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FULLY MAINTAINED EQUIPMENT LEASE CONTRACT (FMELC)

DPWH DEPARTMENT ORDER NO. 18 s. 1993, January 26, 1993

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In order to facilitate the short-term lease of equipment to DPWH private contractors without the need for a surety bond, effective henceforth, the Regional Director concerned is hereby authorized to approve the covering Fully Maintained Equipment Lease Contract (FMELC) sample form attached, subject to the following conditions:

1. Only under any of the following circumstances may equipment be leased under the FMELC:

- Availability of equipment.

- Cases which are emergency in nature, involving danger to life and property.

- Meritorious cases wherein the equipment being requested for lease is not offered by the private sector and the intended use will redound to the benefit of the country's economy.

- Where the Contractor's minimum equipment requirement as per approved prequalification documents is available at the project site and the equipment under request will be used to accelerate implementation of the government project.

2. The Regional Director concerned shall certify on the face of the FMELC that the subject equipment is not needed by any of the administration projects within his region.

3. A minimum lease period of fifteen (15) straight (continuous) calendar days shall be allowed. Renewal of lease for the same project beyond fifteen (15) days may be authorized only after a lapse of at least forty five (45) calendar days from the date of return thereof. Only one (1) renewal may be allowed. Rental shall commence when the equipment leaves the Lessor's yard and shall terminate only upon return of the equipment to the Lessor's yard but not to exceed 15 days; utilization in excess of 8 hours (one-day) shall be considered overtime and rental shall be charged for each hour of overtime or fraction thereof.

4. Only authorized DPWH personnel shall be allowed to operate subject equipment and its safety and security shall be the responsibility of the Regional Equipment Engineer concerned including the withdrawal upon the termination of the lease period.

5. Rental payment corresponding to the intended lease period shall be paid in advance and shall include the wages, per diems, and the usual travelling allowances of the operator, helper and security personnel assigned to the unit and cost of transporting the equipment to and from the project site shall be charged against the account of the lessee.

6. Advance payment shall be treated as outright rental payment and no negative adjustment shall be made, regardless of whether the equipment is returned on or before due date. Accordingly, the corresponding official receipt should be issued to cover the payment and same should be remitted to the Bureau of Treasury pursuant to existing regulations.

7. A representative of the Regional Equipment Engineer or Area Equipment Engineer should conduct daily

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inspection of the equipment rented out to ensure that Preventive Maintenance (PM) servicing is implemented correctly and on schedule and for verifying accuracy of daily logsheet data prepared by the operator/driver of the equipment and the utilization and maintenance reports. Said representative shall submit his report, copy furnished the RES Auditor.

8. The Director of the Bureau of Equipment shall immediately be advised by telegram of such leases.

Copies of all FMELC should be furnished the Bureau of Equipment for their records, information and guidance.

Any violation hereof shall be dealt with accordingly.

Previous memorandum insofar as inconsistent herewith is hereby revoked or suspended.

Adopted: 26 Jan. 1993

(Sgd.) EDMUNDO V. MIR, CESO I
Undersecretary
OIC-Office of the Secretary
FULLY MAINTAINED EQUIPMENT
LEASE CONTRACT (FMELC)
This AGREEMENT, made and entered into, this ___th day of _____, 19___, in _____, Philippines, by and between:

The Republic of the Philippines, Department of Public Works and Highways, represented on this Agreement by the _____, hereinafter referred to as LESSOR;

and
_____, represented by _____, of legal age, with residence and postal address at _____, Philippines, hereinafter referred to as the LESSEE;

WITNESSETH THAT

WHEREAS, the LESSOR is the owner of that certain equipment, hereinafter more particularly described and specified, which is/are available for rent, under certain conditions;

WHEREAS, the LESSEE is a duly qualified party, desirous of leasing said equipment on a fully maintained basis with operator;

NOW, THEREFORE, for and in consideration of the foregoing premises, and of the mutual covenants and stipulation hereinafter set forth, the LESSOR, by these presents, demises and leases unto the LESSEE, the equipment, hereunder specified, to wit:

DESCRIPTION

Unit

Daily

Replacement

Cost

Unit Rental

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_____

This Agreement shall be subject to the following specific conditions mutually agreed upon by the parties to this AGREEMENT:

1. The above-described equipment shall be used exclusively for the prosecution of:

_____

(State Name of Project)

_____

(Location)

2. The LESSOR shall retain custody and control of the equipment and shall be fully responsible for the maintenance of the equipment including operator during the entire period of lease. Fuel, however, shall be furnished by LESSEE.

3. That the LESSEE shall be required to pay in advance an amount equal to the estimated amount that will be charged to cover the following items (a to c) for a period of _____.

> a. Rental for fifteen (15) straight calendar days as per current Revised Schedules of Rental Rate under Department Order No. 151, series of 1990.
>
> b. Operator's wages, travelling expenses and overtime pay, payment of vacation and sick leaves, earned during the period of operation with compensation due the operator under the Workmen's Compensation and other pertinent acts.
>
> c. Equipment Mobilization expenses to and from the project site. If the equipment can travel on its own power, the cost of fuel and operator and all incidental expenses for such travel shall be for the account of the Lessee.

4. The advance minimum rental payment under condition No. 3.a shall be treated as outright rental payment and no negative adjustment shall be made, regardless of whether the equipment is returned on or before due date.

5. Rental time shall commence from the date the equipment leaves the issuing office and shall be terminated on the date it is returned to the issuing office, but not to exceed 15 days.

6. Use of more than eight (8) hours per day shall be considered overtime and rental shall be charged for each hour of overtime of portion thereof.

7. That, the equipment is subject to recall at anytime during the authorized period when public interest so demands.

8. That, the LESSEE will save the LESSOR and all of LESSOR's employees harmless from all liability for lawsuits civil and criminal arising from damage done to any person or property by reason of the use, transportation or storage of this equipment during the period of lease, except in cases, wherein it can be definitely

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proven that such damage was due to the fault of the LESSOR's personnel.

9. This Contract shall expire after fifteen (15) calendar days from the date the equipment leaves the issuing office or upon return to the issuing office, whichever is earlier.

IN WITNESS WHEREOF, the parties have hereunto affixed their signature this __ day of _____, at _____, Philippines.

REPUBLIC OF THE _____

PHILIPPINES Name of Firm

(Lessor)

_____

Address

By:

_____ By:

REGIONAL

_____

EQUIPMENT

(Name of Owner/representative)

ENGINEER

SIGNED IN THE PRESENCE OF:

_____

_____

APPROVED:

_____

(REGIONAL DIRECTOR)

Date Approved: _____

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