

Real Estate Reality Check

Insights from Trulia's Real Estate Realist to Make Your Real-Life Decisions Smarter



8 Remedies for Real Estate Remorse

With a transaction as large in dollar amount and life-changing impact as the purchase or sale of a home, experiencing some level of remorse - second-guessing your decision, or even wishing you hadn't made it - is par for the course.

Contrary to popular belief, real estate remorse is not strictly the province of buyers. Experience has taught me that on the night the contract is signed, the buyer lies awake thinking they could have gotten the place for less - while the seller does the same exact thing across town, thinking they could have gotten more. (Both tend to ring up their agents; that's how I know this is true!)

But there's a deeper flavor of real estate remorse that doesn't go away. It can even haunt a buyer or seller years down the road as they wake up every single day for years on end, regretting their choice of home or mortgage - or the choice to sell or walk away. Whether you're already suffering from it, or you're still in active buying or selling mode and want to avoid falling victim, here are my eight cures for real estate remorse.

1. Before you get started, write out your vision of the life you want to live after you close the deal. It's easy to get distracted once you're in the weeds of the actual transaction, losing sight of what's really important to you - what motivated you to start the process in the first place. So, before you get started, put pen to paper and write out exactly what sort of lifestyle you are trying to create - financially and otherwise - by taking this path.

Make sure you include your wants, needs, deal-makers and deal-breakers.

Then, take that notebook or printout with you into meetings with agents and mortgage pros, and even return to it throughout the process to course-correct your decisions, if necessary. For example, buyers should revisit their vision document and compare it against the home they are in contract to buy before removing contingencies. This is the easiest way to avoid buying a home you could have predicted would not fulfill your needs.

2. Ask yourself: how does this decision make you feel? We tend to approach real estate decisions from a place of reason and logic, but sometimes that means we can reason our way right into agreeing to something because it's easier than sorting out our differences with our mate, or because we've been underwater for so long that walking away seems like the only option we still have. The neuroscientists say that the cells in our bodies - and especially our gut - might actually be 'smarter' than those in our brains when it comes

to making good decisions, as they haven't been reading the paper or influenced by that guy that shouts all the time on the cable business channels.

So, before you make a decision, weigh your alternatives and see how they make you feel. Does the idea of living in this home, even though it's a fixer beyond anything you expected to buy, make you feel peaceful, expansive or secure? Does the idea of living in the gated community of your wife's dreams make you feel constricted, anxious or burdened? Does the prospect of short selling vs. staying put and getting a second job make you feel excited and free or on edge? Often, your intuition and physical senses provide the best clues to the right decision - the decision that will not result in remorse after the fact.

3. Manage your own mindset. Don't fall into the trap of constant discontent. You might have absolutely hated everything about renting, from your landlord to your neighbors, and used that as motivation to save up to buy your own home. But if you did, and now every single thing about owning (lenders, lawnmowers and such) makes you crazy, you might just be falling into that too-common fallacy of always thinking the grass is greener on the other side.

So cut it out. If you truly want to change the way you feel, stop bonding with others over your collective, perceived miseries and, instead, practice feeling gratitude for 10 things a day. I'm trying to list 10 things I'm grateful for every day for a full month without repeating a single thing! When you practice gratitude intensively, it is much more difficult to dwell in regret and discontent.

4. Recognize hypotheticals as hallucinations. Hypotheticals, by definition, are the opposite of what is real. So living in a hypothetical world of how much you probably could have gotten the place for, or how much more you might have been able to squeeze out of the buyer if you'd bargained harder after the deal has been done is nothing but fantasy and crazy-making, all wrapped up in an efficient little depressing package.

Even more crazy-making: wondering what you could have offered for that house that would have beaten the other 20 offers. If you are a buyer who has repeatedly been outbid, the wiser practice is to ask your agent to go back and pull the *actual* sale prices of the homes you lost after they close escrow, to give yourself a good reality check and leverage the experience to help you have a smarter, more successful house hunt going forward.

5. Be open and willing to have difficult conversations during the deal. Real estate transactions make some milquetoast types morph into wheeler-dealers, but more often they turn gregarious people pleasers into anxiety-ridden, fear-driven eggshell steppers. Some people who are happy to overshare about virtually anything on Facebook will do everything possible to avoid confrontation - especially when it comes to money matters.

If you're the type that finds negotiating excruciating and will do anything to avoid having a conversation about money, do yourself and your household finances a huge favor and just suspend that during this deal. If something doesn't look right on your contract or you don't understand something in the loan paperwork, ask and keep asking until it is fixed or you do understand. If you agree to buy a place as-is and as-disclosed (with contingencies, of course), but the inspections and repair bids are overwhelming and you're afraid you might

be getting in over your head, don't let the fear of losing the place stop you from discussing potential compromises with the seller or even talk with your agent or co-buyer about the possibility of backing out of the deal.

6. Sit still before you start the demolition. One of the most common forms of remorse I've seen is the remorse homeowners have when they start remodeling a place too soon. The best practice is to live in a place for a few months first, observing patterns in the natural light, traffic, noise and even how your family uses the various areas of space in the home before you start tearing walls down and turning windows into french doors.

7. Do your own numbers first. Homeowners who have remorse about getting in over their heads, financially, often end up in that spot because they took someone else's word about what they could afford, rather than running their own household financials first, then telling their professionals what their maximum spend would be, monthly and otherwise. Make sure you go into the home buying process clear on what is a sustainable range of monthly housing costs for you and your family based on the total picture of your income and expenses (including your future plans and expenses banks don't consider, like private school tuition, travel, etc.), rather than expecting someone else to figure this out for you.

8. Get systematic about your options for resolving the remorse. If you find yourself in a position where you're experiencing deep remorse for having bought a particular home, it's time to stop wallowing and start acting to improve your experience in the home. Systematically list the things that make you crazy about the place. I've seen the most long-term buyer's remorse result from (a) unexpected neighborhood nuisances like noise levels and being located on a street that is busier than the buyer originally thought, and (b) a home with features and condition problems that are worse or more costly to repair than the buyer expected, like the flights of stairs are too numerous or the windows too drafty.

So, make a list of the things that are causing you remorse, then get clear on all your options - and don't limit your thinking about what those options might be. Maybe you need to plan out the fixes you need, and budget for them, for the next few years out, and start tackling one every month. I love my home and my neighborhood, but was driven to distraction for months by the fact that I could hear the subway at night. I'd already installed dual paned windows! My sanity and sleep have been saved by the investment of \$10 every couple of months in - you guessed it - earplugs from the drug store.

On the other end of the spectrum, I knew a woman who insisted she could afford to neither sell nor fix her home, she was so upside down, and so stayed remorsefully put in her leaky, fixer-upper home for years before she finally talked with an agent, who was able to get the bank to green light a short sale lickety split.