

LEASE/PURCHASE AGREEMENT

CM-F-06

This AGREEMENT, made this \_\_\_ day of \_\_\_ at \_\_\_ Philippines, by and between:

\_\_\_\_\_  
\_\_\_\_\_  
hereinunder referred to as the LESSOR

AND

\_\_\_\_\_  
\_\_\_\_\_  
hereinafter referred to as the LESSEE

WITNESSETH THAT

In consideration of the terms and conditions hereinafter set forth the LESSOR and the LESSEE agree as follows:

SECTION 1. LEASED PROPERTY

1.1 The LESSOR hereby agrees to lease to the LESSEE and the LESSEE hereby agrees to LEASE from the LESSOR the "PROPERTY" consisting of \_\_\_\_\_ ( \_\_\_\_\_ ) square meters described at the back hereof or per the attached plan. The LESSEE hereby acknowledges that he/she has identified and inspected the property allotted to him/her and accepts the same. The term property includes all improvements which may be introduced thereon.

SECTION 2. TERM

2.1 The term of this Lease with respect to the PROPERTY shall commence on the Delivery and Acceptance Date and shall continue for the period of \_\_\_\_\_ years.  
2.2 Subject to the LESSOR'S right of termination under Section 4 and other applicable provisions hereunder and the LESSEE'S exercise of his/her right of option to purchase under Section 1.1 hereof, it being understood that the payment of the aggregate rental for the full period of this Lease is the very essence and special consideration of this Agreement.

SECTION 3. RENTAL

3.1 The LESSEE shall pay to the LESSOR, its assignor or successor-in-interest without need of notice or demand, rental for the use and occupation of the property, in the amount of \_\_\_\_\_ PESOS (P \_\_\_\_\_) per month, to commence on the \_\_\_\_\_ and every month thereafter ( the same date of the succeeding months) until the termination of the lease or the exercise of the LESSEE'S option to purchase as set forth under Section 1.1 whichever comes first. The LESSOR, its assignor or successor-in-interest, reserves the right to adjust the rental due from the LESSEE and the LESSEE shall be liable to pay the same.  
3.2 The obligation of the LESSEE to pay the rentals and other amounts due hereunder is absolute and unconditional and shall not be subject to any abatement whatsoever or to any defense set off, counterclaim or recoupment whatsoever, whether by reason of any damage to or loss or destruction of the PROPERTY or by reason of any interruption from whatsoever cause (other than from the wrongful act of the LESSOR) in the use, operation or possession of the PROPERTY or for any other reason.  
3.3 In the event of default by the LESSEE in the payment of rentals or any amount due hereunder, the LESSEE shall pay a penalty on such rentals or other amount in arrears in the amount of 1/15 of 1% per day of the delay.

SECTION 4. USE OF PROPERTY

The LESSEE, during the term of this Lease, shall have the possession of and the right to use, maintain and operate the PROPERTY exclusively for residential purposes and in accordance with the terms and conditions of this Agreement and in strict conformity with all the laws, ordinances and regulations applicable thereto and shall not permit the PROPERTY to be used for unlawful purposes or for purposes not permitted hereunder. If the LESSEE uses or allows the PROPERTY to be used for illegal purposes or for purposes not permitted, the LESSEE shall reimburse the LESSOR for any and all damages, liabilities, losses, costs, or expenses which the LESSOR may sustain by reason or as a result of such misuse, including the payment of any kind of fines which may be imposed on the LESSOR. In addition to and notwithstanding its right to reimbursement, the LESSOR may in such event cancel this Lease.

SECTION 5. RISK OF LOSS OR DAMAGES

5.1 Its is the principle of this Lease that while the Title or ownership of the PROPERTY is retained by the LESSOR, the risk of loss or damage of the PROPERTY is hereby transferred and assumed by the LESSEE and no such loss or damage shall impair the LESSEE'S obligations under this Agreement.

SECTION 6. LESSOR'S INSPECTION

6.1 The LESSOR shall, at any and all times during reasonable hours and in a convenient manner, have the right to enter into upon the premises where the PROPERTY is located and examine the manner of use of the PROPERTY, provided, however, that the LESSOR hereby incurs no duty to make such inspection or examination nor any liability for not making the same.  
6.2 In case of the LESSEE'S default as to any of the provisions of this Agreement, the LESSEE hereby agrees to allow the LESSOR or its duly authorized representatives to enter the premises. LESSEE further agrees to vacate the premises voluntarily, and in case of refusal to do so, LESSOR or its assignee can eject him/her summarily without need of judicial proceedings, and without incurring liability in respect thereto, whether civil or criminal.

SECTION 7. TITLE OF OWNERSHIP OF PROPERTY

7.1 The PROPERTY is, and shall at all times be and remain, the sole and exclusive property of the LESSOR, and no title shall pass to the LESSEE by virtue of this Agreement subject to the provisions of Section 1.1 hereof.

SECTION 8. INSURANCES, TAXES, ASSESSMENTS

8.1 The LESSEE hereby authorizes the LESSOR or its assignee to obtain from duly accredited insurance companies for the LESSEE'S account and for the benefit of the LESSOR, its assignee or successor-in-interest, a Lease/Purchase Redemption Insurance covering the life of the LESSEE equivalent to the outstanding rentals/sales price payable for the acquisition of the title/ownership of the unit. This insurance shall be maintained for the full term of the Lease.  
8.2 The premium shall be for the account of the LESSEE and shall be prepaid annually. The initial year's premium shall be paid upon the execution of his contract, thereafter pre-payment for the following and succeeding years shall be distributed and collected together with the rental payments for the current year.  
8.3 Every insurance policy obtained in connection with this contract is hereby assigned to the LESSOR, or its assignee/transferee notwithstanding LESSEE'S failure to endorse or deliver said policy. Accordingly, in case the risk insured against occurs, the LESSOR or its assignee/transferee is hereby authorized to apply insurance proceeds to settle in whole or in part the LESSEE'S herein obligations.  
8.4 Taxes and other assessments. All taxes, levies, assessments and other charges on the PROPERTY shall be for the account of the LESSEE.  
8.5 Upon failure of the LESSEE to pay the taxes, charges and assessments when due, the LESSOR or its assignee/transferee may advance the same and in such event, the legality and amount of the taxes, charges or assessments as well as surcharges thereon, if any, shall unconditionally be within the discretion of the LESSOR or its assignee/transferee upon demand, with penalty of 1/15 OF ONE PERCENT (1/15 of 1%) of the amount due per day of delay until paid.

SECTION 9. ASSIGNMENT/SUB-LEASE

9.1 The LESSEE cannot sub-lease or assign his rights and interest over the PROPERTY without the prior written consent of the LESSOR or its assignee. Any violation of this provision shall entitle the LESSOR, its assignee to terminate the lease granted hereunder.

SECTION 10. EVENTS OF DEFAULT

10.1 Events of Default. The occurrence of any of the following shall constitute an event of default:  
a. Failure of the LESSEE to pay the equivalent of at least three (3) consecutive monthly rentals;  
b. Misrepresentation or fraud committed by the LESSEE in securing the lease;  
c. Any representation, statement, warranty made by the LESSEE in this Agreement, or if any document executed by the LESSEE in connection with the lease shall prove to be untrue or incorrect in any material respect;  
d. The LESSEE violates the policies, rules, regulations and guidelines of LESSOR and/or its/his Assignee, or existing laws or ordinances of the locality on the occupancy & use of the leased unit and other terms and conditions of this Lease Agreement.  
e. The LESSEE shall become insolvent or unable to pay his debts as they mature, or take advantage of insolvency, moratorium or other laws for the relief of debtors, whether filed voluntarily or involuntarily, or any judgment or order is entered by a Court of competent jurisdiction for the appointment of a receiver, trust, or the like to take charge of all or substantially all of the assets of the LESSEE.  
f. There shall have occurred a material change in the financial conditions of the LESSEE which, in the reasonable opinion of the LESSOR or its assignee, the LESSEE will be unable to perform his obligation under this agreement.  
g. The LESSEE subdivides leases, sells, transfers, assigns or otherwise dispose of the leased property without the prior written consent of the LESSOR or its assignee/transferee, or commit any act which may impair directly or indirectly the value of the leased unit.  
10.2 Effect of Default. Upon default by the LESSEE, each of the following remedies shall accrue immediately to the LESSOR or its assignee in addition to any other remedies available to it under the law:  
a. The LESSOR or its assignee may use the LESSEE to recover any unpaid amounts payable hereunder.  
b. The lease shall be terminated and the LESSEE shall voluntarily surrender possession of the property to the LESSOR/ITS ASSIGNEE and if the LESSEE fails to do so, the LESSEE may be summarily ejected and the LESSOR/its ASSIGNEE may enter the premises where the property is located and take possession thereof without demand, notice, court order or process of law. The LESSEE hereby releases the LESSOR/its ASSIGNEE from any and all liabilities, whether criminal or civil, for making such entry and re-possession, and agrees to indemnify, exonerate, hold and save harmless the LESSOR from and against all claims for damages arising out, resulting from attributed to or in connection with such entry and re-possession.  
c. The LESSOR/ITS ASSIGNEE may retain all amounts paid to it hereunder not as penalty, but as liquidated damages for rent, use and depreciation of the PROPERTY.  
d. After repossessing the PROPERTY, the LESSOR/ITS ASSIGNEE may sell or release the PROPERTY, whether at public auction or otherwise, to any third person, in such manner and upon such terms and conditions as the LESSOR or its Assignee deems in the best interests of the parties, provided, however, that the LESSEE may cure, its default at any time prior to the sale or release of the PROPERTY by tendering upon the LESSOR or its assignee the total of all amounts due and to fall due hereunder, plus all expenses incurred by the LESSOR or its assignee in connection with the repossession, and proceedings for sale or release of the PROPERTY including legal costs and fees.

SECTION 11. SPECIAL CONDITIONS

It is hereby agreed by the parties that all rental payments shall be considered as installment payment of the purchase price of the unit awarded to the LESSEE. Upon expiration of the lease term, and payment by the LESSEE of all rentals due and payable including penalties and surcharges, full title and ownership shall vest unto the LESSEE. The LESSOR or its Assignee shall execute the necessary Deed of Absolute Sale, and all rental payments shall be credited against the purchase price.  
However, upon payment by the LESSEE of the first twenty-four monthly rentals, the LESSEE can acquire full and absolute ownership and title over his unit provided individual certificates of title can be transferred; and provided further that the LESSEE shall assume the mortgage obligation over his lot executed by the Community Association in favor of Social Housing Finance Corporation (SHFC), or its assignee, and amortize the balance of the purchase price in accordance with the terms of a promissory note which shall be executed by the LESSEE in favor of the LESSOR/its assignee.  
The rental payment to be made shall be credited against the purchase price, whereby the monthly payments shall be applied to penalties/surcharges for late payment of the rental due each month, insurance premium, if not separately billed, interest at the rate of 6% per annum (or any adjusted interest rate), based on the declining balance of the principal, and the principal representing the purchase price of the lot awarded to each beneficiary.  
It is understood that the initial award of lot may not be with specific technical description in accordance with the approved subdivision plan for the entire project. If according to the approved subdivision plan, there is a need to relocate or realign the LESSEE'S housing unit or any portion thereof to conform the plan. The LESSEE hereby gives his consent to the relocation/realignment of his housing unit, at his own expense, and if not personally done by the LESSEE, he hereby authorizes the COMMUNITY ASSOCIATION to do it for him and in his behalf also at his expense, without incurring any liability or damage for the acts done.  
Further, should there be any adjustment, of the area allocated to the LESSEE in lease, he agrees to the upward or downward adjustment of the rental due provided in Section 3 of this agreement, corresponding to the increase or decrease in lot area awarded to him.  
The foregoing shall not in any way affect the lease granted by the LESSOR to the LESSEE under the terms and conditions above set forth.

IN WITNESS WHEREOF, we have hereunto set our hands this \_\_\_ day of \_\_\_ at \_\_\_\_\_ Philippines.

\_\_\_\_\_  
(LESSOR) (LESSEE) MARITAL CONSENT  
SIGNED IN THE PRESENCE OF:

\_\_\_\_\_  
ACKNOWLEDGEMENT  
(LESSOR) (LESSEE) MARITAL CONSENT  
SIGNED IN THE PRESENCE OF:

\_\_\_\_\_  
ACKNOWLEDGEMENT

Republic of the Philippines ) S.S.  
\_\_\_\_\_) )

BEFORE ME, a Notary Public for and in \_\_\_\_\_, this \_\_\_ day of \_\_\_\_\_ personally appeared the following:

Known to me and to me known to be the same persons who executed the foregoing Lease/Purchase Agreement and acknowledged to me that the same is their own free and voluntary act and deed and that of the corporation which they represent.  
This instrument have been signed by the PARTIES and their instrumental witnesses refers to a LEASE/PURCHASE AGREEMENT.

WITNESS MY HAND AND SEAL on the date and place above written.  
NOTARY PUBLIC  
Doc. No. \_\_\_\_\_  
Page No. \_\_\_\_\_  
Book No. \_\_\_\_\_  
Series of \_\_\_\_\_

(N.B. THIS FORM IS NOT FOR SALE)