

CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

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

ASTERIA G. MONTES, of legal age, Filipino citizen of Borongan, Eastern Samar, hereinafter referred to as the "**LESSOR**";

-and-

PHILIPPINE HEALTH INSURANCE CORPORATION, a government owned and controlled corporation duly registered, organized and existing under the Philippine laws with principal office at 3rd Floor PhilHealth Annex Building, P. Burgos Street, Tacloban City represented herein by its Regional Vice President, **ATTY. JERRY F. IBAY**, hereinafter referred to as the "**LESSEE**".

-Witnesseth -

WHEREAS, the **LESSOR**, is the registered and absolute owner of a Casa Cristina Building located at Brgy. D-1, Borongan, Eastern Samar, and made available office space area at the 1st floor for lease.

WHEREAS, the **LESSEE** has formally intended to lease the specified areas within the extension building from the **LESSOR**.

WHEREAS, the **LESSOR** has quoted a bid deemed most advantageous to the government in which bidding documents is hereto attached as Annex "A";

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

1. **SUBJECT OF LEASE.** The subject building comprising of the ground floor with a total floor area of **163** square meters more or less.
2. **TERM OF LEASE.** This Contract of Lease shall commence on **April 1, 2012** and ends **December 31, 2012**.
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 another year on such terms and conditions as may then be mutually agreed upon.
4. **LEASE RATE.** The monthly lease rate is **TWENTY-FIVE THOUSAND PESOS (P25,000.00)** per month inclusive of E-Vat and withholding tax which shall be paid on or before the tenth (10th) day of the succeeding month, upon presentation of a bill or notice of payment. The withholding tax of the above lease rate amount shall be remitted by the **LESSEE** to the government institution concerned who shall provide the **LESSOR** the withholding tax certificate.
5. **DEPOSIT.** The Security Deposit in the amount of **SEVENTY-FIVE THOUSAND PESOS (P75, 000.00)** shall be held and applied by the **LESSOR** to answer for any and all damages to the Leased Property due to the fault and negligence of the **LESSEE** and as security for the due observance and faithful performance by the **LESSEE** of each term, provision, covenant and condition of this Contract. The Security Deposit shall be returned to the **LESSEE**, without any interest thereon,

within thirty (30) days after the **LESSEE** shall have completely and satisfactorily vacated and delivered the Leased Property to the **LESSOR**, deducting therefrom whatever amount/s the **LESSEE** may owe the **LESSOR**.

6. **USE OF THE PREMISES.** The leased area shall be used by the **LESSEE** for the purpose it was intended, shall maintain the same clean and sanitary subject it 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 relative to the building's structural stability, and more importantly, fostering a desirable relationship among and between the **LESSEE'S** occupants and building administration.
7. **IMPROVEMENTS.** The **LESSOR** grants the **LESSEE** the authority to introduce improvements on the property which are necessary in carrying out its business operation. However, said improvements being introduced by the **LESSEE** on the leased premises shall be removed by the **LESSEE** anytime. The **LESSEE**, upon termination of the lease, shall re-install whatever damages to the property are made to its original structure.
8. **UTILITIES.** The subject building will be provided with electric power and water facilities upon approval of this Contract. 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 same electricity bills used by the **LESSEE** are registered in the name of the **LESSOR**.
9. **INSPECTION OF PREMISES.** The **LESSOR** or its authorized 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 improvement. Subsequently 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 employees and clients, or to avoid disruption of office work activities.
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. **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** 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.
- c. 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.

- d. The **LESSOR** shall see to it that the premises rendered in tenable condition. In the event certain damage or destruction is caused by the occurrence of natural events, 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 and restoration.
- e. 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**.
- f. The **LESSOR**, except in alterations of partitions effected by the **LESSEE**, shall undertake the major repairs involving water and electrical connections, toilet and similar facilities and extraordinary repairs on the lease premises at his/its own expense. In the event that the leased premises cannot be utilized during the period or repair, the **LESSOR** grants a moratorium or waiver of rental payment for such period.
- g. The **LESSOR** warrants the **LESSEE** shall have peaceful possession of the leased premises for the durations of the term agreed upon except when the disturbance is caused by natural calamities or acts outside **LESSOR's** control.
- h. The **LESSEE** shall have the free use of the parking spaces for vehicles owned by them. Its employees and visiting clients.
- i. The **LESSOR** shall also make available to the **LESSEE** the key to the gate commonly used by all building tenants for the **LESSEE's** easy access to the lease premises.
- j. The failure of the **LESSOR** to insist strict performance of any of the covenants enter hereof, shall not be deemed as waiver of its right of remedy available as mandated by law. No waiver shall be deemed to have been made unless in writing and duly signed by the **LESSOR**.

12. **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.

13. **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 the rights acquired there from by the **LESSEE** are protected in its entirety.

14. **GROUNDS FOR 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 breached 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. Within thirty (30) calendar days after the leased premises are vacated, the deposit constituted shall be returned by the **LESSOR** to the **LESSEE** without need of demand in accordance with section 5. 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 thirty (30) days after the premises are vacated, the **LESSOR** shall return any of the advance rentals for the unexpired portion of the term and the deposit constituted less the amount mentioned in Section 5 and 17 thereof. In case the **LESSOR** is the guilty party, the latter shall also pay damages equivalent to **one (1) month rental** to the **LESSEE** before the actual vacation of the premises, without prejudice to other remedies as provided for by law.

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 or to any cause that is beyond the **LESSOR'S** control.

- d. Any party may terminate this Contract of Lease for any cause at any time before the expiration of the term agreed upon by giving the other party a thirty (30) days written notice of termination prior to the intended date without incurring any liability as to damages, subject to the terms and conditions set forth in the preceding sub-paragraphs.

15. 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 to the 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.

16. 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 percent (10%) of the amount claimed but in no case less than ten (10) thousand pesos as attorney's fees, aside from the costs of litigation and

other expenses which the law entitles the aggrieved party to recover. The parties agree that the venue of court action is in the proper courts of Tacloban City.

17. **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.

18. **SUPERCEDING 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 Tacloban City, Leyte, Philippines.

ASTERIA G. MONTES
Lessor

**PHILIPPINE HEALTH
INSURANCE CORPORATION**
Lessee

By:

By:

agmontes

Jerry F. Ibay
ATTY. JERRY F. IBAY
Regional Vice President

CTC No. 26117415
Issued On 01-04-12
Issued at BRGY. 02, BORNANGAN

CTC No. _____
Issued on _____
Issued at _____

Signed in the Presence of:

Asteria Montes

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
City of Tacolohan) S.S.

BEFORE ME, this _____ day of MAY ' 5 2012, 2012 personally appeared the above named persons known to me to be the same person who executed the foregoing Contract of Lease and acknowledged that the same is their free act and deed and that of the Corporation they represented.

This Contract of Lease consist of six (6) pages including the page wherein this acknowledgement is written and signed by the parties at the left hand margin of every page hereof together with their instrumental witnesses.

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

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ATTY. ALFREDO B. TY, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2013
PTR NO. 0126937/JAN. 2, 2012/TAC. CITY
BP NO. 808918/JAN. 2, 2012/TAC. CITY
ROLL NO. 54843
COLES & TY LAW FIRM
240 P. BURGOS ST., TAC. CITY