



Insurance Requirements

Overview

As a condition of all Stanford University mortgage loan programs, the University requires insurance on the property.

Both the conventional and restricted Residential Ground Leases (Lease) for all on and off-campus residential properties also requires insurance on the leasehold property. Insurance is required on the leasehold property regardless of the existence of any Stanford University mortgage loans.

Loan and Lease transactions cannot be completed until the required insurance is confirmed.

Stanford will monitor insurance coverage throughout the term of the loan or Lease. Borrowers or Lessees must notify Stanford if the insurance provider changes or if a lapse in coverage occurs. It is the responsibility of the borrower or Lessee to insure that Stanford is named correctly on all insurance policies.

Information regarding insurance and insurance providers is available from Faculty Staff Housing (FSH).

INSURANCE FOR BORROWERS

Borrowers, who participate in any of the University's mortgage loan programs, shall obtain and keep in force during the term of the loan property insurance satisfactory to Stanford, with loss payable to Stanford, in the amount of the full replacement cost of the buildings and improvements on the Property, including the interior of a condominium unit (more commonly referred to as an H06 policy). Borrowers shall also obtain and keep in force during the term of the loan earthquake insurance reasonably satisfactory to Stanford with loss payable to Stanford, in the amount of the value of the buildings and improvements on the property with a deductible not greater than fifteen percent (15%). The amount of earthquake insurance will be determined by Stanford. Evidence of insurance must be submitted to FSH prior to the close of escrow.

The certificate of insurance shall name the Board of Trustees of the Leland Stanford Junior University c/o Insurance Compliance, P. O. Box 100085-S9 Duluth GA, 30096 as mortgagee and as loss payee.

INSURANCE FOR ON AND OFF-CAMPUS LEASEHOLDERS

The Lease requires that "Lessee shall, at his or her sole expense, obtain and keep in force for the entire Term fire and extended coverage insurance on all improvements on the Premises. The amount of such insurance shall be 100% of the full insurable value of said improvements without depreciation. If required under the terms of any mortgage, Lessee shall, at his or her sole expense, obtain and keep in force for the entire Term earthquake insurance in the amount of the value of the buildings and improvements on the Premises with a deductible not greater than fifteen percent (15%)."

Lessee also agrees, at his or her sole expense, to obtain and keep in force for the entire Term comprehensive general liability insurance, in a reasonable amount anticipated to cover expected liabilities, which general liability insurance shall name Lessor as an additional insured. Said insurance shall name Lessor as a loss payee, as its interest may appear. Although it is not specified in the Lease, it is recommended that the minimum amount of general liability insurance be \$500,000.00.

The Restricted Lease requires in part that the "Lessee shall, at his or her sole expense, obtain and keep in force for the entire Term fire and extended coverage insurance on all Improvements on the Premises. The amount of such insurance shall be 100% of the full replacement cost of the Improvements without depreciation. If required under the terms of any mortgage, Lessee shall, at his or her sole expense, obtain and keep in force for the entire Term earthquake insurance reasonably satisfactory to Lessor in the amount of the value of the Improvements on the Premises with a deductible not greater than fifteen percent (15%)."

Lessee also agrees, at his or her sole expense, to obtain and keep in force for the entire Term comprehensive general liability insurance covering the Lessee's occupancy of the Premises with a single limit of liability of not less than Five Hundred Thousand Dollars (\$500,000.00).

Condominium unit owners "shall, at his or her sole expense, obtain and keep in force for the entire Term fire and extended coverage insurance on the Unit, including (i) all fixtures and utility facilities solely serving the Unit, (ii) ceiling, floor and wall surface materials (e.g., paint, wallpaper, mirrors, carpets and hardwood floors); (iii) any internal doors and (iv) any upgrades or improvements installed by Lessee within the Unit or the Exclusive Use Areas. The amount of the insurance shall be 100% of the full replacement cost of the interior components of the Unit and the Exclusive Use Area without depreciation..."

"Lessee also agrees, at his or her sole expense, to obtain and keep in force for the entire Term comprehensive general liability insurance covering the Lessee's occupancy of the Premises and use of the Community (including without limitation Lessee's access to the Association Property). Such coverage shall be written on an "occurrence" form and shall have a minimum combined single limit of not less than Five Hundred Thousand Dollars (\$500,000.00)..."

A Unit-Owner's insurance policy is more commonly known as an H06 insurance policy.

For specific requirements, please refer to the actual lease form for each individual property.

A certificate of insurance shall be provided to Lessor upon commencement of the Term and upon the renewal of each policy. All insurance policies hereunder shall provide that the company writing such policy will give to Lessor thirty (30) days notice in writing in advance of any cancellation or lapse in the policy.

Should any of the policies providing the above-described insurance coverage be canceled during the Term, Lessee shall deliver, within thirty (30) days of the cancellation, written notice of the cancellation to Lessor.

Lessee hereby waives as against Lessor any and all claims and demands of whatever nature for damages, loss or injury to said improvements and to the property of Lessee in, upon or about the Premises which shall be caused by or result from fire and/or other perils, events or happenings which are the subject of such fire, extended coverage or earthquake insurance. Lessee's insurers and Lessee, on behalf of Lessee's insurers, waive any and all rights of subrogation that any of them may have against Lessor.

All insurance policies will be subject to review by Stanford. The amount of Earthquake and Liability coverage will be determined by Stanford.

All insurance policies required by the Lease shall be subject to Stanford's approval as to form and substance and shall be issued by carriers approved by Stanford. Evidence of insurance must be submitted to FSH prior to the close of escrow.

The certificate of insurance shall name the Board of Trustees of the Leland Stanford Junior University c/o Insurance Compliance, P. O. Box 100085-S9 Duluth GA, 30096.

The Homeowner's insurance policy shall name Lessor as an additional insured and the Earthquake and Liability insurance policies shall name Lessor as loss payee. If Stanford loans are secured to the leasehold property, Stanford shall also be named as mortgagee on the homeowner's policy, the earthquake policy, and the liability policy.