



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF JUSTICE
LAND REGISTRATION AUTHORITY

AND

**LAND REGISTRATION SYSTEMS,
INCORPORATED**

**BUILD-OWN-OPERATE
AGREEMENT**

**INFORMATION TECHNOLOGY
NETWORK AND DATABASE
INFRASTRUCTURE PROJECT
(IT FACILITY)**

1st Indorsement

LAND REGISTRATION AUTHORITY
OFFICE OF THE ADMINISTRATOR

RECEIVED

BY

14/6

Respectfully forwarded to the Hon. Administrator, this Authority, the attached Build-Own-Operate Agreement between the Land Registration Authority and the Land Registration Systems, Incorporated, consisting of [REDACTED], already signed by [REDACTED] with the information that upon comparison thereof with the original draft contract and the agreed proposed amendments thereto, the same has been found to be in order.

[REDACTED]

Encls.: As stated.

MINISTER OF THE REVENUE
TREASURY DEPARTMENT
OTTAWA, ONTARIO

Build-Own-Operate Agreement

KNOW ALL MEN BY THESE PRESENTS:

This Agreement entered into this ____ day of [REDACTED] by and between:

The **LAND REGISTRATION AUTHORITY**, represented herein by Administrator [REDACTED], with principal office at the [REDACTED], hereinafter referred to as the **LRA**;

- and the -

The **LAND REGISTRATION SYSTEMS, INCORPORATED**, represented by its Chairman, [REDACTED], a corporation established and existing under and by virtue of Philippine laws, with principal office and address at [REDACTED] Philippines, hereinafter referred to as the **PROJECT PROPONENT**;

WITNESSETH: That -

WHEREAS, there is an imperative need to improve the land titling system and the storage and retrieval of land records in the Land Registration Authority through computerization and modern management information system;

WHEREAS, the LRA is establishing its own Information Technology Network and Database Infrastructure Project (*referred to as IT Facility*) pursuant to the National Information Technology Plan 2000 (NITP 2000);

WHEREAS, the LRA has secured the approval by the President of the Philippines as Chairman of the Board of the National Economic and Development Authority (NEDA) upon the recommendation by the Investment Coordinating Committee (ICC) and the NEDA Board for the implementation of the Land Titling Computerization Project under the Build-Own-Operate (BOO) scheme as provided for under Republic Act No. 6957, as amended by Republic Act No. 7718, and its Implementing Rules and Regulations;

WHEREAS, the LRA's Prequalification, Bids and Awards Committee - Land Titling Computerization Project (*PBAC-LTCP*) has published the invitation to prequalify and bid and has conducted the prequalification and

public bidding for its IT Facility in accordance with the Implementing Rules and Regulations of R.A. No. 6957 as amended by R.A. No. 7718;

WHEREAS, several bidders responded and the Project Proponent was among those that pre-qualified and submitted its technical and financial proposals during the public bidding held on [REDACTED] which is within the set deadline for the submission of the bids.

WHEREAS, the lowest bidder failed to qualify and enter into contract with the LRA for failure to comply with the requirements of the Notice of Award;

WHEREAS, the Project Proponent, being the second lowest, most complying and qualified bidder, a Notice of Award was issued in its favor on [REDACTED] pursuant to the provisions of the BOT Law and its Implementing Rules and Regulations;

WHEREAS, the Project Proponent's consortium which bid as the SUFC Consortium, incorporated itself as Land Registration Systems, Incorporated;

WHEREAS, pursuant to Memorandum [REDACTED] the LRA's PBAC-LTCP recommended the award of the Land Titling Computerization Project to herein Project Proponent on a Build-Own-and-Operate (BOO) arrangement as defined in the Implementing Rules and Regulations of R.A. No. 6957 as amended by R.A. No. 7718.

NOW THEREFORE, for and in consideration of the foregoing premises and by virtue of the obligations and undertakings herein stated, the parties have agreed as follows:

ARTICLE 1 **Definition of Terms**

Section 1.01 Build-Own-Operate (BOO) – A contractual arrangement whereby a PROJECT PROPONENT is authorized to finance, construct, own, operate and maintain an infrastructure or development facility, in which the PROJECT PROPONENT is allowed to recover its total investment, operating and maintenance costs plus a reasonable return by collecting tolls, fees, rentals or other charges from facility users. Under this project, the PROJECT PROPONENT which owns the assets of the facility may assign its operation and maintenance to a facility operator subject to the provision of Section 5.02 (f).

Section 1.02 Project refers to all the activities and services undertaken in the fulfillment of the Land Titling Computerization Project as [REDACTED]

defined in the [REDACTED] including but not limited to project financing, systems development, installation, commissioning, conversion of land documents, creation of data bases, systems upgrading and site preparation in the Central Office and field offices nationwide.

Section 1.03 Phase- it refers to any of the five (5) phases into which the project is divided, as specified in Phases of the Project pursuant to Article 8 (Phases of the Project) of this Agreement.

Section 1.04 CAIF means the Certificate of Acceptance of the IT facility, which includes acceptance of each phase of the project to be issued by the LRA in accordance with Article 14 (Acceptance of IT Facilities). A CAIF shall be issued upon acceptable completion and operation of each of the five phases of the project.

Section 1.05 Commencement of the Project- means the start of work under this Agreement which shall begin within thirty (30) days from receipt of the Notice to Proceed (NTP) by the Project Proponent, otherwise, the project shall be considered abandoned. The Notice to Proceed shall be issued by the LRA upon its approval of the business process reengineering definition, requirements definition, including provisions for access to creating the Database as well as upon the approval of all other pertinent government permits and licenses, such as but not limited to approval of detailed engineering design, construction or building permits and issuance of the Environmental Clearance Certificate(s), and after the approval of the President of the Philippines of this Agreement.

Section 1.06 Phase Completion Date- means the day upon which the PROJECT PROPONENT certifies with confirmation of LRA that the Phase referred to, and which is the subject of the current activity, has successfully been executed in accordance with the [REDACTED] [REDACTED] Project Proponent and which now form part of this Agreement and [REDACTED] and is capable of full operation in accordance with the operating parameters and has successfully completed its testing according to the terms thereof.

Section 1.07 In Service Dates- the dates when the computerized system shall have been tested, operated and accepted by the LRA as evidenced by the Certificate of Acceptance of the IT facility and placed in service but in no case beyond thirty-six (36) months from receipt of the NTP by the Project Proponent.

Section 1.08 Database- refers to all the information, data, facts and documents supplied by LRA and the clients of the LRA that are inputted, stored, categorized and processed by the IT Facilities. The [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

ownership of the computerized database, including its electronic form, remains with the LRA.

Section 1.09 Client- means any person, group of persons or agency (*government or private*) who will request for any of the following services provided by the system including but not limited to the following activities:

- a. Issuance of decrees and certificates of title, either original certificates of title (OCT), transfer certificates of title (TCT), reconstituted titles, and titles issued pursuant to subdivision and consolidation of lots;
- b. Registration of land titles and deeds;
- c. Issuance of true copies and verification of subdivision plans, technical descriptions of lots, decrees of registration, certificates of titles, documents submitted in support of a land transaction;
- d. Approval of subdivision, consolidation, subdivision-consolidation plans;
- e. Registration of Patent titles (Homestead Patent, Free Patent, Sales Patent, Miscellaneous Patents) issued by the Department of Environment and Natural Resources, Certificates of Land Ownership Award (CLOA) and Emancipation Patents issued by the Department of Agrarian Reform;
- f. Certification of status of plans/ lots;
- g. Legal Query and Consulta on issues affecting land registration;

Section 1.10 Information Technology (IT) Facility- refers to all equipment, systems, technology, and schemes implemented, applied and provided by the Project Proponent necessary to implement the project, including but not limited to the computers, machines, software, communication facilities, buildings and other peripherals as agreed upon;

Section 1.11 Concession Period- as understood herein shall be for a period of ten (10) years from the issuance of a CAIF. Hence, each phase of the project shall have a concession period of ten (10) years from the issuance of CAIF on each phase, subject to extension within three years prior to the expiration of each concession period as may be authorized by law and concerned authorities. As the Central Office operates from Phase I to Phase V of the Project, it is understood that the Central Office operations remain with the PROJECT PROPONENT until the end of the last Concession Period.

ARTICLE 2
Scope of the Project

Section 2.01 Systems development and installation at the LRA Computer Center Central Office and Registries of Deeds - The PROJECT PROPONENT shall at its own expense cause the development of systems applicable to the Project and its installation along with the concomitant equipment, networking structures, software and procedure at the LRA Central Office and in all Registries of Deeds in the cities and provinces in accordance with [REDACTED] hereof.

Section 2.02. File Conversion- PROJECT PROPONENT shall at its own expense cause the conversion of all existing land documents and microfilm images into digital format in preparation for the creation of the database. This process will cover conversion of the land documents into digital media as well as data conversion for all systems identified in accordance with [REDACTED].

Section 2.03 Creation of Databases and System Applications- The PROJECT PROPONENT shall at its own expense cause the creation of databases and system applications which include but not limited to the following:

- a. Original Registration, either Ordinary or Cadastral Registration Proceedings;
- b. Petitions after original registration, including but not limited to reconstitution of titles, correction of titles, cancellation of entries in the titles, issuance of titles;
- c. Digital Index Map
- d. Survey Documentation
- e. Voluntary and involuntary transactions affecting land registration
- f. Survey Plans
- g. Registration of Condominiums
- h. Preparation and Reference to Consulta and Legal Opinions
- i. Registration of Chattel Mortgages
- j. Transactions on unregistered lands
- k. Registered Patent titles, emancipation patents and Certificates of Land Ownership Award
- l. Operations Support databases such as Personnel database, Financial database and Property database

Section 2.04 Replication of the system to field offices- The PROJECT PROPONENT shall, at its own expense, cause the expansion and establishment of the land titling system in all Registries of Deeds (RDs) nationwide. The Computer Center shall serve as the central backup [REDACTED]

[REDACTED] [REDACTED] [REDACTED]

depository of all systems and data files of the Computerized Land Titling System.

Section 2.05 Site Preparation, Repair and Improvement of RD Offices- The PROJECT PROPONENT shall, at its own expense, cause the construction of Registry offices in accordance with Article 8 (Phases of the Project) of this Agreement. The PROJECT PROPONENT shall also undertake, at its own expense the repair and improvement of existing Registry of Deeds offices to prepare them for the introduction and smooth operation of the system.

Section 2.06 Upgrading / Replacement of Hardware and Software and Enhancement of Application Systems. Upgrading and/or replacement of the entire system (hardware, software and application systems) must be done on the 7th year of the completion of construction period unless the system fails to meet the performance criteria anytime prior to this date. Joint periodic performance review must be conducted by LRA and Project Proponent which shall serve as basis for upgrading / replacement prior to the mandatory period.

Section 2.07 Changes in Scope of the Project. Any change in or addition to the Scope of the Project as originally bid for, shall be subject to approval and implementation under such procedures as may be agreed upon between the Parties.

ARTICLE 3

Warranties and Responsibilities of the LRA

Section 3.01 The LRA warrants to the PROJECT PROPONENT:

- a. That the LRA is duly organized and validly existing as an agency of the Philippine Government and has all the requisite power, authority and legal right to execute and deliver this Agreement and to perform its obligations thereunder.
- b. That the LRA has taken all appropriate legal and/or other actions, which may be required and/or appropriate to authorize the execution, delivery and performance of this Agreement any and all other agreements, instruments or documents contemplated hereunder.
- c. That this Agreement constitutes the legal, valid and binding obligation of the LRA, enforceable against the LRA in accordance with its terms. This Agreement is in satisfactory and proper legal form under the laws of the Republic of the Philippines.

- d. That the LRA, upon being formally notified, shall duly acknowledge reasonable and necessary security agreements covering any or all of the IT Facilities, including assignment, mortgage or pledge agreements, entered into by the Project Proponent and its lenders and/or investors solely for purposes of arranging or re-arranging the financing for the Project.

Section 3.02 Access to LRA premises- Subject to the rules and regulations of the LRA, the PROJECT PROPONENT and any of its duly authorized representative may be allowed access to its premises for the performance of the service in relation to this Agreement.

Section 3.03 Warranties on the premises uses and items provided- When any of the services performed by the PROJECT PROPONENT under this Agreement includes the use by the PROJECT PROPONENT of any premises, hardware, software or other item provided, the LRA warrants that:

- a. it has all necessary rights, expressed or otherwise to enable such premises to be altered and such items to be moved, used copied or distributed by the PROJECT PROPONENT, as necessary, during the course of this Agreement without infringing any third party rights; and
- b. PROJECT PROPONENT will not be infringing the rights of any third party in performing the services.

ARTICLE 4 Obligations of LRA

Section 4.01 The LRA shall make available to the PROJECT PROPONENT, on a best effort basis, all necessary documents in obtaining any and all Philippine governmental and/or other authorizations, approvals, licenses, permits and/or consents which may be required and/or necessary to enable the PROJECT PROPONENT to perform its obligations under this Agreement.

Section 4.02 The LRA shall also make available to the PROJECT PROPONENT, on a best effort basis, all necessary documents in obtaining any and all Philippine governmental approvals, permits and/ or consents which may be required for the financing of the Project from the Bangko Sentral ng Pilipinas.

Section 4.03 The LRA shall make available to the PROJECT PROPONENT, on a best effort basis, all documents necessary in availing of

any incentives or privileges or the like provided under Philippine laws, including the Omnibus Investments Code.

Section 4.04 The LRA may not assign or transfer all or any part of its rights or obligations under this agreement without the written consent of the PROJECT PROPONENT.

Section 4.05 The LRA shall be responsible in the segregation and inventory and determination of official titles and deeds that shall form part of the database prior to their conversion into the system.

ARTICLE 5

Warranties and Responsibilities of the PROJECT PROPONENT

Section 5.01 The PROJECT PROPONENT warrants to the LRA that:

- a. It is a corporation duly organized and validly existing under the laws of the Republic of the Philippine and has all requisite power, authority and legal right to carry on the business which it now conducts or proposes to undertake. In case of a foreign corporation, that it is duly organized and constituted in the country of incorporation and is licensed and authorized to do business in the Philippines;
- b. It has full power, authority and legal right to execute and deliver this Agreement and to perform its obligations hereunder, and has taken all appropriate and necessary corporate and legal action and obtained all necessary permits and approvals for the execution, delivery and performance of this Agreement and all other instruments or documents contemplated hereunder.
- c. The PROJECT PROPONENT'S signatory to this Agreement is of age, has full legal capacity and has been duly authorized by its Board of Directors to sign, execute and deliver this Agreement for and in behalf of the PROJECT PROPONENT.
- d. This Agreement constitutes the legal, valid and binding obligation of the PROJECT PROPONENT, enforceable against it in accordance with its terms. This Agreement is in satisfactory and proper legal form under the laws of the Republic of the Philippines.
- e. The execution, delivery and performance of this Agreement and the other documents herein referred to

do not violate any provision of law, rule, regulation, or order of any court, tribunal or government authority, bureau or agency or of the charter, by-laws or corporate rules of any corporation, or any indenture contract or other undertaking to which the PROJECT PROPONENT is a party.

Section 5.02 The PROJECT PROPONENT further warrants to the LRA that:

- a. It shall have the necessary capitalization to carry out the LTCP in accordance with this agreement;
- b. The equipment to be provided by the PROJECT PROPONENT for the IT Facilities are brand new; and that the materials it shall furnish, supply manufacture or deliver under this Agreement are of good quality, genuine and Y2K compliant and with full warranties for patent and hidden defects;
- c. The PROJECT PROPONENT shall require its suppliers to agree to make available for the IT Facilities the replacement of spare parts, improvements, modifications, and upgrading to new models of the equipment, software and peripherals as agreed upon.
- d. The PROJECT PROPONENT shall not make or cause any alteration or change in specifications in the IT Facilities during the term of this Agreement without the written consent of the LRA and subject to the provision of Section 20.06 hereof.
- e. The Database shall be for the exclusive use of the LRA pursuant to this agreement and that the Project proponent shall not duplicate copies of LRA data and records in any form.
- f. The operation of the IT-Facility cannot be assigned nor transferred to another operator or contractor without the written consent of the LRA.
- g. To the best of its knowledge, the Project Proponent affirms that the equipment software/hardware to be used for IT facilities shall not infringe property, copyright, trademark, and patents of third parties. However, the Project Proponent, at its own expense, will defend and indemnify the LRA against claims that software/hardware furnished under this Agreement

infringes a patent or copyright or misappropriates trade secrets protected under Philippine or International Laws, provided the LRA (a) gives the Project Proponent prompt written notice of any claim known by the LRA, (b) permits the Project Proponent to defend or settle the claims and (c) provides reasonable assistance to the Project Proponent in defending or settling the claims. The Project Proponent will not defend or indemnify the LRA if any claim of infringement or misappropriation (a) is asserted by the LRA (b) results from alteration of any software/hardware by anyone other than the Project Proponent or (c) results from use of any software/hardware in combination with any items not provided under this Agreement. This provision states the Project Proponent's sole liability and the LRA's exclusive remedy for intellectual property infringement.

Section 5.03 The PROJECT PROPONENT likewise warrants to the LRA that:

- a. The PROJECT PROPONENT shall be primarily responsible for the importation into the Philippine of the items needed to be imported as determined by the PROJECT PROPONENT.
- b. The PROJECT PROPONENT has not given or promised to give any gift or consideration to any employee or official of the LRA or in any Philippine government instrumentality to obtain this Agreement, and that the acts performed in good faith in accordance with this Agreement shall not result directly or indirectly in any violation of the Anti-Graft and Corrupt Practices Act.
- c. The PROJECT PROPONENT will promptly respond to all requests in line with servicing the IT Facilities in order to meet the specifications set out in the Operating Parameters.
- d. Any dispute, controversy, or problem arising during the implementation of the project shall be resolved by the Project Management Committee created for this purpose composed of representatives from both the LRA and the PROJECT PROPONENT

ARTICLE 6
Obligations of the PROJECT PROPONENT

Section 6.01 Works- The PROJECT PROPONENT, at its cost, shall develop, install, integrate, successfully test, operate and maintain and upgrade the computerization of the Land Titling System in strict compliance with the technical requirements and specifications as prescribed in the [REDACTED] hereof during the entire concession period. For purposes of financing the construction and operations of the IT Facilities, the Project Proponent may assign its rights and benefits under this Agreement to the financial institutions that will provide financing to the Project (the "Creditors"), as security for the repayment of the financing provided by the Creditors.

Section 6.02 Preparation and Approval of Detailed Engineering Design – The winning project proponent shall be responsible for the preparation of the detailed engineering designs and plans based on the prescribed minimum design and performance standards and specifications and shall submit the same to the LRA concerned.

The LRA concerned shall review the detailed engineering designs and plans prepared by the project proponent in terms of its compliance with the prescribed standards and specifications, and if found acceptable, shall approve the same prior to actual project construction. This approval by the LRA concerned notwithstanding, the project proponent shall be solely responsible for the integrity of its detailed engineering designs and plans. The approval thereof by the LRA concerned does not diminish this responsibility, nor does it transfer any part of such responsibility to the LRA concerned.

Section 6.03 Resources- The PROJECT PROPONENT, at its cost, shall provide the following items/contributions to the project in strict compliance with the specifications, timetable and schedule provided under [REDACTED] hereof:

- a. Computer hardware including installation and cabling or re-installation and additional cabling at LRA Central Office;
- b. Software;
- c. Development/Site preparation of central facility (LRA Computer Center, Quezon City) and land titling outlets in the RDs and the maintenance thereof;
- d. IT services (application systems development, data base conversion, network installation, project management, change management organizational training and [REDACTED])

education, process re-engineering, technical support and maintenance, telecommunications services, physical and information systems security);

- e. System's promotion/information campaign;
- f. Supplies and materials;
- g. Personnel, subject to confirmation of LRA;
- h. Complete documentation of the system, including both the operating manual and technical manual;
- i. Training of LRA and Project Proponent personnel handling the IT Facility;
- j. Upgrading / Replacement of Hardware and Software and Enhancement of Applications Systems;

Ownership of all databases referred to in Section 2.03 shall be owned exclusively by LRA. Both parties may proactively identify additional ways to use the Database under such terms and conditions as the parties may agree.

PROJECT PROPONENT will grant to the LRA an irrevocable, non-transferable license to use the custom developed software in the application systems. Any pre-existing software licensed to LRA will be licensed under the terms of the standard software license agreement terms that accompany such software.

Ownership of the computer hardware including installation and cabling of networking resources shall remain with the PROJECT PROPONENT.

Ownership of buildings and permanent improvements shall be transferred to the LRA at the end of the entire concession period. In the meantime, these facilities shall be for the exclusive use of the LRA.

Section 6.04 Project Completion- The PROJECT PROPONENT shall complete the entire project within thirty six (36) months from receipt of the NTP in accordance with the five (5) major Phases as set forth in the Project Development Plan. Upon completion of the First Phase as provided in the Development Plan, the PROJECT PROPONENT shall continue to operate the same to recover its total investment (operating and maintenance costs plus a reasonable return thereon) by collecting fees, rentals or other charges from the facility users or clients, PROVIDED that the PROJECT PROPONENT does not violate this Agreement and operates the IT Facility in accordance with the provision hereof

Section 6.05 Downtime- Unless caused by Force Majeure as defined in this agreement, the PROJECT PROPONENT shall be allowed a maximum of twelve (12) working days downtime every year per site during which the IT Facilities will not be operating. A portion of this downtime may be scheduled by the PROJECT PROPONENT in order to provide maintenance and repair services to the IT Facilities. The PROJECT PROPONENT shall give the LRA at least ten (10) days notice prior to any scheduled downtime. Said notice shall inform the LRA on the length of the scheduled downtime.

The PROJECT PROPONENT shall be penalized in the amount equivalent to the average daily earning of the site due to the LRA during the same month of the previous year for every day in excess of the maximum number of downtime allowed. The operating bond will be used to guarantee payment of said penalty. In case the operating bond has already been released, the penalty shall be chargeable against the collected Proponent's fees. In case the PROJECT PROPONENT exceeds by three (3) days in a year of the allowable downtime indicated above, such an occurrence will constitute an event of default under Article 16 (Default) or shall allow the LRA to impose a penalty double the amount herein specified, at the option of LRA.

ARTICLE 7

Personnel of the PROJECT PROPONENT

Section 7.01. The PROJECT PROPONENT shall be responsible for the hiring of technically competent and honest personnel to operate and maintain the facility pursuant to the requirements and qualifications stated in its [REDACTED]. Said personnel shall be directly under the joint supervision of the LRA and the PROJECT PROPONENT.

Section 7.02. To this end, the PMC shall conduct a periodic performance audit of all the personnel of the PROJECT PROPONENT to insure efficiency in accordance with the standards set forth under this Agreement.

Section 7.03. The LRA reserves the right to reject an employee designated by the PROJECT PROPONENT in cases of derogatory information against said employee and the Project Proponent shall, upon request of the LRA, replace any employee of the PROJECT PROPONENT found to have committed any violation of existing rules and regulations of the LRA or have committed acts inimical to its interest. The finding of the LRA shall be binding upon the Project Proponent.

Section 7.04. The PROJECT PROPONENT shall be jointly and severally liable with the employee for any damage caused by the [REDACTED]

negligence or want of technical skill and care or willful and deliberate acts of its employees as may be prescribed by law.

Section 7.05. Nothing contained herein shall be construed as establishing between LRA and the PROJECT PROPONENT the relationship of employer and employee or principal and agent. The employees of the PROJECT PROPONENT are not employees of the LRA. Hence, LRA shall not in any way be liable or responsible for any personal injury or damage to properties, including death, sustained, or caused to or by any employees of the PROJECT PROPONENT during the performance of the project and during the entire concession period. The PROJECT PROPONENT shall at all times be solely liable and/or responsible for the enforcement of all existing laws, rules and regulations, particularly the Labor Code of the Philippines and other welfare legislation, including the employment of local labor, that may affect the project. The PROJECT PROPONENT hereby agrees and binds itself to save and hold the LRA free and harmless from any liability in respect thereto and/or arising therefrom.

ARTICLE 8 Phases of the Project

Project Development and Implementation Strategy

The entire project shall be divided into five (5) phases as follows:

Phase I - within six (6) months from receipt of Notice to Proceed (NTP), the Project Proponent will be expected to complete the pilot implementation in Cebu City, Quezon City and Parañaque City Registries of Deeds, plus establish the network connection with the LRA Central Office. Implementation in this pilot phase includes, but is not limited to the following:

- Site Preparation, as provided for in [REDACTED], in all three Registries of Deeds, the Computer Center and the Central Office areas affected.
- Complete text-base database build-up of all Titles;
- Complete scanning of all Titles, both current and cancelled, and their supporting documents;
- Re-engineering processes at the Registries to take advantage of automated workflow and technology applications, including a Point of Sale system for tracking revenues at the Registry of Deeds, Regional Registries of Deeds and the Central Office.
- Developing and testing land title forms ("judicial forms" include blank title paper with security features that is ordered centrally and distributed to Registries of Deeds) inventory control system operating at the Central Office and the Registries of Deeds; [REDACTED]

- Designing and modeling the distributed database of the system using Cebu as the initial Registry, connected to the Central Office, through the network demonstrating text and imagery retrieval " anytime anywhere" capability;
- Developing and testing the statistical reporting system on activities at the Registry of Deeds level, (using Cebu as a representative example) and the Central Office level as part of the Executive Information System; and
- Establishing fully functional network connection between these offices.

Phase II - This phase represents the replication of the systems as approved from the Pilot offices to all other Registries in the country identified in this phase in the RFP. The approved systems are those implemented, evaluated and finally approved by LRA in the pilot Registries described in Phase I. The Proponent will be permitted to begin site preparation and the scanning and database building operations in all offices as soon as the contract is signed. The Proponent will not be expected to wait until the conclusion of the evaluation of the Pilot systems before beginning site preparation and database building operations in these Phase II offices. The following schedule applies. Within sixteen (16) months from receipt of the NTP, the Project Proponent will be expected to have completed site preparation and implementation of the approved systems in the Registries of Deeds identified in this phase.

Phase III - Within twenty six (26) months from receipt of the NTP, the Project Proponent will have completed site preparation and fully implemented the approved systems in the Registries of Deeds identified in this phase.

Phase IV - Within thirty six (36) months from receipt of the NTP, the Project Proponent will have completed all implementation work:

- Complete all site preparation, including new construction as needed, for all LRA offices;
- Network connections such that information from any registry, including document images, will be available from any other Registry and from the LRA Central Office;
- Build-up the relevant database at the Central Office, scanning selected documents of the "expediente", in original registration, along with developing the corresponding textual database;
- Digitize all Municipal Index Sheets and implement the Geographic Information System at the Central Office;
- Develop the computerized systems for managing subdivision and / or consolidation applications utilizing the GIS and automated workflow;
- Fully implement automated and re-engineered procedures taking advantage of the information technology infrastructure for all LRA processes in all offices including, but not limited to the following:

[REDACTED]

	[REDACTED]				
	[REDACTED]				[REDACTED]
1.	[REDACTED]				
2.	[REDACTED]				
3.	[REDACTED]				
4.	[REDACTED]				
5.	[REDACTED]				
6.	[REDACTED]				

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

REGION X

1. [REDACTED]

REGION XI

1. [REDACTED]

REGION XII

1. [REDACTED]
2. [REDACTED]

CARAGA

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]

CORDILLERA AUTONOMOUS REGION (CAR)

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]

REGION I

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]
5. [REDACTED]
6. [REDACTED]
7. [REDACTED]
8. [REDACTED]

REGION II

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]

REGION III

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]
5. [REDACTED]
6. [REDACTED]

REGION IV

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]
5. [REDACTED]
6. [REDACTED]
7. [REDACTED]
8. [REDACTED]
9. [REDACTED]
10. [REDACTED]

REGION V

1. [REDACTED]

REGION VII

1. [REDACTED]
2. [REDACTED]

REGION VIII

1. [REDACTED]
2. [REDACTED]

Total - 43 RDs

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

NATIONAL CAPITAL REGION
(NCR)

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]
5. [REDACTED]
6. [REDACTED]
7. [REDACTED]
8. [REDACTED]
9. [REDACTED]
10. [REDACTED]
11. [REDACTED]
12. [REDACTED]

CORDILLERA AUTONOMOUS
REGION (CAR)

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]

REGION I

1. [REDACTED]
2. [REDACTED]

REGION II

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]

REGION III

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]
1. [REDACTED]
2. [REDACTED]
3. [REDACTED]

REGION IV

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]
5. [REDACTED]
6. [REDACTED]
7. [REDACTED]

REGION V

1. [REDACTED]
2. [REDACTED]

REGION VI

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]

REGION VII

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]

REGION VIII

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]

REGION IX

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]

REGION X

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]
5. [REDACTED]
6. [REDACTED]
7. [REDACTED]
8. [REDACTED]

REGION XI

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]

REGION XII

1. [REDACTED]

Total - 64 RDs [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

REGION IV

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.

[REDACTED]

REGION VIII

- 1.
- 2.
- 3.
- 4.
- 5.

[REDACTED]

REGION IX

- 1.
- 2.
- 3.
- 4.

[REDACTED]

REGION V

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

[REDACTED]

REGION XI

- 1.
- 2.

[REDACTED]

REGION VI

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.

[REDACTED]

REGION XII

- 1.
- 2.
- 3.
- 4.
- 5.

[REDACTED]

CARAGA

- 1.
- 2.
- 3.

[REDACTED]

REGION VII

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

[REDACTED]

Total - 52 RDs

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

ARTICLE 9
Performance and Warranty Securities

Section 9.01 Performance Securities. To guarantee the faithful performance by the PROJECT PROPONENT of its obligations under the contract including the prosecution of the construction works, related to the project, the contractor shall post in favor the LRA, upon the signing of this Agreement, all five (5) performance securities in the form of cash, manager's check, cashier's check, bank draft or guarantee confirmed by a local bank (in the case of foreign bidders bonded by a foreign bank), letter of credit issued by a reputable bank, surety bond callable on demand issued by the Government Service Insurance System or by surety or insurance companies duly accredited by the Office of the Insurance Commissioner, a combination thereof, in accordance with the following schedules:

- a. Cash, manager's check, cashier's check, irrevocable letter of credit, [REDACTED]
- b. Bank guarantee [REDACTED]
- c. Surety Bond- [REDACTED]

Section 9.02. All the five performance securities shall be posted upon the signing of this Agreement by the parties. The performance security must be so identified to which phase of the project it secures and shall be accordingly released after the issuance of a CAIF for the phase it secures.

Section 9.03. Failure of PROJECT PROPONENT to post the performance securities shall be sufficient ground for LRA to cancel this Agreement. Should LRA, under any of the conditions stipulated under Article 17 (Termination) terminate this Agreement, all the performance securities not so released shall be forfeited in favor of LRA without any need of judicial action. Furthermore, any changes in this Agreement shall not require the prior approval of the surety and shall in no way annul, release or affect the liability of the PROJECT PROPONENT.

Section 9.04. Warranty Security. After completion of a particular phase of the project but prior to the issuance of a CAIF for said particular

maintenance of the project in accordance with the design and performance standards prescribed in operating parameters in order to ensure that the IT Facilities operate at the desired level of service. The fund will be maintained at the minimum balance equal to the annual projected cost of maintenance and repair. As such, any drawdown from the fund will be replenished through a resumption of the collection of a retention fee. The aforementioned retention money shall be deposited for the account of the PROJECT PROPONENT in a bank agreed upon by PROJECT PROPONENT and LRA, which bank shall hold the same in escrow in favor of the government. The interest earned shall accrue to the funds accumulated for the retention fee.

The total retention money shall be released to PROJECT PROPONENT sixty (60) days after the last day of the concession period.

ARTICLE 11 PROJECT PROPONENT'S Fees

Section 11.01 The LRA shall collect all fees from the clients of the IT Based Services and remit therefrom the agreed payment to the PROJECT PROPONENT. The LRA shall prepare a daily report indicating the total volume of transactions conducted and the corresponding total fees due to the PROJECT PROPONENT and LRA. In case the PROJECT PROPONENT disputes the total volume of transactions or amount collectibles, said dispute shall be referred to an arbitration committee composed of three members, the first member to be appointed by the LRA, the second member by the PROJECT PROPONENT and an independent third member to be chosen jointly by the said two members. If there be no common independent members chosen jointly by the said two members, the third independent member shall be chosen by draw lots among a list of six independent members nominated by each member who shall be entitled to 3 nominees each. An independent member is understood to be not connected professionally in any capacity nor personally related in any degree to the Project Proponent and the LRA and their respective officials. The arbitration committee shall decide the dispute within 14 days from its submission to the committee. Abstention from deliberation and/or voting of any member is not allowed. The decision of the arbitration committee shall be final and binding on the parties.

Section 11.02 The LRA shall collect and deposit on a daily basis all the PROJECT PROPONENT'S fees collected into either (a) government depository bank account(s) designated by and in the name of the PROJECT PROPONENT, and under such arrangement(s) as may be determined by the PROJECT PROPONENT, or (b) a Trust Fund with such government depository bank; provided, that either of the foregoing arrangement agreed to by the LRA and the Project Proponent shall be permitted and allowed

under the General Appropriations Law and other pertinent laws and/or rules and regulations on the matter.

Section 11.03 All payments made by LRA hereunder shall be made free and clear of and without deduction for or on account of any set-off, counterclaim, tax and otherwise except as required by the laws of the Republic of the Philippines or in payment of penalties as provided in this Agreement.

Section 11.04. Section 11.02 notwithstanding, the LRA and the PROJECT PROPONENT may agree on such other mode of collection of payment as may be warranted and allowed by the General Appropriations Law and existing laws on the matter, such as direct collection and issuance of receipts by the PROJECT PROPONENT.

ARTICLE 12
Prices for IT-Based Services, Auditing, Price Adjustment Procedure

Section 12.01 For and in consideration of the IT Based Services provided by the PROJECT PROPONENT to the LRA under this Agreement, the former will be paid in accordance with [REDACTED]

Section 12.02 -- Price Adjustment Procedure

The contract fees under this Agreement shall be reviewed periodically for possible adjustment upward or downward as warranted.

The Fee Adjustment Procedure shall be as follows :
Effective the first anniversary following the effective date of this agreement and each succeeding anniversary thereafter during the term, the contract fee for each type of transaction rendered by the Service Contractor shall be automatically adjusted in accordance with the following price adjustment formula :

1. [REDACTED]

2. [REDACTED]

where :

i. [REDACTED]

ii.

[REDACTED]

where :

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

ARTICLE 13 Insurance

Section 13.01 The PROJECT PROPONENT shall, at its own cost take responsibility that there is insurance effected for the project, both for the Information Technology (IT) Facilities and the buildings to be constructed, and that it shall provide LRA with certified copies of all policies of insurance effected by it. The insurer should either be the Government Service Insurance System or any reputable insurance company duly accredited by the Insurance Commission. Unless the LRA has failed to perform any of its payment obligations hereunder and such failure is continuing, the proceeds of claims against such insurance, except third party liability and workmen's compensation insurance, with respect to damage or other breakdown in the IT Facilities shall be applied by the PROJECT PROPONENT to the extent necessary to repair or restore the IT Facilities to its previous condition.

Section 13.02 In the event that this Agreement is revoked, cancelled, or terminated by the LRA through no fault of the PROJECT PROPONENT or by mutual agreement, the Government through the LRA shall compensate the PROJECT PROPONENT for its actual expenses incurred in the project plus a reasonable rate of return thereon not exceeding that stated in this Agreement as of the date of termination, provided that the interest of the Government in these instances shall be duly insured with the GSIS, and provided further that the cost of the insurance coverage shall be included in the terms and conditions of the approved contract.

ARTICLE 14 Acceptance of IT Facilities

Section 14.01 Testing Procedures- the parties shall meet and agree on the procedures, standards, protective settings and a program to be followed by the PROJECT PROPONENT for the testing of the IT Facilities

Section 14.02 Notice of Testing- The PROJECT PROPONENT shall give to LRA not less than 14 WORKING DAYS notice, or such lesser period as the parties hereto may agree, of its intention to commence any testing of the IT Facilities.

Section 14.03 Attendance at Testing- LRA and/ or its duly appointed representatives shall be entitled to be present at any testing of the IT Facilities.

Section 14.04 After at least 14 WORKING DAYS of smooth operations of the IT Facilities and upon application by the PROJECT

PROPONENT, the LRA shall issue to the PROJECT PROPONENT a Certification of Acceptance of the IT Facilities, herein referred to as **CAIF**, pursuant to the Project Development Plan which is a document which certifies that the IT Facilities conform to the applicable acceptance test procedures and schedules and in compliance with the technical requirements and specifications agreed upon. A **CAIF** shall be issued upon acceptable completion and operation of each of the five (5) phases of the project.

Section 14.05 If an application for a **CAIF** by the PROJECT PROPONENT has not been granted by the LRA because the application has not passed the applicable acceptance test procedures, the LRA will notify the PROJECT PROPONENT in writing within 15 calendar days from the receipt of the application by the LRA stating the reason for not issuing the **CAIF**. The PROJECT PROPONENT will have an Adjustment Period which is at least 90 calendar days or such other period as may be agreed upon by the PROJECT PROPONENT and the LRA from the receipt of the notification of the LRA that the IT Facilities have not passed the test procedures. Upon conformity by the PROJECT PROPONENT with the applicable acceptance procedures, the provisions of Section 14.04 will apply.

Section 14.06 If the PROJECT PROPONENT has not conformed with the applicable acceptance test procedures for the issuance of a **CAIF** by the expiration of the Adjustment Period, Article 19 herein on settlement of disputes will apply.

Section 14.07 The LRA shall not unreasonably withhold the issuance of the **CAIF**. If the LRA does not act upon the application for a **CAIF** within 15 working days from the receipt of the application, the application shall be deemed as if it has been issued a **CAIF** and the PROJECT PROPONENT may act accordingly. However, LRA give notice to the PROJECT PROPONENT stating that it needs an additional 15 working days to act upon the application for a **CAIF**.

Section 14.08 Final **CAIF** shall be issued upon Completion of the Project as defined in Sec. 6.03.

ARTICLE 15 Force Majeure

Section 15.01 Force Majeure- No failure or omission to carry out or observe any of the terms, provisions or conditions of this Agreement shall give rise to any claim by any party hereto against the other or be deemed to be a breach of this Agreement, if the same shall be caused by or arise out of:

- a. Other than as referred to in paragraph (b) below, any war, declared or not, hostilities, or belligerence, blockade, revolution, insurrection, riot, public disorder, expropriation, requisition, confiscation or nationalization, export or import restriction by any governmental authorities, regional or municipal authorities of or within the Republic of Philippines, closing of harbors, docks, canals or other assistance to or adjuncts of the shipping or navigation of or within any place, rationing or allocation, whether imposed by law, decree or regulation by, or by compliance of industry the insistence of any governmental authority of or within the Republic of the Philippines, or fire, earthquake, unusual flood, volcanic activity, storm, typhoons, lightning, tide (other than normal tides), tsunamis, perils of the sea, accidents of navigation or breakdown or injury of vessels, accident to harbors, docks, canals, or other assistance to or adjuncts of shipping of navigation, epidemic, quarantine, strikes or combination of workmen, lockouts or other labor disturbances, or the occurrence of extreme shortages, non-availability, extreme scarcity and/or deficiency in the supply of local and foreign materials necessary for the performance by the PROJECT PROPONENT of its obligations and undertakings under this Agreement, or any other event, matter or thing, whenever occurring, which shall not be within the reasonable control of either party hereto; or
- b. War declared or not or hostilities occurring in or involving the Republic of the Philippines or of belligerence, blockade, revolution, insurrection, riot, public disorder, expropriation, requisition, confiscation or nationalization by or occurring in or involving the Republic of the Philippines or any other event, matter or thing, wherever occurring, which shall be within the reasonable control of LRA or the Government of the Republic of the Philippines or any agency or regional or municipal authority thereof.

Each of the foregoing events, matters or things being called "**Force Majeure**" in this Agreement.

Section 15.02 Exceptions- Notwithstanding Section 15.01, LRA shall not be entitled to claim for itself in case of any Force Majeure mentioned in sub-paragraph (b) of Section 15.01, and shall not be relieved of its obligation to make payments of fees as provided in Article 11 (PROJECT PROPONENT'S FEES) by the occurrence of any Force Majeure.

mentioned in Section 15.01 whether affecting LRA or the PROJECT PROPONENT.

Section 15.03 Procedure- The party invoking Force Majeure shall:

- a. notify the other party in writing by any means of communication as soon as reasonably possible of the nature of the Force Majeure and the extent to which the Force Majeure suspends the affected party's obligations under this Agreement; and
- b. resume performance of its obligations as soon as possible after the Force Majeure condition no longer exists and shall formally notify the other party of such resumption.

Section 15.04 Revised Timetable- If Force Majeure applies prior to the Service Date the parties will meet to discuss a revised timetable for the completion of the Project indicating the proposed completion dates of the IT Facilities. If the Force Majeure falls under sub-paragraph (b) Section 15.01 then the provisions of Section 15.06 shall apply.

Section 15.05 Cooperation Period- If Force Majeure applies by the occurrence of any events mentioned in Section 15.01 during the Cooperation Period, the Cooperation period shall be extended by a period equal to that during which the effect of the Force Majeure applies, provided that if such effect applies for a period in excess of 180 days, then the parties hereto will need to discuss the basis and terms upon which the arrangements set out in this Agreement may be continued.

Section 15.06 Consultation- The parties hereto will consult each other and take all reasonable steps to minimize the losses of either party resulting from Force Majeure.

Section 15.07 If an event of Force Majeure results in damage to the IT Facilities, the PROJECT PROPONENT, at its own cost, shall be responsible for taking such actions and precautions as may be required or necessary to mitigate any resulting damage or loss. Insurance proceeds should first be applied to the restoration of the facilities.

Section 15.08 If the PROJECT PROPONENT serves notice on the LRA that the PROJECT PROPONENT is unable to raise funds for any required reconstruction, replacement and/or repair work on the damaged IT Facilities, the LRA may either call an event of default or undertake or perform such reconstruction, replacement and/or repair work in order to reinstate the damaged IT Facilities to the condition prior to the occurrence of the Force Majeure, subject to reimbursement by the Project Proponent.

Section 15.09 In order to avoid any doubt, the Parties agree that upon occurrence of any event of Force Majeure affecting the PROJECT PROPONENT'S obligations relating to the operation, maintenance and/or management of the IT Facilities the PROJECT PROPONENT shall nonetheless continue to be responsible for performing its obligations relating to the operation, maintenance and/or management as are still possible of performance, whether wholly or partially. Irrespective of the occurrence of an event of Force Majeure, the PROJECT PROPONENT shall continue to be responsible for the safety of the IT Facilities and its users and clients. Unless otherwise agreed upon by the Parties, the occurrence of an event of Force Majeure affecting the PROJECT PROPONENT'S obligations relating to the operation, maintenance and management of the IT Facilities shall not result in the closure of damaged IT Facilities, provided that if a temporary closure is unavoidable so as to make possible the performance of any required reconstruction, replacement and or repair work, the affected IT Facilities shall be made operational as soon as possible by taking such measures and precautions as are necessary under the circumstances.

ARTICLE 16 Default

Section 16.01 PROJECT PROPONENT'S Default- The occurrence of any of the following events shall constitute PROJECT PROPONENT'S Default:

- a. PROJECT PROPONENT shall fail to perform any material covenant, agreement or obligation hereunder within 30 days after receipt by PROJECT PROPONENT of a notice of default specifying the same; provided, however, that such period shall be extended if the matter complained of in such notice may be corrected but cannot reasonably be corrected within 30 days and PROJECT PROPONENT begins to correct such matter within 15 days and thereafter prosecutes the correction to completion with reasonable diligence.
- b. PROJECT PROPONENT in its reports as specified in the [REDACTED] to be submitted to LRA shall have knowingly and intentionally misrepresented or omitted any material information required to be included in such reports and shall fail to correct the same within thirty (30) days after receipt by PROJECT PROPONENT of the notice of default; provided, however, that such period shall be extended if the matter complained of in such notice may be corrected but cannot reasonably be [REDACTED]

corrected within thirty (30) days and PROJECT PROPONENT begins to correct such matter within such 30 days and thereafter prosecutes the correction to completion with reasonable diligence.

- c. Any voluntary or involuntary case or other proceeding shall have been commenced by or against the PROJECT PROPONENT seeking liquidation, reorganization, dissolution, winding up, a composition or arrangement with creditors, a re-adjustment of debts, or other relief with respect to PROJECT PROPONENT'S or debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official for the PROJECT PROPONENT or any substantial part of PROJECT PROPONENT'S assets, or like relief, or the issuance of a writ of attachment, execution, or similar process involving the majority portions of the PROJECT PROPONENT'S assets and such involuntary case or other proceeding shall not be contested by PROJECT PROPONENT in good faith or shall remain undismissed and unstayed for a period of 90 days.
- d. In case of delay in construction [REDACTED] of the stipulated construction period for each of the five (5) phases of the project.
- e. Failure of the PROJECT PROPONENT to finish and deliver the Information Technology Facilities, Databases and Applications Systems in accordance with [REDACTED]
- f. In the event of a pattern of continuing or repeated non-compliance, willful violation, or non-performance of other terms and conditions hereof which is hereby deemed a material breach of this Agreement.
- g. In case of any representation or warranty made by PROJECT PROPONENT and relied upon by LRA to its detriment turning out to be false in any material respect.

Section 16.02 LRA's Default- The occurrence of any of the following events shall constitute LRA's Default:

- a. LRA terminates or cancels this Agreement or any other Agreements executed pursuant to this Project without valid cause. [REDACTED]

- b. Any representation or warranty made by LRA and relied upon by PROJECT PROPONENT to its detriment shall be false in any material respect.
- c. LRA shall fail to perform any material covenant, agreement or obligation hereunder or under any related agreement within 45 days after receipt of a notice of default specifying the same; provided, however, that such period shall be extended if the matter complained of in such notice may be corrected but cannot reasonably be corrected within 45 days and LRA begins to correct such matter within such 45 days and thereafter prosecutes the correction to completion with reasonable diligence.
- d. The promulgation of any law or regulation by the Republic of the Philippines, or any agency or other body under the control of the Government of the Republic of the Philippines, or any regional or municipal authority thereof, coming to effect after 1999 as a result of which any law or regulation (including any official interpretation thereof) upon which the PROJECT PROPONENT has relied in entering into this Agreement at the date hereof is amended, modified or repealed, material reducing, prejudicing, otherwise adversely affecting the interest of the PROJECT PROPONENT in the IT Facilities and/ or the PROJECT PROPONENT'S financial return (net of tax or other imposition, including without limitation any withholding or remittance tax on the payment of dividends) on its investment, including without limitation, any restriction on its ability to remit funds in foreign currency outside the Philippines, or otherwise tendering the PROJECT PROPONENT incapable of performing its undertakings under this agreement, in which event the parties hereto shall meet and endeavor to agree on amendment to this Agreement, and if after 90 days no such agreement has been reached, the provisions of Article 19 (Disputes) shall apply.

ARTICLE 17

Termination

Section 17.01 In case a party commits an act constituting an event of default, the non-defaulting party may terminate this Agreement by serving a written notice to the defaulting party specifying the ground for termination and giving the defaulting party a period of 180 days within

which to rectify the default. If the default is not remedied within this period to the satisfaction of the non-defaulting party, then the latter will serve upon the former a written notice of termination indicating the effective date of termination.

Section 17.02 If this BOO Agreement is terminated by reason of the PROJECT PROPONENT'S Default, LRA shall have the following options:

- a. LRA may allow the PROJECT PROPONENT'S Unpaid Creditors who hold a lien on the IT Facilities to foreclose the Project and this Agreement and/or designate a new PROJECT PROPONENT for the Facilities, provided the designated PROJECT PROPONENT is qualified under existing laws and acceptable to LRA. This new PROJECT PROPONENT shall hereinafter be referred to as the **"Substitute PROJECT PROPONENT"**. The Substitute PROJECT PROPONENT shall assume of all the previous Project Proponent's rights and privileges as well as the obligations, duties and responsibilities hereunder; provided, however, that the LRA shall at all times and its sole option, have the right to invoke and exercise any other remedy which may be available to the LRA under any applicable laws, rules and/or regulations which may be in effect at any time and from time to time, subject to the limitation of liability provisions of this Agreement.

The LRA shall cooperate with the Creditors with a view to facilitating the choice of a Substitute PROJECT PROPONENT, who shall take-over the operation, maintenance and management of the IT Facilities, within 3 months from the PROJECT PROPONENT'S receipt of notice of termination from the LRA. The Substituted PROJECT PROPONENT shall have all the rights and obligations of the previous PROJECT PROPONENT as contained in this Agreement.

- b. If the Creditors waive their rights to foreclose the IT Facilities and this Agreement and jointly with LRA to appoint a Substitute PROJECT PROPONENT or exercise any other remedy under the financing agreements, then LRA may take over the Project and assume all remaining liabilities. In this regard, the PROJECT PROPONENT shall assign all its rights and interests to the Project and under this Agreement to LRA. After said assignment, the PROJECT PROPONENT shall have no other obligation to the LRA.

In all cases of termination due to the default of the PROJECT PROPONENT, it shall pay LRA actual and compensatory damages which may be charged against the Performance Security and if, found insufficient, the LRA may avail of such remedies through arbitration proceedings under Article 19 (Disputes).

- c. Unless further limited elsewhere in this Agreement, the entire liability of the Project Proponent and the LRA's exclusive remedy for damages from any cause relating to or arising out of this Agreement, regardless of the form of action whether in contract or in tort, will not exceed the greater of (a) three (3) times the amount of any outstanding Performance Bond or Warranty Security, as the case may be, or (b) the charges paid to the Project Proponent during the twelve (12) month period immediately prior to LRA's written notice pursuant to Section 17.01 for the Services which are provided hereunder.

In no event will either party be liable for (a) any incidental, indirect, special, consequential or punitive damages, even if the party knew or should have known of the possibility of such damages or (b) claims, demands or actions against the other party by any person, beyond the extent to which the party is responsible for the act or omission by which the claim, demand or action is based.

The limitations of liability do not apply to (i) injury to persons, including death, caused by and to the extent of the negligent acts or omission of the Project Proponent or the LRA; (ii) intellectual property indemnities provided by the Project Proponent; or (iii) intellectual property infringement by the LRA.

Notwithstanding the foregoing, each of the parties hereto agrees to defend and indemnify the other party against claims for damage to tangible property or injury to persons, including death, to the extent caused, or alleged to have been caused, by the negligent acts or omissions of such party.

Section 17.03 If this BOO Agreement is terminated by the PROJECT PROPONENT by reason of the LRA's Default, the LRA shall

- a. Be obligated to take over the IT Facilities on an **"as is where is"** basis, and shall forthwith assume attendant liabilities thereof; and
- b. Pay liquidated damages to the PROJECT PROPONENT equivalent to the following amounts, which may be charged to the insurance proceeds referred to in Article 12 (Prices for IT Based Services, Auditing, Price Adjustment Procedure).
- i. In the event of termination prior to completion of the construction of the IT Facilities, damages shall be paid equivalent to the Value of Completed Construction, [REDACTED], minus the aggregate amount of the attendant liabilities assumed by the LRA. The amount of such compensation shall be determined as of the date of the notice of termination and shall become due and demandable 90 days after the date of this notice of termination. Under this Agreement, the term **"Value of the Completed Construction"** shall mean the aggregate of all reasonable and documented costs and expenses incurred by the PROJECT PROPONENT in connection with, in relation to and/or by reason of the IT Facilities, including without limitation all interest and other reasonable financing costs and expenses incurred by the PROJECT PROPONENT from the Creditors, as certified by a reputable and independent accounting firm to be appointed by the PROJECT PROPONENT subject to the approval by the LRA and such approval shall not be unreasonably withheld.
- ii. In the event of termination after completion of construction of the IT Facilities, Just Compensation shall be paid equivalent to the present value of the net income which the PROJECT PROPONENT expects to earn or realize during the unexpired or remaining term of this Agreement using [REDACTED] shown in the [REDACTED] as certified to by a reputable and independent accounting firm.

Section 17.04 For the avoidance of doubt, the respective obligations of LRA and the PROJECT PROPONENT in respect of the termination of this Agreement as set forth in Article 16 (Default) herein shall survive the termination hereof.

Section 17.05 Upon the expiration or earlier termination of this Agreement, and without prejudice to any obligations of the relevant Party

under Article 16 (Default) herein or to any claims which any Party may have against the other Party prior to the termination date, all rights and entitlements of the PROJECT PROPONENT in respect of the Construction of the IT Facilities shall revert to, vest in or remain vested in the PROJECT PROPONENT as the case may be and:

- a. In the case of the termination of this Agreement prior to the completion of the IT Facilities, the contractor shall cease all Construction of the IT Facilities and remove from the areas of the Construction all its workmen, employees, agents and PROJECT PROPONENTS and vacate it completely; and
- b. The PROJECT PROPONENT shall surrender to the LRA control and physical possession all completed construction and site facilities upon the payment of just compensation. In case of uncompleted constructions for site facilities, the LRA may have the option to pay just compensation for the same or have them removed at the expense of the PROJECT PROPONENT.
- c. Completed IT facilities and applications systems shall be surrendered likewise to the LRA upon payment of just compensation. LRA may at its option, choose to pay portion of the incomplete IT facilities, databases and applications systems it deems acceptable.

ARTICLE 18 Requisition

Section 18.01 In the event of a Requisition, then this Agreement shall be legally terminated and such termination shall become effective upon fulfillment by the LRA of its obligations as set forth in Section 17.03 herein. Under this Agreement, the term "**Requisition**" shall mean the taking by governmental action of the ownership and/or control of the PROJECT PROPONENT, and/or majority of the PROJECT PROPONENT'S shares which may be issued and outstanding at any time and from time to time, as by nationalization, expropriation, sequestration, confiscation, and/or other equivalent process.

ARTICLE 19 Disputes

Section 19.01 Any dispute or controversy of any kind whatsoever between the LRA and the PROJECT PROPONENT (*such dispute or controversy being referred to herein as a "Dispute"*) which may

arise out of or in connection with this Agreement, in the first instance shall be settled within 60 days through amicable means, such as, but not limited to, mutual discussion.

Section 19.02 If the Dispute cannot be settled amicably within 60 days by mutual discussion as contemplated under Section 19.01 herein, the Dispute shall be settled with finality by an arbitral tribunal operating under International Law, hereinafter referred to as the "**Tribunal**", under the UNICITRAL Arbitration Rules contained in Resolution 31/98 adopted by the United Nations General Assembly on December 15, 1976 and entitled "**Arbitration Rules on the United Nations Commission on the International Trade Law**". The LRA and the PROJECT PROPONENT undertake to abide by and implement the arbitration award. The place of arbitration shall be Quezon City, Philippines, or such other place as may mutually be agreed upon by both parties. The arbitration proceeding shall be conducted in the English language.

Section 19.03 For the purpose of ensuring the effectiveness of this agreement, each party waives any right which it may now or hereafter have to commence or maintain any suit or legal proceeding concerning a Dispute until the same will have been determined in accordance with the arbitration proceeding provided for herein, and the only for the enforcement of the award or decision rendered in such arbitration proceeding.

Section 19.04. The award rendered in any arbitration proceeding commenced thereunder shall be final and conclusive and the award or decision rendered pursuant to such proceeding may be brought with any court having jurisdiction for its enforcement. Each party covenants that it will not contest or appeal from any such award or decision, unless the same is vitiated by fraud, accident, mistake or excusable negligence.

Section 19.05 The cost of arbitration shall be funded initially by the claimant, provided that the Tribunal may reallocate the liability for such cost to the losing Party or apportion such cost among the Parties as the Tribunal may consider reasonable. Without prejudice to the foregoing each Party shall fund its own legal and other expenses relating to such arbitration, including the cost for the arbitrator appointed by each party.

ARTICLE 20

Miscellaneous Provisions

Section 20.01 This Agreement shall come into force and become effective upon and as of the date of the signing hereof by the authorized signatories of the LRA and the PROJECT PROPONENT and approval by the President of the Republic of the Philippines.

Section 20.02 None of the parties shall, at any time, before or after the expiration or sooner termination of this Agreement, without the consent of the other divulge or suffer or permit its officers, employees, agents or contractors to divulge to any person, other than any of its or their respective officers or employees who require the same to enable them properly to carry out their duties, any of the contents of this Agreement or any information relating to the negotiations concerning the operations, contracts, commercial or financial arrangements or affair of the other parties hereto. Documents marked "**CONFIDENTIAL**" or the like, providing that such material shall be kept confidential, shall constitute prima facie evidence that such information contained therein is subject to the terms of this provision.

Section 20.03 The restrictions imposed in Section 20.02 herein shall not apply to the disclosure of any information:

- a. Which may now or hereafter come into public knowledge otherwise than as a result of a breach of an undertaking of confidentiality, or which is obtainable with no more than reasonable diligence from sources other than any of the Parties hereto;
- b. Which is required by law to be disclosed to any person who is authorized by law to receive the same;
- c. To a court arbitrator or administrative tribunal in the course of proceedings before it to which the disclosing party is party; or
- d. To any consultants, banks, financiers or advisors of the disclosing party.

Section 20.04. No public announcement or statement regarding the signature, performance or termination of this Agreement shall be issued or made, unless prior thereto all Parties have been furnished with a copy thereof and have approved the same. Such approval shall not be unreasonably withheld or delayed.

Section 20.05 Each Party shall at all times and from time to time take all such legal steps, do all such further acts and execute all such further deeds, documents and or give full effect to and carry out the terms of this Agreement.

Section 20.06 At any time during the term of this Agreement, upon agreement of both parties, the LRA and the PROJECT PROPONENT shall consult with each other to determine whether in light of all relevant circumstances, the provisions of this Agreement need revision. Such revision shall ensure that this Agreement operates equitably and without

major detriment to the interest of any of the Parties. Any consultation among the Parties pursuant to this Section shall be carried out in spirit of cooperation with due regard to the intent and objectives of this Agreement.

Section 20.07 This Agreement shall not be modified, amended or varied in any manner unless such modification, amendment or variation is in writing and executed by the Parties.

Section 20.08 The documents forming this Agreement are to be taken as mutually explanatory of one another. In case of conflict between the RFP and the Proposal submitted by the PROJECT PROPONENT, the Proposal as accepted and forming part of this Agreement shall prevail.

Section 20.09 Each Party shall upon request promptly provide to the requesting Party any and all documents which such requesting Party may reasonably request for the purposes of or in connection with this Agreement.

Section 20.10 The declaration of any provision of this Agreement as void, invalid or otherwise unenforceable shall not invalidate the remaining provisions hereof, and the Parties shall promptly amend this Agreement and/or execute such additional documents as may be necessary and or appropriate to give legal effect to the void, invalid or otherwise unenforceable provision in such manner that, when taken with the remaining provisions, will achieve the intended commercial purpose of the void, invalid or otherwise unenforceable provision.

Section 20.11 The promulgation or enactment of laws, rules and regulations during the implementation of the project which may affect the personality, composition, functions, jurisdiction and powers of the LRA shall not invalidate this Agreement. In such a case, the Parties shall promptly amend this Agreement and take the necessary steps toward the adjustment and modification of the terms and conditions of this Agreement to fit the changes caused by said laws, rules or regulations, with the end in view of respecting and enforcing the rights and obligations imposed and obtained by both parties under this Agreement.

Section 20.12 Any notice, request, report, approval, consent, or other communication required or permitted to be given or made under this Agreement shall be in writing in English and delivered to the addresses of the Parties at the beginning of the Contract; or to such other address or facsimile numbers as each Party may have notified the other.

Section 20.13 Such notice shall be deemed to have been duly given or made if (a) in case of delivery in person or by a facsimile transmission, as of the date of actual delivery to the recipient at such address or facsimile number which is duly acknowledged, or (b) receipt by

the sender of the answer back code of the recipient at the end of transmission.

Section 20.14 Any and all costs incurred by the Parties in relation to and or by reason of the preparation and closing of this Agreement, including without limitation stamp duties, shall be borne and paid exclusively by the party concerned.

Section 20.15 The failure of any Party to enforce any provisions of this Agreement shall not be construed as waiver of its right to enforce such provision or any other provision in this Agreement or as a waiver of any continuing, succeeding or subsequent breach of any such provision or other provision of this Agreement.

Section 20.16 This Agreement shall be deemed made under and be governed by and construed in accordance with the laws of the Republic of the Philippines.

IN WITNESS WHEREOF, the parties have caused their respective representatives to execute this Agreement on the date at the place first set out above.

Land Registration Authority

by:

[Redacted Signature]

Date signed: _____

Land Registration
Systems, Incorporated

by:

[Redacted Signature]

Date signed: _____

SIGNED IN THE PRESENCE OF:

[Redacted Signature]

(Witness)

[Redacted Signature]

(Witness)

[Redacted Signature]

ACKNOWLEDGMENT

Republic of the Philippines)
_____) S.S.

BEFORE ME, a Notary Public for and in the _____, Philippines, on this _____ day _____ personally appeared _____ known to me to be the same person who executed the foregoing **BUILD-OWN OPERATE AGREEMENT** for the computerization of the Land Titling System, which instrument consists of _____ pages, including the page on which this acknowledgment is written and the annexes attached thereto, which pages are all signed on each and every page by the party executing this instrument and the witnesses, and sealed with my notarial seal and aforesaid party acknowledged to me that the same is their free act and deed. The Community Tax Certificate of _____ was exhibited to me, the same bearing No. _____, issued at Quezon City, on _____



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