

## CONTRACT OF LEASE

### KNOW ALL MEN BY THESE PRESENTS:

This **CONTRACT OF LEASE** made and entered into by and between **OUR LADY OF PORZIUNCOLA HOSPITAL INC (OLPHI)** located at Cors Magsaysay Blvd-Rueda St. Calbayog City, herein represented by its Hospital Director, **BRO DENNIS T. TAYO, OFM**, of legal age, Filipino citizen of Calbayog city, 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 3<sup>rd</sup> Floor PhilHealth Building 2, P. Burgos Street, Tacloban City represented herein by its Regional Vice President, **WALTER R. BACAREZA**, hereinafter referred to as the "**LESSEE**".

-Witnesseth -

**WHEREAS**, the **LESSOR**, is the registered and absolute owner of OLPHI-Annex Building located at Cors. Magsaysay Blvd-Rueda St, Calbayog city, 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 building from the **LESSOR**.

**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 portion of the subject building comprising of the 1<sup>st</sup> floor with a total floor area of 67 square meters more or less.
2. **TERM OF LEASE.** This Contract of Lease shall commence on **August 20, 2012** and ends **August 19, 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 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 (P20,000.00)** per month inclusive of E-Vat and withholding tax which shall be paid on or before the first (1<sup>st</sup>) Monday 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.** A Security Deposit in the amount of **forty thousand pesos (P40,000.00)** shall be paid by the **LESSEE** upon execution of this contract and 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**, unpaid rentals, and bills for utilities 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 there from whatever amount/s the LESSEE may owe the LESSOR as herein provided.

6. **USE OF THE PREMISES.** The leased area shall be used by the LESSEE for the purpose of maintaining and operating an office. The LESSEE shall maintain the leased premises in a clean and sanitary condition subject it to the uniformly applicable building rules and regulations which the LESSOR and other appropriate government authorities 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 semi-permanent improvements on the property which are necessary in carrying out its business operation. Should there be permanent or fixed improvement which is necessary in the conduct of business operation of the LESSEE, the consent of the LESSOR shall be required. All improvements shall inure to the benefit of the LESSEE except those which are permanent in nature and which could not be removed without damage to the property of the LESSOR.
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 the LESSEE. 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. The 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 as well as in abeyance to existing general policies of the hospital and other government regulatory processes.
  - 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 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 solidarily held responsible for claims from all damages and any action against it for ordinance violation.

d. The **LESSOR** shall grant the request of the **LESSEE** to make a separate opening along Rueda St for the convenience of its future clients, provided however that the **LESSEE** shall comply with the following:

- i. Have its separate Security Guard to maintain security and order along the premises while its operation is ongoing and/or the gate is open.
- ii. Shoulder all expenses incurred for the construction of the gate.

e. 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.

f. 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**.

g. Moreover, the **LESSEE** during its operation 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, knowing that said utilities are in good condition prior to the start of this contract. In the event that the leased premises cannot be utilized during the period of repair, the **LESSEE** may apply for a moratorium or waiver of rental payment for such period, which the **LESSOR** shall deem with utmost consideration.

h. The **LESSOR** warrants that 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.

i. The **LESSEE** shall have the free use of the parking spaces for vehicles owned by them. Its employees and visiting clients.

j. 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.

k. 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 therefrom 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. 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.

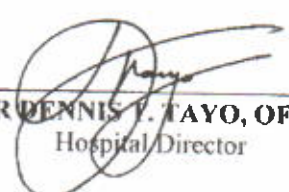
**IN WITNESS WHEREOF,** the parties hereto have signed this contract in representation of their respective principal this \_\_\_\_\_ day of \_\_\_\_\_ 2012, at Calbayog City, Leyte, Philippines.


**OUR LADY OF PORZIUNCOLA  
HOSPITAL INC**  
Lessor

**PHILIPPINE HEALTH  
INSURANCE CORPORATION**  
Lessee

By:

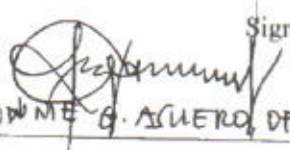
By:

  
**BR DENNIS T. TAYO, OFM**  
Hospital Director

  
**WALTER R. BACAREZA**  
Regional Vice President

CTC No. \_\_\_\_\_  
Issued On \_\_\_\_\_  
Issued at \_\_\_\_\_

CTC No. \_\_\_\_\_  
Issued on \_\_\_\_\_  
Issued at \_\_\_\_\_

  
**FR. ROMEO G. AGUERO, OFM**  
Signed in the Presence of: \_\_\_\_\_

## ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)

City of Tadobon ) S.S.

**BEFORE ME**, this \_\_\_\_\_ day of JUL 31 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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COLLEGE OF LAW FIRM  
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