

CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

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

MR. EDGARDO P. PEREZ, married, of legal age, Filipino, and a resident of Barangay Tinurik, Tanauan City hereinafter referred to as the "**LESSOR**";

-and-

PHILIPPINE HEALTH INSURANCE CORPORATION, REGIONAL OFFICE IV-B, a government owned and controlled corporation duly registered, organized and existing under Philippine laws with office address at PSDC Building, P. Burgos corner Alegre Sts., Batangas City, represented herein by its **Regional Vice President, PAOLO JOHANN C. PEREZ**, hereinafter referred to as the **LESSEE**.

WITNESSETH:

WHEREAS, The **LESSOR** is the registered and absolute owner of Maximiano B. Perez Business Center, constructed on a parcel of land at President Laurel, Highway, Poblacion III Tanauan City and made available the second floor of the building for lease to the **LESSEE**;

WHEREAS, the **LESSEE** has formally intended to lease the 2nd floor from the **LESSOR**.

NOW, THEREFORE, for and in consideration of the above stipulations, the **LESSOR** hereby leases unto the **LESSEE** the subject area herein specified and the latter accepts the lease, subject to the following terms and conditions, to wit:

1. **SUBJECT OF LEASE.** The second floor of the building with a total floor area of **TWO HUNDRED TWENTY TWO SQUARE METERS (222 sq. m.)** more or less.
2. **TERM OF LEASE.** This Contract of Lease commences **01 July 2012** and ends **31 December 2012**. After expiration of this contract and no new contract has been made or issued by the **LESSEE** or that the result of the bidding is not yet issued if one is conducted, this contract shall be deemed extended on a month to month basis up to such period as may allowed by law, rules and regulations.
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.
4. **LEASE RATE.** The lease rate is **SEVENTY THOUSAND PESOS (Php 70,000.00) per month, inclusive of all government required fees and taxes**, to be paid within five (5) working days after presentation of a billing or notice for payment. The withholding tax shall be paid by the **LESSEE**, who shall provide the **LESSOR** the withholding tax certificate.
5. **DEPOSIT.** The deposit in the amount of **"ONE HUNDRED FORTY THOUSAND PESOS" (Php. 140,000.00)** constituted under the previous contract with the **LESSOR** shall remain so constituted for purposes of this contract. The deposit shall be returned to the **LESSEE** within ten (10) days at the end of the term, there being no renewal entered into by the parties, less expenses for the repair of the premises if necessary, and for unpaid bills if any.
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 the

EDGARDO P. PEREZ
Registered Owner


PAOLO JOHANN C. PEREZ
Regional Vice President

CATALINA R. AMATUS
Fiscal Controller IV

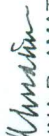
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Chief Social Insurance Officer

prior written authority from the **LESSOR**. The use of the premises shall be subject to uniformly applicable building rules and regulations which **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 building administration.

7. **PARKING AND OTHER JOINT-USED AREAS.** - The **LESSOR** shall grant parking slots that can accommodate at least four (4) four-wheeled vehicles reserved exclusively for the **LESSEE**, the **LESSEE'S** employees and the **LESSEE'S** clients. The **LESSOR** hereby also grants the **LESSEE** a non-exclusive privilege to use the other points of the building dedicated to common use
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 of the building electrician and handyman for the purpose, with basic charges shouldered by it. Where portion or parts of the improvement affect portions or parts of the structure, the **LESSOR** will require necessary correction of the submitted plans. Any subsequent alteration, addition or further improvements on the leased premises will require the submission of the plan and for the approval of the **LESSOR**.
9. **UTILITIES.** The subject building will be provided with electric power and facilities. All electric and water bills 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 said electricity bills used by the **LESSEE** are registered in the name of the **LESSOR**.
10. **TELEPHONE AND COMMUNICATION.** The **LESSEE** shall have the right to apply for telephone lines and facilities. The telephone lines to be used will be registered in the name of the **LESSEE**. All telephone bills and tolls for the lines 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**. After the termination of the lease, the **LESSEE** shall have the right to transfer such telephone lines to its new office or place of business.
11. **LIGHTS AND LIGHTINGS 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 obligated to provide additional light and/or lighting fixtures, but the **LESSEE** may so provide at its own expense.
12. **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 **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 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.


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PAOLO JOHANN C. PEREZ
Regional Vice President


CATALINA R. AMATUS
Fiscal Controller IV


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- d. To lessen the inconvenience, the **LESSEE** shall make delivery of furniture, equipment and other bulky items into its offices without prior notice of 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, without giving notice to the **LESSOR**. However, whenever the **LESSEE** will take out all or substantially all of its office furniture, machines, and equipment, the **LESSEE** may only do so after the **LESSOR** has been notified.
- 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 prior 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 it can be used in a manner that it 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, 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.
- 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 event, immediate repair or restoration shall be undertaken by the **LESSOR** granting a moratorium or 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.
- 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 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 moratorium or waiver of rental payment for such period.
- n. The **LESSOR** warrants that the **LESSEE** shall have peaceful possession of the premises for the duration of term agreed upon except when the disturbance is caused by natural calamities or acts outside the **LESSOR'S** control.
- o. The **LESSOR** shall comply with the following technical specifications for the building to be leased:

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- With separate comfort rooms for employees and clients of the **LESSEE**;
- Building structure: Basically concrete which may allow partition of different materials but structure shall provide utmost safety and security; and
- Meter for electric and water consumption for the exclusive use of the **LESSEE**.
- Equipped with electrical wiring for 50KVA generator with double-pull/double-throw switch breaker.

13. The following documents (which have been submitted to the **LESSEE** in the course of the Bidding process that led to the award of the contract of lease) shall be deemed to form and be read and construed as part of this Agreement, viz.:
 - a. the Bid Form and the Price Schedule submitted by the Bidder;
 - b. the Schedule of Requirements;
 - c. the Technical Specifications;
 - d. the General as well as the Special Conditions set forth in the bid documents submitted by the **SUPPLIER**; and
 - e. the **ENTITY**'s Notification of Award.
14. **LAWS AND ORDINANCES.** The **LESSEE** shall comply and abide by the ordinances of the city regarding the use of the premises, comply with the health regulations and secure permits or license for its business operations. **Provided, that all the requirements under National Building Code of the Philippines, the Revised Fire Code of the Philippines and other laws, ordinances or regulations pertaining to the building and/or the office space subject-matter of the lease contract shall be complied with by and at the cost of the LESSOR.**
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 must be undertaken for reasons of leasing inconvenience or avoiding 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. **SUBLEASE, TRANSFER OF RIGHTS.** The transfer of rights of the **LESSEE** under this contract and/or the sublease of any part or portion of the leased premises shall not be made unless a written notice to the **LESSOR** is given and approval 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 of this contract and the rights acquired therefrom by the **LESSEE** are protected and respected in its entirety.
19. **VIOLATION.** A violation by one of the parties of any of the agreed 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 guilty 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 contracts 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 there being no renewal or extension agreed upon by parties.
- b. It shall 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 the events disturbing peaceful possession and on natural calamities, the leased premises is 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, 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. Damage or injury caused by the removal of articles or improvements by the **LESSEE** shall be allowed of the **LESSOR**, without cost/expense to the former. 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 free of its effects and improvements. 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 five (5) working days without rental charge shall be allowed by the **LESSOR**. In case the **LESSOR** is the guilty party, the latter shall also pay damages equivalent to one-month rental to the **LESSEE** before the actual vacation of the premises, without prejudice to other remedies as provided for by law.

21. **DELAY IN VACATION OF THE PREMISES.** Except as provided for in the immediately preceding paragraph, if the premises is not vacated within five (5) days grace period allowed by the **LESSOR**, then the **LESSEE** shall be charged with the corresponding daily rentals of the premises to be effected from the terminal date to the date when the premises is totally vacated. The daily rental payment is without prejudice to the claim for damage caused by the **LESSEES'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 relinquishment or waiver of any subsequent breach or default of such terms and conditions and covenants.
23. **SETTLEMENT OF DISPUTES:** If any dispute of any kind whatsoever shall arise between the parties in connection with the implementation of this contract, the parties shall make every effort to resolve amicably such dispute or difference by mutual consultation. Any or all disputes arising from the implementation of the contract shall be submitted to arbitration in the Philippines according to the provisions of Republic Act No. 876, otherwise known as the "Arbitration Law" and Republic Act No. 9285, otherwise known as the "Alternative Dispute Resolution Act of 2004". By mutual agreement, the parties may agree in writing to resort to other alternative modes of dispute resolution. 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 (*Based from Section 59 & 60, Revised Implementing Rules & Regulations of R.A. 9184*).
24. **SEPARABILITY CLAUSE.** If any paragraph, sub-paragraph or part of this contract is declared contrary to law, public policy or otherwise declared

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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 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 on JUL 13 2012 day of _____ 2012 at, TANAUAN CITY, Philippines.

MAXIMIANO B. PEREZ BUSINESS
CENTER
(Lessor)

By:

EDGARDO P PEREZ
Registered Owner

PHILIPPINE HEALTH INSURANCE
CORPORATION
(Lessee)

By:

PAOLO JOHANN C. PEREZ
Regional Vice President, PhRO W-B

SIGNED IN THE PRESENCE OF:

ENRICO G. CABRERA
Chief Social Insurance Officer

CATALINA R. AMATUS
Fiscal Controller IV
Certified Funds Available

ACKNOWLEDGMENT

Republic of the Philippines}
} S.S.

BEFORE ME personally appeared on this JUL 13 2012 day of _____ 2012, at TANAUAN CITY, Philippines.

PAOLO JOHANN C. PEREZ PhilHealth ID No. 10027598

EDGARDO P. PEREZ

SSS I.D. # 04-0624279-2

Known to me and to me known to be the same persons who executed the foregoing instrument consisting of six (6) pages including the page on which this acknowledgment is written and acknowledged to me that the same is their true and lawful act and deed.

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

Doc. No. 245
Page No. 49
Book No. 7
Series of 2012

BENITO M. TEROERO
Notary Public
Until December 31, 2013
PTR NO. 4290315:1-5-12: Tanauan City
Roll No. 23392
MCLE No III-0010660