

CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

This Contract of Lease, made and entered into by and between:

GILBERTO C. CINCO, Sr., of legal age, married, Filipino, with residence at 197 Rizal Avenue Extension, Catbalogan 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 laws of the Philippines with Regional Office address at 3rd Floor, PhilHealth Bldg. 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 absolute owner of the **CINCO ESTATE** Building located at San Bartolome St., corner Rizal Avenue St, Catbalogan Samar.

WHEREAS, the **LESSOR** made available certain area/floor of the aforementioned property for lease.

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

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



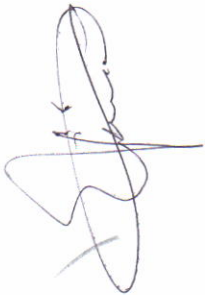
NOW THEREFORE, for and in consideration of the above stipulations, the **LESSOR** hereby leases unto the **LESSEE** the subject area specified and the latter accepts the lease, subject to the following terms and conditions, to wit:

1. **SUBJECT OF LEASE.** A certain portion of the said building comprising the Ground Floor with a total area of **Forty (40)** square meters more or less.
2. **TERM OF LEASE.** This Contract of Lease shall commence on July 1, 2012 and ends on 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 on a month to month basis.
4. **LEASE RATE.** The monthly lease rate is **SIXTEEN THOUSAND FOUR HUNDRED SEVENTY PESOS (P 16,470.00)** inclusive of Evat and all other government required fees and taxes. The withholding tax shall be paid by the **LESSEE** who shall provide the **LESSOR** the withholding tax certificate.
5. **DEPOSIT. DEPOSIT.** The amount of **FORTY THREE THOUSAND PESOS (P43,000.00)** held in trust as security deposit, upon expiration of Lease Contract and after one (1) month from complete turnover of the leased premises, after deducting whatever unpaid bills of the leased premises if there are any, the **LESSOR** shall return the full/remaining balance to the **LESSEE**.

6. **USE OF PREMISES.** The leased area shall be used by the **LESSEE** for office purposes. The use of the premises shall be subject to the uniformly applicable building rules and regulations which the **LESSOR** may subsequently provide to all **LESSEE** and/or occupants with the objective of safeguarding their persons and personalities, the common safety and welfare, more importantly, fostering a desirable relationship among and between the **LESSEE's** occupants and building administrations.
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 facilities. All electric bills for the power 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**. All fees due electric and water bills shall be paid by the **LESSEE** before leaving the premises in case of termination of contract.

9. **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 any bugs, vermin, rats, termites, insects and other pests of any kind or nature whatsoever. However, upon request by the **LESSEE** or at the **LESSOR'S** own volition, with due notice to the **LESSEE**, regular pest control services shall be undertaken by the **LESSOR** at the leased premises at the latter's expense.
- c. The **LESSEE** shall have the right to take out from the building at any time of the day, any of its office supplies, furniture, machine, or any type of office equipment and accessories of any kind, or any of its property stored therein.
- 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, 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 held responsible for claims from all damages and any action against it for ordinance violation.
- 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 the 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 or restoration.
- f. The **LESSOR** warrants that the **LESSEE** shall have peaceful possession of leased premises for the duration of term agreed upon except when



the disturbance is caused by natural calamities or acts outside LESSOR's control.

- g. The LESSEE agrees to hold the LESSOR free and harmless from any and all claims, responsibilities, or liabilities arising in connection with any injury or death within or about the building while the same is in its possession and/or control except when the injury or death is caused by the LESSOR'S or his/its representative's fault or negligence.
- h. The LESSOR, except in alterations effected by the LESSEE, shall undertake, at his/its own expense, all necessary repairs in order to keep the property suitable for the use to which it is herein intended including, but not limited to, repairs involving water and electrical connections, toilet and similar facilities and major and extraordinary repairs. 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.

10. **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.

11. **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 will be undertaken in order to lessen inconvenience to the employees and clients, or to avoid disruption of office work or activities.

12. **REALTY TAX.** The real state taxes and other payments imposed on the leased property shall be for the exclusive account of the LESSOR.

13. **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.

14. **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.

15. **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/s and/or condition/s violated and the intended termination date. However, despite the right to terminate then obtaining, the parties shall endeavor to amicably or extra-judicially settle the matter. If amicable or extra-judicial settlement cannot be had and that the termination of the contract is the only solution, then the conditions set forth under Section 16-b shall be applied and the procedure expressed therein followed.

16. TERMINATION.

- a. This Contract of Lease shall end upon the expiration of the term herein so entered there being no renewal or extension as may be agreed upon by the parties.

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 to the leased premises caused by the removal of articles or improvements made by the LESSEE shall be allowed by the LESSOR, without cost/expense to the former.

- 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 herein after diligent efforts for compromise or settlement, as provided in Section 16 hereof, is proved unavailing.

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 seven (7) working days from termination date without rental charge shall be allowed by the LESSOR.

In case the LESSOR is the guilty party, the latter shall pay damages equivalent to one (1) month rental to the LESSEE without prejudice to other remedies as provided for by law.

In all of these instances, within thirty (30) days after the termination date, the LESSOR shall return any of the advance rentals for the unexpired portion of the term and the deposit constituted as mentioned in Section 5 hereof.

- 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.

If termination ensues due to the destruction of the leased premises without fault of the parties, the LESSOR shall return any of the advance rentals for the unexpired portion of the term and the deposit constituted as mentioned in Section 5 hereof. 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.

17. DELAY IN VACATION OF THE PREMISES. Except as provided for in the immediately preceding paragraph, if the premises is not vacated within the seven (7) day moving out period allowed by the LESSOR, then the LESSEE

shall be charged with the corresponding daily rentals of the premises to be effected from the expiration of the said grace period up 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.

18. **NON-WAIVER.** The failure of the LESSOR or of the LESSEE to insist upon the strict performance of any terms, conditions and covenants hereof shall not be deemed a relinquishment or waiver of any subsequent breach of default of such terms and conditions and covenants.

19. **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, Leyte.

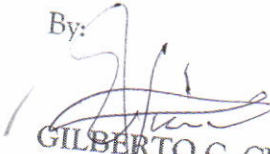
20. **SEPARABILITY CLAUSE.** If any paragraph, sub-paragraph or part of this contract is declared contrary to law, public policy or otherwise declared invalid, such shall not affect the other paragraphs, sub-paragraphs or parts of this contract.

21. **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 _____, Philippines.

A. CINCO ESTATE

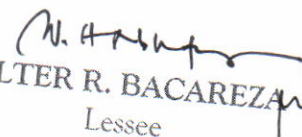
By:


GILBERTO C. CINCO, SR.
Lessor

CTC No. 07618657
Issued on Jan. 19, 2012
Issued at Catbalogan

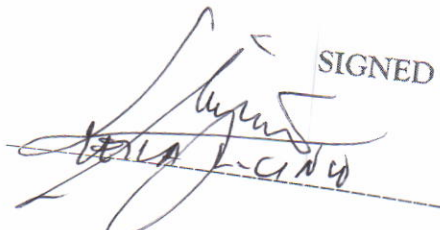
PHILIPPINE HEALTH INSURANCE
CORPORATION

By:


WALTER R. BACAREZAN
Lessee

CTC No. _____
Issued on _____
Issued at _____

SIGNED IN THE PRESENCE OF:


WITNESS

ACKNOWLEDGEMENT

Republic of the Philippines)
City of Tacloban) s.s.

BEFORE ME, this AUG 31 2012 day of _____, 2012, personally appeared, the above named persons known to me to be the same person who executed the foregoing Contract of Lease, and they acknowledged to me that the same is their free act and deed and that of the corporation they represented.

This Contract consists of six (6) pages, including the page where the acknowledgement appears, signed by the parties and that of their instrumental witnesses on each and every page thereof.

WITNESS MY HAND AND SEAL, the day, year and place above written.



Doc No. 92
Page No. 19
Book No. V
Series of 2012

ATTY. ALFREDO B. TY, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2014
PTR NO. 0126030/JAN 2, 2012/TAC. CITY
IBP NO. 80881/JAN 2, 2012/TAC. CITY
ROLL NO. 54843
COLES & TY LAW FIRM
240 P. BURGOS ST., TAC. CITY