

CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

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

SHANIA AND KENNY PROPERTIES, a duly registered sole proprietor, organized and existing under Philippine laws with principal office at Catbangan, San Fernando City, La Union, represented herein by its Owner, **LAL V. MIRCHANDANI**, 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 Phillhealth Regional Office I, **DANIEL F. DE LEON**, hereinafter referred to as the "**LESSEE**".

-Witnesseth-

WHEREAS, the **LESSOR** is the registered and absolute owner of **SHANIA AND KENNY PROPERTIES** situated at Quezon Avenue, Catbangan, City of San Fernando, La Union, 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 La Union and nearby environs;

WHEREAS, the **LESSOR** and the **LESSEE** have agreed to execute a Contract of Lease covering the front portion of the **Ground Floor** of the building; with an area of 242.20 sq. meters;

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 Phillhealth Regional Offices;

WHEREAS, the PRO 1 Bids and Awards Committee (PRO1-BAC) resolved and recommended through BAC Resolution No. 29 s. 2012 dated August 29, 2012 the use of **NEGOTIATED PROCUREMENT** under Lease of Real Property 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;

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 **TWO HUNDRED FORTY TWO AND 20/100 square meters (242.20 sq. m.)** broken down as follows:

OFFICE SPACE	AREA (sq. m.)	Monthly Rental Amount	Total Cost (3 1/2 months)
Office Space	242.2	PHP 87,848.00	PHP 307,468.00

Witness

2. **LEASE RATE.** The rental rate is **Eighty Seven Thousand Eight Hundred Forty Eight Pesos (P87,848.00) per month**, or equivalent to **Three Hundred Seven Thousand and Four Hundred Sixty Eight Pesos (P 307,468.00)**, 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 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.

3. **CONTRACT DURATION.** This Contract of Lease is effective on **September 16, 2012 to December 31, 2012.**

4. **DEPOSIT.** The **LESSEE** shall pay the **LESSOR** a security deposit equivalent to one 1 month rental for a total of Eighty Seven Thousand Eight Hundred Forty Eight Pesos (P87,848.00). **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 of from pre-termination as stipulated in section 15c thereof. In the event that the **LESSEE** should terminate this contract before the expiration thereof, for whatever cause or reason or upon violation by **LESSEE** of any condition thereof, it shall be automatically forfeited by **LESSEE** in favor of **LESSOR** and shall not be credited to any arrears of other obligations of **LESSEE** which shall remain as its obligation, since the parties herein agree that time is of the essence of this contract and the period for the payment of rent, as well as the period this Contract, has been fixed for the benefit of the **LESSOR**.

5. **PARKING AND OTHER JOINT-USE AREAS.** The **LESSOR** hereby grants the **LESSEE** an exclusive privilege to use at least two (2) parking slots located at the front portion of the building and additional parking space at the back portion of the building, free of charge.

6. **UTILITIES.** The subject building is provided with electric power and water facilities. All electrical and bills for the exclusive use of 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** during the duration of this contract and this condition applies despite the same electricity and water 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** during the duration of this contract;

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 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.** The **LESSEE** may 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 law and other local ordinance. The **LESSEE** shall 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.

LAL V. MIRACANDANI
Owner

ATTY. MC DONALD B. MALICDEM
Attorney IV

JANE C. RAGOS
Fiscal Controller IV

MAR FEG. BANLAOI
Chief Social Insurance Officer

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

Witness

LAL V. MARCHANDANI
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Attorney IV

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Fiscal Controller IV

MARIFE G. BANLAOI
Chief Social Insurance Officer

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

- 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. The **LESSOR** shall provide for the post or pole where such corporate logo or signage shall be placed, when needed.
- 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** at his/its own expense. 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 beyond the **LESSOR'S** control.
- J. The **LESSEE** shall install within the leased premises at least two (2) functional fire extinguishers, or in such number and capacity as the Local Government shall require, and shall desist from using within the leased premises any gasoline, oil, or butane powered appliances or equipment.
- K. The **LESSEE** shall take due care and responsibility over the glass panels and swing doors installed on the leased premises.

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 licenses for its business operations.

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.

Witness

13. **REALTY TAX.** The real estate taxes and other payments imposed on the leased property shall be for the exclusive account of the **LESSOR**, except those taxes which shall be imposed pursuant to any improvements introduced by the **LESSEE**, such as, but not limited to billboards, in which case, the same shall be for the account of the **LESSEE**.

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 pre-termination of this contract. In such event, the aggrieved party will make a formal notice to the other party of the terms and conditions 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 therein shall be followed.

15. **TERMINATION.**

- A. This contract of lease shall end on the terminal date agreed upon.
- 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, 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. However, all renovations, alterations, improvements, remodeling, additions and other fixtures which are permanently attached to the leased premises by **LESSEE** shall automatically become properties of **LESSOR** and shall remain upon and be surrendered with the leased premises at the termination of the lease, without right of reimbursement. Within fifteen (15) days from the date that the **LESSEE** vacates the leased premises, 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. **INSPECTION OF PREMISES.** The **LESSOR** or his authorized agent shall be allowed to enter the leased premises upon prior notice of at least three (3) days to find out whether the **LESSEE** is complying with the terms and conditions of the agreement, or for any purpose which he may deem necessary for the operation or maintenance of the building and during the last month of the terms of the lease, to exhibit the leased premises to prospective tenants, unless a renewal has been contemplated upon.

LAL V. MARCHANDANI
Owner

ATTY. MC DONALD B. MALICDEM
Attorney IV

JANE C. RAGOS
Fiscal Controller IV

MARIFE G. BANLAOI
Chief Social Insurance Officer

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

17. **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 reckoned 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.
18. **MISCELLANEOUS PROVISIONS.** The Technical Specifications, the Bid Documents, Bid Bulletin, and other related issuances on the bid proposal shall form as integral parts of this Contract.
19. **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 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.

20. **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.
21. **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 principal this _____ day of _____, 2012, at Dagupan City, Philippines.

SHANIA AND KENNY PROPERTIES
(Lessor)

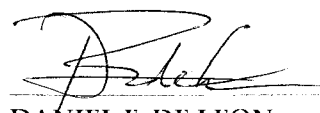
By:



LAL V. MIRCHANDANI
Owner

**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:



MARIFF G. BANLAOI
Chief Social Insurance Officer



JANE C. RAGOS
Fiscal Controller IV



ATTY. MC DONALD B. MALICDEM
Attorney IV

Witness

ACKNOWLEDGEMENT

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

Witness

BEFORE ME, this NOV 27 2012 day of _____, 2012, personally appeared the following:

Name	ID No.	Issued by/ Date/ Place
<u>LAL V. MIRCHANDANI</u>	<u>A04-07-002738</u>	<u>Phil. Driver License</u>
<u>DANIEL F. DE LEON</u>	<u>10002397</u>	<u>Company ID</u>

known to me and to me known to be the same persons who executed the foregoing Contract of Lease and acknowledged that the same is their free act and deed. This instrument consisting of six (6) 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

IDP Life No. 00230 Roll No. 58072

124 A.B. Fernandez Ave., Dagupan City

PTR No. 0417325 Dagupan City 1/03/12

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