

CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

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

NIA REALTY LESSOR, a single proprietor duly organized and existing under the law of the Philippines, with principal office address at 1414 Sampaguita Street, Tacloban, City, duly represented by **Irene A. Ng**, of legal age, Filipino, married and a resident of 1414 Sampaguita Street, Tacloban City hereinafter referred 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 Annex Bldg., 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 single storey warehouse building located at Brgy. San Jose, Tacloban, City, and made available the certain area for lease.

WHEREAS, the **LESSEE** has formally expressed interest to lease the specified area within the 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.** A single door, single storey warehouse building with an area of **Three Hundred Fifty (350) square meters 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 the **LESSEE** will make a 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 Six Thousand Pesos (P 26,000.00)** inclusive of all government required fees and taxes and maintenance cost, to be paid on or before the fifth (5th) 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** the withholding tax certificate.

5. **DEPOSIT.** The amount of **TWENTY SIX THOUSAND PESOS (P 26,000.00)** held in trust as security deposit, upon expiration of the 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, shall return the full/remaining balance to the **LESSEE**.
6. **USE OF THE PREMISES.** The leased area shall be used by the **LESSEE** for office supplies, documents, materials and equipments storage purposes; or other purposes which are incidental or necessary thereto. The use of the premises shall be subject to the applicable building rules and regulations which the **LESSOR** may subsequently provide for the **LESSEE** with the objective of safeguarding the **LESSEE's** person and personalities.
7. **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**.

8. **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**.
9. **UTILITIES.** The **LESSEE** acknowledges the existence of a sub-meter for power and water utilities installed in the building prior to and during the **LESSEE'S** occupation of the building. The usages of utilities by the **LESSEE** as reflected in the said sub-meter shall be paid by the **LESSEE** at the rate of P 7.50 per kilowatt of power and free charge for water. A separate monthly power billing statements shall be presented by the **LESSOR** to the **LESSEE** at the end of each month and shall be paid by the latter on or before the fifth (5th) day of the succeeding month.
10. **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**. The **LESSOR** shall not be 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 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.

12. **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.

13. **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.

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

15. **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.

16. **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.

17. **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 18-b shall be applied and the procedure expressed therein followed.

18. **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 17 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.

19. **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.

20. **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.

21. **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.

22. **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.

23. **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.

NIA REALTY LESSOR

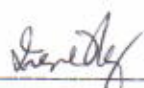
LESSOR

PHILIPPINE HEALTH INSURANCE
CORPORATION


LESSEE

BY:


BY:



Proprietor
CTC No. 10091724
Issued on FEB 2 2012
Issued at TAC. CITY


ATTY. JERRY F. IBAY
Regional Vice-President
CTC No. _____
Issued on _____
Issued at _____

SIGNED IN THE PRESENCE OF:



MARIE ANTONI



ACKNOWLEDGEMENT

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

BEFORE ME, this _____ day of JUN 4 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 ~~seven~~ (7) 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.

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Book No. III
Series of 2012

ATTY. ALFREDO B. TY, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2013
PTR NO. 0126037/JAN. 2, 2012/TAC. CITY
IBP NO. 898916/JAN. 2, 2012/TAC. CITY
ROLL NO. 54843
COLES & TY LAW FIRM
240 P. BURGOS ST. TAC. CITY