

## CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

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

**EDUCATIONAL AND MEDICAL DEVELOPMENT CORPORATION**, a duly registered corporation, organized and existing under Philippine laws with principal office at Tapuac District, Dagupan City, Pangasinan, represented herein by its President, **ATTY. GONZALO T. DUQUE**, 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 North and Central Luzon and Concurrent Regional Vice President 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 the Commercial Building situated at Francisco Duque Street, Tapuac District, Dagupan 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 Regional Office, specifically intended to serve the populace of Central Pangasinan and nearby environs;

**WHEREAS**, the LESSOR and the LESSEE have agreed to execute a contract of lease covering the First, Second and Third floors of the right wing of the building;

**WHEREAS**, by virtue of Office Order No.37 s2008 dated May 30, 2008, the PRO Head (Regional Vice President) has the authority in approving/signing Purchase Orders / Contracts amounting to Three Million Pesos and below in the PhilHealth Regional Offices;

**WHEREAS**, the PRO 1 Bids and Awards Committee (PRO1-BAC) resolved and recommended through BAC Resolution No. 09 series 2012 dated March 22, 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.

**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 1,853 square meters, broken down as follows:

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ATTY. GONZALO T. DUQUE  
President

DEXTER L. MELIA  
Special Investigator II

JANIE C. RAGOS  
Fiscal Controller IV

NEXITA Q. CUIJON  
Internal Auditor

BENITA Q. ICO  
Cashier

DANIEL F. DE LEON  
AVP-Northern & Central Luzon  
Concurrent RVF PRO 1

OFFICE SPACE	AREA (sq. m.)	RATE (per sq. m.)	Monthly Rental Amount	Total Cost (7 months)
Office Space	1,748 sq. m	P200.00	349,600.00	2,447,200.00
Mini-warehouse	105 sq. m.	P180.00	18,900.00	132,300.00
<b>TOTAL</b>	<b>1,853 sq. m.</b>		<b>368,500.00</b>	<b>2,579,500.00</b>

- LEASE RATE.** The rental rate is **Three Hundred Sixty Eight Thousand Five Hundred Pesos (P368,500.00)** per month, or equivalent to **Two Million Five Hundred Seventy Nine Thousand Five Hundred Pesos (P 2,579,500.00)** inclusive of all government required fees, taxes and maintenance cost, to be paid on or before the tenth (10<sup>th</sup>) day of the succeeding month. The withholding tax shall be paid by the **LESSEE** who shall provide the **LESSOR** the withholding tax certificate.
- CONTRACT DURATION.** This contract of lease shall be effective from **June 1, 2012** to **December 31, 2012**
- DEPOSIT.** The **LESSEE** shall pay the **LESSOR** a security deposit equivalent to three months rental for a total of **One Million One Hundred Five Thousand Five Hundred Pesos (P1, 105,500.00)**. 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.
- PARKING AND OTHER JOINT-USE AREAS.** The **LESSOR** hereby grants the **LESSEE** an exclusive privilege to use at least thirty (30) parking slots located at the front and back portions of the building under lease by the **LESSEE** free of charge.
- 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**.
- 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**.
- 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.
- 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** may put up and maintain at its own expense the required business sign(s).

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## 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, immediate (Specify period) 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. 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 for free, an adequate space 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. 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.

ATTY. GONZALO T. DUQUE  
President

DEXTER L. MEJIA  
Special Investigator II

JANE C. RAGOS  
Fiscal Controller IV

NERITA Q. CUISON  
Internal Auditor

BENITA Q. ICO  
Cashier

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

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BY: \_\_\_\_\_  
5/21/12

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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.

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.

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.

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.

15. **TERMINATION.**

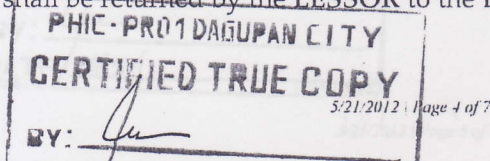
A. This contract of lease shall end on the terminal date agreed upon.

In the event that the LESSEE shall acquire property intended for the location of PhilHealth Regional Office I, the LESSEE shall give notice of pre-termination of this contract to the LESSOR, thirty (30) days before the date of intended transfer.

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.

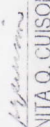
In case the termination occurs due to the expiration of the lease contract, then the LESSEE shall peacefully vacate the leased premises and return the same in the condition it was first entered into, except for the effects of ordinary wear and tear. Any movable structures installed by the LESSEE may be removed if the office space is vacated. The LESSEE should be reimbursed or indemnified by the LESSOR of the total cost of improvements made by the LESSEE which are suitable to the use for which the lease is intended. 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





  
ATTY. GONZALO T. DUQUE  
President

  
DEXTER L. MEJIA  
Special Investigator II

  
JANE C. RAGOS  
Fiscal Controller IV

  
NENITA Q. CUISON  
Internal Auditor

  
BENITA Q. ICO  
Cashier

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



ATTY. GONZALO T. TIQUE  
President

DEXTER J. MEJIA  
Special Investigator II

JANIE C. RAGOS  
Fiscal Controller IV

BENITA Q. CUISON  
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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.

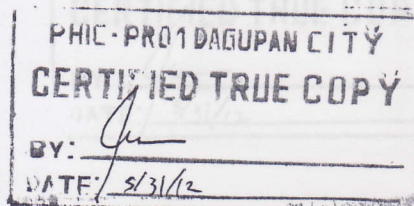
18. **LITIGATION AND VENUE.** The LESSOR and the LESSEE shall use their best efforts to settle amicably all disputes arising out of or in connection with this Contract or the interpretation thereof.

Any dispute between the above parties as to matters arising pursuant to this contract which cannot be settled amicably within 30 days 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."

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.

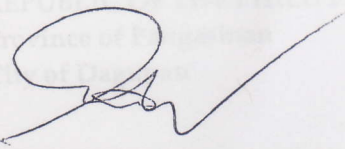
20. **SUPERSEDING CLAUSE.** This contract of lease supersedes and renders void any and all agreements and undertakings, oral or written, which may have been entered into by and between the parties, the same being considered as having been merged herein. Any changes or alterations in this contract shall 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 at Dagupan City, Philippines.



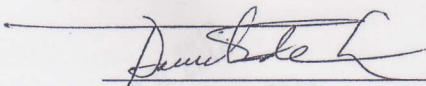
EDUCATIONAL & MEDICAL  
DEVELOPMENT CORPORATION  
(Lessor)

By:

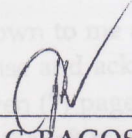
  
\_\_\_\_\_  
ATTY. GONZALO T. DUQUE  
President

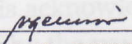
PHILIPPINE HEALTH INSURANCE  
CORPORATION  
(Lessee)


By:

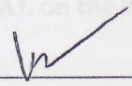
  
\_\_\_\_\_  
DANIEL F. DE LEON  
AVP - North & Central Luzon  
Concurrent RVP, PRO 1

Signed in the presence of:

  
\_\_\_\_\_  
JANE C. RAGOS  
Fiscal Controller IV

  
\_\_\_\_\_  
NENITA Q. CUISON  
Internal Auditor

  
\_\_\_\_\_  
DEXTER L. MEJIA  
Special Investigator II

  
\_\_\_\_\_  
BENITA Q. ICO  
Cashier

ATTY. MARIA LUISA G. SERAFICA  
NOTARY PUBLIC

UNITED STATES OF AMERICA

EDUCATIONAL & MEDICAL DEVELOPMENT CORPORATION

PHILIPPINE HEALTH INSURANCE CORPORATION

TIN 201-011-000

ISP No. 011-000

PTA No. 011-000

NCLE No. 011-000

4-011-000 ST. CITY OF MANILA

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BY:

DATE: 8/31/12



# ACKNOWLEDGEMENT

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

BEFORE ME, this \_\_\_\_ day of MAY 30 2012, 2012, personally appeared the following:

Name	ID No.	Issued by/ Date/Place
<u>DANIEL F. DE LEON</u>	<u>10002937</u>	PHIC Employee ID
<u>ATTY. GONZALO T. DUQUE</u>	<u>0001</u>	LNU President

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.

*Atty. Maria Luisa G. Senafica*  
ATTY. MARIA LUISA G. SENAFICA  
NOTARY PUBLIC

UNTIL DECEMBER 31, 20 13  
ROLL No. 53 984  
TIN 501-716 832 01.09.12  
IBP No. 500048 01-01-12  
PTR No. 10. 20. 08  
MCLE No. 10. 20. 08  
GUILIG ST., CITY OF DAGUPAN

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PHIC-PRO1DAGUPAN CITY  
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BY: [Signature]  
DATE: 5/31/12