

## CONTRACT OF LEASE

### KNOW ALL MEN BY THESE PRESENTS:

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

**P. LARRAZABAL & SONS ENT., INC.**, a corporation existing under the laws of the Republic of the Philippines, with business address at 806 Aviles St., District 12, Ormoc City, represented in this instance by its President, **BENITA L. MACATUAL**, 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, **ATTY. JERRY F. IBAY**, hereinafter referred to as the "**LESSEE**".

-Witnesseth -

**WHEREAS**, the **LESSOR**, is the owner of that parcel land including the commercial building erected thereon particularly located at Aniceta Bldg., corner Bonifacio and Osmeña Sts., Ormoc City, Leyte;

**WHEREAS**, the **LESSOR** made available the ground floor of the aforementioned property for lease;

**WHEREAS**, the **LESSEE** intends to lease the specified property mentioned 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";

**WHEREAS**, the **LESSOR and the LESSEE** hereby represents and warrants that it has the capacity and authority to enter into this Contract of Lease and that it has obtained all consents, licenses and approvals necessary for the validity, effectivity and enforceability of this contract.

**NOW, THEREFORE**, for and in consideration of the mutual covenants and stipulations hereinafter set forth, the parties hereto agree as follows:

1. **SUBJECT OF LEASE.** A certain portion of the said building comprising of the ground floor with an area of **Two Hundred Twenty-seven (227)** square meters more or less.
2. **TERM OF LEASE.** This Contract of Lease shall be for the period of **April 1, 2012** until **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 **FORTY-FIVE THOUSAND FOUR HUNDRED PESOS (P 45,400.00)**, inclusive of EVAT and other

*Bennita L. Macatual*

government required fees and taxes which shall be paid within the tenth day (10<sup>th</sup>) after the end of each month, without the need of any demand, at the office of the **LESSOR**. Failure on the part of the **LESSEE** to pay the rental for two consecutive months, during the leased period, shall be considered a sufficient ground for the **LESSOR** to terminate his contract and for the **LESSEE** to vacate the leased premises immediately without the necessity for the **LESSOR** to file a case in court. The withholding tax shall be paid by the **LESSEE** who shall provide the **LESSOR** the withholding tax certificate.

5. **DEPOSIT.** The Security Deposit in the amount of **THIRTY THOUSAND ONE HUNDRED FORTY PESOS (P30, 140.00)** 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/premises 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, and more important, fostering a desirable relationship among and between the **LESSEE'S** occupants and building administration. The Leased Property shall be used solely for the licensed business of the **LESSEE** and not for any other purposes. Likewise, the **LESSEE** shall not bring into or store in the leased premises any inflammable or explosive goods or materials nor any article which may expose the leased property to fire.
7. **IMPROVEMENTS.** The **LESSOR** grants the **LESSEE** the authority to introduce improvements on the leased property which are necessary in carrying out its business operation. However, said improvements being introduced by the **LESSEE** will 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 **LESSEE** after signing this contract shall be the one to initiate, contact and apply under the name of the **LESSEE** for electric power and water connection to the leased premises from **LEYECO** and the local water district, pending approval and installation of the electric power to the leased premises the **LESSOR** shall temporarily supply electric power to the leased area which the monthly electric consumption of the **LESSEE** shall be billed by the former accordingly together with the monthly rental. In the event of power interruption the **LESSEE** can avail of a standby generator to supply the electric power in the leased area in order not to disrupt the basic operation to its clients/members.
9. **LIGHTS AND LIGHTING FIXTURES.** The subject building is provided with lights, lighting fixtures and 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.

*Sumantel*

10. **INPECTION OF PREMISES.** The **LESSOR** or its authorized representative shall have the right to enter the Leased Property at any reasonable time to examine the same or make alteration or repair or for any purpose which may deem necessary, for operation or maintenance of the Leased Property and for the purpose of exhibiting the Leased Property to prospective tenants unless herein **LESSEE** manifested its intention to renew the herein contract.

11. **RESPONSIBILITIES OF THE PARTIES.**

- a. No divisions or rooms in the leased premises may be removed by the **LESSEE** without prior consent of the **LESSOR** in the event that the former will need more space to accommodate its additional staff/personnel. If consent is given, **LESSOR's** engineer will first determine whether such removal will not affect the structural stability of the building and provided that the **LESSEE** in its own expense will restore the same at the termination of the contract.
- b. At the expiration of the Lease period or in case of termination of the Contract, the **LESSEE** shall return and surrender the Leased Property in good condition and without any delay whatsoever, devoid of occupants and furnitures except those improvements made by the **LESSEE** that now forms part of the leased property.
- c. In the event of litigation relative to this Contract of Lease the proper courts of Tacloban City shall be the exclusive venue to the exclusion of other venues.
- d. The **LESSEE** hereby acknowledges that the Leased Property is in good and tenantable condition and agrees to keep the same in such condition during the period of lease or extension or renewal thereafter.
- e. After prior notice the **LESSOR** shall make on the Leased Property all major repairs necessary to keep the same suitable for the use it was intended and to maintain **LESSEE** in the beneficial and adequate enjoyment of the leased property during the entire duration of the herein contract. However, **LESSEE** shall at its sole expense maintain the leased premises in good condition and may make all necessary minor repairs.
- f. The **LESSEE** shall be responsible for any and all repairs for damages to the Leased Property caused by the fault or negligence of the **LESSEE**, its agents, employees and guests. All such repairs shall be undertaken solely and at the expense of the **LESSEE**. Failure on the part of the **LESSEE** to undertake immediately such repair or restoration, the same shall be effected by the **LESSOR** all expenses incurred by the latter shall be chargeable to the **LESSEE**.
- g. Any interruption or hindrance in the use by the **LESSEE** of the Leased Premises due to the aforesaid repairs shall not confer upon the **LESSEE** the right to claim damages nor shall it cause for the reduction of the rentals.



- h. The **LESSEE** shall not assign or transfer its rights under this Contract or sublet the leased premises or any part thereof without prior written consent of the **LESSOR**.
- i. The **LESSEE** shall assume full responsibility for any damages incurred during the duration of the contract that may caused to any person or property within the leased premises.
- j. The failure of the **LESSOR** to insist upon strict performance of any of the covenants entered hereof, shall not be deemed as waiver of its right or remedy available as mandated by law. No waiver shall be deemed to have been made unless in writing and duly signed by the **LESSOR**.
- k. The **LESSOR** shall allow the **LESSEE** and its employees easy access to the leased premises in order not to disrupt the delivery of the services to its client/members.
- l. In the event that during the term of this lease, the **LESSOR** shall assign transfer or sell its interest in the leased property and the assignee of transferee of the **LESSOR** agrees to be bound to perform all of the covenants and conditions of this Contract, then from and after the effective date of such assignment, transfer or sale the **LESSOR** shall be released and discharged from any and all further obligation and responsibilities under this Contract except as to those already incurred, provided the **LESSOR** has notified the **LESSEE** thirty (30) days before said assignment, transfer of sale.
- m. The **LESSOR** warrants that the leased premises are structurally safe for occupancy. In case of damage to the leased premises by natural causes, without the fault or negligence of the **LESSEE** or its employees, repair shall be undertaken by the **LESSOR** as soon as possible after notice, at their own expense.
- n. The **LESSEE** shall hold the **LESSOR** free and harmless from and against any claim or demand by the third persons for injury or death or loss or damages, including claims for damage to property resulting from any accident on the Leased Property or occasioned by an nuisance made or suffered on the premises unless caused by the fault or negligence of the **LESSOR**, or any of its employees, representatives or agents.
- o. The **LESSEE** shall be responsible for all acts and omissions of its officers, employees and agents and said **LESSEE** shall hold the **LESSOR** free from all harm, damages or liabilities which may arise in connection with such acts or omissions of all such persons.
- p. The **LESSOR** reserves the right to mortgage, sell transfer or otherwise encumber the leased premises during the leased period, provided the **LESSOR** undertakes to respect and protect the **LESSEE's** right and interests under this contract.
- q. The **LESSOR** shall not in any event be held responsible for any interruption or failure of water supply, electric current, telephone and other basic utilities in the leased premises.
- r. The **LESSOR** shall not be held liable for any injury, loss or damage which the **LESSEE**, its agents, employees, guests or customers might





sustain in the leased premises due to theft, robbery and other fortuitous events that is already beyond the control of the LESSOR.

- s. The LESSOR shall have the right to break open and enter the leased premises in case the LESSEE abandoned/vacated or unreasonably padlocked the herein leased premises without being held criminally liable, and take possession of the leased premises and retain the properties found therein as security for the payment of the LESSEE's obligation under this contract, which properties the LESSOR may dispose of at public auction. The proceeds of such auction shall be applied to all obligations of the LESSEE, without prejudice to the right of the LESSOR to collect the deficiency, if any from the LESSEE. Any excess shall be turned over to the LESSEE or whoever is entitled thereof, or placed the same on deposit, if necessary.
- t. Absence from or abandonment of the lease property shall not relieve the LESSEE from any of its obligation under this contract. Failure on the part of the LESSEE to use the Leased Property for a continuous period of fifteen (15) days shall constitute desertion or abandonment.

## 12. GROUND FOR TERMINATION.

- a. Any breach or violation committed by one of the parties of any or the terms and conditions set forth herein, failure of the parties to arrive at any amicable settlement;
- b. The occurrence of natural calamities that may render the leased premises unfit for occupancy;
- c. Either party may terminate this Contract of Lease provided a prior written notice within a period of sixty (60) days shall be given to the other party of said intention.
- d. Abandonment shall give the LESSOR the option to cancel or terminate this Contract of Lease.

13. **SEPARABILITY CLAUSE.** If any part or provision/s of this contract is declared invalid, other provisions, which are not affected thereby, shall continue to be in full force and effect.

IN WITNESS WHEREOF, the parties hereunto set our hands this \_\_\_\_\_ day of \_\_\_\_\_ 2012, at Tacloban City, Leyte, Philippines.

**CEBU CFI COMMUNITY  
COOPERATIVE**

**PHILIPPINE HEALTH  
INSURANCE CORPORATION**

BY:

BY:

  
**BENITA L. MACATUAL**  
President

  
**ATTY. JERRY F. IBAY**  
Regional Vice President

CTC No. 02098499  
Issued on 01-07-12  
Issued at Ormoc City

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

Signed in the Presence of:

[Signature]

[Signature]  
MARIA CRISTINA A. LABAYA  
Service Office Chief

### ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)

City of Tacloban ) s.s.

BEFORE ME, this \_\_\_\_\_ day of JUN 15 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 being 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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Book No. III  
Series of 2012

ATTY. ALFREDO B. TY, JR.  
Notary Public  
UNTIL DECEMBER 31, 2011  
PTR NO. 872407 JAN. 2, 2012/TAC. CITY  
IBP NO. 808918 JAN. 2, 2012/TAC. CITY  
ROLL NO. 54843  
COL'S & TY LAW FIRM  
240 P. BURGOS ST., TAC. CITY

[Signature]