

**January 25, 2012**

**Yield & Profit Lien Fund I, LLC Fourth Quarter 2011, World Economic Report**

**The world's political, economic and financial problems have become more threatening. The many world problems have been taking a toll on the US economy, employment and the real estate markets. The world is currently experiencing the European Euro currency fall in value against most countries currency. The 17 Euro zone countries haven't been able to correct their financial debt issues. The only strong European country and currency is the Germany and the D Mark, because of its strong export business to the world.**

**The 5 (PIIGS) countries (Portugal, Italy, Ireland, Greece and Spain) have several hundred billion in bonds that are coming due in 2012. These countries need to sell new bonds to pay off the old bonds, but the rate of interest they will have to pay to raise the new money is creating new financial problems. The European zone is heading into a recession that will cause further financial problems for the world. The economies of the four (BRIC) countries of (Brazil, Russia, India and China) have been slowing down due to the euro zone problems. The (BRIC) countries have been fighting runaway inflation, by raising interest rates to slow their overheated economies. Their real estate markets are over heated with speculation.**

**The world oil price is climbing due to the current military escalation with Iran and the possibility of the blockage of the Straits of Hormuz where 30% of the world's oil supply passes every day. The US Congress can't unite to pass any legislation that may help our economy. President Obama is spending his time running for reelection and the Republicans are fighting among each other for who will be the party nominee for the next election in November 2012.**

**The United States economy is hovering in the 2% growth range, but is being restrained by these issues. The unemployment rate has fallen from 9% to the current 8 1/2% in the last few months. The drop was mainly due to discouraged workers leaving the official labor pool and seasonal workers from Christmas. The actual number of unemployed people is closer to the 15% area. The government is again talking about another bailout program for homeowners that may lose their home due to a foreclosure. The current real estate prices are either flat or still slightly declining in most states/cities. Home purchase mortgage rates are near their all-**

time lows of around 4% for a 30 year fixed rate loan. The federal government through FHA, Fannie Mae and Freddie Mac is still financing the majority of all new home mortgages.

In my opinion, these are the main issues that are causing most of the world to struggle financially. There is too much government, business and personal debt. The world is producing too many goods and services for the current demand. The emerging countries have very low wages, few employee benefits and very little debt in comparison to the older developed countries. The developed countries are saddled with high union labor cost, too much transfer payments to the citizens and trillions of dollars of existing debts/bonds.

The world is going through a period of deflation instead of inflation. The deflation in prices will continue until the cost of labor, and the selling price of finished goods/services are more even around the world. Until then, the prices of goods, services, wages and property prices will continue to decline in the developed countries.

Management has developed a new 5th marketing website. The sales site address is [www.bargainrealestate4u.com](http://www.bargainrealestate4u.com). This new site will be used as a marketing site to help the 4 managed investment funds market/sell open unredeemed tax liens and acquired tax lien properties. This new marketing site will also display the house to sell to retail home buyers and the rented houses to sell to investors for income. The listed selling price, the rental amount and my contact information will be displayed for the interested buyer to contact me.

The site will also offer management services (for a fee per service) to people who want to purchase their own foreclosed houses at the lender auctions (for cash) to either sell or rent. Management will provide the following services to investors of purchasing foreclosed houses at the lenders all cash auction, managing the house repairs, renting the house, providing legal eviction filings, and listing houses for sale.

The newest investment fund Distressed Realty Fund I, LLC is currently raising up to \$5,000,000 of new investment capital. It will be raising money for the next two years. This fund is already purchasing houses and selling houses for a profit. This fund is different from the prior 3 investment funds, because each year the fund will split the net profits made from the sale of all houses from the prior year. It will pay a 5<sup>th</sup> check before March to all investors of 50% of the net profits the fund earns. The first profit checks were mailed in 2012 to the investors.

Sincerely,

David Zussman J D

CEO of Property Hedge Fund Management, Inc. the Manager of Yield & Profit Lien Fund I, LLC