

SAMPLE LEASE CONTRACT FOR COMMERCIAL UNIT

1. **PARTIES:** This Contract is between [Name of Lessor] ("LESSOR") and [Name of Lessee], of legal age, Filipino, single/married, with postal address at [State the complete address of Lessee] ("LESSEE"). LESSEE agrees to rent the Unit for use as [Insert here purpose (example: sales office, restaurant, etc.)] only. For purposes of the non-monetary obligations under this Contract, the term "Lessee" shall include all occupants of the Unit and LESSEE's staff, employees, customers and guests.

2. **UNIT:** [Insert Here specific description of premises being leased such as the Unit No./Stall No. and Building Name or Street, Barangay, and Municipality/City]

3. **PARKING SLOT & MONTHLY FEE:** [Insert Here Specific Slot No. and Monthly Fee for Parking Slot, if any]

4. **CONDITION OF THE PREMISES:** The LESSEE hereby acknowledges to have received the Unit, fixtures and furniture as-is in a clean, safe, and good working condition. LESSEE must use customary diligence in maintaining the Unit and not damaging or littering the common areas.

5. **MONTHLY RENTAL:** _____ PESOS (Php _____), exclusive of VAT and common area dues payable, itemized as follows:

Monthly Rental	:	Php _____
Plus: VAT	:	Php _____
Less: 5% Withholding Tax	:	Php _____
Plus: Common Area Dues	:	Php _____

Total Monthly Payment	:	Php _____

and which Total Monthly Payment shall be remitted on or before the fifth (5th) day of each calendar month at the office of the LESSOR, without need of demand.

LESSEE will furnish LESSOR with a bank machine-validated copy of the BIR Creditable Withholding Tax Return reflecting proof of payment of said 5% withholding tax, not later than three (3) days after due date of remittance/payment of said tax to the BIR.

6. **LEASE TERM:** One (1) year commencing on _____ and expiring on _____. Pre-termination of the lease is prohibited and will result in Accelerated Rent and the forfeiture of the Security Deposit. The Lease Term is non-extendible and non-renewable. In case of failure or refusal of the LESSEE to vacate and surrender the Unit to the LESSOR at the expiration or termination of the lease, the LESSEE agrees to pay the LESSOR double (2x) the Monthly Rental above-stipulated, for each month of delay, as reasonable compensation for the use and occupation of the Unit, until the same is vacated and surrendered by the LESSEE to the LESSOR; provided, however, that the payment by LESSEE of such reasonable compensation shall not be construed as an extension or renewal the lease. A fraction of a month shall be considered as one (1) month for purposes of computing said reasonable compensation due to LESSOR.

7. **ADVANCE RENTAL:** Upon the execution of this Contract, LESSEE agrees to pay in advance two (2) month's rent which will be applied to the last (2) months' of the Lease Term.

8. **SECURITY DEPOSIT:** Upon the execution of this Contract, LESSEE agrees to pay a security deposit in an amount equivalent to two (2) months' rent, as security for the faithful compliance by the LESSEE of all terms and conditions of this Contract and for the return of the Unit in good and proper condition, and to answer for any and all repairs or damages to the Unit and other liabilities of the LESSEE under this contract. This security deposit cannot be applied by the LESSEE to any unpaid rental(s) or to any other liability of the LESSEE to the LESSOR. The security deposit shall, unless the same is subject to forfeiture under this Contract, be refunded to the LESSEE, without any interest thereon, within sixty (60) days after the expiration of the lease and after the LESSEE has moved-out of and vacated the Unit, whichever is later.

9. **DEDUCTIONS TO SECURITY DEPOSIT AND OTHER CHARGES:** The following charges will be deducted from the security deposit, if applicable unpaid rent; unpaid utilities; unreimbursed advances; repairs or damages to the Unit caused by negligence, carelessness, accident, or abuse, including stickers, scratches, tears,

burns, stains, or unapproved holes; replacement cost of LESSOR's property that was in or attached to the Unit and is missing; utilities for repairs or cleaning; unreturned keys; missing or burned-out light bulbs; removing unauthorized appliances or devices; removing improperly placed items, goods or materials; packing, removing, or storing property removed or stored pursuant to this contract; trash removal; government fees or fines against LESSOR for LESSEE's violation of laws, decrees or ordinances; late-payment and returned-check charges; or in any valid eviction proceeding against LESSEE, plus attorney's fees, court costs, and filing fees actually paid; accelerated rent under par. 14; and other sums due under this Lease Contract.

10. **UTILITY SERVICES:** All charges for electricity, water, and other utility services to the Unit shall be for the sole account of the LESSEE. LESSEE shall promptly pay all utility charges directly to the utility company concerned. The LESSOR will not be liable for the discontinuance of or interruptions in utility services to the LESSEE due to any cause or reason whatsoever.

11. **LOSS:** The LESSOR is not liable to any occupant, customer or guest for injury, damage, or loss to person or property, from any cause including fire, smoke, rain, flood, water leaks, lightning, wind, explosions, interruption of utilities, pipe leaks, theft, negligent or intentional acts of occupants, staff, employees, customers, guests or criminal conduct of other persons including theft, burglary, assault, vandalism or other crimes.

12. **SIGNAGES:** All signs, posters or any form of advertising shall be approved by the LESSOR before it is installed by the LESSEE outside the unit. No advertising material shall be posted on any other place without the prior approval of the LESSOR.

13. **RULES & REGULATIONS:** LESSEE shall faithfully comply with and abide by the Rules & Regulations promulgated, updated, or revised by the LESSOR and/or the Building Association from time to time. These Rules & Regulations shall form an integral part of this Contract such that any violation thereof will constitute a breach of this Contract.

14. **ACCELERATED RENT:** All monthly rent for the remainder of the Lease Term will be accelerated automatically without notice or demand (before or after acceleration) and will be immediately due and delinquent if, without LESSOR's written consent: (1) LESSEE moves out, removes property preparatory to moving-out, or gives oral or written notice of intent to move out before the Lease Term ends; and (2) LESSEE has not paid all the rent for the entire Lease Term. Such conduct is considered a breach of the lease contract. Remaining rent also will be accelerated if LESSEE is judicially evicted or moved-out on demand of the LESSOR due to LESSEE's default on his/her obligations.

15. **PRE-TERMINATION:** LESSEE cannot pre-terminate the lease. Pre-terminating the lease will result in the automatic forfeiture of LESSEE's security deposit in addition to LESSOR's remedy under Sec. 15 above.

16. **TAXES, LICENSES and PERMITS:** LESSEE will pay all charges, taxes, assessments and fees which may, at any time during the Lease Term, be imposed or charged by any governmental authority in respect of LESSEE's business in the Unit. LESSEE will indemnify and hold the LESSOR free and harmless from and against any action or liability in respect of claims, actions, orders, fines, charges, penalties or judgment imposed on the LESSOR on account of LESSEE's violation of any law, decrees, ordinances, rules and regulations relating to LESSEE's business in the Unit.

17. **ABANDONMENT:** Abandonment of the Unit constitutes a violation of the terms and conditions of this Contract. The LESSEE is deemed to have *abandoned* the Unit when LESSEE has not responded for two (2) days to LESSOR's notice left on the inside of the Unit's main entry door stating that LESSOR considers the Unit abandoned after any of the following have occurred: (1) all occupants appears to have moved out from the Unit in LESSOR's reasonable judgment; (2) furniture, appliances and other equipment have been substantially removed in LESSOR's reasonable judgment; and (3) LESSEE has been in default in payment of rent for five (5) consecutive days from due date, or water or electric service for the Unit has been terminated;

18. ALTERATIONS: The LESSEE agrees not to introduce any improvements or make any alterations in or to the Unit. The LESSEE agrees not to alter, damage, or remove LESSOR's property, including but not limited to furniture, fixtures, utility wiring, windows, locks, keys, and security devices. No holes are allowed inside or outside the Unit. Only items using non-permanent or removable adhesive strips or tapes may be placed on the walls, floors, or ceiling of the Unit. Any improvements to the Unit (with or without LESSOR's consent) shall become property of the LESSOR unless agreed otherwise in writing.

19. MAINTENANCE, REPAIR AND REPLACEMENT: LESSEE shall well and sufficiently preserve, repair and maintain in good, clean tenable condition, at his/her own cost, the interiors of the Unit, including the flooring, interior walls or other finishes, doors, windows, cables, conduits, wirings, sockets, electrical installations, and plumbing fixtures found in or about the Unit. The LESSEE shall, at his/her own expense, replace the light bulbs in the Unit with the same type and wattage as well as repair or replace parts in the toilet tank with the same type and quality as that installed by the LESSOR. The Unit and all additions and installations supplied by LESSOR shall be kept in a good, clean, working condition. LESSEE shall keep drains, pipes, sanitary or plumbing apparatus in the Unit in good, clean and tenable condition. LESSEE shall pay LESSOR the costs in cleaning, repairing or replacing any of the same when found to be blocked or stopped. LESSEE shall take all such steps and precautions at his/her own cost to prevent the Leased Premises from becoming infested with termites, rats, mice, cockroaches or other pests or vermin. Should LESSEE fail to maintain the Leased Premises properly such that the same is infested with pests, LESSOR may employ pest control services on the Leased Premises and charge the cost thereof to LESSEE. All minor repairs in the Unit will be at the LESSEE's sole expense. Major repairs not caused by or attributable to LESSOR's fault or negligence shall be for the LESSEE's sole account.

20. PENALTY: LESSEE agrees to pay to LESSOR a penalty on any amount due under this Contract which remains unpaid on due date thereof at the rate of **two percent (2%)** per month, compounded monthly, to be computed from the date of delinquency until such amount is paid in full. A fraction of a month shall be considered as one (1) month for purposes of computing said penalty.

21. INSPECTION AND VISITATION: LESSOR has the right to enter, and LESSEE agrees to allow LESSOR or its authorized representatives or agents to enter, the Leased Unit, during office hours, in order to inspect the same, undertake maintenance or repairs and to verify the LESSEE's compliance with the terms and conditions of this lease.

22. REMEDIES FOR BREACH: If the LESSEE violates any of the terms or conditions of this Contract, the LESSOR may, in addition to any other remedies or recourse prescribed by law, pursue any or all of following remedies, simultaneously or successively, as follows:

- (a) To terminate this Contract of Lease without the need of any prior notice, demand or judicial declaration;
- (b) To immediately repossess the Unit without the necessity or instituting any judicial or court action. In this connection, the LESSEE hereby names, constitutes, and appoints the LESSOR, its authorized agents, employees, and/or representatives, as its attorney-in-fact, with full power and authority, to open, break-open, padlock, enter, occupy, secure, the Unit, to clean up, make repairs in, and relet the Unit, remove property left in the Unit and to take such other steps and employ such other means to enable the LESSOR to take full and complete physical possession and control of the Unit, barring the LESSEE from entering the Unit.

The LESSEE hereby expressly stipulates and agrees that any or all acts done or performed by the LESSOR, its authorized agents, employees and/or representatives under the preceding provision may not be the subject of any petition for a temporary restraining order or writ of preliminary injunction or mandatory injunction in court, and that the LESSOR and/or its authorized agents, employees, or representatives will be free and harmless from any civil and/or criminal liability or responsibility therefor.

- (c) To suspend or disconnect the electric and/or or water supply and other utility services to the Unit by whatever means without

incurring any civil and/or criminal liability or responsibility for the same.

- (d) To demand and receive from the LESSEE payment for any and all unpaid rentals, fees, charges, damages, and other financial obligations stipulated in, or arising out of this Contract;

- (e) To automatically forfeit the Security Deposit in its favor.

23. RETURN OF THE UNIT: Upon the expiration of the Lease Period, or upon the termination of this contract, the LESSEE shall immediately and peacefully return to the LESSOR the possession of the Unit in as good, clean, sanitary and tenable condition as when the LESSEE received it from the LESSOR, reasonable and ordinary wear and tear excepted, devoid of all occupants, furniture, and personal articles, and effects of any kind.

24. SUB-LEASE: Sub-letting of the Unit or any portion or space therein is prohibited.

25. ASSIGNMENT: This Contract or any leasehold rights or interest herein cannot be assigned by the LESSEE.

26. LITIGATION: In the event the LESSOR is compelled to seek judicial relief against the LESSEE in order to enforce any or all of its rights under this Contract, the LESSEE, in addition to any other damages that may be awarded by the Court, hereby agrees to pay an amount equivalent to twenty-five (25%) percent of the amount claimed but in no case less than P100,000.00, as and by way of attorney's fees, aside from the costs of litigation, and other expenses which the law entitles the offended party to recover from the offending party. The parties hereby agree to submit any action arising from or incident to this Contract to the jurisdiction of the proper courts of _____ City only, to the exclusion of all other venues.

IN WITNESS WHEREOF, the parties have hereunto set their hands this _____ at _____.

[Name of Lessor]
Lessor

By: _____
Authorized Representative

[Name of Lessee]
Lessee

SIGNED IN THE PRESENCE OF:

ACKNOWLEDGEMENT

BEFORE ME, a Notary Public for and in _____, this _____, personally came and appeared:

Name	CTC No.	Date/Place of Issue
_____	_____	_____
_____	_____	_____
_____	_____	_____

known to me and to me known to be the same persons who executed the foregoing Lease Contract and they acknowledged to me that the same is their free and voluntary act and deed and the act and deed of the corporations which he/she/they represent.

WITNESS MY HAND AND NOTARIAL SEAL, on the date and at the place first above written.

Doc. No. _____;
Book No. _____;
Page No. _____;
Series of _____.