

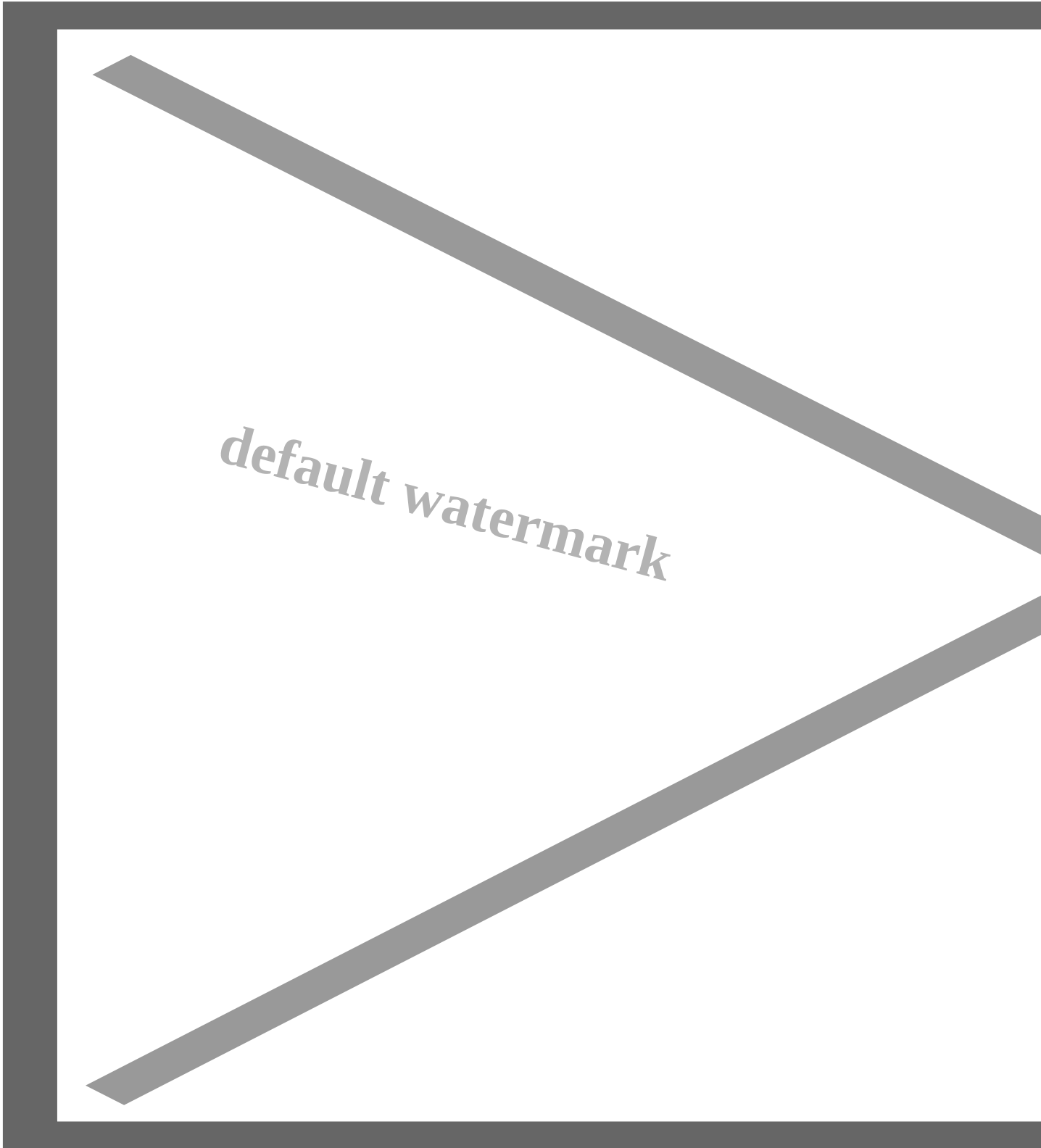


Is The I Quadrant A Scam? (No)

Description

By now, most of you would have seen the ads for The I Quadrant (TIQ) popping up on your Facebook or Youtube. If you're considering whether to shell out \$3000 - \$4000+ to sign up for the course (TIQ charges different rates depending on how you enrolled), you might want to read this article first.

If you're a middle-income individual, you CAN own multiple properties in Singapore and enjoy the landlord life!



Source: The I Quadrant. Am I the c

Surely Iâ??m not the only one who thought that sounds too good to be true.

Which is why I decided to investigate further.

What I found out was that technically speaking, The I Quadrant isn't making any false promises, because there IS indeed a way to do it.

So the good news is, they're definitely not a scam.

But here's the problem I see:

You're not being told what the RISKS are BEFORE you enrol and pay for the course.

And after you've attended, if you feel uncomfortable with all the risks and the level of leverage required to pull it off, then there's a chance you'll end up among the students who went but did nothing in the end.

Except pay the course fees to The I Quadrant, that is.

Why I'm Writing This

One reason why I feel compelled to write this is because after my good friend attended their course, she decided to ask me for my thoughts on whether she ought to take up their offer to purchase a property (the after-sales support).

The part that made her hesitate?

Whether to take up a \$900,000+ bank loan *when she earns a \$5k monthly salary.*

She's not the only one. Since then, several more of my friends have attended the course, and most confided with me that they didn't end up buying any property because they felt uncomfortable with the risks and amount of leverage required from them.

IF you go into the course fully aware of the risks you're required to take, then that isn't so bad. Because while The I Quadrant certainly isn't a scam and they aren't lying about their system, I feel you should probably read about the risks involved first before you sign up.

The Methodology

(This is a simplified overview. You will need to attend their course for a detailed breakdown.)

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Important Note: I did not attend the course in person. I'm merely summarizing the outline based on the printed notes I've seen + what their students have shared with me + my existing knowledge + after having spoken to several professionals (lawyer, banker, property agent) to understand how this works.

What's the Recommended Criteria for Selecting Property Units?

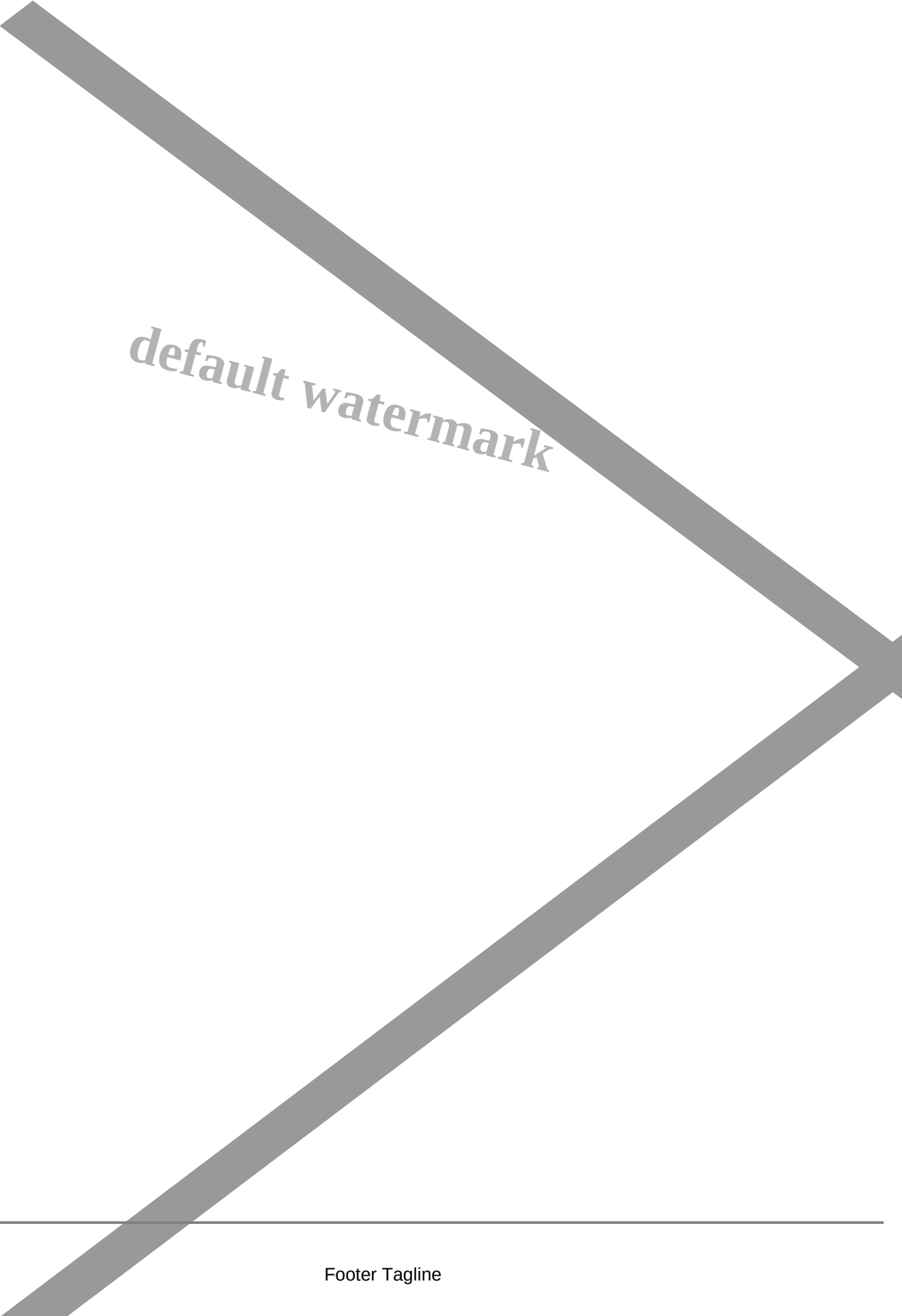
Go only for very **high occupancy buildings** with a strong track record in having tenants, and only buy the units that you're able to **get maximum loan tenure** for.

TIQ acknowledges that the capital appreciation for industrial properties is slow, but counter that by saying the rental is predictable with decent yields.

So the short answer is, the method CAN work.
How?

The Numbers

Here's a sample case study of the method being applied to real life:



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EDIT: The profit analysis above did not factor in 1 crucial component [click here to watch and find out.](#)

You'll need to pay the cash downpayment portion for the property purchase, and in the event that you don't have this kind of money lying around, The I Quadrant teaches you how to **buy using other people's money** *i.e. how to convince your friends or family to fork out their own cash and invest in your property, so you don't have to.*

This concept isn't new. Other high-ticket gurus are teaching it too.

Another alternative idea they sell you on during the course is to **band together with other people to co-invest**. If you're short of money, you can always combine strength with their student population (*at time of writing, more than 1,500 people have attended their course*) and buy a property together.

So yes, the math does work out.

What's the RISK?

The problem is, there's no guarantee that the assumptions used may always hold true, such as:

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I investigated further to see if these assumptions would always hold true, and this is where I have my doubts. Just take a look at this historical chart, which shows that **buy/sell transactions are on a downward trend.**

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This next chart shows more clarity as well.

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Nov 2020 update: The I Quadrant has pointed out to me that the above chart captures *all* industrial properties in Singapore, which is not an accurate depiction since the criteria they teach apparently narrows it down to only the better quality ones.

Coming back to the calculations, we looked at a sample scenario where you sell at the minimum price of \$796,650 and keep the rental proceeds as your own profits *(or you may need to share this with some of your investors if you had asked them to fork out the cash downpayment earlier)*.

Based on Singapore's historical market price chart shown above, let's look at an **optimistic** scenario where you're lucky enough to sell at the prevailing market price instead. Applying the 4-year strategy taught, I'll thus examine prices in Q1 2016 vs Q1 2020:

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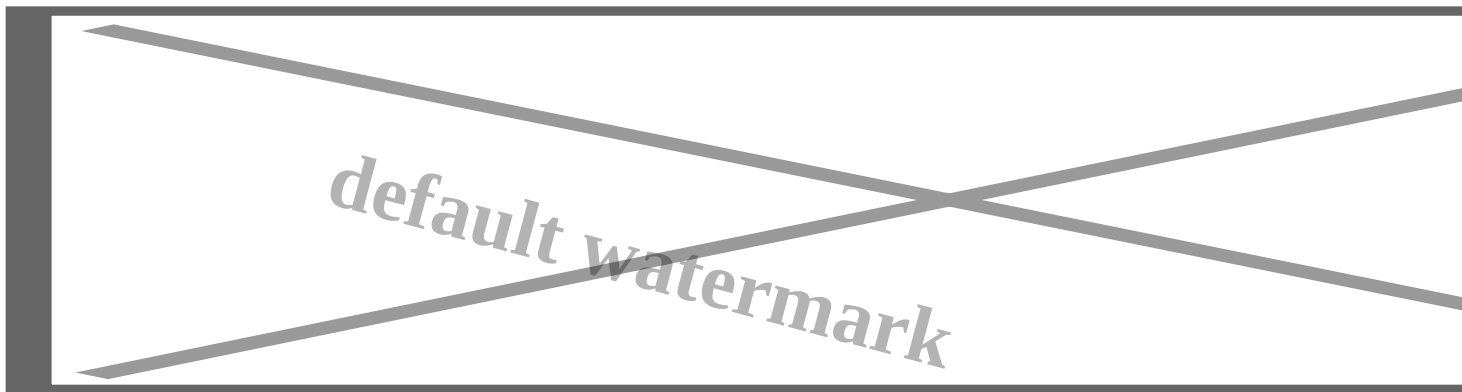
Now, do you feel the (potential) money made is worth your efforts?

After all, the work involved includes *but is not limited to*:

- spend time researching to find undervalued properties
- take up the loan(s)
- settle all the required paperwork
- liaise with the property agent at your buy/rent/sell transaction stages
- monitoring the market situation to sell when price goes up

Theoretically, youâ??re taught and encouraged to purchase multiple properties by repeating the steps over and over again, so the more properties you have, the more profits you take home.

But the question is, are you comfortable taking on so much leverage to pull this off?



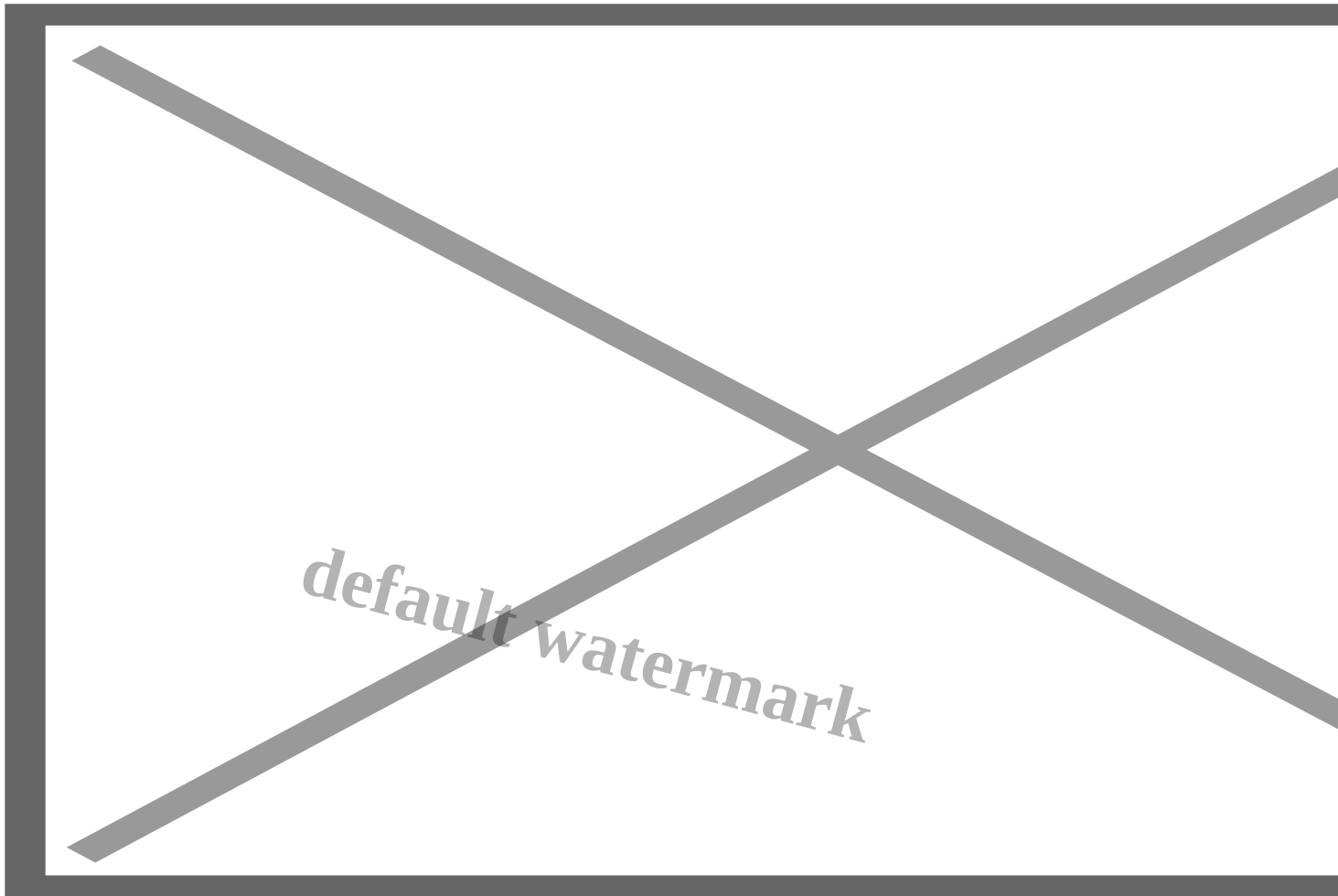
Not everyone is comfortable with leverage.

In my opinion, I certainly donâ??t feel the (*potential*) monetary returns are worth my efforts, time and emotionsâ??but thatâ??s just me. Iâ??d much rather invest in REITs instead, which require less work, less starting capital and no leverage.

Hold onâ??! isnâ??t this similar to a REIT?

Youâ??re not wrong, this does seem pretty similar to how a REIT operates, especially if you got investors to fork out cash for your downpayment on the properties.

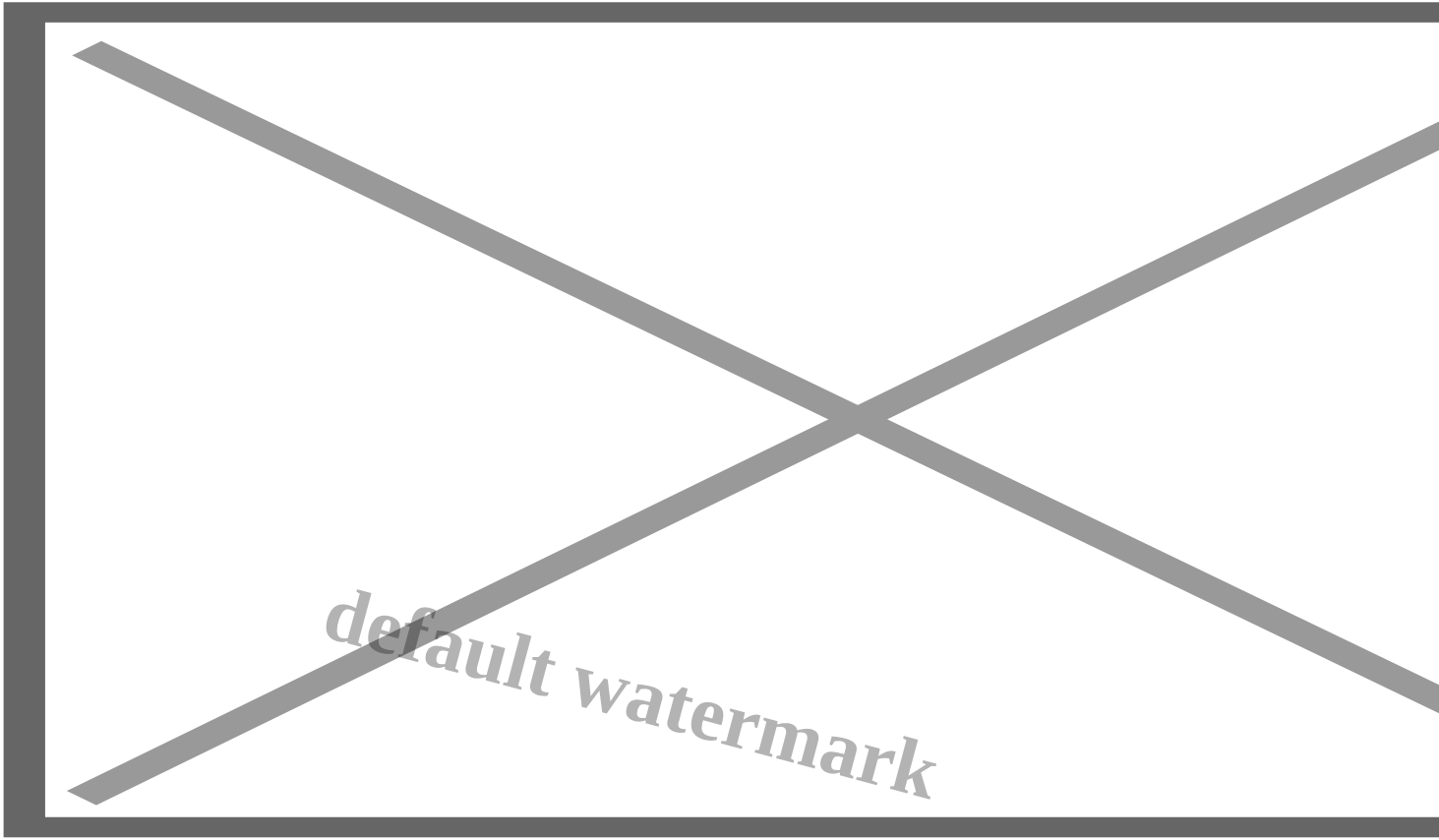
Perhaps youâ??re now thinking, huh, you mean I can operate like a REIT without the license? Technically, this is the legal grey area, because thereâ??s currently no regulations stating this is illegal and that you cannot do it.

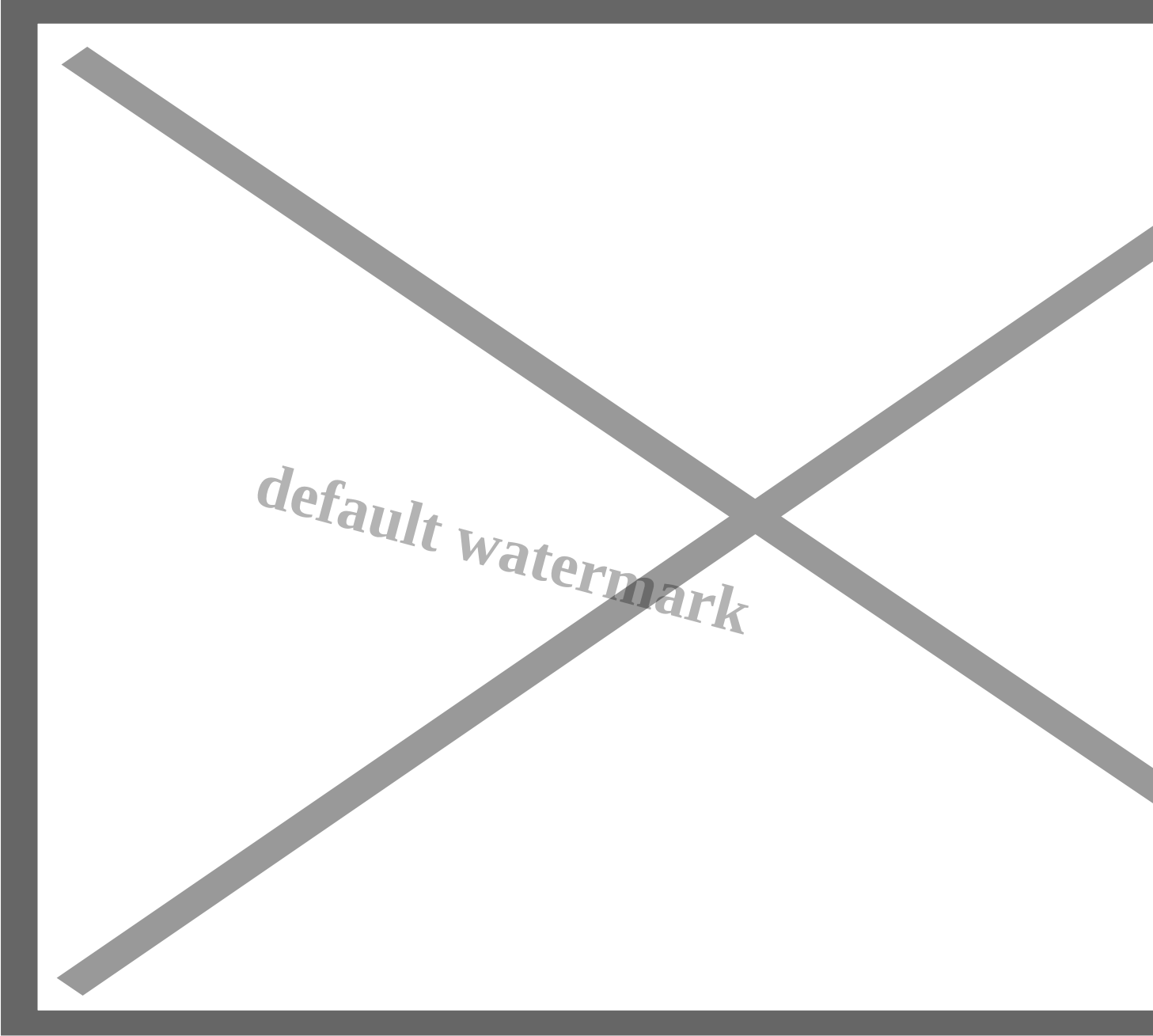


Source: Seedly's Facebook Group

Other Common Objections

- What happens if you can't lease out the property?
 - Apparently, this shouldn't happen because you're purchasing high-quality properties in good locations.
- What happens when your tenants default on their lease?
 - TIQ shares during class that since you're purchasing **B1 industrial properties**, the rent is fairly cheap (less than a fresh grad's salary) for companies to afford so they shouldn't default, theoretically. There are also offices in such buildings, which are cheaper than rents elsewhere in commercial buildings so TIQ believes that companies would downgrade here instead if times are bad. [You might also want to read this article by The Business Times about the misuse of industrial premises.](#)
- What happens if your tenants default, and you don't have enough cash to repay your monthly mortgage?
 - They recommend that you should have enough cash to repay, if you do your sums right and hedge your risks well
- What happens if there's a shareholder dispute and someone wants their money back?
 - You should technically be able to cover that with your surplus cash fund, or get someone else to buy over their share





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In an economic downturn, my belief is never to rule out the possibility that you might not be able to lease out your unit, or that itâ??ll be left vacant for a considerable amount of time.

Your rental income isnâ??t guaranteed, but your monthly mortgage repayments to the bank are. You certainly canâ??t tell your banker that you canâ??t pay up this month because your tenant is not paying you. And if you fail to pay on time, you might just end up in a situation where the bank repossesses your property.

What will you do then?

Are There Any UPSELLS?

With most high-ticket courses like these, there is usually an up-sell at the end. IQuadrant is no exception.

You can expect to be introduced further to a sort of elite club called “The Right Moment Mastery” where you can pay a further \$3,000 to join, and they’ll bring you to other countries like Taiwan / Malaysia to buy property.

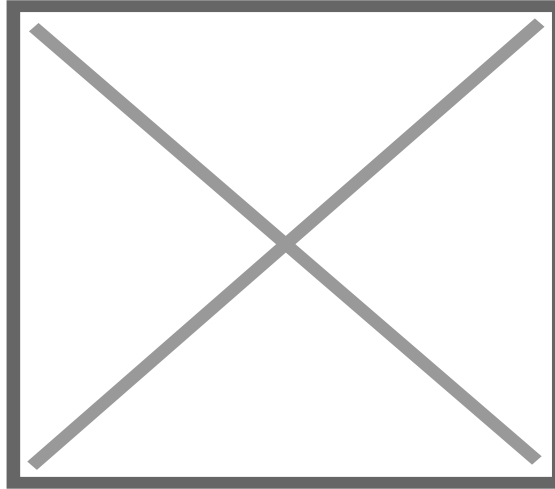


Photo taken at The I Quadrant workshop

In addition, they offer a “Property Leader” service whereby one of their coaches or former students (who have already bought at least 1 property) can help to coach and guide you further in exchange for a 10% sweat or profit in your property.

But there’s another way to achieve the same – engage skilled professionals (like the ones I use) in the market who can do the same for you for just 2% of your property purchase price, and they don’t require you to give them a stake in your property at all. *Unless, of course, there’s a compelling reason why you feel TIQ’s property leaders are superior than these skilled professionals.*

Note: There are conflicting information about the Property Leader services offered from the ex-students I interviewed for this article, especially on the 10% stake required. Please contact me if you have more insights on this to contribute.

Nov 2020 update: I finally managed to interview one of their Property Leaders, and she said none of them have ever received 10% sweat equity.

So, Does the I Quadrant Method Work?

The short answer is yes.

But the catch is, it may not be for everyone (depending on your personal risk appetite and level of emergency cashflow).

P.S. If you thought this sounds familiar to Marko & Friends, you’re not alone:

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My Personal Take

I personally wouldn't pay to go for the course, but I'd also be the first to tell you that **yes, the method taught by TIQ *can* work.**

How did people pull this off in the past before courses like The I Quadrant came about? They simply did it through skilled consultants who could advise and structure these for them eg. good property agents.

So if you prefer to learn all the steps yourself and execute it, just make sure you cover your downside well, and go in only after knowing what it requires of you.

In other words,

Q: So does the I Quadrant method work?

A: Yes

Q: Will the assumptions applied always hold true?

A: It depends.

Q: Are the risks worth it?

A: It depends on your risk appetite, and how comfortable you are with leverage.

So I'll leave it to you to decide for yourself.

November 2020 update:

[I managed to get The I Quadrant to finally reveal their strategies to the public! Watch it here.](#)

Credits: This article was only possible thanks to the insights contributed by several ex-students of The I Quadrant, a lawyer (thanks Lionel!), a banker (thanks James!) and [my own personal property agent](#) (who's the best in the industry #biased). If you really want to use property to grow your wealth, you simply need a talented property consultant to plan and execute for you, which is why I don't believe in paying for a course like this.

With love,

Budget Babe

Category

1. Investing