

## CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

This Contract of Lease is made and entered into this \_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_, by and between:

**PACITA C. ALILAEN**, Filipino, of legal age, married, and resident of Daro, Dumaguete City, hereinafter referred to as **LESSOR**.

-and-

Philippine Health Insurance Corporation, a government owned and controlled corporation duly registered, organized and existing under Philippine laws with principal office at 8F Golden Peak Hotel, Gorordo corner Escario St., Cebu City, Philippines, represented herein by its Regional Vice President, **WILLIAM O. CHAVEZ**, hereinafter referred to as **LESSEE**;

### WITNESSETH

1. **OWNERSHIP.** The LESSOR is a usufructuary under a Contract of Usufruct dated July 20, 2006, hereto attached as Annex "A" and made as integral part of this contract. The object of the Contract of Usufruct is a commercial building known as Poincare I, situated at corner National Highway and E.J. Blanco Drive Extension, Dumaguete City, which is covered by Transfer of Title No. 33755 registered under the names of spouses Poincare C. Alilaen Jr. and Eugene Ng.

2. **LEASED PREMISES.** The LESSEE desires to lease and the LESSOR agrees to lease the entire second floor, and the entrance/lobby on the ground floor in the above described building which is exclusively servicing PhilHealth personnel and clients.

3. **SUBLEASING.** The above-described leased premises shall be solely occupied by the LESSEE only. Subleasing of the said leased premises by the LESSEE is strictly prohibited.

4. **USE OF PREMISES.** The leased premises shall be used by the LESSEE for office purposes only and shall not be converted into any other use without prior authority from the LESSOR. The use of the premises shall be subject to the uniformly applicable building rules and regulations which the 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 to foster a desirable relationship among the occupants and building administration. No animals or pets of any kind are allowed inside the leased premises nor at any place within the said building and the premises surrounding the same.

5. **TERM OF LEASE.** The term of the contract shall be for one (1) year to commence on **JULY 16, 2012** and ends at midnight of **JULY 15, 2013**. The contract of lease shall be renewable under such terms and conditions to be agreed upon the mutual consent of both parties, unless the LESSOR gives to the LESSEE a written notice of termination at least 60 days from expiration of the lease contract or the LESSEE gives to the LESSOR a written notice of intent to move-out at least 60 days from expiration of the lease contract. Provided however, that the LESSEE agrees to vacate from the leased premises anytime when the LESSOR needs the leased premises for their purpose after due notice in writing is given by the LESSOR at least 60 days before the LESSEE shall actually vacate from the leased premises.

6. **RENTAL/PAYMENT.** The LESSEE shall pay the LESSOR a monthly rental of the sum of Fifty Nine Thousand Seven Hundred Eighty Two Pesos and 61/100 Philippine Pesos (PHP59,782.61) inclusive of all government required fees and taxes 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.

7. **PENALTY AND INTEREST.** A monthly rental not paid on time shall cause the rescission of this contract of lease without prejudice to the right of the LESSOR to collect from the LESSEE the unpaid rental, interest of two percent (2%) per month, and penalty interest of two percent (2%) per month due thereon, and for any monetary claims that the LESSOR may legally hold the LESSEE pursuant to the terms of this contract and/or statute, including claims for damages.

8. **SECURITY DEPOSIT AND ADVANCE RENTAL.** The amount One Hundred Sixty Five Thousand Pesos Only (PHP165,000.00) in the previous contract shall remain as such.

The advance rental shall be applied to the last one (1) month from the termination or expiration of the term of the contract.

The security deposit shall cover unpaid bills for water, electricity, telephone, garbage fees, and the like, and damages to the leased premises not caused by the natural wear and tear but are attributable to the **LESSEE**. It also covers the damages or injury and repair to the leased premises and the building and its premises caused by the installation or removal of articles, equipment, airconditioning units, generators, and advertising signs and media, and any improvements and alterations to the building and its premises relating to the business of the **LESSEE**. Provided finally, that the **LESSOR** retains the right to cause the removal of the said improvements at the expense of the **LESSEE**.

The security deposit or any balance thereof shall be refundable to the **LESSEE** sixty (60) days after the expiration or termination of the lease contract without interest.

9. **OFFSETTING.** The **LESSEE** shall not withhold or offset any portion of the rentals unless a law or statute authorizes the same.

10. **UTILITY CONNECTION/PAYMENTS.** The **LESSEE** shall directly contract with the utility companies for the connection of electricity, water, and other similar utilities. The **LESSEE** shall shoulder and pay all expenses related to its application and installation inside the leased premises. All installation of utilities inside the leased premises shall be in the name of the **LESSEE**. The **LESSEE** shall shoulder all expenses for water, electricity, garbage fees and other similar services pertaining to the leased premises. The **LESSEE** shall not allow any of the aforementioned utilities to be cut off or switched off for any reason including disconnection for non-payment of the corresponding monthly bills until the lease contract shall be terminated or has expired.

11. **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 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.

12. **LIGHTS AND LIGHTING FIXTURES.** The leased premises are 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.

13. **ADVERTISING/SIGNS AND ADVERTISING MEDIA.** The **LESSOR** shall provide adequate space for the installation of signage. 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 **LESSOR** may determine. In the event that the **LESSOR** allows the **LESSEE** to put up a corporate logo and/or corporate name on the leased premises, the **LESSOR** shall provide for the space where such corporate logo or name shall be placed subject to agreement by the parties as to the size and location of the signage. 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.

14. **IMPROVEMENTS.** The **LESSEE** shall not make or introduce any changes, alteration and or improvement on the leased premises, the building, including the exterior façade of the building without the written consent of the **LESSOR**. In the event that the **LESSOR** provides consent, the **LESSEE** shall submit to the **LESSOR** the plans for its proposed improvements within the leased premises for review and approval. The **LESSOR** may require any amendments thereof where correct tapping of electric service and other utilities is considered necessary. Where portions 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**. Only the **LESSOR** or his authorized representative shall perform all major and minor alteration or improvement, permanent or otherwise of the leased premises or any part of the said building but the **LESSEE** shall shoulder the cost of the alteration or improvement done in the leased premises. Any alteration or improvement done or made in the leased premises in violation of the same shall automatically inure to the benefit of the leased premises and shall become the property of the

**LESSOR** at the termination or expiration of the leased contract without any obligation on the part of the **LESSOR** to pay or refund the **LESSEE** of its value or costs. Provided finally, that the **LESSOR** retains the right to cause the removal of the said improvements at the expense of the **LESSEE**.

15. **MAJOR/MINOR REPAIRS.** Only the **LESSOR** or his authorized representative shall perform all major and minor repairs of the leased premises or any part of the said building but the **LESSEE** shall shoulder the cost of minor or major repairs for the damage done in the leased premises. In the event such damage shall spread on any part of the building due to delay of the **LESSEE** in notifying the **LESSOR** within the period of 2 days, the **LESSEE** shall also shoulder the cost of repair of the damaged part of the building. Cost of repairs for ordinary wear and tear of the leased premises should be shouldered by the **LESSOR**.

16. **FREE AND HARMLESS.** The **LESSEE** shall hold the **LESSOR** free and harmless from any damage to person or property arising out of natural calamities, fire, or as a consequence of the use of the leased premises by the **LESSEE**, his/her agents, employees, customers, guests, and/or visitors.

17. **INSURANCE COVERAGE.** The **LESSOR** shall not be obliged to provide insurance coverage for the business or personal properties of the **LESSEE** within the leased premises or at any place within the said building and its premises. The **LESSEE** is urged to secure his/her own insurance for losses due to theft, fire, water damage, and the like. In this connection, the **LESSEE** will (check one):

- ☐ Not buy or secure an insurance to protect against such losses.  
☐ Buy or secure from his/her own agent to cover such losses.

Provided finally, that the **LESSEE** acknowledges that he/she has opted not to buy or secure an insurance coverage of his/her personal properties stored and/or kept inside the leased premises or in any part of the building and its premises if neither of the above choices is checked.

18. **RELETTING CHARGE.** In the event the **LESSEE** moves-out, for any reason, prior to the expiration of the contract of lease, without giving the **LESSOR** an advance written notice of at least 60 days before such actual move-out, the **LESSEE** shall pay the **LESSOR** a reletting charge of One Hundred Ten Thousand Philippine Pesos (PHP110,000.00) to be applied on the advance rentals. The reletting charge is not a cancellation fee but intended to cover the liquidated damages due to inconvenience, paper work, showing the leased premises, and advertising costs that the **LESSOR** had suffered and does not release the **LESSEE** from his/her other obligations under the contract of lease.

19. **RIGHT OF LIEN.** The **LESSOR**, at its option, can hold and possess the properties of the **LESSEE** within the leased premises by way of lien to secure the payment of delinquent rentals. In the exercise of the same, the **LESSOR** or his/her authorized representative may peacefully change the lock of the leased premises. However, the **LESSEE** may redeem the same upon full payment of the unpaid rentals and reasonable storage charges. Provided finally, that the **LESSEE** shall hold the **LESSOR** free and harmless for any damage or loss that may be caused to the said personal and business properties while the same is in the custody of the **LESSOR** by virtue of the exercise of the right of lien.

20. **COMPLIANCE WITH LAWS/REGULATIONS.** The **LESSEE** shall strictly and faithfully observe and comply all the rules and policies prescribed by the **LESSOR** for the safety and order of the building and its occupants. In addition, the **LESSEE** shall observe and comply all local and national laws and regulations concerning the safety of the said building and health of its occupants and neighbors. In this regard, the **LESSOR** may regulate the use of the common spaces within the said building and its surrounding premises such as the lobby, parking areas, toilets/comfort rooms, stairways, and pathways. The **LESSEE** is prohibited to cook, bath, and do laundry jobs within the leased premises and within the building and its premises.

#### 21. **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 parts of any kind or nature 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 **LESSEE** and his/her employees, customer, clients, guests are prohibited to engage in any unlawful or criminal activities, behaving in loud or obnoxious manner that may cause disturbance to other lessees within the building and its premises.

D. 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, gasoline or flammable liquids, pyrotechnic articles, among others. When these conditions are violated that result 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.

E. The **LESSEE** is strictly prohibited from keeping, storing, or using anything of whatever nature that transmits an obnoxious or foul odor annoying the person's sense of smell in any place within the building and its premises.

F. The **LESSOR** reserves the right to prescribe or limit the weight of any machinery, equipment, safe, and similar articles that may be brought and placed in the leased premises.

G. Except for 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.

22. **DUPLICATE KEY.** The **LESSOR** will provide the **LESSEE** the duplicate keys of the common entrance, comfort room, and the entrance to the leased premises. These keys shall be surrendered to the **LESSOR** upon termination or expiration of the contract of lease. In the event of loss, the **LESSEE** shall refund the costs of replacing the locks and keys.

23. **RIGHT TO ENTER.** The **LESSOR** or his/her duly representative may peacefully enter the leased premises in the presence of the **LESSEE** or his/her duly representative at any reasonable time of the day or night for the purpose of undertaking and estimating repairs, performing pest control, regular building inspections, doing regular preventive maintenance of the said building, exercising the right of lien, showing the leased premises to prospective lessees, showing the premises for inspection by government authorities for compliance of health and fire laws and regulations, removing health and safety hazards including hazardous materials, removing any prohibited substances and devices, and the like. In the event that there is nobody in the leased premises, the **LESSOR** or his/her duly authorized representative may peacefully enter the leased premises after duly informing the **LESSEE** or, if the same could not be done after trying, the written notice of entry shall have been posted at the conspicuous place in the leased premises for the purpose of undertaking the aforementioned activities.

24. **BREACH OF CONTRACT.** That in case of breach of any of the terms and conditions herein by the **LESSEE**, the **LESSOR** may terminate this contract without prejudice to his right to damages that may arise there from.

25. **LIQUIDATED DAMAGE.** In the event the unpaid rentals, together with interest and penalties, are referred to an attorney for collection, the **LESSEE** shall be liable for the attorney's fee in addition to liquidated damages at the amount equivalent of 25% of the unpaid rentals, interest and penalties, but in no case shall it be less than P2,000.00.

26. **VENUE.** All actions arising from this contract of lease shall be brought in the court of proper jurisdiction in Dumaguete City, Negros Oriental, Philippines.

27. All previous terms and conditions not herein incorporated are deemed null and void and have no legal force and effect.

28. This contract shall take effect immediately upon the signing of both parties.

29. The **LESSEE** has read and understood all the foregoing contents and has agreed thereto.

IN WITNESS WHEREOF, we hereunto affixed our signatures this \_\_\_\_\_ day of \_\_\_\_\_ at Cebu City, Philippines.

**PHILIPPINE HEALTH  
INSURANCE CORPORATION**

By:

  
**PACITA C. ALILAEN**  
(Lessor)

By:

  
**WILLIAM O. CHAVEZ**  
(Lessee)

Signed in the presence of:

\_\_\_\_\_  
Witness

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

**ACKNOWLEDGMENT**

Republic of the Philippines)  
City of Cebu ) s.s.  
x-----/

SEP 04 2012

BEFORE ME, this 4th day of SEPTEMBER 2012 at Cebu City, Philippines,  
personally appeared with their Community Tax Certificates:


NAME	RES. CERT. NO.	DATE/PLACE OF ISSUE
PACITA C. ALILAEN	<u>15737534</u>	<u>January 4, 2012/Dumaguete City</u>
WILLIAM O. CHAVEZ	00113249	January 31, 2012

Known to me to be the same persons who executed the foregoing Contract of Lease and they acknowledged to me that the same is their free act and voluntary deed.

This instrument consists of 6 pages, including the page on which the acknowledgment is written, signed by the parties and their instrumental witnesses on each page thereof.

WITNESS MY HAND AND SEAL.

Doc. No. 268  
Page No. 54  
Book No. 11  
Series of 20 12

  
**ATTY. LIGAYA VICTORIA U. BARCENAS**  
Notary Public until 31 December 2012  
Roll No. 56385; Notarial Commission No. 129-09  
IBP Lifetime No. 850298; PTR No. 10147566  
PHIC, Gorordo Ave. cor Escario St., Cebu City