

Thinking about buying a house? When to say no.

You shouldn't buy a house. Believe it or not, that's good advice for some people, no matter what the mortgage lender says. Depending on one's financial status and aims in life, some consumers will likely be better off renting for a while and buying later, or maybe not buying at all, experts say. If you buy a house and are locked into a payment, you're kind of stuck there. Get the wrong person into the wrong place and it's really easy to lose your house because that's the first thing to go.

For some buyers, if it feels like it's time to enter into "the biggest financial commitment you'll ever make," it is. But there's a reason experts urge people to be cautious rather than hasty when buying a home. Problems with job security, personal goals, financial resources, and credit history can all wreak havoc on a transaction, and it's often too late to fix them after the closing. So rather than jumping right in, consumers should see if their situations match one or more of the ones outlined below. If they do, those consumers might be better off putting down that pen for a while.

Job shaky? Don't buy.

One of the first things to evaluate is job security. Workers on shaky ground with their employers or those who don't think they'll be able to find jobs nearby if the plant goes belly up might want to wait on getting mortgages. The same goes for people who plan on jumping ship soon.

If they have been contemplating shifting gears or contemplating moving to another company or just having their résumé out or headhunters calling, that would obviously not be a good time to incur debt and the hassle of going through and buying a home.

The monthly payment isn't the only obstacle to this kind of customer. There are also the required closing costs and other home-buying fees, as well as the commission that most owners end up paying to real estate agents when they sell their homes. Those charges can actually leave someone in the hole if the property is sold after only a short amount of time.

You're talking a huge loss should there be a drop in property values and you have to move for some reason. If you need to turn your house over quickly and you just put out a huge outlay for escrow and title and points and who knows what else, that's just a slam-dunk for a huge loss right off the bat that will be real difficult to recoup.

Into investing? Don't buy.

Trouble can also pop up for people who enter the home-buying process with unreasonable expectations. Those who think a house will earn them a lot of money as a short-term investment, for instance, might be better off renting, if they can do so cheaply, and investing their cash elsewhere, such as in the stock market. With home-price appreciation averaging about 3 percent to 7 percent today, they're probably not going to be able to match the historical after-tax return that stocks deliver.

Property-value gains, however, are by no means guaranteed.

Dreams too big for budget? Don't buy.

Not everybody treats a home as an investment. To some, it's the only thing they've wanted in life. Unfortunately, that mindset can lead people to throw every penny at the down payment and forget about the cost of fixing leaky pipes or painting the baby's nursery and painting it again when it turns out the ultrasound was wrong. Buyers in this situation are taking big risks because they haven't built up any reserves. That can lead to serious financial difficulties when they're hit with a major home repair. Replacing a heating and cooling system or repairing a damaged roof can cost thousands of dollars.



Damaged credit? Don't buy.

People with tainted credit histories might also want to hold off on buying. Even though many will be able to get loans in today's easy-credit environment, doing so can sometimes just make things worse. Rates and terms on subprime mortgages run much higher than they do on conventional loans. That makes it tougher to come up with the monthly payment. Some lenders in the subprime sector of the mortgage industry don't bother to report payment loan performance to the credit bureaus either, according to government officials. So somebody who diligently pays the bills may not be rewarded with the chance to refinance at a lower rate elsewhere down the road.

If you're overextended as a client and you want to buy a house on top of that, or a more expensive house, that's not a prudent set of decisions.

The wait will be worth it

Though this kind of unconventional wisdom may not be music to some buyers' ears, it can help them out. Experts say they'll find ownership is truly better for those who wait because doing so will improve their financial lives. There are going to be other houses coming along.