

# Frequently Asked Questions

Sherburne State Bank is dedicated to providing our mortgage applicants with the most information possible to give you the confidence you need to make the best decisions for you. If you don't see the answer listed here- ask us!

## **What are closing fees?**

A home loan often involves many fees, such as an appraisal fee, title charges, closing fees, and state or local taxes. These fees vary from lender to lender.

## **Is there a difference between a 15-year and 30-year mortgage?**

A 15-year fixed rate home loan gives you the ability to own your home free and clear in 15 years. While the monthly payments are somewhat higher than a 30-year loan, the interest rate on a 15-year mortgage is usually a little lower, and more importantly—you'll pay less than half the total interest cost of the traditional 30-year mortgage.

## **What does it mean to “lock in” a rate?**

The interest rate market is subject to change without advance notice. Locking in a rate protects you from the time that your lock is confirmed to the day that your lock period expires. You can lock in your interest rate as soon as a mortgage lender has reviewed your information.

The lock is an agreement by the borrower and the bank and specifies the number of days for which a loan's interest rate and discount points are guaranteed. Should interest rates rise during that period, the bank is obligated to honor the committed rate. Should interest rates fall during that period, the borrower must honor the higher rate.

## **What is title insurance and why do I need it?**

The title insurance company works to make sure your rights and interests to the property are clear, the transfer of title takes place efficiently and correctly, and your interests as a homebuyer are fully protected.

### **Title companies issue two types of title policies:**

1. Owner's Policy: This policy covers you, the homebuyer.
2. Lender's Policy: This policy covers the lending institution over the life of the loan.

Lenders require that you purchase a Lender's Policy. This policy only insures the financial institution.

Title insurance protects you should there be claims filed against your property after you purchase your home.

*~We are happy to answer any questions—  
Call your local Sherburne State Bank branch today!*

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