FIRST News

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— 5 Star Rating from Bauer Financial —

March We Appreciate Being *Your* Bank 2018

Employee Spotlight

Anna Crider

Anna Crider has been with the bank since October 2016. In January 2018, she was promoted to teller supervisor. Anna previously worked at Regions Bank in Decatur before coming to work at Stonington National Bank.

Anna has been a life long resident of Stonington. She graduated from Taylorville High School in 2013.

Anna lives in Stonington with her husband and 3 dogs. In her spare, time she enjoys hanging out with friends and family, playing with her dogs, spending time with her husband, and playing video games with her husband. Anna really enjoys her job and helping customers.

Tips to Get Approved for a Home Mortgage Loan

Buying a house is already stressful and being ill-prepared heightens the anxiety. Why put yourself through this? Learn how to think like a lender and educate yourself on the best ways to get your mortgage loan approved.

1. Know Your Credit Score

Credit scores and credit activity have a major impact on mortgage approvals. Most lenders require a minimum credit score of 620 and for the long term fixed rate loans 680 or better is typically required. Cleaning up your credit history beforehand and fixing errors on your credit report are key to keeping up a good credit score and getting that loan approved.

2. Save Your Cash

Walking into a lender's office with the down payment required shows the lender you are prepared and would be good customer. Having a down payment saved up saves you money since ultimately you are borrowing less which reduces your overall interest cost.

3. Stay at Your Job

Sticking with your employer while going through the home buying process is crucial. Any changes to your employment or income status can stop or greatly delay the mortgage process. Lenders approve your home loan based on the information provided in your application.

4. Pay Down Debt and Avoid New Debt

Your debts determine if you can get a mortgage, as well as how much you can acquire from a lender. Lenders evaluate your debt-to-income ratio before approving the mortgage. The typical maximum debt to income ratio for approval is 43%. This is comprised of debt payments as well as taxes and insurance on the home you plan on purchasing. This is a percentage as it relates to your gross monthly income.
Even if you are approved for a mortgage with consumer debt, it is important to avoid new debt while going through the mortgage process. Lenders often re-check your credit before closing, to see if your credit report reveals additional or new debts. This alone can stop the mortgage closing.

5. Know What You Can Afford

It is important to review your budget and make sure you are comfortable with what you are asking for. Look at what you are buying and make sure it fulfills your wants and needs along the lines of what your goals are. Do not strap yourself so that all you do is make a house payment. You want to have a cushion for unexpected expenses. For example, is the home you are buying in a condition that may need substantial repairs soon that may require financing.? If so, will you qualify for a new loan? ?

Final Word

If you do not meet the qualifications for a mortgage loan, don't get discouraged. Instead, let it be motivation to improve your credit and finances. Many people have risen above credit problems, bankruptcy, foreclosure, and repossession in order to purchase their first home. Just be sure to implement a realistic plan and stick to it.

Directory

122 W. State St., Nokomis, IL

Telephone	217-563-8311
Toll Free	800-355-8311
Telebank	888-838-2265
Telebank (local)	217-563-2401

www.fnbnokomis.com

Other Locations

106 N. Main St., Moweaqua, IL

Telephone	217-768-3933
Toll Free	888-768-3933

120 W. Progress St., Arthur, IL

Telephone	217- 543-3850
Toll Free	888-543-3850

108 East Third St., Stonington, IL

Telephone	217-325-3228

What The New Tax Law Means For You

With the Tax Jobs and Cuts Act of 2017 passed into law in late December, significant federal income tax changes are in store for 2018 and beyond. What do I need to look for in this new legislation? Glad you asked.

A complete re-write of the tax code did not happen under this law, despite what had been discussed for some time. There are still seven federal individual income tax brackets; but they have been changed and the rates are down a few percentage points nearly across the board. The standard deduction will nearly double, allowing for fewer people to have to itemize their deductions; but the personal exemption is gone. These two provisions will have an offsetting effect for many people.

The law expanded the child tax credit from $1,000 per child to $2,000, effective with 2018 tax returns that will be filed in early 2019. In addition, the income threshold to fully claim the credit increases substantially in 2018, up from $75,000 in 2017 to $200,000 for single filers and up from $110,000 in 2017 to $400,000 in 2018 for married filers. The refundable amount has increased to $1,400; meaning that the credit is not limited to the amount of your federal tax for the year, rather you could receive up to $1,400 per qualifying child.

If you are charitably inclined and are subject to a required minimum distribution from your IRA, the new tax law could have you adjusting your charitable habits. Contributing to a qualified charitable organization directly from your IRA could allow you to reduce your tax bill, as opposed to receiving the funds from your IRA and then turning around and writing a check to your favorite charity. Termed a Qualified Charitable Distribution, taxpayers over age 70 ½ who have to take distributions from their IRAs can reduce their income for charitable contributions up to $100,000, regardless if they itemize or not. But the distributions must come directly from the IRA and not personal funds. You will not be able to take an itemized deduction for your contribution, but you may be able to reduce your income by the amount of the contribution. Although this law has been on the books for several years now, its applicability may be broader under the new law.

On the corporate side, the past progressive tax rates of up to 35 percent will give way to a flat 21 percent tax rate. While trumpeted for its lower rate to the larger corporations, the new law could mean a tax increase for smaller corporations. Under prior law, subchapter C corporations paid 15 percent federal tax on its first $50,000 of income, or $7,500. With the new 21 percent tax rate in effect, that same corporation with the same $50,000 of income would owe $10,500 in tax. Once a corporation's taxable income surpasses approximately $90,000, the new tax law becomes beneficial, in that the new flat rate will assess less tax than the old progressive rates and that benefit grows as income increases. So while the larger corporations are lauding the new tax bill, that may not be the case for smaller corporations.

Contact a tax professional if you have questions specific to your income tax situation.

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