



For release: Monday 2<sup>nd</sup> October

### **Concern over increased costs for dentists**

The National Association of Specialist Dental Accountants and Lawyers (NASDAL) has taken the unprecedented step of recently writing to the major banks providing healthcare loans over concerns that banks' lawyers are adding another unnecessary level of bureaucracy to the buying/selling of a dental practice and costing dentists money.

Chairman of the The NASDAL Lawyers' Group, Andrew Lockhart-Mirams explained, "Over recent months we have seen many solicitors acting for banks asking a host of irrelevant questions and making life more complicated for dentists and their solicitors who have already agreed the sale. These questions are often related to peripheral matters and are certainly not relevant to the safety of the bank's loan which is what they should be interested in.

"Whilst we welcome the fact that lending criteria is prudent, the present level of scrutiny appears excessive and is certainly time-consuming. This adds delay and cost to the job and dissatisfaction to our clients – dentists."

Andrew concluded, "We will be doing our best to work with the banks to end these issues."

25 August 2017

Dear Colleague

#### **Dental Lending**

As you will be aware, NASDAL is a grouping of accountants and solicitors specialising in the dental sector, the most active element of which is buying and selling dental practices, very often with loans from specialist healthcare banks. I am writing to you as Chairman of the NASDAL lawyers section.

In the past, dental lending has been fairly generous in terms of low arrangement fees, low interest rates, high loan to value ratios, simple security requirements and no undue difficulties for the solicitors acting for the lender, usually on a dual representation basis.

Over the past 10 years, however, the significantly increasing value of dental practices and of course the catastrophic crash of 2007-2009 has led to much more complicated security requirements and, increasingly, separate representation for the lender.

Whilst, on the one hand, we applaud prudent lending criteria, we are increasingly seeing different and confused underwriting decisions and repeated requests for further information.

More worryingly, we are seeing independent legal representatives making increasing demands to include renegotiating a Sale Agreement that has already been agreed between the lawyers acting for the buyer and the seller. Obviously, the bank's lawyer should have a quick look at the paperwork, but the present level of scrutiny appears excessive and is certainly time-consuming. This adds delay and cost to the job and causes client dissatisfaction.

We all have the same ultimate objective, which is to get agreed loans to borrowers on agreed terms with the appropriate level of security in a reasonable time.

Having reflected carefully on the process, it seems that, where possible, say on loans of less than £1m, all of the banks should endorse dual representation. Taking a negative approach, if the loan goes bad through failure of legal process, which, it seems to us, almost never happens, the bank has just as meaningful recourse to the solicitor acting for both parties as it has if it is independently represented.

Clearly dual representation will be considered on loans of higher value, or where, for whatever reason, either due to complexity, conflict of interest or size of loan, it is thought prudent to instruct a separate solicitor to act for the bank. The problem however arises where this happens and the solicitors instructed not only deal with security issues but also step in as if they were acting directly as the purchasers solicitors. It is here we believe the instruction to be limited to the security in question.

For example, where a mortgage is taken over a leasehold interest in the Property, the solicitor should satisfy himself as to whether the Lease is satisfactory security for the loan. The solicitor should not be rewriting the Sale Agreement and enquiring as to the employment status of the various personnel engaged by the Practice.

I am not sure that there is a single resolution to the problem, and I recognise that different policy issues arise with different banking arrangements. My NASDAL lawyer colleagues and I do believe, however, that an increasing raft of unnecessary enquiries are being brought into play as per the example above and I wonder whether you would be kind enough to let me have your thoughts on this. If need be I would be very happy to meet with a view to seeing if we could all agree a set of working parameters that could be used in separate representation cases.

Yours sincerely,

**ANDREW LOCKHART-MIRAMS**

Chairman

The NASDAL Lawyers Group

**ENDS**

Note to editors:

NASDAL, the National Association of Specialist Dental Accountants and Lawyers, was set up in 1998. It is an association of accountants and lawyers who specialise in acting for and looking after the accounting, tax and legal affairs of dentists. It is the pre-eminent centre of excellence for accounting, tax and legal matters concerning dentists. Its members are required to pass strict admission criteria, and it regulates the performance of its members to ensure high standards of technical knowledge and service.

Andrew Lockhart-Mirams, the Chairman of the Lawyers Group is available for interview. To organise to speak to him or any other members of NASDAL for more information please contact Chris Baker.

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