

**CONTRACT OF LEASE**

**KNOW ALL MEN BY THESE PRESENTS:**

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

**ALFREDO GORRE**, of legal age, married, Filipino, with postal address at Rizal St. Poblacion Danao City, Cebu, Philippines, herein after 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 regional office at 8F Golden Peak Hotel, Gorordo cor Escario St. Cebu City, Philippines, represented herein by its Regional Vice President, **WILLIAM O. CHAVEZ**, hereinafter referred to as the "**LESSEE**".

-Witnesseth-

**WHEREAS**, the **LESSOR** is the registered and absolute owner of a **certain commercial building** located at Rizal St. Poblacion Danao City, Cebu and made available certain areas of the therein for lease to the **LESSEE**;

**WHEREAS**, the **LESSEE** has formally intended to lease the specified area within the building 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 Ground floor and mezzanine floor with a total floor area of **One Hundred Forty Two and 92/100** square meters (142.92 sq. m.) of Rizal St. Poblacion, Danao City, Cebu, Philippines.
2. **TERM OF LEASE.** The term of the contract shall be for one (1) year. This Contract of Lease commences on **June 1, 2012 and ends on May 31, 2013.**
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. However, it is agreed, that in the event of a contract renewal, the renewal rate will be increased by a maximum of 10% per annum or annually.
4. **LEASE RATE.** The lease rate is **Twenty Five Thousand Two Hundred Pesos Only (P 25,200.00)** per month, inclusive of all government required fees and taxes and maintenance cost, to be paid on or before the tenth (10<sup>th</sup>) day of the succeeding month upon presentation of a billing or notice of payment. The withholding tax shall be paid by the **LESSEE** who shall provide the **LESSOR** the withholding tax certificate.
5. **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 authority from the **LESSOR**.
6. **PARKING AND OTHER JOINT-USE AREAS.** The **LESSOR** hereby grants the **LESSEE** an exclusive privilege to use the parking areas good for two (2) cars. As to the other portions of the said building dedicated common use, the right to use said spaces which is not an integral of the leased premises, by the **LESSEE**, its employees and clients may be restricted or regulated by the **LESSOR** at its own discretion. Such use shall be subject to the restrictions and regulations and such other conditions as may be promulgated from time to time by the **LESSOR**.
7. **IMPROVEMENTS.** The **LESSEE** shall submit to the **LESSOR** the plans for its proposed improvements within the subject area for review and approval.
8. **UTILITIES.** The subject building will be provided with electric power and water facilities. All electric bills for the power and water 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 **LESSEE**.

9. **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 termination of the lease, the **LESSEE** shall have the right to transfer such telephone lines to its new office or place of business.
10. **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 obligated to provide additional lights and/or lighting fixtures, but the **LESSEE** may so provide at its own expense.
11. **ADVERTISING / SIGNS AND ADVERTISING MEDIA.** The **LESSEE** shall not 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** and even then they shall be only of such size and style as the latter may determine.

The **LESSEE** shall put up and maintain at its own expense the required business sign(s), the size, color, and design of which shall be reduced in writing and submitted to the **LESSOR** for approval, the same determined by the **LESSOR** upon the commencement date of the **LESSEE**'s business.

## 12. RESPONSIBILITIES OF THE PARTIES -

- A. The **LESSEE** hereby agrees to keep the leased premises in clean, good and sanitary conditions at all times in accordance with the quality standards of the building.
- B. **LESSOR** shall be responsible for pest control (rats, bugs, ants) and termite control.
- 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. Except to office furniture and office equipment used in the **LESSEE**'S ordinary course of business operations, any delivery by the **LESSEE** of bulky furniture, equipment or items to the leased premises is subject to prior notice and inspection by the **LESSOR** or his representative.
- 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 if the removal would result to and physical adjustment in the structure of the leased premises 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. The common areas should be kept clean and in good sanitary condition by **LESSOR**.
- 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. Both parties 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. **LESSOR** shall also have the responsibility to keep out private and public nuisance.
- 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 conditions 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 tenable condition. In the event certain damage or destruction is caused by the occurrence of natural events, such as typhoon, 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 space 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 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 moratorium or waiver of rental payment for such period. It is further stipulated that all repairs to be undertaken by LESSOR must be completed not later than seven (7) days from the time LESSEE serves notice in writing for such need of repairs; otherwise LESSEE shall have the right to have such repairs done and cost therein shall be reimbursed to LESSEE upon demand.
- 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 the **LESSOR's** control.
13. **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.
14. **INSPECTION OF PREMISES.** The **LESSOR** or his/its representative, with the proper notice to the **LESSEE** and at a 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.
15. **REALTY TAX.** The real estate taxes imposed on the leased property shall be for the exclusive account of the **LESSOR**.
16. **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 of the latter is secured. Any violation of this condition will be a basis for the termination of the contract.
17. **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 from by the **LESSEE** are protected in its entirety.
18. **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 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 contract is the only solution, then the conditions set forth under Section 20 will be applied and the procedures expressed shall be followed.

## 19. TERMINATION

- A. This contract of lease shall end on the terminal date agreed upon there being no renewal or extension agreed upon by the 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 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, 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. 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**. Within ten (10) days after the premises are vacated, the **LESSOR** shall return the deposit constituted less the amount mentioned in Sections 20 thereof.

If termination results 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.


20. **DELAY IN VACATION OF THE PREMISES.** Except as provided for in the immediately preceding paragraph, if the premises is not vacated within the 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 when the premises is totally vacated. The daily rental payment is without prejudice to the claim for damage caused by the **LESSEE's** delay in vacating the premises
21. **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.
22. **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 agrees that the venue of court action is in the proper courts of Cebu City.
23. **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.
24. **SUPERSEDING CLAUSE.** This contract of lease supersedes and renders void any 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 28 day of June, 2012, at Danao City, Cebu City, Philippines.

**PHILIPPINE HEALTH  
INSURANCE CORPORATION**

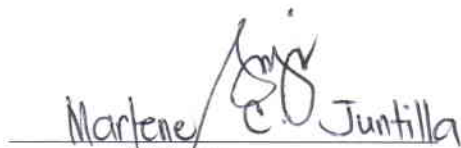
By:

  
**ALFREDO GORRE**  
(Lessor)

By:

  
**WILLIAM O. CHAVEZ**  
(Lessee)

Signed in the presence of:

  
**Martene C. Juntilla**  
Witness

  
**JOSETTE E. BACALSO**  
Fiscal Controller IV, PRO VII

**ACKNOWLEDGEMENT**

**REPUBLIC OF THE PHILIPPINES)**  
City of Danao

) S. S.

**BEFORE ME**, personally appeared:

NAME

RES. CERT. NO.

DATE/PLACE OF ISSUE

WILLIAM O. CHAVEZ  
ALFREDO GORRE


00113249  
28708467

January 31, 2012, Cebu City  
Jan. 18, 2012, Danao City

Known to me and to me known to be the same person who executed the foregoing Contract of Service and acknowledged that the same his free act and deed.

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

Doc. No. 209  
Page No. 42  
Book No. XXII  
Series of 2012

  
**FELIX E. MUÑOZ JR.**  
NOTARY PUBLIC  
UNTIL DECEMBER 31, 2013  
ATTORNEY'S ROLL NO. 7667  
PTR NO. 1609827 DANA0 CITY 1-2-12  
IBP NO 882681 CEBU CITY 1-18 -12

**Notary Public**