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# YAMAN Coach

## EMPOWERING YOU

### DIY Contract of Lease

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Talks are rife on the Internet about artificial intelligence can replace lawyers and judges.

Some of the popular things people search for on the Internet when are legal forms like contract of lease. But before blindly downloading forms, there is the matter of truly understanding the different parts of the contract of lease as well as certain provisions of the law in order not to be caught up in legal complications in the future.

The first important part of the contract of lease is the description of the parties is indicated (e.g. civil status, citizenship, address). The term “of legal age” is important because of the fact that those not of legal age cannot enter into any contract.

The next important part is the one below the words “WITNESSETH”. It is important that the property to be leased be properly described using, if possible, the technical description of the property indicated by its tax declaration number or Transfer Certificate of Title. The precise description will do away with possible miscommunications in the initial verbal agreement. One example of this is in the leasing of properties that have not been settled and subdivided. And the most important part of the contract of lease is the one below “TERMS AND CONDITIONS” as it is in here wherein the conditions of the lease are properly described. Under this heading, make sure you have the following:

1. Purpose/s - If you wish to have the property leased out to be used exclusively as a residential property and not for any other use (such as commercial use) this has to be indicated.
2. Term - The term of the lease is defined with the renewal of the leased normally included. A lease may be for a definite or an indefinite period; but the Civil Code prescribes that no lease for more than 99 years shall be valid.
3. Rental rate - When and where the rental payment will be made payable is indicated here. Provisions on “deposit” and “advance” can also be made here or in another point.
4. Default payment - This defines what happens if the lessee reneges on his obligation to pay the lease payments.
5. Provisions on sublease - If the contract of lease is silent on sub-leasing, the lessor cannot demand that the lessee not sublease the property. If you are subleasing a property, you are subsidiarily liable to the lessor up to the amount of rent due from you. That is why a contract of sublease is also important.
6. Public utilities – This is equally important since some lease agreements provide that the lessor pays for public utilities.
7. Exit provisions - Exit provisions, including

provisions in case of force majeure, enable the lessor to terminate the contract of lease prematurely. It is important that provisions on what to do after the expiration of the lease should also be included in the contract.

8. Repair and maintenance of the leased property - The parties may stipulate here what repairs may be borne by the lessor and what may be borne by the lessee. A provision on the lessor’s right of entry should also be included here.

9. Judicial relief - The parties can stipulate here the venue in case they have a dispute and that it needs to be submitted to the courts. Other clauses that are important to include here are the amount of damages and attorney’s fee in case if judicial relief is resorted to.

If you are leasing from a couple, make sure there is marital consent. If you are leasing from a corporation, make sure your counterparty is authorized to lease the property to you. Lastly, make sure that the lease agreement is recorded in the Registry of Property. Otherwise, if the person leasing you the property sells the property, you cannot enforce the contract on the person who bought the property in good faith.



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The high net worth individual (HNWI) is a market segment that is tough to crack. Yet many try to penetrate this market without fully understanding the background and thinking of individuals in such a market.

For example, when it comes to high net worth investors, there are the active and the passive investors. Before we continue, however, please note that we are referring to investing in general and not just in financial securities.

The active investors among HNWI are typically people who earned their wealth throughout their lifetime, and are self-made. And because they are self-made, they exude a lot of confidence. They prefer to take a more active role in managing their wealth.

People in this category did not become rich by being loose with their finances. On the contrary, they are very shrewd and discerning. They may be risk takers, but they prefer investments they can have a great degree of control to manage that risk. That is why they cede little control over their wealth to investment advisers. They are focused on strategy and do not succumb to herd mentality. That is probably why this type of HNWI investor does not normally favor investing in high risk outlets like stocks.

On the other hand, there are the passive HNWI investors who typically inherited or was given their wealth. These investors tend to be passive in the management of their wealth. They also give more weight to security rather than risk taking.

Passive HNWI investors will tend to delegate the management of their wealth more to investment

## A Profile of the High Net Worth Investor

by PFA

advisers and will prefer risk-averse, diversified, quality-driven portfolios. And yes, they can be carried away more by herd mentality.

Both passive and active HNWI investors can overshoot in terms of their risk preferences. The passive HNWI investor can be overly risk averse that he prefers to keep his money in low yielding time deposit placements wherein the rates are barely able to beat inflation. Is this a good wealth management strategy? Typically not especially if the amount of wealth is not substantially larger than lifestyle costs.

On the other hand, the active HNWI investor feels guilty not making his money work for him. He may keep a high level of money in savings and time deposits, but he will have gnawing feeling that he is doing something wrong. He will overshoot if he is still taking risks in growing his wealth when he has more than enough.

The role of a financial planner is to provide objective advice on how the HNWI investor needs to execute his wealth management strategies given his unique goals and risk preferences. Investment outlets are not the strategy but merely the tactics. The true financial planner will gingerly go through each and every goal of the HNWI, making use of the HNWI's assumptions (e.g. inflation rate, investment returns, currency preferences, lifestyle costs, major expenditures) as tempered by his risk preference in churning out the required wealth management strategy. Then and only then are the options for the tools for execution brought out.

## Editor's Note

Efren Ll. Cruz, RFP®  
Editor-in-Chief

### Will the PSEi ever go back to pre-pandemic levels?

The correlation between the Philippines' net foreign portfolio investments and the PSEi is quite high. This means that when net foreign portfolio investments are high, there is a tendency for the PSEi to also become buoyant. Of course, the inverse is also true.

But if you are looking to buy stocks, buy businesses instead. And if you are buying companies, you should do so only if their intrinsic value is high while their share prices are low. It should not matter what the level of the PSEi is or if foreigners are buying into the stock market.

Philippine companies have a lot of growth potential to offer. Foreigners tend to be the last to see that because they are not as close to the action as Filipino investors are.

So, if you are one of the first to spot an undervalued company, then buying that company will have a greater chance of bringing you handsome profits when the rest finally see it your way.

Do your homework. Study PSE-listed companies well and you will be enlightened as to which of them offer the best potential for growth and even some dividends. Never mind what others, including foreigners are doing. It is high time we Filipinos take the lead in determining our own destiny.

Will the PSEi ever go back to pre-pandemic levels? The answer will be a resounding yes if we keep the faith in Philippine companies. After all, is it not more fun in the Philippines?

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