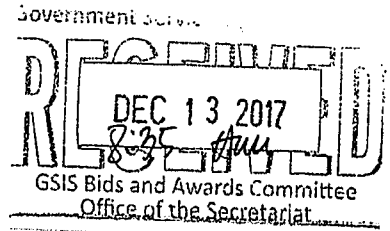


CONTRACT OF LEASE
LA UNION BRANCH OFFICE



KNOW ALL MEN BY THESE PRESENTS:

This Contract of Lease made and executed by and between:

ALFREDO B. BUGAYONG, with office address located at Sevilla Norte Quezon Avenue, San Fernando City, La Union, hereinafter referred to as the “**LESSOR**”;

-and-

The **GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS)**, a social insurance institution created under Commonwealth Act No. 186 as amended, and operating under its present Charter, Republic Act No. 8291, otherwise known as “the GSIS Act of 1997”, with principal address at the GSIS Headquarter Building, Financial Center Area, Pasay City, Metro Manila, represented by **EDUARDO V. FERNANDEZ**, Vice President, North Luzon Office, hereinafter, referred to as the “**LESSEE**”.

RECITALS

WHEREAS:

1. The **LESSOR** is the registered and absolute owner of a commercial building located at Sevilla Norte, Quezon Avenue, San Fernando City, La Union, hereinafter referred to as the “Premises”:

First Floor	-	35.00 square meters
Second Floor	-	395.40 square meters
Third Floor	-	<u>395.40 square meters</u>
TOTAL FLOOR AREA	-	825.80 square meters

2. The **LESSEE** proposes to lease the Premises to house its La Union Branch Office. The **LESSOR** accepts the proposal in accordance with the terms and conditions provided herein.

NOW, THEREFORE, for and in consideration of the above Recitals the parties agree as follows:

Article 1
TERM OF LEASE

- 1.1 **Term.** The term of this Contract of Lease shall be effective for a period of twenty seven and an half (27½) months, or from 16 October 2017 to 31 December 2019.
- 1.2 **Renewal.** The Contract may be renewed at the option of the **LESSEE** for another year provided that an advance 30-day notice is served to the **LESSOR**.
- 1.3 **Continued Use.** If the **LESSEE** continues to occupy or use the **PREMISES** with the consent of the **LESSOR** after the termination of this Contract, said extension of lease shall run from month to month only under the same terms and conditions herein stipulated.

Alfredo B. Bugayong

Edo V. Fernandez

**Article II
RENTALS AND PAYMENT**

- 2.1 **Monthly Rental.** The LESSEE agrees to pay the LESSOR, for the use and occupancy of the PREMISES, a monthly rental of **One Hundred Eighty Five Thousand One Hundred Twenty Six and 28/100 (Php185,126.28)**. It is understood that all applicable taxes, including Documentary Stamp Tax (DST), if any, shall be borne by the LESSOR.

For this purpose, the LESSOR acknowledges that the LESSEE is not a withholding agent for DST and hereby undertakes and commits itself to make direct payments to the BIR of any DST that may be imposed on the execution and/or performance of this Contract of Lease.

- 2.2 **Payment.** The payment of the monthly billing shall be made promptly and without the necessity of demand or notice.

- 2.2.1 **Security Deposit.** Upon the signing of this Contract of Lease, the amount of ONE HUNDRED EIGHTY NINE THOUSAND NINE HUNDRED NINETY NINE PESOS AND EIGHTEEN CENTAVOS (Php. 189,999.18) as the security deposit for the Lease Contract dated March 22, 2006 be applied as security deposit for this contract as payment for damages to the PREMISES, if any, upon the termination of this Contract and other expenses and charges billed against the LESSEE for water, electricity, telephone and other utility services then remaining unpaid. This deposit shall be returned to the LESSEE after the termination of this Contract of Lease without interest, less whatever amount that might be owed to the LESSOR under this Contract of Lease.

**ARTICLE III
USE OF PREMISES**

- 3.1 **Proper Use of Premises.** The LESSEE shall use the PREMISES exclusively for the conduct of operations of the La Union Branch Office pursuant to its Charter. This includes storage of records as well as the operation of equipment and facilities.

- 3.2 **Improvements.** The LESSEE may make substantial alterations, additions or improvements which the LESSEE may deem necessary to conduct its business upon prior written approval of the LESSOR. Provided, however, that the building structure of the PREMISES shall not be impaired except with the written consent of the LESSOR. The LESSOR shall not unreasonably withhold its consent. Such alterations, additions or improvements introduced by the LESSEE shall remain the property of the LESSEE, and shall be removed upon termination of this Contract. Provided further that said improvements shall be removed without breaking or impairing the object of structure to which they are attached.

- 3.3 **Security and Safety Regulations.** If the LESSEE shall deem it necessary, it may provide and assign its own security personnel to safeguard and secure the PREMISES, its officers, employees, agents and guests. Provided, however, that such security personnel shall closely coordinate with the LESSOR's security force, if any.

- 3.4 **Housekeeping and Sanitation.** Good housekeeping and sanitation shall be observed at all times. The LESSEE shall guarantee and maintain a satisfactory degree of cleanliness of the PREMISES and common areas.

- 3.5 **Undertaking.** The LESSEE shall be responsible at all times for all acts done by its officers, agents and employees insofar as the enforcement of this Contract is concerned. Pursuant hereof, any damage or injury to the PREMISES due to the fault of the LESSEE, its agents and employees shall be restored or repaired promptly at its exclusive expense.
- 3.6 **Inspection.** The LESSOR shall have the right to inspect the PREMISES to monitor compliance with this Contract, during reasonable hours of the day and upon prior notice to the LESSEE.
- 3.7 **Inventory.** The parties shall undertake joint physical inspection of the PREMISES to include an inventory of facilities and fixtures at the start and immediately upon termination of this Contract.

**Article IV
REPAIRS AND MAINTENANCE**

- 4.1 **Minor Repairs.** Expenses for minor repairs and maintenance of the PREMISES in order to keep the same in good and tenable condition for the duration of this Contract shall be for the account of the LESSEE. Major repairs, however, shall be for the account of the LESSOR. For the purposes of classifying repairs, major repairs are those costing more than P5,000.00 while minor repairs are those costing P5,000.00 or less per particular kind of repair in question.
- 4.2 **Fixtures.** Replacement of light fixtures, bulbs, starters, ballasts and other similar articles placed in the PREMISES shall be for the account of the LESSEE and shall be removed by the LESSEE upon the termination of this Contract.
- 4.3 **Signage.** The LESSEE shall be allowed to put up its institution logo and/or institution name on the PREMISES.
- 4.4 **Damage to Property.** In case of damage to the PREMISES or its appurtenances by fire, conflagration, flood, earthquake, war or other fortuitous events, the LESSEE shall give due notice of the damage to the LESSOR within three (3) days from its occurrence. If the PREMISES be substantially damaged by fire or other cause or become unsuitable for occupancy, without the fault of the LESSEE, the LESSEE, at its option may deem this Contract terminated.

**Article V
UTILITIES AND OTHER SERVICES**

- 5.1 **Utilities and Other Services.** Bills for electricity, water, telephone, and other utilities concomitant to the LESSEE's office business or operation shall be at the expense of the LESSEE. The LESSEE may likewise operate a back-up generator to be located at the PREMISES when necessary.
- 5.2 **Appliances.** The LESSEE shall provide its own air-conditioning units or system, or other necessary appliances in the PREMISES. These air-conditioning units and other appliances shall be removed by the LESSEE upon the termination of this Contract.
- 5.3 **Additional Installations.** The installation of additional electrical, water, cable, and telephone unit/s in the PREMISES shall be for the account and expense of the LESSEE, which it is hereby authorized to make.

**Article VI
TRANSFER OF RIGHTS**

- 6.1 **Non-Assignment.** The LESSEE shall not assign or transfer its rights in this Contract nor sublease any or all parts of the PREMISES without the prior consent of the LESSOR, and no right, title or interest thereto shall be conferred or vested in anyone other than the LESSEE without such written consent.
- 6.2 **Transfer of Rights or Ownership.** In the event of sale, transfer, mortgage or encumbrance of the PREMISES, the LESSOR shall incorporate in the corresponding legal document that all the terms and conditions of this Contract shall be respected, including the provisions for renewal thereof.
- 6.3 **Annotation.** The LESSOR agrees that this Contract shall be annotated at the back of the LESSOR's title over the PREMISES to ensure the LESSEE's continuous right to occupy and carry on its functions for the duration of the contract in the event of sale or encumbrance of the PREMISES to any third party.

**Article VII
TERMINATION**

- 7.1 **Violation of the Provisions.** The violation of any term or condition of this Contract shall be sufficient ground for its pre-termination.
- 7.2 **Termination.** The LESSEE may per-terminate this Contract by giving a sixty (60)-day written notice to the LESSOR. The LESSOR may pre-terminate this lease by giving a prior six (6)-month written notice to the LESSEE.
- 7.3 **Surrender of the Premises.** The LESSEE agrees to surrender the PREMISES and return the possession thereof to the LESSOR at the expiration of the term or pre-termination of this Contract by the LESSOR in as good condition as reasonable wear and tear, and fortuitous event will permit, without unreasonable delay, and devoid of all occupants, furniture articles and effects of any kind including all alterations and improvements which the LESSEE may have done in accordance with the provisions of this Contract.

**Article VIII
MISCELLANEOUS PROVISIONS**

- 8.1 **Insurance Premium.** The premiums for property insurance on the PREMISES shall be for the account of the PREMISES. Provided, however, that any additional amount of insurance premiums that correspond to the added value of the insured property of the LESSEE shall be for the latter's own account.
- 8.2 **Successors-in-interest.** This contract shall be binding and enforceable on the parties and their respective assigns and successors-in-interest.
- 8.3 **Non-Disclosure.** The LESSOR shall not use or disclose to any person, firm or corporation any information concerning the affairs of the LESSEE which it may have acquired in the course of or as an incident to this Contract for its own benefit to the detriment of the GSIS.
- 8.4 **Non-Adverse Witness.** In no case shall the LESSOR and its personnel assist any party in any action, suit or proceedings against the GSIS, the member of its Board of Trustees, or any of its officials, agents and employees in connection with the performance of its undertakings under this Contract of Lease.

- 8.5 **Non-Waiver of Rights.** The failure of the parties to insist upon a strict performance of any of the terms and conditions of this Contract shall not be deemed a waiver of any right or remedy that a party may have, nor shall it be construed as a waiver of any subsequent breach or default of the terms, conditions and covenants thereof, which terms and conditions shall continue to be in full force and effect. No waiver by either party of any of the rights under this Contract shall be deemed to have been made unless expressed in writing and signed by either party.
- 8.6 **Amendments.** No modification of, or amendment to, the terms and conditions of this Contract shall be valid unless set out in writing and signed by the authorized representative of each party.
- 8.7 **Notices.** All notices, statements and requests hereunder shall be in writing and shall be personally delivered or transmitted by registered mail, electronic mail or facsimile, to the other party.
- 8.8 **Separability.** If any term or condition of this Contract is held to be invalid or contrary to law, the validity of the other terms and conditions shall not be affected.
- 8.9 **Survival of Obligations.** The obligations and undertaking of the parties which by their nature should continue beyond the expiration and termination of this Contract shall survive the expiration or termination hereof.
- 8.10 **Dispute Resolution.** If any dispute of any kind whatsoever should arise between the LESSOR and the LESSEE in connection to or arising out of this Contract, the parties shall make every effort to resolve amicably such dispute. If after ten (10) days, the parties have failed to resolve their dispute, the matter shall be submitted for arbitration, pursuant to R.A. No. 9285, otherwise known as the "Alternative Dispute Resolution Act of 2004". *Provided, however,* that the parties may agree in writing to resort to other alternative modes of dispute resolution.
- 8.11 **Venue of Action.** Any and all actions from arbitration or other modes of dispute settlement as agreed upon by the parties pursuant to Section 8.11 of this Contract shall be brought by the aggrieved party exclusively before the proper court in the City of Pasay.
- 8.12 **Anti-Graft Practices.** The LESSOR warrants that he has not given or promised to give money or gift to any official or employee of the GSIS to secure this Contract. Any violation of this warranty shall be sufficient ground for the GSIS to revoke or cancel this Contract without the necessity of judicial action, by giving written notice to that effect to the LESSOR.
- 8.13 **Governing Laws.** This Contract of Lease shall be subject to the pertinent provisions of RA No. 9184, otherwise known as the Government Procurement Reform Act, its Revised Implementing Rules and Regulations, and other related laws, rules and regulations.

IN WITNESS WHEREOF, the parties hereunto have signed the Agreement
_____, Philippines on the _____ day of _____, 2017.

ALFREDO BUGAYONG
LESSOR
TIN No. 114-868-979

GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS)
LESSEE
TIN 119-342-370-000

BY

EDUARDO V. FERNANDEZ
Vice President, North Luzon Group

Signed in the presence of:

ATTY ISAGANI E. DEL ROSARIO
GSIS La Union Branch Head

CERTIFIED FUNDS AVAILABLE:
GL Accounts: 5102121000

Php 4,621,815.70
(16 October 2017 ~~31~~ December 2017)

Certified included in 2017 APP:
Negotiated – Lease of Private Properties

MANUEL P. ANG
VP – FI Systems Maintenance
& other Accounting Services

1 January 2018 – 31 December 2018 – Php 3,412,200.00
1 January 2019 – 31 December 2019 – Php 3,412,200.00

ROMEO G. DE LUNA, JR.
Head, GBAC Secretariat

2017-GSIS-AMP-107

Atty. Isagani E. Del Rosario

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES
CITY OF SAN FERNANDO CITY, LA UNID

BEFORE ME, a Notary Public for and in the City of SAN FERNANDO CITY, LA UNID Philippines, this ___ day of 28 NOV 2017, 2017 personally appeared the following persons with their valid IDs:

NAME	Valid IDs	Date/Place of Issue
ALFREDO B. BUGAYONG	<u>SR. CITIZEN ID #0505</u>	<u>5/27/05 SAN FERNANDO CITY, LU</u>
EDUARDO V. FERNANDEZ		

Known to me and to me known to be the same persons who executed the foregoing instrument and they acknowledged to me that they executed the same as their free act and deed.

This instrument consisting of seven (7) pages including this Acknowledgement, has been signed by the parties and their instrumental witnesses on each day and every page hereof and sealed with me notarial seal.

WITNESS MY HAND AND NOTARIAL SEAL on this place and on the date written above.

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Book No. 43
Series of 2017

ATTY. ERNESTO V. RAFON, FRD
NOTARY PUBLIC UNTIL DEC. 31, 2017
ROLL # 50981 TIN # 172170914
BP # 104315/12-19-16 MCI E # IV. 064877
ED # 1215095/12-15-16

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