyers often want continuity. Sellers often imagine more freedom. Both positions are reasonable, but they need alignment early.

For example, a buyer may assume the physician seller will remain clinically active three days per week for twelve months, participate in referral introductions, assist with credentialing, and support patient communications. The seller may picture a short handoff period, a few introductions, and then a clean exit. If the LOI simply says "seller to assist with transition on mutually agreeable terms," that is not clarity. It is a placeholder for future disagreement.

La Jolla practices often rely heavily on patient loyalty to the founder. In those settings, transition language should address practical questions. Will the seller continue seeing patients? For how long? At what compensation? Will there be a public announcement plan? Is the seller restricted from practicing nearby after closing? Does the buyer expect the seller's name to remain on branding for a period of time?

These points are not vanity items. They directly affect retention and goodwill.

Diligence is where LOIs get tested

A clean LOI does not eliminate diligence risk. It simply gives both sides a roadmap. In my experience, the deals that stay on track are the ones where the LOI anticipated the issues most likely to matter.

Medical practice diligence is not limited to P and L statements. Buyers usually want to understand provider productivity, coding patterns, payer concentration, denials, aging receivables, staff tenure, wage pressure, HIPAA compliance, lease terms, equipment condition, EHR arrangements, and any pending disputes. If the practice is specialty based, add referral concentration and procedure mix to the equation. If the practice owns ancillary services, then separate performance by service line becomes important.

A buyer that signs a generous LOI and later discovers that forty percent of revenue depends on one referring source is going to revisit value. A seller who understands this risk should frame the context early, not hope it gets missed.

That is another reason the LOI matters. It can specify that the offer is contingent upon satisfactory diligence, but it can also narrow uncertainty by identifying the assumptions underlying valuation. If collections are represented within a range, if physician productivity is described clearly, and if any unusual concentration is disclosed upfront, the buyer has less room to claim surprise.

The strongest LOIs balance precision with momentum

An LOI is not supposed to be a forty page purchase agreement in miniature. Trying to resolve every issue in the LOI can create delay and make parties negotiate documents twice. Yet a two paragraph LOI often leaves too much to interpretation.

The best ones usually strike a middle path. They capture the core economics, acknowledge the legal structure, define the process, and flag the issues that are likely to affect the definitive documents. They do not bury business assumptions. They also avoid false certainty on topics that need diligence before the parties can commit.

One seller I worked with had two offers for a specialty practice near the coast. The first LOI was higher on paper, but vague on transition compensation, silent on lease assignment risk, and broad on diligence contingencies. The second was slightly lower, though more disciplined. It stated cash at closing, identified retained receivables, described a six month part time transition arrangement, and set a shorter exclusivity period tied to document delivery and draft purchase agreement timing. The seller chose the second. The deal closed on terms very close to the LOI. The first buyer later acquired another practice and ended up reducing price after diligence by more than ten percent. The initial number had been attractive, but it was never truly firm.

That pattern is common enough to be instructive.

Common points where parties talk past each other

Letters of intent often fail not because anyone is acting in bad faith, but because each side uses familiar language to mean something slightly different. These are some of the gaps that show up repeatedly:

- “cash free, debt free” without agreement on what debt includes
- “customary working capital” in a small practice where the concept was never defined
- “satisfactory diligence” without naming the assumptions behind value
- “market compensation” for seller employment without any range or productivity basis
- “noncompete on standard terms” when geography and duration are central to the seller’s future plans

Each phrase looks ordinary. Each can create real conflict later. If a seller plans to continue consulting, teaching, moonlighting, or limited practice activity nearby, the noncompete should not wait until the end of the deal. If staff bonuses or accrued PTO are material, “debt free” should not be left for attorneys to sort out after expectations harden.

Regulatory and operational details cannot be treated as afterthoughts

Healthcare transactions involve legal and regulatory layers that ordinary small business sales do not. Even when the LOI is brief, it should reflect awareness that the definitive transaction must fit professional entity rules, licensing requirements, assignment limits, privacy obligations, payer enrollment timing, and fraud and abuse considerations where applicable.

That does not mean the LOI must become a regulatory memo. It does mean that if the buyer’s ability to operate depends on credentialing timelines, management arrangements, or physician employment structures, those realities should shape the process section and closing expectations. A buyer who cannot bill promptly after closing may push for escrow, holdback, or delayed close mechanics. A seller who expects an immediate handoff should understand why timing may not cooperate.

In La Jolla, where some practices are premium fee for service and others depend heavily on payer contracts, the operational transition can look very different from one deal to the next. The LOI should not pretend otherwise.

How sellers can read an LOI like an operator, not just an owner

A physician seller naturally reads an LOI through years of effort, identity, and sacrifice. That is human. The more useful approach, though, is to read it like an operator evaluating risk transfer.

Ask what the buyer is really paying for, when they are paying for it, what they can change after signing, and what obligations remain with the seller. Ask whether the transition commitments are realistic given your actual plans. Ask whether the lease, staff retention, billing handoff, and patient communication plan line up with the proposed timeline. Ask whether the LOI assumes facts that have not yet been verified.

Sometimes the right response to an LOI is not “yes” or “no,” but “clarify three items and we have a deal.”

That kind of discipline often preserves both value and goodwill.

How buyers can use the LOI to build trust

Buyers in Medical Practice Sales often underestimate how much signaling happens in the LOI stage. Sellers remember whether a buyer used the LOI to create transparency or leverage ambiguity. If the document is clear, commercially reasonable, and consistent with prior conversations, the seller usually becomes more cooperative during diligence. If the LOI seems designed to preserve optionality for the buyer while tying up the seller, resistance begins early.

The best buyers explain their assumptions. They say, in substance, this price assumes collections are within a defined range, the lease is assignable on acceptable terms, the seller remains for a stated period, and there are no material compliance issues. That approach is not soft. It is efficient.

A seller may not like every assumption, but at least the negotiation is grounded in specifics.

The practical role of counsel

There is a persistent misconception that involving counsel too early can “complicate” a deal. The opposite is usually true, especially at the LOI stage. Good deal counsel does not turn a short business document into a war. Good counsel helps identify which terms are worth resolving now and which can wait for the purchase agreement.

For sellers, that can mean catching an overly broad exclusivity clause, an undefined earnout, or a transition commitment that no longer fits life plans. For buyers, it can mean ensuring the LOI preserves necessary diligence rights and reflects the transaction structure needed for legal and tax reasons.

The point is not to overlawyer the LOI. The point is to prevent friendly assumptions from hardening into expensive disputes.

A well handled LOI often predicts a well handled closing

By the time parties sign definitive documents, much of the emotional trajectory of the deal has already been set. If the LOI process was candid, focused, and commercially fair, the closing process tends to be more efficient. If the LOI was rushed or strategically vague, the purchase agreement often becomes a battleground.

That is especially true in Medical Practice Sales in La Jolla, where goodwill, local reputation, and continuity of care matter as much as the numbers on the page. A seller is not just transferring furniture, equipment, and charts. A buyer is not just acquiring revenue. They are both taking on risk tied to people, process, and trust.

A letter of intent cannot eliminate that complexity. It can, however, frame it honestly.

When an LOI is drafted and negotiated with care, it does more than summarize interest. It establishes the business logic of the transaction, protects negotiating leverage where it should be protected, and gives both parties a workable path into diligence and final documentation. That is why it deserves far more attention than its length suggests.

For physicians preparing for a sale, that may be the most important lesson of all. The document that looks preliminary often shapes the deal more than anyone expects.