

# When should you buy your own house? (24:27)

Prepare your work outside and make it ready for yourself in the field; afterwards then, build your house.

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## THE TEXT (NASB)

Prepare your work outside and make it ready for yourself in the field; afterwards then, build your house.

*Prepare thy work without, and make it fit for thyself in the field; and afterwards build thine house. KJV - Proverbs 24:27*

## INTRODUCTION



Many people buy more **house** than they can afford—either too much house or too soon a house. They become “house poor.” This means their house payments threaten their daily life.

The amount and consistency of your annual income should determine the size and splendor of your house. It might mean living initially in a tent, shack, lean-to, basement apartment, or some other humble dwelling. It’s all about timing.

But why not just take on a big mortgage? We all want the comfort of a nice home. Why delay?



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## COMMENTARY

The proverb does not address the size of a mortgage per se, but warns of a common mistake when building or buying their home. This translation from Hebrew seems to be accurate, with the possible exception of a redundant, “**then,**” omitted from most English versions. Yet, that “then” does add emphasis to the recommended sequence: **Afterwards.**

### Up-sizing Versus Downsizing

It's easier to move from a shack into a palace than from a palace into a shack. We're designed to move forward, to progress. But let's slow down. Obviously when **you are preparing your work outside and making it ready for yourself in the field**, you must keep eating and dressing properly for work. So, practically speaking, food and clothing are primary. This is implied, though not stated in the text. The text warns against the *premature* enjoyment and indulgence of living in your own home.

### Secure Income First



Again, the text speaks about timing. Your expected annual income should determine the size of your permanent dwelling. Once you know how productive your field will be, you can build your house accordingly. The size and comfort of the house should be determined by the size and reliability of the income stream, and not the size of mortgage you are offered.

Both expressions “outside” and “in the field” necessitate getting out and braving the elements. The text emphasizes the need to rough it, by using two expressions that say essentially the same thing. Start in a simple, humble dwelling—or perhaps no dwelling at all. In the outdoors there's rain and sun, snow and storms, heat and cold. It's not a place or time for relaxation.

### Timing

I once worked with the vice-president of a major oil company. After many years of loyal service in many countries, he'd secured a large nest egg and significant pension. He was now in a financial position to afford fulfilling one of his dreams: To build a beautiful cottage in the



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mountains. As far as I know, that's exactly what he did, and he earned it.

## The Rogers Family



One family—we'll call them the Rogers—dreamed of living in the wilderness, like the family in *Little House on the Prairie*. They looked far and wide for an ideal location, and finally found a massive acreage in the distant Colorado hills. They borrowed money, not just from the bank, but also from family. They next bought construction equipment to build their own road and dig a foundation for their house. With so much space it would be a palace! They started on their huge dream-house. They lived frugally and worked hard, doing most of the work themselves, but the supplies and materials were costly. For a while, they had regular income from the local construction industry, but as housing starts began sliding, so did their income. They exhausted their emergency fund. Meanwhile, their debts grew - including more from family and friends. Their debt and interest payments eventually forced them to put their dream home up for sale in a falling market. They'd done many things well, but overlooked this proverb's warning by building a large, glamorous house too soon. Jesus warned about building a tower without first sitting down and calculating whether there is enough money to complete it. (Luke 14:28)

## Classic Comments

Matthew Henry (d.1714) has this to say on this text:

First apply thyself to thy work without in the field; let thy ground be put into good order; look after thy husbandry, for it is that by which thou must get; and, when thou hast got well by that, then, and not till then, thou mayest think of rebuilding and beautifying thy house, for that is it upon which, and in which, thou wilt have occasion to spend.

*Many have ruined their estates and families by laying out money on that which brings nothing in beginning to build when they were not able to finish. Some understand it as advice to young men not to marry (for by that the house is built) till they have set up in the world, and not wherewith to maintain a wife and children comfortably.*



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## Many Applications

We can apply the principle underlying the text in many ways:

- Don't purchase a permanent dwelling until you know your annual income.
- Don't start a family until you have your education finished and a job secured.
- Don't build lavish facilities—useless to your customers—until operations are profitable.

## Easy Mortgages and Real Estate Bubbles



Banks and other lenders, granting easy mortgages with little or no down payment, brought economic disaster to many in 2007. The American residential housing market had created a bubble—inflated by low interest rates and tiny down payments. This proverb doesn't even consider the option of debt financing a house. Three hundred years ago, Matthew Henry gave a subtle caution about mortgages with the words, "We must be contented with a mean cottage [i.e. a simple dwelling] for a habitation, rather than lack or go in debt for our food."

## The Arithmetic

The following chart clearly shows how much you can save over the life of your mortgage by making a larger down payment. Here are the details:

1. House Price: \$150 000.
2. Mortgage Rate: 8.00%
3. Principle and Interest Payment: 7.6213 per \$1 000
4. Amortization: 25 Years

	Case 1	Case 2
House Price	\$150 000	\$150 000
Down payment	\$15 000	\$25 000
Total mortgage	\$135 000	\$125 000
Monthly mortgage	\$1 030.34	\$954.02

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payment (principal and interest)		
Total payments over 25 years	\$309 102	\$286 206

In this example, an additional \$10,000 put towards the down payment *lowers the total mortgage cost by \$22,896* over the 25-year period. The lesson: “Pre-house saving” is much better than “post-house saving.” Remember, when interest rates rise by just 2%, your down payment can rise by 33%.

## Tax Benefits Can Mislead

Tax incentives, like mortgage interest deductability in the USA or the capital gains exemption on a personal residence in Canada, can motivate people to buy more house than necessary or earlier than needed. And concerns about a rising housing market may cause people to buy now rather than wait. Shakespeare is credited with the words, “All’s well that ends well.” But what should you do if you have over-bought or over-built your house? Should you downsize? Perhaps.

## Advantages of Renting



Renting temporary accommodations has its advantages. Keeping a large amount of cash on hand and uncommitted is the first, but there are others:

- Little need to maintain the property; if the furnace breaks, call the landlord.
- Flexibility to re-locate without the complications of property sales and fees.
- The opportunity to save aggressively for a big down payment.
- Avoiding the danger of spiking mortgage rates.
- *Time* to scout for a permanent home, picking your “location, location, location” carefully.
- Taking advantage of seasonal sags in the housing market and lower prices.



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## OUR CREATOR, REDEEMER, AND FRIEND

Jesus is in a home-building process; He, too, put work and business before pleasure. He told His followers, "I go to prepare a place for you," John 14:2-3.

Jesus' work "in the field" was difficult and unpleasant. It started well, with crowds thronging to support Him and make Him the king of Israel (John 6:15). It seemed to end in public disgrace, horrible torture, and a humiliating, agonizing death. Jesus looked like a complete failure!

However, unlike mere mortals, Jesus did not stay dead. Death could not snuff out His life (Hebrews 7:16). The palace that Jesus now inhabits is beyond words: "Eye has not seen, nor ear heard ... the things God has prepared for those who love Him," 1 Corinthians 2:9.

## APPLICATION

- Memorize the text in your favourite translation and think about it often.
- Put business before pleasure. Work before resting.
- Face it. Do the hardest jobs first.
- Don't buy too much house too soon. Make your down payment as large as possible.

Which one of these steps, if any, does Jesus want you to take now? Ask him.



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## KEY WORDS

debt, ownership, homemaking, better life (quality), work, house, payment, mortgage, Real Estate, taxes, capital, bf spending

## ILLUSTRATION

### Who is Tax-Driven Ted?



Death and taxes: The only things we can be sure of! Certainly that's the way Tax-Driven Ted sees it. Whereas others pay some or little attention to taxes, he is consumed by tax minimization. Ted is tax obsessed. Why? For many Canadians, if left unmanaged, taxes eliminate over 50% of income. In Canada tax freedom day falls in July.

Tax freedom day is the day of the year when you have paid all your taxes and can now keep the rest of the money you earn. Tax-Driven Ted will spend money just to get a write-off. He fails to seriously evaluate the underlying economics behind the decision and chooses to focus on the tax consequences. He loves to borrow money to invest simply because he can write off the interest costs of amount borrowed. This investment technique is called leveraging and is commonplace.

Ted doesn't believe he should pay any taxes. After all, the government wastes money. It's extremely inefficient. He uses every angle to reduce taxes. He's always looking for loopholes, credits, or write-offs. *His focus is not on customer satisfaction but on tax reduction.*





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He goes on trips and conferences so that he can take the tax write-offs. He loves limited partnerships investments and other tax shelters. For some investors tax considerations are secondary, but for Tax-Driven Ted, they come first.

