

CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

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

ANTONIO C. CO ESTATE LESSOR, a duly registered sole proprietor, organized and existing under Philippine laws with principal office at #149 Rizal Street, Barangay No. 16, San Jacinto, Laoag City represented herein by its Owner, 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 Presiden of PhilHealth Regional Office 1, **DANIEL F. DE LEON**, hereinafter referred to as the "**LESSEE**".

-Witnesseth-

WHEREAS, the **LESSOR** is the registered and absolute owner of **JOMEL III Building** situated at Barangay 14, P. Acosta Street, Corner D. Samonte Street, Laoag City, and made available certain areas therein for lease to the **LESSEE**;

WHEREAS, the **LESSEE** is in need of an office building/space that will meet its requirements and conditions for its , Local Health Insurance Office specifically intended to serve the populace of Ilocos Norte and nearby environs;

WHEREAS, the **LESSOR** and the **LESSEE** have agreed to execute a contract of lease covering the **Ground Floor** of the building;

WHEREAS, by virtue of Office Order No.37 s. 2008 dated May 30, 2008, the Regional Vice President has the authority in approving/signing for the lease contracts of office space in the PhilHealth Regional Offices;

WHEREAS, the PRO 1 Bids and Awards Committee (PRO1-BAC) resolved and recommended through BAC Resolution No. 16 s. 2012 dated July 4, 2012 the use of **NEGOTIATED PROCUREMENT** as the Alternative Mode of Procurement in contracting lease of office space as provided under Section 53.10, Rule XVI of the Revised Implementing Rules and Regulations of Republic Act No 9184, otherwise known as the Government Procurement Reform Act.

Witness

ANTONIO C. CO
Owner

DEXTER C. MEJIA
Special Investigator II

JANE C. RAGOS
Fiscal Controller IV

ORLANDO S. PANGILINAN, JR.
Chief Social Insurance Officer

DANIEL F. DE LEON
aVP-Northern & Central Luzon
Concurrent RVP, PRO 1

Witness

NOW, THEREFORE, for and in consideration of the above premises, the LESSOR and the LESSEE have mutually agreed, as they hereby agree, to execute this CONTRACT OF LEASE, subject to the following terms and conditions, to wit:

1. **COVERAGE.** This Contract of Lease covers the office space of the building with a total approximate area of **221.96 square meters**, broken down as follows:

OFFICE SPACE	AREA (sq. m.)	RATE (per sq. m.)	Monthly Rental Amount	Total Cost (6 Months)
Office Space	221.96 s.q. m	405.47	90,000.00	540,000.00

2. **LEASE RATE.** The rental rate is **Ninety Thousand Pesos (P90,000.00) per month**, or equivalent to **Five Hundred Forty Thousand Pesos (P540,000.00)** inclusive of all government required fees, taxes and maintenance cost, to be paid on or before the tenth (10th) day of the succeeding month upon presentation of a billing statement or notice for payment. The withholding tax shall be paid by the LESSEE who shall provide the LESSOR the withholding tax certificate.

3. **CONTRACT DURATION.** This contract of lease shall be effective from **July 16, 2012 to December 31, 2012**.

4. **DEPOSIT.** The LESSEE shall pay the LESSOR a security deposit equivalent to two months rental for a total of **One Hundred Eighty Thousand Pesos (P180,000.00)**. The LESSOR shall return to the LESSEE the said amount, interest-free, less 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 15c thereof.

5. **PARKING AND OTHER JOINT-USE AREAS.** The LESSOR hereby grants the LESSEE an exclusive privilege to use at least three (3) parking slots located at the front portions of the building under lease by the LESSEE free of charge.

6. **UTILITIES.** The subject building is provided with electric power and facilities. All electric bills for the power exclusively used by the LESSEE 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.


7. **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 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.

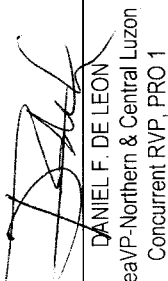
8. **LIGHTS AND LIGHTING FIXTURES.** The subject building is provided with lights, lighting fixtures with fluorescent tubes and diffusers. These LESSOR-supplied gadgets will be replaced when busted or damaged with cost shouldered


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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.

9. **ADVERTISING / SIGNS AND ADVERTISING MEDIA.** Posting of signage such as notice, sign, streamer, or other advertising medium within or outside the premises must be with approval of the **LESSOR**. The **LESSEE** may put up and maintain at its own expense the required business sign(s).

10. **RESPONSIBILITIES OF THE PARTIES –**

- A. The **LESSEE** hereby agrees to keep the leased premises in clean, good and sanitary condition at all times in accordance with the quality standards of the building.
- B. The **LESSEE** or his representative 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.
- C. The **LESSEE** shall be allowed to undertake leasehold improvements but these should not cause the exterior façade of the building to be changed or altered in any way, without the prior written consent of the **LESSOR**.
- D. 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.
- E. 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 results in damage or destruction to the leased premises, the **LESSEE** shall be conjunctively held responsible for claims from all damages and any action against it for ordinance violation.
- F. 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, repair or restoration within 45 days shall be undertaken by the **LESSOR** granting a proportionate waiver of rental payment for the period of time needed for such repair or restoration. The **LESSEE** may undertake major repairs in the event the **LESSOR** fails to do so within the above stated period of time with the **LESSEE** having the right to be reimbursed of the total cost of repair made or a proportionate waiver of the rental payment, whichever is agreed upon by both parties.
- G. The **LESSOR** shall provide an adequate space free of charge for the installation of the **LESSEE's** horizontal and/or vertical signage.

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H. The **LESSOR** shall undertake all major repairs and maintenance on the leased premises such as damage to civil, electrical, sanitary and mechanical equipment caused by natural or man-made calamities at his own expense within 24 hours from the time the **LESSEE** has reported the matter to the **LESSOR**. In the event that the leased premises cannot be utilized during the period of repair, the **LESSOR** grants a proportionate waiver of rental payment for such period. The **LESSEE** may undertake major repairs in the event the **LESSOR** fails to do so within the above stated period of time with the **LESSEE** having the right to be reimbursed of the total cost of repair made or a proportionate waiver of the rental payment, whichever is agreed upon by both parties.

I. 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.


DEXTER L. MEJIA
Special Investigator II

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


JANE C. RAGOS
Fiscal Controller IV

12. **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.

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


ORLANDO S. PANGILINAN, JR.
Chief Social Insurance Officer

14. **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. 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 18 will be applied and the procedures expressed shall be followed.


DANIEL F. DE LEON
VP-Northern & Central Luzon
Concurrent RVP, PRO 1

15. **TERMINATION.**

A. This contract of lease shall end on the terminal date agreed upon.

Witness

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 is rendered unfit for occupancy.

In case the termination occurs due to the expiration of the lease contract, 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. Any movable structures installed by the **LESSEE** may be removed if the office space is vacated. 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 4. 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**. A moving-out period of fifteen (15) days without rental charge shall be allowed by the **LESSOR**.

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.

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

17. **MISCELLANEOUS PROVISIONS.** The Technical Specifications, the Bid documents, the Bid Bulletin, and other related issuances on the bid proposal shall form an integral part of this Contract.

18. **LITIGATION AND VENUE.** The **LESSOR** and the **LESSEE** shall use their best efforts to settle amicably all disputes arising out of or in connection with this Contract or the interpretation thereof.

Any dispute between the above parties as to matters arising pursuant to this Contract which cannot be settled amicably within thirty (30) days after receipt by one party of the other party's request for such amicable settlement may be submitted by either party for arbitration in accordance with the

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Area VP-Northern & Central Luzon
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provisions of Republic Act 9285, otherwise known as the "Alternative Dispute Resolution Act of 2004".

The arbitral award and any decision rendered in accordance with the foregoing shall be appealable by way of a petition for review to the Court of Appeals.

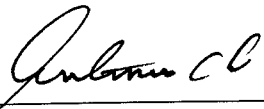
19. **SEPARABILITY CLAUSE.** If any paragraph, sub-paragraph or part of this contract is declared contrary to law, public policy or otherwise declared invalid, such shall not affect the other paragraphs, sub-paragraphs or parts of this contract.

20. **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 ____ day of _____, 2012 Dagupan City, Philippines.

(Lessor)

By:

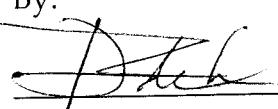


ANTONIO C. CO
Owner

PHILIPPINE HEALTH INSURANCE CORPORATION


(Lessee)

By:




DANIEL F. DE LEON
Area VP, Northern & Central Luzon
Concurrent Regional Vice President, PRO 1


Signed in the presence of:



ORLANDO S. PANGILINAN, JR.
Chief Social Insurance Officer



JANE C. RAGOS
Fiscal Controller IV



DEXTER L. MEJIA
Special Investigator II

Witness

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
Province of Pangasinan)
City of Dagupan) S. S.

BEFORE ME, this _____ day of JUL 30 2012, 2012, personally appeared the following:

Name

ID No.

Issued by/
Date/Place

ANTONIO C. CO

LTD Lic # A03-02-000793

until 03/13/2013

DANIEL F. DE LEON

PhilHealth Emp. ID # 100-023-97

known to me and to me known to be the same person who executed the foregoing Contract of Lease and acknowledged that the same is his free act and deed. 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
IBP Life No. 09230 Roll No. 58072
124 A.B. Fernandez Ave., Dagupan City
PTR No. 0417325 Dagupan City 1/03/12

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ORLANDO S. PANGILINAN, JR.
Chief Social Insurance Officer

DANIEL F. DE LEON
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