

CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

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

Mr. RICARDO R. KHO, of legal age, married, Filipino citizen with postal address at 156 Caneja Street, Naval, Biliran, 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 Building 2, 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 three storey building located at Caneja Street corner Castin Street, Naval, Biliran;

WHEREAS, the **LESSOR** has made available certain portion of the ground floor for lease;

WHEREAS, the **LESSEE** intends to lease the specified area within the aforementioned property to be used as an official place of business of the **LESSEE**'s Naval Satellite Office;

WHEREAS, the **AGENCY** has quoted a bid deemed most advantageous to the government in which Notice of Award 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 of the ground floor with an area of **Forty Square Meters (40 sq.m.)** more or less.
2. **TERM OF LEASE.** This Contract of Lease commences on **April 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 a 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 **TWELVE THOUSAND PESOS (P12,000.00)** inclusive of all government required fees and taxes and maintenance cost, to be paid on or before the tenth (10th) day of the succeeding month upon presentation of a billing or notice for payment. The withholding tax shall be paid by the **LESSEE** who shall provide the **LESSOR** withholding tax certificate.
5. **DEPOSIT.** The Security Deposit in the amount of **TWELVE THOUSAND PESOS (P12, 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. **FAILURE TO PAY MONTHLY RENTAL.** Should the **LESSEE** be in arrears in the payment of rent and/or other accounts for a period of at least two (2) months, and/or premises closed for business or unused for the same period without notifying the **LESSOR**, the latter may consider the premises abandoned and the lease terminated without prior notice.
7. **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 and subject it to the uniformly applicable building rules and regulations which the **LESSOR** may subsequently provide to all **LESSEE**'s and/or occupants with the objective of safeguarding this persons and personalities, the common safety and welfare, and more importantly, fostering a desirable relationship among and between the **LESSEE**'s occupants and the building administrations.
8. **PARKING AND OTHER JOINT-USE AREAS.** The **LESSOR** shall grant parking slots reserved for the **LESSEE** for the term of this lease.

Moreover, the **LESSOR** hereby grants the **LESSEE** a non-exclusive privilege to use the parking areas and other portions of the building dedicated to common use. The right to use said spaces by the **LESSEE**, its employees and clients or customers is not an integral part of the premises and it 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**.

9. **IMPROVEMENTS.** The **LESSEE** shall submit to the **LESSOR** the plans for its proposed improvements within the subject area for review and approval. The **LESSOR** may require any amendments thereof where correct tapping of electric service and other utilities is considered necessary. The **LESSEE** may avail of the building electrician and handyman for the purpose, with basic charges shouldered by it. 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**.

The **LESSEE** reserves the right to remove the said improvements provided that no material damage maybe caused to the leased property or that material damage be restored to its original structure; except that which may be caused by the lapse of time, ordinary wear and tear or inevitable causes.

10. **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**.
11. **LIGHTS AND LIGHTING FIXTURES.** The subject areas 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**.

12. 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.

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 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 state taxes and other payments 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 the rights acquired therefrom 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/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 19-b shall be applied and the procedure expressed therein followed.


19. 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.
- b. The **LESSEE** shall peacefully vacate the leased premises and return the same in the condition it was first entered into, save that what has been lost or impaired by the lapse of time, ordinary wear and tear or inevitable causes. 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.
- c. 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.
- d. 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.
- e. 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.
- f. 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.

- 20. 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 damages caused by the **LESSEE'S** delay in vacating the premises.
- 21. 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.
- 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 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 court of Tacloban City, Leyte.
- 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. 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, we have hereunto set our hands this ____ day of _____, 2012, at _____, Philippines.


RICARDO R. KHO
(Lessor)

CTC No. 0510.6769
Issued on Jan. 2, 2012
Issued at Nval, Biliran

**PHILIPPINE HEALTH
INSURANCE CORPORATION**
(Lessee)

By:


Atty. JERRY F. IBAY
Regional Vice-President, OIC
CTC No. CC 2011 00181810
Issued on MARCH 30, 2012
Issued at TACLOBAN CITY

SIGNED IN THE PRESENCE OF

ACKNOWLEDGEMENT

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

BEFORE ME, this _____ day of JUN 04 2012, 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.

ATTY. ALFREDO B. TY, JR.
NOTARY PUBLIC
UNITED BARBERS
PTR NO. 012603/LAN. 2/2012/TAC. CITY
IBP NO. 80886/JAN. 2/2012/TAC. CITY
ROLL NO. 54843
COLES & TY LAW FIRM
240 P. BURGOS ST., TAC. CITY

Doc No. 243
Page No. 53
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