

CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

This CONTRACT OF LEASE made and entered into by and between:

THE SANCTUARY REAL ESTATE DEVELOPMENT CORPORATION, a corporation duly organized and existing under the laws of the Philippines with postal address at Unit 205, Sanctuary Building, Brgy. Nancayasan, Mac Arthur Highway, Urdaneta City, Pangasinan, represented herein by its duly authorized President, **CHANDA R. SHAHANI**, hereinafter referred to as the "**LESSOR**";

- and -

PHILIPPINE HEALTH INSURANCE CORPORATION, a government owned and controlled corporation duly registered, organized and existing under Philippine laws with principal office at City State Center Building, 709 Shaw Blvd., cor. Oranbo Drive, Pasig City, represented herein by its Area Vice President for Northern and Central Luzon and Concurrent Regional Vice President for PhilHealth Regional Office I, **DANIEL F. DE LEON**, hereinafter referred to as the "**LESSEE**".

-Witnesseth-

WHEREAS, the LESSOR is the registered and absolute owner of SANCTUARY BUILDING situated at Brgy. Nancayasan, Urdaneta City, Pangasinan and made available certain areas therein for lease to the LESSEE;

WHEREAS, the LESSEE is willing to lease from the LESSOR a certain area of the building to be utilized as the service office of PHIC in connection with the discharge of its mandated functions and activities necessary for public service;

WHEREAS, by virtue of Board Resolution No. 731 s2004, the Regional Vice President was appointed as the Head of the Procuring Entity for all contracts below Three (3) Million Pesos in their respective PhilHealth Regional Offices;

WHEREAS, by virtue of PhilHealth Board Resolution No. 946 s2006 dated October 25, 2006, the BOARD grants the Regional Vice Presidents a Multi-year Obligation Authority (MYOA) for the lease of office space/warehouse in the PhilHealth Regional Offices;

WHEREAS, the PRO 1 Bids and Awards Committee (PRO1-BAC) resolved and recommended through BAC Resolution No. 32, s2012 dated October 01, 2012 the use of **DIRECT CONTRACTING** as the Alternative Method of Procurement in contracting lease of office space as provided under Section 50 of Rule XVI of the Republic Act No 9184, otherwise known as the Government Procurement Reform Act;

NOW, THEREFORE, for and in consideration of the above premises, the LESSOR and the LESSEE have mutually agreed, as follows, to wit:

1. **LEASED PREMISES.** The leased premises cover the ground floor of the building including the stock room on the second floor, with a total area of Two Hundred Fifty Six square meters (256 sq. m.).
2. **TERM OF LEASE.** This Contract of Lease begins on **October 1, 2012** and ends on **December 31, 2012**.

Witness


CHANDA RAMOS SHAHANI
Owner

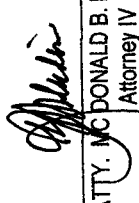
ATTY. MC DONALD B. MALICDEM
Attorney IV


JANE C. RAGOS
Fiscal Controller IV

DANIEL F. DE LEON
Area VP-Northern & Central Luzon
Concurrent Regional Vice President, PRO I

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3. **RENEWAL.** Within thirty (30) days prior to the expiration of this contract of lease, the **LESSEE** will make formal notice to the **LESSOR** of its intention to renew the lease for such period and on such terms and conditions as may then be mutually agreed upon. It is agreed that in the event of a contract renewal, there will be no escalation cost for two (2) years. In the event that no new contract has been made or issued after its expiration, this contract shall be deemed extended on a month to month basis up to such period as may be allowed by law, rules, and regulations.
4. **LEASE RENTAL.** The rental rate is **FORTY SEVEN THOUSAND AND TWO HUNDRED FIFTY PESOS and 28/100 (P47,250.28)** per month, inclusive of all government required fees, taxes and maintenance cost, to be paid on or before the tenth (10th) day of the succeeding month without need of demand or notice for payment. The withholding tax (as included in the rental rate) shall be paid by the **LESSEE** who shall provide the **LESSOR** the withholding tax certificate.
5. **SECURITY DEPOSIT.** The **LESSEE** shall pay the **LESSOR** an amount of **FORTY SEVEN THOUSAND AND TWO HUNDRED FIFTY PESOS and 28/100 (P47,250.28)** or equivalent to one (1) month deposit. The **LESSOR** shall return to the **LESSEE** the amount so deposited, interest-free, less expenses for the repair of the premises and unpaid utilities bill if any, without need of prior notice or demand within fifteen (15) days after having moved out of the premises, there being no renewal entered into by the parties or from pre-termination as stipulated in Section 20c thereof.
6. **USE OF THE PREMISES.** The leased area shall be used by the **LESSEE** for office purposes and shall not be converted into any other use without prior written authority from the **LESSOR**. The use of the premises shall be subject to the uniformly applicable building rules and regulations which the **LESSOR** may subsequently provide to all lessees and/or occupants with the objective of safeguarding their persons and personalities, the common safety and welfare, and more important, fostering a desirable relationship among and between the lessee's occupants and the building administration.
7. **PARKING AND OTHER JOINT-USE AREAS.** The **LESSOR** hereby grants the **LESSEE** an exclusive privilege to use at least Three (3) parking slots, Two (2) parking spaces at the back of the building and One (1) at the front of the building. The right to use said spaces by the **LESSEE**, its employees and clients or customers is not an integral part of the Premises and it may be regulated by the **LESSOR** at its own discretion.
8. **IMPROVEMENTS.** The **LESSEE** shall submit to the **LESSOR** the plans for its proposed improvements within the subject area for review and approval. The **LESSOR** may require any amendments thereof where correct tapping of electric service and other utilities is considered necessary. The **LESSEE** may avail itself of the building electrician and handyman for the purpose, with basic charges shouldered by it. Where portions or parts of the improvement affect portions or parts of the structure, the **LESSEE** must inform the **LESSOR** of such occurrence, and the **LESSOR** will require **LESSEE** to make the necessary correction of the submitted plans. Any subsequent alteration, addition or further improvements on the leased premises will also require the submission of the plan and the approval of the **LESSOR**.
9. **UTILITIES.** The subject building is provided with electric power and facilities. All electric bills for the power exclusively used by the **LESSEE** during the duration of this contract shall be paid by it and the **LESSOR** shall be rendered free from the non-payment or cut-off for non-payment by the **LESSEE** and this condition applies despite the same electricity bills used by the **LESSEE** are registered in the name of the **LESSOR**.
10. **TELEPHONE AND COMMUNICATION.** The subject building is provided with telephone lines and facilities. All telephone bills and tolls for the lines exclusively used by the **LESSEE** during the duration of this contract shall be paid by it and the **LESSOR** shall be rendered free

from the non-payment or cut-off for the non-payment by the LESSEE and this condition applies despite the same telephone numbers and lines used by the LESSEE are registered in the name of the LESSOR.


Witness

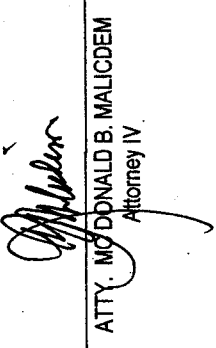
11. LIGHTS AND LIGHTING FIXTURES. The subject building is provided with lights, lighting fixtures with fluorescent tubes and diffusers. These LESSOR-supplied gadgets will be replaced when busted or damaged with cost shouldered by the LESSEE. The LESSOR is not obliged to provide additional lights and/or lighting fixtures, but the LESSEE may so provide at its own expense.

12. ADVERTISING / SIGNS AND ADVERTISING MEDIA. The LESSEE shall have the right to affix, hang, inscribe or paint any notice, sign, streamer, or other advertising medium within or outside the Premises, without prior written approval of the LESSOR provided that such advertising medium be of such size and style allowed by laws and other local ordinances. The LESSEE shall put up and maintain at its own expense the required business sign.

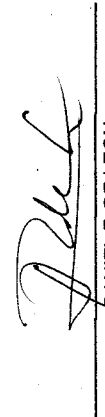
13. RESPONSIBILITIES OF THE PARTIES –

- A. The LESSEE hereby agrees to keep the leased premises in clean, good, sanitary, and tenable condition at all times in accordance with the quality standards of the building.
- B. The LESSOR shall not be liable for the presence in the leased premises of bugs, vermin, rats, ants, termites, insects and other pests of any kind or nature whatsoever. However, upon request by the LESSEE or at the LESSOR'S own volition, regular pest control service shall be undertaken by the LESSOR of the leased premises at the latter's expense.
- C. The LESSOR reserves the right to prescribe or limit the weight of any machinery, safe, equipment, and similar articles that may be brought and placed in the leased premises.
- D. To lessen inconvenience, the LESSEE shall make delivery of furniture, equipment and other bulky items into the leased premises with prior notice to the LESSOR or his representative who may immediately conduct inspection of said items.
- E. The LESSEE shall have the right to take out from the building at any time of the day, any of its office furniture, office machine, or any type of office equipment and accessories of any kind, provided that a prior notice shall have been given to the LESSOR or his representative.
- F. The common corridors, hallways and lobbies of the building are destined as passageway for ingress to and egress from the leased premises and no obstruction shall be caused therein.
- G. The LESSEE shall not cause the exterior façade of the building to be changed or altered in any way, without the prior written consent of the LESSOR.
- H. The LESSEE shall see to it that the leased premises are free from annoying sound, disturbing noises, free from obnoxious odors and other nuisances, and that it be used in a manner that will not disturb the peace and tranquility of the other building occupants.
- I. Nothing shall be brought into and stored in the leased premises, on a more or less permanent basis, articles that are fire hazards or will unduly cause the occurrence of fire or explosions, such as explosives of any kind or type, pyrotechnic articles, gasoline or flammable fluids, among others. When this condition is violated and


CHANDA RAMOS SHAHANI
Owner


ATTY. McDONALD B. MALICDEM
Attorney IV


JANE C. RAGOS
Fiscal Controller IV


DANIEL F. DE LEON
Area VP-Northern & Central Luzon
Concurrent Regional Vice President, PRO I

results in the damage or destruction of the leased premises, the LESSEE shall be conjunctively held responsible for claims from all damages and any action against it for ordinance violation.

Witness

J. The LESSOR shall see to it that the premises are rendered in tenantable condition. In the event certain damage or destruction is caused by the occurrence of natural events, immediate repair or restoration shall be undertaken by the LESSOR granting a proportionate waiver of rental payment for the period of time needed for such repair or restoration.

K. The LESSEE shall be allowed to put up a corporate logo and/or corporate name on the building. The LESSOR shall provide for the post or pole where such corporate logo or corporate name shall be placed subject to agreement by the parties as to the size and location of the signage and to stipulation number 12 of this Contract.

L. The LESSEE shall undertake all ordinary repairs on the leased premises at its own cost. Repairs on the electrical outlets, telephone, switch boxes, air conditioning facilities, electrical wiring and plumbing fixtures shall likewise be for the account of the LESSEE.

M. The LESSOR shall undertake all major and extraordinary repairs on the leased premises at his/its own expense. In the event that the leased premises cannot be utilized during the period of repair, the LESSOR grants a waiver of rental payment for such period.

N. The LESSOR warrants that the LESSEE shall have peaceful possession of the leased premises for the duration of term agreed upon except when the disturbance is caused by natural calamities or acts outside LESSOR'S control.

14. **LAWS AND ORDINANCES.** The LESSEE shall comply and abide with the ordinances of the city regarding the use of the premises, comply with health and sanitary regulations and secure permits or license for its business operations.

15. **INSPECTION OF PREMISES.** The LESSOR or his/its representative, with the proper notice to the LESSEE and at reasonable hour of any working day, shall be allowed entry to the leased premises to conduct inspection for repairs or improvements. Subsequent access to the leased premises shall be given to the authorized person/s who will undertake the repair or improvements. The LESSEE may designate the time when such repair or improvement will be undertaken in order to lessen inconvenience to the employees and clients, or to avoid disruption of office work or activities.

16. **REALTY TAX.** The real estate taxes and other payments imposed on the leased property shall be for the exclusive account of the LESSOR.

17. **SUB-LEASE, TRANSFER OF RIGHTS.** The transfer of rights of the LESSEE under this contract and/or the sub-lease of any part or portion of the leased premises shall not be made unless a written notice to the LESSOR is given and approval of the latter is secured. Any violation of this condition will be a basis for the termination of the contract.

18. **MORTGAGE AND ENCUMBRANCE.** The LESSOR reserves his/its right to mortgage the property including the leased premises or to sell the property without need of a prior notice to or consent from the LESSEE, provided that the terms and conditions in this contract and the rights acquired therefrom by the LESSEE are protected in its entirety.

19. **VIOLATION.** A violation by one of the parties of any of the terms and conditions set forth herein results as a right or basis for the termination of this contract. In such event, the aggrieved party will make a formal notice to the other party of the term and condition violated.

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However, despite the right to terminate then obtaining, the parties shall endeavor to amicably or extra-judicially settle the matter. Furthermore, if amicable or extra-judicial settlement cannot be arrived at and termination of the contract is the only solution, then the conditions set forth under Section 20 will be applied and the procedures expressed shall be followed.

20. TERMINATION.

- A. This contract of lease shall end on the terminal date agreed upon, unless renewed or extended upon mutual agreement of the parties.
- B. It may also be terminated due to the violation or breach by one of the parties of any of the agreed terms and conditions and amicable settlement cannot be reached by the parties.
- C. The same shall also be terminated when as a result of the occurrence of natural calamities, the leased premises are rendered in a condition unfit for occupancy.

In case the termination occurs due to the expiration of the lease contract and no renewal or extension is agreed upon, then the LESSEE shall peacefully vacate the leased premises and return the same in the condition it was first entered into, except for the effects of ordinary wear and tear. Permanent improvements that have been or will be introduced by LESSEE will become the property of the LESSOR upon the expiration of the lease without reimbursement to the LESSEE. If the LESSEE makes useful improvements which are suitable to the use for which the lease is intended, without altering the form or substance of the property leased, the LESSOR upon the termination of the lease shall pay the LESSEE one-half of the value of the improvements at that time. Should the LESSOR refuse to reimburse said amount, the LESSEE may remove the improvements, even though the leased property may suffer damage thereby. However, the LESSEE shall not cause any impairment upon the property leased more than what is necessary. Within fifteen (15) days from the expiration of the term of the Lease, the deposit constituted shall be returned by the LESSOR to the LESSEE without need of demand in accordance with section 6. In case the termination occurs as a result of the LESSEE's breach or violation of any of the terms or conditions agreed upon, the LESSEE shall peacefully vacate the premises and return the same to the LESSOR. Except for ordinary wear and tear, any damage or injury to the leased premises shall be repaired and restored by the LESSEE. A moving-out period of fifteen (15) days without rental charge shall be allowed by the LESSOR. Within fifteen (15) days after having moved out of the premises, the LESSOR shall return the deposit constituted less the amount mentioned in Sections 6 and 21.

If termination ensues due to the destruction of the leased premises, the LESSOR shall return the deposit constituted within the same period as above-mentioned. The LESSOR shall not be answerable or responsible for any damage or injury to the properties or personalities of the LESSEE caused by the destruction of the leased premises due to natural events or to any cause that is beyond the LESSOR'S control.

21. **DELAY IN VACATION OF THE PREMISES.** Except as provided for in the immediately preceding paragraph, if the premises are not vacated within the fifteen (15) days grace period allowed by the LESSOR, then the LESSEE shall be charged with the corresponding proportionate daily rentals of the premises to be effected from the lapse of the grace period.



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The daily rental payment is without prejudice to the claim for damages caused by the LESSEE's delay in vacating the premises.

22. **NON-WAIVER.** The failure of the LESSOR to insist upon the strict performance of any of the terms, conditions and covenants hereof shall not be deemed a relinquishment or waiver of any subsequent breach or default of such terms and conditions and covenants.
23. **LITIGATION AND VENUE.** In the event judicial relief against the guilty party is filed before the regular courts, for the enforcement of the terms and conditions in the contract, the guilty party, in addition to any other damages that may be awarded by the court, agrees to pay ten per cent (10%) of the amount claimed but in no case less than ten thousand pesos (P10,000.00) as attorney's fees, aside from the costs of litigation and other expenses which the law entitles the aggrieved party to recover. The parties agree that the venue of court action is in the proper courts of Dagupan City to the exclusion of other courts.
24. **SEPARABILITY CLAUSE.** If any paragraph, sub-paragraph or part of this contract is declared contrary to law, public policy or otherwise declared invalid, such shall not affect the other paragraphs, sub-paragraphs or parts of this contract.
25. **SUPERSEDING CLAUSE.** This contract of lease supersedes and renders void any and all agreements and undertakings, oral or written, which may have been entered into by and between the parties, the same being considered as having been merged herein. Any changes or alterations in this contract shall be valid if made in writing and duly signed by the parties.

IN WITNESS WHEREOF, the parties hereto have signed this contract in representation of their respective principals this 1st day of October, 2012, at _____ City, and Dagupan City, Philippines.

**THE SANCTUARY REAL ESTATE
DEVELOPMENT CORPORATION**

(Lessor)

By:

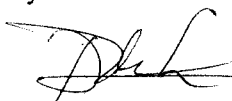


CHANDA R. SHAHANI
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**PHILIPPINE HEALTH INSURANCE
CORPORATION**

(Lessee)

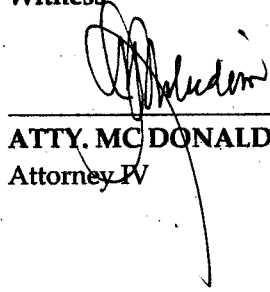
By:



DANIEL F. DE LEON
Area VP, Northern & Central Luzon
Concurrent Regional Vice President, PRO I

Signed in the presence of:

Witness



ATTY. MCDONALD B. MALICDEM
Attorney IV



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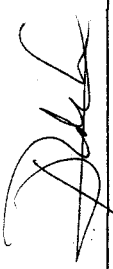
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ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
Province of Pangasinan)
City of CITY OF DAGUPAN) S.S.

BEFORE ME, this DEC 13 day of 2012, 2012, personally appeared the following:

Name	Res. Cert. No.	Date/Place Issued
CHANDA R. SHAHANI		
<u>DANIEL F. DE LEON</u>	<u>10002397</u>	<u>Company ID</u>

known to me to be the same persons who executed the foregoing Contract of Lease and acknowledged that the same is their free act and deed and that of the corporations being represented. This instrument consisting of seven (7) pages including the page on which this acknowledgement is written has been signed on the left margin of each and every page hereof by the parties and their instrumental witnesses and sealed with my notarial seal.

WITNESS MY HAND AND SEAL on the date and place first above written.

Notary Public

ATTY. ALEX NORMAN B. LOMBOY
(Notary Public)
until December 31, 2013
EDPL No. M250 Roll No. 58072
124 A.B. T. Highway Ave., Dagupan City
PTR No. 0407025 Dagupan City 1/03/12

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