

RENT TO OWN CONTRACT

This Contract of Lease with Option to Purchase (Rent-to-Own Contract) made and executed this ____ of _____ 20__ Manila, Philippines by and between.

_____, Filipino, of legal age, single/married to,
with post address at _____, hereinafter referred to as
the **LESSOR/SELLER**.

-AND -

_____, Filipino, of legal age, single/married to,
with postal address _____, hereinafter referred to as
the **LESSEE/BUYER**.

WITNESSETH:

THAT, for and in consideration of the payment of rent and the faithful compliance by the LESSEE/BUYER of all the stipulations and covenants hereinafter contained, the LESSOR/SELLER has agreed to lease unto the LESSEE/BUYER the premises located at _____, City of Manila under the following terms and conditions.

1. **PURPOSE:** That the premises hereby leased shall be used exclusively by the LESSEE/BUYER for residential purposes only and shall not be diverted to other uses. It is hereby expressly agreed upon that if at any time the premises are used for other purposes, the LESSOR/SELLER shall have the right to rescind this contract without prejudice to its other rights under the law.
2. **TERM:** The term of this non-renewable lease is for _____ months from _____ to _____ inclusive.
3. **RENTAL RATE:** The monthly rate for the leased premises shall be in PESOS: _____ [_____] Philippine currency. All rental payments shall be made payable to _____.
4. **DEPOSIT:** That the LESSEE/BUYER shall deposit with the LESSOR/SELLER upon signing of this contract and prior to move in an amount equal to ten percent (10%) of the selling price or the sum of PESOS: _____, Philippine currency.
5. **RENTAL PAYMENT:** The LESSEE/BUYER shall issue, likewise, upon signing of this contract and prior to move in, Thirty (30) post-dated checks to cover monthly rental for the months of _____ to _____, each check dated on the ____ day of each month.
6. **DEFAULT IN PAYMENT:** In case of default by the LESSEE/BUYER in the payment of the rent, such as when the checks are dishonored, the LESSOR/SELLER, at its option may terminate this contract and eject the

LESSEE/BUYER as hereinafter provided. However, the LESSEE/BUYER is given seven (7) days grace period within which to settle the account from date rental payment is due. Granting an extension to the aforesaid grace period may not be deemed as a waiver of LESSOR/SELLER right to terminate this contract and eject the LESSEE/BUYER but in the event the LESSOR/SELLER so opts to grant a written request for extension, a penalty equivalent to three (3%) percent per month of the rental due, with a fraction of a month considered as one month shall be charged and assessed for delayed payments.

7. **SUB-LEASE:** The LESSEE/BUYER shall not directly or indirectly sublet, allow or permit the leased premises to be occupied in whole or in part by any person, firm or corporation; neither shall the LESSEE/BUYER assign its rights hereunder to any other person or entity and no right of interest thereto or therein shall be conferred on or vested in anyone by the LESSEE/BUYER without LESSOR/SELLER's written approval.
8. **LESSEE'S VISITORS, etc...:** In case of damage to leased premises attributable to the LESSEE/BUYER, agents and/or visitors, repair of the same shall be for the account of the LESSEE/BUYER without prejudice to LESSOR/SELLER's availment of any other right under the law.
9. **POWER, WATER CONSUMPTION & ASSOCIATION DUES:** Power, water and association dues shall be for the account of the LESSEE/BUYER.
10. **OTHER PUBLIC UTILITIES:** The LESSEE/BUYER shall pay for its telephone, cable and electrical services and other public services and utilities.
11. **REPAIR AND MAINTENANCE:** The LESSOR/SELLER shall deliver the leased as is where is. The LESSEE/BUYER hereby expressly acknowledges that the leased as is where is. The LESSEE/BUYER hereby agrees and binds itself to undertake at its exclusive expense all minor and major repairs as may be required to maintain the leased premises in good state of repair, any provisions of law, present or future, or any stipulation in this agreement to the contrary notwithstanding.
12. **IMPROVEMENTS, ALTERATIONS AND RENOVATIONS:** The LESSEE/BUYER shall not make any improvements, alterations and renovations in the leased premises without prior written consent of both the Association and the LESSOR/SELLER. It is understood that all permanent improvements shall be owned by the LESSOR/SELLER and may not be removed without the express and written consent of the LESSOR/SELLER.
13. **INJURY OR DAMAGE:** The LESSEE/BUYER hereby assumes full responsibility for any damage which may be caused to the person or property of third person/s while remaining either casually or on business in any part of the premises leased. LESSEE/BUYER further binds itself to hold the LESSOR/SELLER harmless and free from any claim for such injury or damage. Provided, however, that the LESSOR/SELLER shall make necessary actions to correct said deficiencies to ensure that premises are in good and tenantable condition.

14. **DISTURBANCE OF POSSESSION:** Disturbance or discontinuance of possession of the LESSEE/BUYER due to "force majeure" shall confer nor right of any kind to the LESSEE/BUYER as against the LESSOR/SELLER, by reason of inconvenience, annoyance or injury to business arising out of the necessity of repairing any portion of the leased premises.
15. **GOVERNMENT REGULATIONS:** The LESSEE/BUYER, shall, at its own expense and risks, comply with all the laws, ordinances, regulations and orders of any agency of the government, national or local, affection or pertaining to the leased premises and to any effects or articles which said LESSEE/BUYER may have in its possession therein.
16. **ABANDONMENT OF PREMISES:** Should the LESSEE/BUYER abandon the leased premises for a period of THIRTY (30) DAYS or vacate the premises before expiration of this Contract of Lease without notifying the LESSOR/SELLER and check payment for the current month is dishonored, the LESSOR/SELLER'S may immediately re-enter the leased premises and this lease shall thereon be automatically terminated.
17. **BREACH OF CONDITIONS:** In case of breach by the LESSEE/BUYER of any of the conditions and covenants of this lease as herein stipulated, the LESSOR/SELLER at its option, may forthwith terminate andcancel this lease and the LESSEE/BUYER shall be liable for any and all damages as a result of such default and termination. Forfeiture of whatever rental desists and advances shall apply in case the LESSEE/BUYER violates any of the provisions in the contract. Forfeiture shall likewise apply should the LESSEE/BUYER fails to exercise his option to purchase after the expiration of this contract.
18. **NON-WAIVER OF LESSOR'S RIGHT:** Failure of the LESSOR/SELLER to enforce strict performance by the LESSEE/BUYER of any of the terms, conditions and covenants of this agreement shall not be construed as waiver of any right or remedy that the LESSOR/SELLER'S may have, nor shall it be deemed as a waiver of any subsequent breach of the terms, conditions, and covenants contained therein. No waiver by the LESSOR/SELLER of its rights hereunder shall be deemed to have been made unless expressed in writing and signed by the LESSOR/SELLER.
19. **EXPIRATION OR CANCELLATION OF LEASE:** At the expiration of the term of this lease or cancellation thereof, as herein provided, the LESSEE/BUYER will promptly deliver to the LESSOR/SELLER the leased premises with all corresponding keys and in as good and tenantable condition as the same is now, ordinary wear and tear excepted, devoid of all occupants, movable furniture, articles and effects of any kind. Non-compliance with the terms of this clause by the LESSEE/BUYER will give the LESSOR/SELLER the right, at latter's option, to refuse to accept the delivery of the premises and to compel the LESSEE/BUYER to pay therefrom at the same rate as herein provided plus an additional sum equal to Twenty Five (25%) percent thereof as penalty until the LESSEE/BUYER shall have complied with terms hereof.

The same penalty shall, likewise, be imposed in case the LESSEE/BUYER shall refuse to leave the leased premises after the expiration of this Contract of Lease or the termination for any reason whatsoever.

20. **OPTION TO PURCHASE:** For good & valuable consideration, the receipt whereof is hereby acknowledge from the LESSEE/BUYER. The LESSOR/SELLER hereby extends an option to the LESSEE/BUYER to purchase for the amount of **PESOS:** _____ [P _____] of Lease on the 18th month or the period from **1st to _____ of _____, _____**. The LESSEE/BUYER, at his/her/its exclusive option, conditioned on faithful compliance with all payments and undertakings contained herein, may convey his/her/its decision to avail of option to purchase in writing to the LESSOR/SELLER who thereafter shall credit all rental payments up to the _____ (____) month and the initial deposit stated above to down payment.
21. **BALANCE AFTER THIS LEASE AGREEMENT:** If LESSEE/BUYER complied with all terms and conditions stated above, inclusive of payment of realty taxes, power, water and association dues, the outstanding balance of the LESSEE/BUYER shall be **70% of the Total Selling Price amount equivalent to PESOS:** _____ [P _____], Philippine currency. The LESSEE/BUYER hereby agrees to execute the Deed of Absolute Sale upon payment in full of the TOTAL PURCHASE PRICE. Failure of the LESSEE/BUYER to exercise his/its right to purchase within the period of 30 months from the execution of this contract shall mean forfeiture and abandonment of his right to purchase. In such case, all payment made during the term of this lease are considered rentals.
22. **TRANSFER EXPENSES:** Documentary stamp tax, capital gain tax, registration fees, transfer tax, and other necessary expenses connected with the execution and registration of the sale shall be for the account of and paid by the LESSEE/BUYER.
23. **TAXES, UTILITIES AND OTHER ASSOCIATION IMPOSITIONS:** For the duration of this lease, LESSEE/BUYER shall pay the Realty Taxes. However, should the LESSEE/BUYER not exercise the option to purchase, LESSOR/SELLER shall reimburse the LESSEE/BUYER of all the taxes, exclusive of penalties for delayed payments, if any, it had paid as well as the start-up fund of the Homeowners Association.
24. **JUDICIAL RELIEF AND PENALTY:** Should any one of the parties herein be compelled to seek judicial relief against the other, the losing parties shall pay an amount equivalent to One Hundred Percent (100%) of the amount claimed in the complaint as attorney's fees which shall in no case be less than P 100,000.00 pesos in addition to other cost and damages which the said party may be entitled to under the law, to recover from the other party. Provisions of penal character in this Contract of Lease shall be considered as cumulative to the relief granted by this section.

25. **RIGHTS AND INTERESTS:** The rights and interests of the LESSOR/SELLER subject under this instrument shall be fully assignable by the LESSOR/SELLER subject only to previous written notice thereof to the LESSEE/BUYER.

26. **FORFEITURE OF DEPOSIT:** Forfeiture of whatever rental deposit and advances shall apply to any of the following:

a. When the LESSEE/BUYER is in default in payment for three (3) months. In such a case, the LESSOR/SELLER shall have the right to prohibit entry of the LESSEE/BUYER, visitors, guests and his employees in the premises and the right to padlock the leased premises until indebted is satisfied;

- b. When LESSEE/BUYER pre-terminates lease with or without cause;
- c. When LESSEE/BUYER violates any of the provisions of this contract; and
- d. When the LESSEE/BUYER fails to exercise his/her option to purchase.

27. **PENAL PROVISION:** The parties agree that all covenant and agreements herein contained shall be deemed conditions as well as covenants that if default or breach be made of any such covenants and conditions, then this lease may be terminated and cancelled and the party in breach shall be liable for any and all damages, actual and consequential, resulting from such breach or termination; provided however, that no default shall be declared under this lease unless the party in default has given written notice to cure such default within thirty (30) days. In the event of violation of this contract, other than the non-payment of rentals, the party in breach must immediately take remedial steps to cure the breach not later than thirty (30) days.

28. **RIGHT OF ENTRY:** LESSOR/SELLER or its authorized agent/s shall, after giving due notice to the LESSEE/BUYER, have the right to enter the premises in the presence of the LESSEE/BUYER or its representative at any reasonable hour to examine the same or to make repairs therein or for the operation of regular maintenance of the building or for any other lawful purpose which it may deem necessary.

This RENT TO OWN CONTRACT (CONTRACT OF LEASE WITH OPTION TO PURCHASE) shall be valid and binding, between the parties, their successors-in-interest and assigns. No amendment of the terms of the instrument shall be effective unless in writing and signed by the parties therein.

IN WITNESS WHEREOF, parties herein have affixed their signatures on the date and place first above written.

[Name]
LESSOR/SELLER

[Name]
LESSEE/BUYER

SIGNED IN THE PRESENCE OF:

ACKNOWLEDGEMENT

Republic of the Philippines)

_____) S.S

BEFORE ME, a Notary Public, this ____ day of _____, 20____
personally appeared the following to witness:

NAME	CTC No. ISSUED	DATE ISSUED	PLACE
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Known to me to be the same persons who have executed the foregoing, instrument and acknowledged to me that the same is of their own free will and voluntary act and deed as well as of the corporation herein represented.

This instrument consisting of ____ (__) pages, including the page on which this acknowledgement is written, has been signed on the left margin of each page and every page thereof by the parties and their instrumental witnesses and sealed with my notarial seal.

IN WITNESS WHEREOF, I have hereunto set my hand, the day, year and place above written.

Doc. No. _____:

Page No. _____:

Book No. _____:

Series No 20____.