

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED June 30, 2024
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR TRANSITION PERIOD FROM _____ TO _____
COMMISSION FILE NUMBER: 001-36063



Altisource Asset Management Corporation
(Exact name of registrant as specified in its charter)

U.S. Virgin Islands
(State or other jurisdiction of incorporation or organization)

66-0783125
(I.R.S. Employer Identification No.)

5100 Tamarind Reef
Christiansted, U.S. Virgin Islands 00820
(Address of principal executive office)
(704) 275-9113
(Registrant's telephone number, including area code)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	AAMC	NYSE American

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer
Non-Accelerated Filer Smaller Reporting Company
Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 7, 2024, 2,554,512 shares of our common stock were outstanding (excluding 2,129,973 shares held as treasury stock).

Altisource Asset Management Corporation
June 30, 2024
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References in this report to “we,” “our,” “us,” “AAMC,” or the “Company” refer to Altisource Asset Management Corporation and its consolidated subsidiaries, unless otherwise indicated.

Special note on forward-looking statements

Our disclosure and analysis in this Quarterly Report on Form 10-Q contain, and our officers, directors and authorized spokespersons may make, “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “targets,” “predicts,” or “potential,” or the negative of these words and phrases or similar words or phrases that are predictions of or indicate future events or trends and that do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

The forward-looking statements contained in this report reflect our current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause our actual business, operations, results or financial condition to differ significantly from those expressed in any forward-looking statement. Factors that may materially affect such forward-looking statements include, but are not limited to:

- Our ability to develop and implement new businesses or, to the extent such businesses are developed, our ability to make them successful or sustain the performance of any such businesses;
- Current inflationary economic and macro-economic and geopolitical events, and market conditions that can affect our business;
- Our ability to develop, implement and begin to generate revenues from or through the assets and rights we acquired through the non-exclusive patent and technology licensing agreement between the Company and System73 Limited, and that we will achieve our expectations with respect to the patents and other intellectual property associated therewith;
- Our ability to monetize our remaining loan portfolio; and
- The failure of our information technology systems, a breach thereto, and our ability to integrate and improve those systems at a pace fast enough to keep up with competitors and security threats.

While forward-looking statements reflect our good faith beliefs, assumptions, and expectations, they are not guarantees of future performance. Such forward-looking statements speak only as of their respective dates, and we assume no obligation to update them to reflect changes in underlying assumptions, new information or otherwise. For a further discussion of these and other factors that could cause our future results to differ materially from any forward-looking statements, please see [Item 1A. Risk Factors](#) in this Quarterly Report on Form 10-Q and “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023.

Part I

Item 1. Financial statements (unaudited)

Altisource Asset Management Corporation
Condensed Consolidated Balance Sheets (Unaudited)
(In thousands, except share and per share amounts)

ASSETS	June 30, 2024	December 31, 2023
Loans held for sale, at fair value	\$ 56	\$ 4,456
Loans held for investment, at fair value	4,031	5,633
Cash and cash equivalents	8,104	8,713
Other assets	5,726	6,737
Total assets	\$ 17,917	\$ 25,539
LIABILITIES AND EQUITY		
Liabilities		
Accrued expenses and other liabilities	\$ 4,918	\$ 6,270
Lease liabilities	364	900
Notes payable, including accrued paid-in-kind interest	11,543	—
Total liabilities	\$ 16,825	\$ 7,170
Commitment and contingencies (Note 4)	—	—
Redeemable preferred stock:		
Preferred stock, \$0.01 par value, 250,000 shares authorized as of June 30, 2024 and December 31, 2023. No shares were issued and outstanding as of June 30, 2024. 144,212 shares were issued and outstanding and had a \$144,212 redemption value as of December 31, 2023.	—	144,212
Stockholders' equity (deficit)		
Common stock, \$0.01 par value, 5,000,000 authorized shares; 4,684,485 and 2,554,512 shares issued and outstanding, respectively, as of June 30, 2024 and December 31, 2023.	46	46
Additional paid-in capital	281,372	149,160
Retained earnings	3,694	8,970
Accumulated other comprehensive income	13	14
Treasury stock, at cost, 2,129,973 shares as of June 30, 2024 and December 31, 2023.	(284,033)	(284,033)
Total stockholders' equity (deficit)	1,092	(125,843)
Total liabilities, redeemable preferred stock and stock holders' equity	\$ 17,917	\$ 25,539

Altisource Asset Management Corporation
Condensed Consolidated Statements of Operations (Unaudited)
(In thousands, except share and per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Revenues:				
Loan interest income	\$ 34	\$ 1,610	\$ 262	\$ 3,646
Loan fee income	8	300	14	385
Realized gains on loans held for sale, net	—	10	—	20
Total revenues	42	1,920	276	4,051
Expenses:				
Salaries and employee benefits	270	1,909	494	3,773
Legal fees	31	936	82	1,377
Professional fees	332	608	698	1,088
General and administrative	199	984	540	1,918
Servicing and asset management expense	212	228	297	411
Interest expense	292	872	543	1,954
Direct loan expense	—	189	7	452
Loan sales and marketing expense	—	382	—	791
Electric vehicle intellectual property development	965	—	2,891	—
Total expenses	2,301	6,108	5,552	11,764
Other income (expense)				
Change in fair value of loans	38	390	(31)	1,239
Realized losses on loans held for investment, net	—	—	—	(275)
Other	54	—	16	(2)
Total other income (expense)	92	390	(15)	962
Net loss before income tax	(2,167)	(3,798)	(5,291)	(6,751)
Income tax (benefit) expense	(1)	16	(15)	51
Net loss	\$ (2,166)	\$ (3,814)	\$ (5,276)	\$ (6,802)
Earnings per share				
Net loss	(2,166)	(3,814)	(5,276)	(6,802)
Gain of preferred stock transaction	—	—	132,212	—
Numerator for earnings per share	\$ (2,166)	\$ (3,814)	\$ 126,936	\$ (6,802)
(Loss) income per share of common stock - Basic:				
(Loss) income per basic common share	\$ (0.85)	\$ (1.27)	\$ 49.69	\$ (2.26)
Weighted average common stock outstanding	2,554,512	3,000,895	2,554,512	3,011,011
(Loss) income per share of common stock - Diluted:				
(Loss) income per diluted common share	\$ (0.85)	\$ (1.27)	\$ 49.28	\$ (2.26)
Weighted average common stock outstanding	2,554,512	3,000,895	2,576,056	3,011,011

See accompanying notes to condensed consolidated financial statements.

Altisource Asset Management Corporation
Condensed Consolidated Statements of Comprehensive Loss (Unaudited)
(In thousands)

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Net loss	\$ (2,166)	\$ (3,814)	\$ (5,276)	\$ (6,802)
Other comprehensive income (loss):				
Currency translation adjustments, net	—	1	(1)	1
Total other comprehensive income (loss)	—	1	(1)	1
Comprehensive loss	\$ (2,166)	\$ (3,813)	\$ (5,277)	\$ (6,801)

See accompanying notes to condensed consolidated financial statements.

Altisource Asset Management Corporation
Condensed Consolidated Statements of Stockholders' Equity (Deficit) (Unaudited)
(In thousands, except share amounts)

	Common Stock			Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity (Deficit)
	Preferred Stock	Number of Shares	Amount					
December 31, 2023	144,212	4,684,485	\$ 46	\$ 149,160	\$ 8,970	\$ 14	\$ (284,033)	\$ (125,843)
Currency translation adjustments, net	—	—	—	—	—	(1)	—	(1)
Preferred stock conversion	(144,212)	—	—	132,212	—	—	—	132,212
Net loss	—	—	—	—	(3,110)	—	—	(3,110)
March 31, 2024	—	4,684,485	\$ 46	\$ 281,372	\$ 5,860	\$ 13	\$ (284,033)	\$ 3,258
Net loss	—	—	—	—	(2,166)	—	—	(2,166)
June 30, 2024	—	4,684,485	\$ 46	\$ 281,372	\$ 3,694	\$ 13	\$ (284,033)	\$ 1,092

	Common Stock			Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Deficit
	Preferred Stock	Number of Shares	Amount					
December 31, 2022	144,212	3,432,294	\$ 34	\$ 149,010	\$ 41,516	\$ 20	\$ (280,470)	\$ (89,890)
Adjustment for stock dividend	—	1,230,893	12	(12)	—	—	—	—
Common shares issued under share-based compensation plans, net of shares withheld for employee taxes	—	2,000	—	—	—	—	—	—
Treasury shares repurchased	—	—	—	—	—	—	(1,504)	(1,504)
Share-based compensation, net of tax	—	—	—	160	—	—	—	160
Net loss	—	—	—	—	(2,988)	—	—	(2,988)
March 31, 2023	144,212	4,665,187	\$ 46	\$ 149,158	\$ 38,528	\$ 20	\$ (281,974)	\$ (94,222)
Adjustment for stock dividend	—	4,366	—	—	—	—	—	—
Common shares issued under share-based compensation plans, net of shares withheld for employee taxes	—	9,167	—	—	—	—	(235)	(235)
Share-based compensation, net of tax	—	—	—	94	—	—	—	94
Currency translation adjustments, net	—	—	—	—	—	1	—	1
Net loss	—	—	—	—	(3,814)	—	—	(3,814)
June 30, 2023	144,212	4,678,720	\$ 46	\$ 149,252	\$ 34,714	\$ 21	\$ (282,209)	\$ (98,176)

See accompanying notes to condensed consolidated financial statements.

Altisource Asset Management Corporation
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In thousands)

	Six months ended June 30,	
	2024	2023
Operating activities:		
Net loss	\$ (5,276)	\$ (6,802)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	21	128
Share-based compensation	—	254
Amortization of operating lease right-of-use assets	516	193
Change in fair value of loans	31	(1,239)
Net realized loss on sale of loans held for investment	—	275
Net realized gain on sale of held for sale loans	—	(20)
Loss on discarded assets	89	—
Paid-in-kind interest on notes payable	543	—
Amortization of deferred financing fees	—	63
Changes in operating assets and liabilities:		
Originations of held for sale loans	—	(10,592)
Additional fundings of held for sale loans	(1,052)	(3,379)
Proceeds from sales of held for sale loans	—	3,687
Principal payments on held for sale loans	5,356	491
Interest receivable	99	638
Prepaid expenses and other assets	380	(487)
Accounts payable and other accrued liabilities	(1,348)	(1,507)
Other liabilities and operating lease liabilities	(536)	(186)
Net cash used in operating activities	(1,177)	(18,483)
Investing activities:		
Additional fundings of loans held for investment	(27)	(5,323)
Proceeds from sales of loans held for investment	—	6,346
Principal payments on loans held for investment	1,595	30,306
Investment in property and equipment	—	(690)
Net cash provided by investing activities	1,568	30,639
Financing activities		
Conversion of preferred stock	(1,000)	—
Proceeds from borrowed funds	—	51,611
Repayment of borrowed funds	—	(60,273)
Proceeds and payment of tax withholding on exercise of stock options, net	—	(235)
Repurchase of common stock	—	(1,504)
Net cash used in financing activities	(1,000)	(10,401)
Net (decrease) increase in cash and cash equivalents	(609)	1,755
Effect of exchange rate changes on cash and cash equivalents	—	5
Consolidated cash, cash equivalents, and restricted cash, beginning of period	8,713	12,774
Consolidated cash, cash equivalents, and restricted cash, end of period	\$ 8,104	\$ 14,534

See accompanying notes to condensed consolidated financial statements.

Altisource Asset Management Corporation
Condensed Consolidated Statements of Cash Flows (Unaudited) (Continued)
(In thousands)

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Condensed Consolidated Balance Sheets as of June 30, 2024 and 2023:

	June 30,	
	2024	2023
Cash and cash equivalents	\$ 8,104	\$ 10,532
Restricted cash	—	4,002
Total cash, cash equivalents, and restricted cash	<u>\$ 8,104</u>	<u>\$ 14,534</u>

	Six months ended June 30,	
	2024	2023
Supplemental disclosure of cash information:		
Cash paid for interest	\$ —	\$ 1,404
Cash paid for income taxes	—	65

See accompanying notes to condensed consolidated financial statements.

Altisource Asset Management Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)
June 30, 2024

1. Organization and Basis of Presentation

Altisource Asset Management Corporation (“we,” “our,” “us,” “AAMC,” or the “Company”) was incorporated in the United States Virgin Islands (“USVI”) on March 15, 2012 (our “inception”), and we commenced operations as an asset manager on December 21, 2012.

During 2022 and 2023, the Company generated alternative private credit loans through Direct to Borrower Lending, Wholesale Originations and Correspondent Loan Acquisitions and funded the originated or acquired alternative loans from a combination of Company equity and lines of credit through its alternative lending group (“ALG”) business line. Those loans were then sold through forward commitments and repurchase contracts.

Following a full year of ALG’s operations, our Board of Directors mandated a comprehensive review of the Company’s mortgage platform to improve the performance of the business. The review involved assessments of operational efficiency and capacity issues, opportunities for cost reductions, strategies for improving liquidity, among other initiatives, all with a view toward enhancing financial performance. While the Company has the ability to originate and purchase loans in the future, it does not anticipate doing so other than on a very selective basis.

On October 6, 2023, the Company signed a non-exclusive patent and technology licensing agreement (“the PTL Agreement”) with System73 Limited (“System 73”), an entity controlled and managed by the 53.6% owners of the Company’s common stock. Under the PTL Agreement, the Company obtained a non-exclusive license for a set of patents for a control system which seeks to optimize the efficiency of electric vehicles (“EVs”). The Company’s investment in the EV business and the development of those business assets is currently the principal line of business of the Company.

As consideration for the patent rights granted in the PTL Agreement, the Company has agreed to pay 6.2 million pounds sterling (approximately \$8.0 million) in budgeted increments as they are incurred by System73 under a commercialization contract executed with Seabird Technologies Limited (“Seabird”), plus any future third-party expenses reasonably incurred in connection with the filing, prosecution and maintenance of the patents. Under the commercialization contract, Seabird has been engaged by System 73 to build a technology demonstrator to validate the functionality of an integrated drive unit using the technology and to develop a commercialization strategy for the technology, including the development of a sales pipeline, over an 18-month period commencing on January 1, 2024. Through June 30, 2024, AAMC has made payments of approximately \$2.9 million in the aggregate toward these contractual obligations.

Under the terms of the commercialization contract, Seabird will be the exclusive distributor of the control system for two years following development and will earn 10% of revenue from sales directly attributable to their efforts up to \$250 million per annum; 20% of revenue from sales directly attributable to their efforts over \$250 million per annum; and 10% ownership in System 73 (or any potential future owner of the control system at that time) when revenue attributable to their efforts exceeds \$500 million per annum.

In addition, the PTL Agreement contemplates certain equity incentives for System73 based on performance. The PTL Agreement sets out “AAMC Common Stock Milestones”, defined as each instance where the average closing price of the Company’s common stock for the preceding twenty (20) day period reaches an amount equal to or in excess of a multiple of \$100 (i.e., \$100, \$200, \$300, etc.). Upon the occurrence of each such AAMC Common Stock Milestone, System 73 would be awarded the number of shares of AAMC Common Stock equal to ten percent (10%) of the AAMC fully diluted Shares. Consistent with New York Stock Exchange rules, any equity award under the PTL Agreement will be subject to stockholder approval.

The Company accounts for the equity award contract under the PTL Agreement as a derivative that is marked-to-market at the end of each reporting period. The Company determined that the equity award contract has a de minimis value as of June 30, 2024 and December 31, 2023 given the likelihood of achieving an AAMC Common Stock Milestone is remote based on the information available to management at those dates.

AAMC, at its option, may terminate the PTL Agreement by providing System73 written notice of intent to terminate at any time and for any reason. Upon termination, in addition to all other obligations under the PTL Agreement, System73 shall promptly pay to AAMC an amount equal to the value of all payments made by AAMC pursuant to the agreement, plus a twenty percent (20%) annualized return on investment on such payments. We have no current plans to terminate the PTL Agreement as of June 30, 2024.

Basis of presentation and use of estimates

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). All wholly owned subsidiaries are included, and all intercompany accounts and transactions have been eliminated.

In management's opinion, the unaudited interim condensed consolidated financial statements contain all adjustments (all of which are normal and recurring in nature) considered necessary for a fair presentation of our financial position, results of operations and cash flows for the interim periods. The interim results are not necessarily indicative of results for a full year. We have omitted certain notes and other information from the interim condensed consolidated financial statements presented in this Quarterly Report on Form 10-Q as permitted by SEC rules and regulations. These condensed consolidated financial statements should be read in conjunction with our annual consolidated financial statements included within our Annual Report on Form 10-K for the year ended December 31, 2023.

Liquidity

As of June 30, 2024, the Company has unrestricted cash and cash equivalents of \$8.1 million. The Company generated net losses of \$2.2 million and \$5.3 million for the three- and six-month periods ended June 30, 2024, respectively, and incurred operating cash outflows of \$1.2 million for the six-month period ended June 30, 2024.

While management believes that the cash on hand and future collection of outstanding loans receivable will provide sufficient liquidity to enable the Company to meet its obligations due within the next year, including its future commitments under the PTL Agreement, there is risk that the Company will need to seek additional sources of capital to continue its operations and to fulfill its longer-term obligations, including its notes payable that mature in 2027 and thereafter, especially if the Company is unable to realize future benefits from the PTL Agreement. The Company is actively managing its expenses and has reduced costs to conserve cash. The interim financial statements do not include any adjustments relating to the recoverability of recorded asset amounts or the amounts of liabilities that might be necessary should the Company be unable to continue as a going concern for a reasonable period of time.

Use of estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Loans held for sale or investment, carried at fair market value

Through our ALG business line, we previously originated and purchased alternative loans. These loans are either classified as held for investment or held for sale depending upon the determination of management. We have elected to measure these alternative loans at fair value on a loan by loan basis. This option is available when we first recognize a financial asset. Subsequent changes in the fair value of these loans will be recorded in our Condensed Consolidated Statements of Operations in the period of the change. Purchased loans, also known as correspondent loans, can be bought with a net strip interest component in that the seller of the loan will receive an agreed upon percentage of the coupon interest generated from the sold loan. This strip component is reflected as service and asset management expense on the Condensed Consolidated Statements of Operations.

A fair value measurement represents the price at which an orderly transaction would occur between willing market participants at the measurement date. We estimate the fair values of the loans held for investment or sale based on available inputs from the marketplace. The market for the loans that we hold at any given time is generally illiquid. Establishing fair values for illiquid assets is inherently subjective and is often dependent upon our estimates and modeling assumptions. In circumstances where relevant market inputs cannot be obtained, increased analysis and management judgment are required to estimate fair value. This generally requires us to establish internal assumptions about future cash flows and appropriate risk-adjusted discount rates. Regardless of the valuation inputs we apply, the objective of fair value measurement for assets is unchanged from what it would be if markets were operating at normal activity levels and/or transactions were orderly; that is, to determine the current exit price. When the Company sells a loan, a gain or loss will be recognized at the time of the sale in net income for the difference between the fair value and the book value. The fair value is measured as the agreed upon selling price from the contractual agreement with the buyer.

See Note 2 - Loans Held for Sale or Investment at Fair Value for further discussion on fair value measurements.

Interest for these loans is recognized as revenue based on the stated coupon when earned and deemed collectible or until a loan becomes more than 90 days past due, at which point the loan is placed on nonaccrual status and any accrued interest is reversed against interest income. When a seriously delinquent loan previously placed on nonaccrual status has been cured, meaning all delinquent principal and interest have been remitted by the borrower, the loan will be placed back on accrual status. Interest accrued as of period end is included within loans held for sale, at fair value or loans held for investment, at fair value in the Condensed Consolidated Balance Sheets as applicable.

We evaluate transfers of loans held for sale or investment at fair value under the guidance in Financial Accounting Standards Board Accounting Standards Codification ("ASC") Topic No. 860, "Transfers and servicing of financial assets" ("ASC 860"), and account for such transfers as sales when three conditions in ASC 810-10-45-5 have been met. That is, we account for transfers of such financial assets as sales when the assets have been isolated from the Company, when the transferee has the right to pledge or exchange the assets it receives and there are no restrictions on the transferee that constrain such right, and when the Company has no effective control over the transferred financial assets. There were no transfers of financial assets during the six months ended June 30, 2024. The Company realized an aggregate gain totaling \$0.02 million and an aggregate loss of \$0.28 million for the six months ended June 30, 2023 on loans held for sale and loans held for investment, respectively, which is included in realized gains on loans held for sale, net and realized losses on loans held for investment, net, respectively, in the accompanying Condensed Consolidated Statement of Operations. Each of the loans transferred during the six months ended June 30, 2023 qualified for sale accounting under ASC 860, as each of the loans was transferred to a third-party "as is" in exchange for cash, and the Company has no continuing involvement with the transferred financial assets or the transferees.

Redeemable preferred stock

Issuance of Series A Convertible Preferred Stock in 2014 Private Placement

During the first quarter of 2014, we issued 250,000 shares of convertible preferred stock for \$250.0 million to institutional investors. Under the Certificate of Designations of the Series A Shares (the "Certificate"), we had the option to redeem all of the Series A Shares on March 15, 2020 and on each successive five-year anniversary of March 15, 2020 thereafter. In connection with these same redemption dates, each holder of our Series A Shares had the right to give notice requesting us to redeem all of the Series A Shares held by such holder out of legally available funds. Under the terms of the Certificate, the Company would have been required to redeem if it had legally available funds to redeem all, but not less than all, of the Series A Shares requested by a holder to be redeemed on a redemption date. The redemption right would have been exercisable in connection with each redemption date every five years until the mandatory redemption date in 2044.

The Series A Shares were not entitled to receive dividends. The Series A Shares were convertible into shares of our common stock at a conversion price of \$1,250 per share (or an exchange rate of 0.8 shares of common stock for Series A Share), subject to certain anti-dilution adjustments. For a further description of other terms and conditions in respect of the Series A Shares, please refer to Note 1 - Organization and Basis of Presentation to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2023 and the Certificate of Designations for the Series A Convertible Preferred Stock referenced as Exhibit 3.3 in this Quarterly Report.

Between January 31, 2020 and February 3, 2020, we received purported notices from all of the holders of our Series A Shares requesting us to redeem an aggregate of \$250.0 million liquidation preference of our Series A Shares on March 15, 2020. We did not have legally available funds to redeem all, but not less than all, of the Series A Shares on March 15, 2020. As a result, we did not believe, under the terms of the Certificate, that we were obligated to redeem any of the Series A Shares under the Certificate.

Related litigation

- Luxor (plaintiff) v. AAMC (defendant)

On February 3, 2020, a complaint was filed in New York state court by Luxor Capital Group LP and various related entities collectively "Luxor", each a holder of AAMC Series A Shares, against AAMC claiming breach of contract, specific performance, unjust enrichment, and related damages and expenses. Luxor sought an order requiring AAMC to redeem its Series A Shares, damages of up to \$150,000,000, as well as payment of its costs and expenses in the lawsuit.

As noted below, pursuant to a settlement agreement entered into by the parties dated January 11, 2024, this litigation has been terminated and dismissed with prejudice. See "Settlement activities".

— AAMC (plaintiff) v. Nathaniel Redleaf (defendant)

On October 31, 2022, AAMC filed suit in the Superior Court of the Virgin Islands (subsequently removed to federal court), against former Company director Nathaniel Redleaf alleging disclosure of confidential information to Luxor in breach of the fiduciary duty he owed to AAMC. AAMC sought a number of remedies, including compensatory damages and disgorgement of any benefit received by Luxor or Mr. Redleaf as a result of such alleged breaches.

As noted below, all litigation with Mr. Redleaf and Luxor has been resolved and dismissed with prejudice. See “Settlement activities”.

Settlement activities

From February 2021 through July 2022, the Company entered into a series of settlement agreements with various institutional holders of the Series A Shares resulting in the redemption and cancellation thereof. For information concerning the terms and conditions of these settlements, see Note 1 - Organization and Basis of Presentation to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2023.

On January 11, 2024 (the “Effective Date”), AAMC entered into a settlement agreement with Luxor and Mr. Redleaf, pursuant to which the parties agreed as follows:

- Luxor surrendered all 144,212 of its Series A Shares it held to AAMC. Luxor and AAMC agreed that their related Securities Purchase Agreement dated March 13, 2014, along with the Certificate, are void and all rights thereunder are extinguished.
- The Company agreed to provide the following consideration to Luxor
 - A \$1,000,000 cash payment within five days of the Effective Date, plus
 - Three Promissory Notes in the following principal amounts and durations:

Year	Principal Amount (Notes Payable)
2024	\$ —
2025	—
2026	—
2027	2,000,000
2028	—
Thereafter	9,000,000

- Each Note bears annual interest at either 7.5% on a cash basis or 10% paid-in-kind (“PIK”) basis, at the election of AAMC and the carrying amount of such notes approximates fair value as of June 30, 2024. The Company agreed to refrain from making common stock repurchases or issuing dividends at any time the PIK option is in effect and is subject to certain additional covenants enumerated in the Notes.
- The Company also agreed to pay Luxor 50% of any proceeds received in respect of its damage claims in the action brought by Erbey Holding Corporation pending in USVI Superior Court with case number SX-2018-CV-146, up to a cumulative payout cap to Luxor of \$50,000,000.
- The parties agreed and stipulated to dismissal with prejudice of the following actions: (i) Luxor Capital Group LP, et. al v. Altisource Asset Management Corporation filed in the Supreme Court of the State of New York in the County of New York, with index number 650746/2020 (including Luxor’s withdrawal of its pending request for further appellate review by the New York Court of Appeals), and (ii) Altisource Asset Management Corporation v. Nathaniel Redleaf et. al pending in the United States District Court for the District of the Virgin Islands, with case number 1:23-cv-00002. The parties exchanged mutual releases of their respective claims relating to the aforesaid actions, SPA and Certificate, as applicable, and agreed that their settlement shall not constitute or be construed as an admission that any of the parties violated the law, breached any contract or committed any wrong whatsoever.

Recently issued accounting standards

For a discussion of our recently issued accounting standards, please see Note 1 - Organization and Basis of Presentation - “Recently issued accounting standards” in our Annual Report on Form 10-K for the year ended December 31, 2023.

Recent Rules and Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures” (ASU 2023-07), which requires expanded disclosure of significant segment expense and other segment items on an annual and interim basis. ASU 2023-07 is effective for the Company for annual periods beginning after January 1, 2024 and interim periods beginning after January 1, 2025. The Company is currently evaluating the impact ASU 2023-07 will have on its financial statement disclosures.

In March 2024, the Securities and Exchange Commission (the “SEC”) adopted the final rules that will require certain climate-related information in registration statements and annual reports. In April 2024, the SEC voluntarily stayed the new rules as a result of pending legal challenges. The new rules include a requirement to disclose material climate-related risks, descriptions of board oversight and risk management activities, the material impacts of these risks on a registrants’ strategy, business model and outlook, and any material climate-related targets or goals, as well as material effects of severe weather events and other natural conditions and greenhouse gas emissions. Prior to the stay in the new rules, they would have been effective for annual periods beginning January 1, 2025, except for the greenhouse gas emissions disclosure which would have been effective for annual periods beginning January 1, 2026. The Company is currently evaluating the impact of these rules on its disclosures.

2. Loans Held for Sale or Investment at Fair Value

Our loan portfolio consists of business purpose loans secured by single family, multifamily and commercial real estate that were acquired from third party originators or issued by us. The composition of the loan portfolio by classification as of June 30, 2024 and December 31, 2023, is summarized in the table below (\$ in thousands):

	Held for Sale		Held for Investment	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Total loan commitments	\$ 31	\$ 7,420	\$ 4,575	\$ 6,235
Add/ (Less): construction holdbacks ⁽¹⁾	25	(2,988)	(149)	(214)
Total principal outstanding	56	4,432	4,426	6,021
Change in fair value of loans	—	24	(395)	(388)
Total loans at fair value	\$ 56	\$ 4,456	\$ 4,031	\$ 5,633

(1) Construction holdbacks include in process accounts such as payments, advances, interest reserve, accrued interest and other accounts.

The loan portfolio consists of 9 loans at June 30, 2024, with a weighted average coupon of 9.6%, of which the Company receives a net yield of 9.3% after taking into account the strip interest to the sellers of the loans. The weighted average life of the portfolio is approximately 0.9 years past maturity. One loan represents 71% of the total principal outstanding at June 30, 2024. There were six loans on nonaccrual status or 90 days or more past due at June 30, 2024, with a fair value of \$4.6 million. These loans have an unpaid principal balance of \$4.4 million at June 30, 2024.

As of June 30, 2024, we have commenced formal foreclosure proceedings on six loans with an aggregate fair value of \$4.0 million in order to force the sale of the real estate that serves as collateral for such loans. We expect that the sale of the collateral will allow us to recover the full repayment of the outstanding loans and accrued interest as of June 30, 2024.

The table below represents activity within the loan portfolio by classification for the period shown (\$ in thousands):

	Loans Held for Sale		Loans Held for Investment	
Balance at December 31, 2023	\$	4,456	\$	5,633
Additional fundings		1,052		27
Interest receivable		(72)		(27)
Payoffs and repayments		(5,356)		(1,595)
Fair value adjustment		(24)		(7)
Balance at June 30, 2024	\$	56	\$	4,031

The composition of the total loan commitment by state as of June 30, 2024 is summarized below (\$ in thousands):

State	Commitment	Percent of Portfolio
Florida	3,279	71.2 %
Arkansas	553	12.0 %
Texas	350	7.6 %
Michigan	229	5.0 %
Pennsylvania	176	3.8 %
Georgia	14	0.3 %
Other	5	0.1 %
Total	\$ 4,606	100.0 %

For financial reporting purposes of our alternative loans, we follow a fair value hierarchy established under GAAP that is used to determine the fair value of financial instruments. This hierarchy prioritizes relevant market inputs in order to determine an "exit price" at the measurement date, or at the price at which an asset could be sold or a liability could be transferred in an orderly process that is not a forced liquidation or distressed sale.

In certain cases, inputs used to measure fair value fall into different levels of the fair value hierarchy. In such cases, the level at which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. Our assessment of the significance of a particular input requires judgment and considers factors specific to the asset or liability being measured.

The following table presents the assets that are reported at fair value on a recurring basis as of June 30, 2024 and December 31, 2023, as well as the fair value of hierarchy of the valuation inputs used to measure fair value. We did not have any liabilities to report at fair value on a recurring basis as of June 30, 2024 and December 31, 2023.

Assets (In thousands)	Carrying Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
June 30, 2024				
Loans held for sale	\$ 56	\$ —	\$ —	\$ 56
Loans held for investment	4,031	—	—	4,031
Total measured	\$ 4,087	\$ —	\$ —	\$ 4,087
December 31, 2023				
Loans held for sale	\$ 4,456	\$ —	\$ —	\$ 4,456
Loans held for investment	5,633	—	—	5,633
Total measured	\$ 10,089	\$ —	\$ —	\$ 10,089

The estimated fair value for our business purpose loans is determined using the discounted cash flow model ("DCF") to estimate the net present value of the future cash flows expected from each loan. For performing loans, the DCF is based on the future expected cash flows of each loan in accordance with its contractual terms net of the strip component. Cash flows for performing loans with construction holdbacks incorporate the draws to complete the required improvements to the underlying property securing the loan. For nonaccrual loans, the estimated cash flows are based on the current fair value of the collateral of the loans, in which the Company will utilize a third-party appraisal to determine the fair value (Level 3).

On a loan-by-loan basis, the weighted average discount rate range utilized for the DCF applied to the net yield to be received by the Company was nil which is less than the overall yield on the portfolio of 9.3%, resulting in the increase in value of the portfolio at June 30, 2024. The determination of the discount rate was based on analysis of the current interest rates charged for business purpose loans in conjunction with the increase in rates for other underlying base rates such as the 10-year U.S. treasury bond and the 30 day Secured Overnight Financing Rate ("SOFR") (Level 3). For nonaccrual loans, the discount applied to the value of the collateral was based on available market information on REO sales transaction as of the valuation date (Level 3).

We did not transfer any assets from one level to another level during the six months ended June 30, 2024 or 2023.

We evaluate the change in fair value attributable to instrument-specific credit risk as the excess of the total change in fair value over the change in fair value attributable to changes in the risk-free rate. Instrument-specific credit risk had an immaterial impact on the change in fair value recognized for loans held during the six months ended June 30, 2024 and 2023.

3. Leases

We currently lease office space under operating leases in Christiansted, St. Croix, U.S. Virgin Islands and Bengaluru, India. Effective April 2024, we have moved to a new office space in Bengaluru, India. Prior to the termination of the lease in October 2023, we also leased space in Tampa, Florida. On June 21, 2024, the Company provided written notice of termination to the landlord of the U.S. Virgin Islands lease due to multiple significant breaches of landlord obligations.

As of June 30, 2024 and December 31, 2023, our weighted average remaining lease term, including applicable extensions, was 3.1 years and 3.3 years, respectively, and we applied a discount rate of 7.0% to our office leases. We determined the discount rate for each lease to be either the discount rate stated in the lease agreement or our estimated rate that we would charge to finance real estate assets.

During the three and six months ended June 30, 2024, we recognized rent expense of \$6,078 and \$81,495, respectively. During the three and six months ended June 30, 2023, we recognized rent expense of \$122,000 and \$246,000, respectively, related to long-term operating leases. We had \$288 short-term rent expense for the three and six months ended June 30, 2024; we had no short term rent expense for the three and six months ended June 30, 2023. We include rent expense as a component of general and administrative expenses in the Condensed Consolidated Statements of Operations. We had no finance leases during the three and six months ended June 30, 2024 or 2023.

The following table presents a maturity analysis of our operating leases as of June 30, 2024 (\$ in thousands):

	Operating Lease Liabilities
2024 ⁽¹⁾	\$ 131
2025	131
2026	131
2027	11
Total lease payments	404
Less: interest	40
Lease liabilities	<u>\$ 364</u>

(1) Excludes the three and six months ended June 30, 2024

Right-of-use assets are periodically reviewed for impairment losses under ASC 360-10, "Property, plant, and equipment," to determine whether a right-of-use asset is impaired, and if so, the amount of impairment loss to recognize. We did not recognize any impairments of right-of-use assets for the three and six months ended June 30, 2024 and 2023.

4. Commitments and Contingencies

Litigation, claims and assessments

Information regarding reportable legal proceedings is contained in the "Commitments and Contingencies" note in the financial statements provided in our Annual Report on Form 10-K for the year ended December 31, 2023. We establish reserves for specific legal proceedings when we determine that the likelihood of an outcome is probable and the amount of loss can be reasonably estimated. We do not currently have any reserves for our legal proceedings. The following updates and restates the description of the previously reported matters:

Litigation regarding Luxor and Redleaf

Please refer to Note 1 - Organization and Basis of Presentation – Sections "Related litigation" and "Settlement activities".

Arbitration regarding Indroneel Chatterjee, former Chief Executive Officer

On May 3, 2021, the Company's former CEO Indroneel Chatterjee commenced an arbitration against the Company and each of its directors. The arbitration complaint alleged that the Company's termination of Mr. Chatterjee's employment for cause was

in breach of his employment agreement. The complaint also alleged certain extra-contractual claims against the Company. On October 19, 2022, following extensive briefing by the parties, the arbitrator dismissed all of Mr. Chatterjee's then remaining claims and granted summary judgment on one of the Company's counterclaims requiring Mr. Chatterjee to pay the Company \$400,000 (the return of half of his initial signing bonus). On December 29, 2022, the arbitrator entered a final order which granted additional award of fees, costs and interest to the Company in the amount of over \$1 million, bringing the Company's total judgment against Mr. Chatterjee to approximately \$1.6 million. The Company has taken steps to attempt to enforce the judgment against Mr. Chatterjee and waives no rights or remedies with respect thereto.

AAMC's damage claims against Blackrock and PIMCO

On April 12, 2018, an action was filed in the Superior Court of the Virgin Islands, Division of St. Croix under the caption *Erbey Holding Corporation, et al. v. Blackrock Financial Management Inc., et al.*, case number SX-2018-CV-146. The action was initially filed by Plaintiffs Erbey Holding Corporation, John R. Erbey Family Limited Partnership, by its general partner Jupiter Capital, Inc., Salt Pond Holdings, LLC, Munus, L.P., Carisma Trust, by its trustee, Venia, LLC, and Tribue Limited Partnership (collectively, the "HoldCo Plaintiffs"). AAMC joined in the action as an additional named Plaintiff pursuant to Court order dated March 30, 2023.

The action was filed against Defendants Blackrock Financial Management, Inc., Blackrock Investment Management, LLC, Blackrock Investments, LLC, Blackrock Capital Management, Inc., Blackrock, Inc, Pacific Investment Management Company LLC, PIMCO Investments, LLC and John and Jane Does 1-10.

The complaint alleges that Defendants, aided by their agents and co-conspirators, engaged in an unlawful enterprise and conspiracy to harm Plaintiffs and related companies, including Ocwen Financial Corporation ("Ocwen"), by damaging their operations, business relationships and standing in the industry.

As set out in the complaint, the alleged wrongful and malicious conduct of Defendants, which included fraudulent disparagement and targeted short-selling, constitutes common law intentional torts and violations of Section 605 of the Virgin Islands Criminally Influenced and Corrupt Organizations Act ("CICO"). AAMC and the HoldCo Plaintiffs seek compensatory damages in amounts reflecting the substantial diminution in value of their stock and stock holdings, respectively, and/or lost profits, plus lost future market value appreciation and profits. Any direct or indirect compensatory damages awarded under CICO are subject to automatic trebling. The action also seeks punitive damages of up to nine times any compensatory amounts based on the egregious nature of the alleged intentional torts, as well as an award of attorneys' fees and other expenses incurred in prosecuting the case.

Defendants filed multiple motions that sought to dismiss the case on various alleged grounds, including that Plaintiffs failed to adequately plead their respective statutory and common law tort claims and that the Court allegedly lacked personal jurisdiction over Defendants.

On July 13, 2023, a court-appointed Staff Master issued a comprehensive recommendation that all of AAMC's legal claims should be permitted to proceed and that the Court should exercise personal jurisdiction over four of the five named Blackrock-entity Defendants and both of the named PIMCO-entity Defendants. The Staff Master recommended that Blackrock, Inc. be dismissed for lack of personal jurisdiction.

On December 4, 2023, the trial judge adopted the Staff Master's recommendation and overruled Defendants' objections thereto. The trial judge certified the findings of jurisdiction for a potential interlocutory discretionary appeal. The Virgin Islands Supreme Court has not yet determined whether or not to accept Defendants' appeal. The trial judge also entered a final order dismissing Blackrock, Inc., thus permitting an appeal by Plaintiffs as of right to the Virgin Islands Supreme Court. Briefing in Plaintiff's appeal concluded on April 17, 2024.

On February 27, 2024, the trial judge denied Defendants' request for a stay of discovery during the pendency of appellate matters before the Virgin Islands Supreme Court and directed the Staff Master to conduct a discovery conference on an expedited basis. The Staff Master held a discovery conference and on April 4, 2024, entered a Discovery and Scheduling Plan which provides for all discovery to be completed in the fall of 2025. Discovery is ongoing.

At this time, we are not able to predict the ultimate outcome of this matter, nor can we estimate the range of possible damages to be awarded to AAMC, if any. As such, we have not recorded a gain contingency for this matter at June 30, 2024 or December 31, 2023.

5. Related Party Transactions

On June 3, 2024, the Company, as lender, entered into a revolving loan agreement (the "Loan") with Altisource Solutions Inc., (the "Borrower"), which is affiliated with a major shareholder of the Company. Under the terms of the revolving loan agreement, the Company will provide a revolving loan facility to the Borrower in an initial aggregate amount of up to \$1,000,000 but not less than \$250,000 and with the potential to be increased up to \$3,000,000 in the aggregate as set forth in the Loan. The Loan bears interest at the rate of 12% per annum computed on the basis of a 365/366-day year; provided, however, that the Borrower and the Company may mutually agree to adjust the interest rate from time to time.

No amounts were drawn on the Loan as of June 30, 2024.

6. Incentive Compensation and Share-Based Payments

2012 Special Equity Incentive Plan

A special grant of stock options and restricted stock was made to certain employees of Altisource Portfolio Solutions N.A. ("ASPS") related to our separation from ASPS under the 2012 Special Equity Incentive Plan (the "2012 Special Plan"). We included no share-based compensation in our condensed consolidated financial statements for the portion of these grants made to ASPS employees. The shares of restricted stock became fully vested and were issued during 2017. Dividends received on restricted stock are forfeitable and are accumulated until the time of vesting at the same rate and on the same date as on shares of common stock. Upon the vesting of stock options and restricted stock, we may withhold up to the statutory minimum to satisfy the resulting employee tax obligation.

Stock options

We recorded no compensation expense related to grants of stock options for the three and six months ended June 30, 2024 and 2023.

As of both June 30, 2024 and December 31, 2023, we had no outstanding options issued under all of our share-based compensation plans or as inducement awards.

Restricted stock

During the six months ended June 30, 2024 and the year ended December 31, 2023, we granted no shares of service-based restricted stock to members of management. We recorded no compensation expense related to our share-based compensation plan for the three and six months ended June 30, 2024. We recorded \$0.1 million and \$0.3 million of compensation expense related to our share-based compensation for the three and six months ended June 30, 2023, respectively. As of June 30, 2024 and December 31, 2023, we had an no unrecognized share-based compensation cost to be recognized.

7. Income Taxes

We are domiciled in the USVI and are obligated to pay taxes to the USVI on our income. We applied for tax benefits from the USVI Economic Development Commission ("EDC") and received our certificate of benefits ("the EDC Certificate"), effective as of February 1, 2013. Pursuant to the Certificate, so long as we comply with its provisions, we will receive a 90% tax reduction on our USVI-sourced income taxes until 2043. By letter dated April 13, 2023, the EDC approved an extension of the temporary full-time employment waiver (the "Waiver") of the Company's minimum employment requirements to five full-time USVI employees for the period from January 1, 2023 through June 30, 2023. By letter dated February 19, 2024, the EDC approved an additional extension for the period July 1, 2023 to December 31, 2024. At June 30, 2024, the Company met the minimum employment requirements required under the provisions of the Waiver.

As of June 30, 2024 and December 31, 2023, we accrued no interest or penalties associated with any unrecognized tax benefits, nor did we recognize any interest expense or penalties during the six months ended June 30, 2024 and 2023.

The Company recorded a \$1,000 tax benefit and a book loss of \$2.2 million for the second quarter of 2024. The material differences between the effective tax rate and the statutory tax rate are the EDC benefit discussed above and the fact that the USVI EDC is in a full valuation allowance position and incurred a current quarter loss.

8. Earnings Per Share

The following table sets forth the components of basic and diluted (loss) income per share (\$ in thousands, except share and per share amounts):

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Numerator				
Net loss	\$ (2,166)	\$ (3,814)	\$ (5,276)	\$ (6,802)
Gain of preferred stock transaction	—	—	132,212	—
Numerator for earnings per share - net (loss) income attributable to common stockholders	\$ (2,166)	\$ (3,814)	\$ 126,936	\$ (6,802)
Denominator				
Weighted average common stock outstanding - basic	2,554,512	3,000,895	2,554,512	3,011,011
Weighted average common stock outstanding - diluted	2,554,512	3,000,895	2,576,056	3,011,011
(Loss) income per basic common share	\$ (0.85)	\$ (1.27)	\$ 49.69	\$ (2.26)
(Loss) income per diluted common share	\$ (0.85)	\$ (1.27)	\$ 49.28	\$ (2.26)

On September 8, 2023, the Company's Board of Directors approved a 70% stock dividend. Each stockholder of record on September 18, 2023 received a dividend of seven tenths additional share of common stock for each then-held share, with any fractional shares rounded up, to be distributed after close of trading on October 31, 2023. The Company's common stock began trading on a stock-adjusted basis on November 1, 2023. The par value of the Company's common stock was not affected by the split and remained at \$0.01 per share. The computations of basic and diluted EPS have been adjusted on a retrospective basis for all periods presented.

We excluded the items presented below from the calculation of diluted (loss) income per share as they were antidilutive for the periods indicated, as the Company had a net loss from operations for each period presented (\$ in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Denominator				
Restricted stock	14,571	47,563	—	48,615
Preferred stock, if converted	—	115,370	—	115,370

9. Segment Information

The Company has two reportable segments: Loan Operations and Control System Commercialization. ALG is our primary business in the Loan Operations segment. Activity in the Control System Commercialization segment began during the first quarter of 2024 and is comprised entirely of electric vehicle intellectual property development expenses. The segment has no assets or liabilities at June 30, 2024.

10. Subsequent Events

Management has evaluated the impact of all subsequent events through the issuance of these condensed consolidated financial statements and determined that there were no subsequent events requiring adjustment or disclosure in the financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Our Business

Altisource Asset Management Corporation ("we," "our," "us," "AAMC," or the "Company") was incorporated in the United States Virgin Islands ("USVI") on March 15, 2012 (our "inception"), and we commenced operations as an asset manager on December 21, 2012.

During 2022 and 2023, the Company generated alternative private credit loans through Direct to Borrower Lending, Wholesale Originations and Correspondent Loan Acquisitions and funded the originated or acquired alternative loans from a combination of Company equity and lines of credit through its alternative lending group ("ALG") business line. Those loans were then sold through forward commitments and repurchase contracts.

Following a full year of ALG's operations, our Board of Directors mandated a comprehensive review of the Company's mortgage platform to improve the performance of the business. The review involved assessments of operational efficiency and capacity issues, opportunities for cost reductions, strategies for improving liquidity, among other initiatives, all with a view toward enhancing financial performance. The Company made significant progress in reducing costs and streamlining operations. This included an across-the-board employee right-sizing, reducing expenditures for third-party professional services, reducing reliance on lines of credit and significantly reducing our investment in loans held for sale and investment, and in the third quarter of 2023 we began taking steps to liquidate the loan portfolio we held at that time. While the Company has the ability to originate and purchase loans in the future, it does not anticipate doing so other than on a very selective basis.

On October 6, 2023, the Company signed a non-exclusive patent and technology licensing agreement ("the PTL Agreement") with System73 Limited ("System 73"), an entity controlled and managed by the 53.6% owners of the Company's common stock. Under the PTL Agreement, the Company obtained a non-exclusive license for a set of patents for a control system which seeks to optimize the efficiency of electric vehicles ("EVs"). The patents cover algorithms which optimize the utilization of multiple motors not only at a point in time but over the entire trip. The Company's investment in the EV business and the development of those business assets is currently the principal line of business of the Company.

As consideration for the patent rights granted in the PTL Agreement, the Company has agreed to pay 6.2 million pounds sterling (approximately \$8.0 million) in budgeted increments as they are incurred by System73 under a commercialization contract executed with Seabird Technologies Limited ("Seabird"), plus any future third-party expenses reasonably incurred in connection with the filing, prosecution and maintenance of the patents. Under the commercialization contract, Seabird has been engaged by System 73 to build a technology demonstrator to validate the functionality of an integrated drive unit using the technology and to develop a commercialization strategy for the technology, including the development of a sales pipeline, over an 18-month period commencing on January 1, 2024. Through June 30, 2024, AAMC has made payments of approximately \$2.9 million in the aggregate toward these contractual obligations.

Electric motors have very narrow ranges of torque and speed where they are highly efficient. Outside of that range, efficiency generally rapidly deteriorates. By employing multiple motors with differing peak efficiency ranges in an electric vehicle, the overall efficiency can be improved. The patent covers algorithms which optimize the utilization of multiple motors not only at a point in time but over the entire trip.

There are two primary value propositions which are being pursued in this venture:

- Consumer - automotive and light truck to extend range and performance; and
- Commercial and industrial both delivery and construction/mining equipment – minimize downtime for both expensive personnel and equipment during recharging.

Under the terms of the commercialization contract, Seabird will be the exclusive distributor of the control system for two years following development and will earn 10% of revenue from sales directly attributable to their efforts up to \$250 million per annum; 20% of revenue from sales directly attributable to their efforts over \$250 million per annum; and 10% ownership in System 73 (or any potential future owner of the control system at that time) when revenue attributable to their efforts exceeds \$500 million per annum.

In addition, the PTL Agreement contemplates certain equity incentives for System73 based on performance. The PTL Agreement sets out "AAMC Common Stock Milestones", defined as each instance where the average closing price of the Company's common stock for the preceding twenty (20) day period reaches an amount equal to or in excess of a multiple of \$100 (i.e., \$100, \$200, \$300, etc.). Upon the occurrence of each such AAMC Common Stock Milestone, System 73 would be awarded the number of shares of AAMC Common Stock equal to ten percent (10%) of the AAMC fully diluted Shares.

Consistent with New York Stock Exchange rules, any equity award under the PTL Agreement will be subject to stockholder approval.

AAMC, at its option, may terminate the PTL Agreement by providing System73 written notice of intent to terminate at any time and for any reason. Upon termination, in addition to all other obligations under the PTL Agreement, System73 shall promptly pay to AAMC an amount equal to the value of all payments made by AAMC pursuant to the agreement, plus a twenty percent (20%) annualized return on investment on such payments.

Metrics Affecting Our Consolidated Results

Our operating results are affected by various factors and market conditions, including the following:

Revenues

Our revenues primarily consist of loan interest income and origination fees earned on our loans held for sale and investment, net realized gains or losses on loans held for sale, along with other ancillary fees earned from the loan portfolio.

Expenses

Our expenses consist primarily of salaries and employee benefits, legal and professional fees, general and administrative expenses, servicing and asset management expense, acquisition charges, operational interest expense, direct loan expense, and loan sales and marketing expense, other loan related expenses and electric vehicle intellectual property development. Salaries and employee benefits include the base salaries, incentive bonuses, medical coverage, retirement benefits, non-cash share-based compensation and other benefits provided to our employees for their services. Legal and professional fees include services provided by third-party attorneys, accountants and other service providers of a professional nature. General and administrative expenses include costs related to the general operation and overall administration of our business as well as non-cash share-based compensation expense related to restricted stock awards to our Directors. Servicing and asset management expenses include loan commissions. Acquisition charges reflect professional fees incurred solely for the purpose of assisting the Company in the identification of target companies and the subsequent due diligence, valuation, and deal structuring services required to properly assess the viability of the target companies. Operational interest expense, direct loan expense, and loan sales and marketing expense are fees related to loans or the line of credit.

Other Income (Expense)

Other income (expense) primarily relates to income or expense recognized in the change of fair value of loans, change in the fair value of equity securities, gain and dividends on equity securities.

Results of Operations

The following sets forth discussion of our results of operations for the three and six months ended June 30, 2024 and 2023. Our results of operations for the periods presented are not indicative of our expected results in future periods.

Loan Interest Income

Loan interest income decreased to \$34,000 and \$0.3 million for the three and six months ended June 30, 2024, respectively, compared to \$1.6 million and \$3.6 million for the three and six months ended June 30, 2023. The reduction was driven by our decision in the third quarter of 2023 to liquidate our loan portfolio, which resulted in us holding fewer loans during the 2024 period versus the 2023 period.

Loan Fee Income

Loan fee income was \$8,000 and \$14,000 for the three and six months ended June 30, 2024, respectively, compared to \$0.3 million and \$0.4 million for the three and six months ended June 30, 2023, respectively. The reduction was driven by our decision in the third quarter of 2023 to liquidate our loan portfolio and curtail our loan origination activity, which resulted in us earning less loan fee income during the 2024 period vs the 2023 period.

Realized Gains on Loans Held for Sale, net

We recognized no realized gains on loans held for sale, net, for three and six months ended June 30, 2024, respectively. Realized gains of \$10,000 and \$20,000 were recognized on loans held for sale, net, for the three and six months ended June 30, 2023, respectively.

Salaries and Employee Benefits

Salaries and employee benefits were \$0.3 million and \$0.5 million for the three and six months ended June 30, 2024, respectively, compared to \$1.9 million and \$3.8 million for the three and six months ended June 30, 2023. The 2024 decrease is due to our decision in the third quarter of 2023 to liquidate our loan portfolio and actions implemented that served to reduce our cost structure and employee headcount.

Legal, Acquisition and Professional Fees

Legal fees were \$31,000 and \$0.1 million for the three and six months ended June 30, 2024, respectively, compared to \$0.9 million and \$1.4 million for the three and six months ended June 30, 2023. This decrease is primarily due to higher costs in 2023 related to the Luxor litigation and employment issues. We incurred no acquisition costs in 2024, or during the three and six months ended June 30, 2023, respectively. Professional fees were \$0.3 million and \$0.7 million for the three and six months ended June 30, 2024, respectively, compared to \$0.6 million and \$1.1 million for the three and six months ended June 30, 2023, respectively.

General and Administrative Expenses

General and administrative expenses were \$0.2 million and \$0.5 million for the three and six months ended June 30, 2024, respectively, compared to \$1.0 million and \$1.9 million for the three and six months ended June 30, 2023, respectively. The reduction, is attributable to lower insurance, operating lease, travel & lodging and restricted stock expenses, driven by our decision to liquidate our loan portfolio, and reduce our cost structure and employee headcount.

Servicing and Asset Management Expense

Servicing and asset management expenses were \$0.2 million and \$0.3 million for the three and six months ended June 30, 2024, respectively, compared to \$0.2 million and \$0.4 million for the three and six months ended June 30, 2023, respectively.

Interest Expense

Interest expense was \$0.3 million and \$0.5 million for the three and six months ended June 30, 2024, respectively. Interest expense includes interest incurred on our notes payable, margin account, and amortized commitment fees. Interest expense was \$0.9 million and \$2.0 million for the three and six months ended June 30, 2023, respectively. In 2023 our interest expense was related to our ALG business, while our interest expense in 2024 was related to the notes payable we issued in January 2024 in connection with the Luxor settlement.

Direct Loan Expense

We incurred no direct loan expense during the three months ended June 30, 2024 and \$7,000 during the six months ended June 30, 2024, compared to \$0.2 million and \$0.5 million for the three and six months ended June 30, 2023, respectively. Direct loan expenses include loan broker fees, inspection fees, title search and other fees.

Loan Sales and Marketing Expense

We incurred no loan sales and marketing expenses during the three and six months ended June 30, 2024 (as a result of our decision to liquidate our loan portfolio), compared to \$0.4 million and \$0.8 million for the three and six months ended June 30, 2023, respectively. Loan sales and marketing expenses include expenses related to the promotion and exposure to leads which may result in originations of loans.

Electric Vehicle Intellectual Property Development Cost

Electric vehicle intellectual property development costs were \$1.0 million and \$2.9 million for the three and six months ended June 30, 2024, respectively. The Company did not incur any electric vehicle intellectual property developments costs in comparable prior year periods, as electric vehicle development costs began to be incurred in January 2024.

Change in Fair Value of Loans

We recognized \$38,000 in income during the three months ended June 30, 2024 and \$31,000 in expense during the six months ended June 30, 2024, for changes in the fair value of loans. We recognized \$0.4 million and \$1.2 million in income for the change in the fair value of loans during the three and six months ended June 30, 2023, respectively.

Realized Losses on Loans Held for Sale, net

We recognized no realized losses on loans held for sale, net, during the three and six months ended June 30, 2024, respectively. We recognized no realized losses, and realized losses of \$0.3 million, on loans held for sale, net, for the three and six months ended June 30, 2023, respectively.

Liquidity and Capital Resources

As of June 30, 2024, we had cash and cash equivalents of \$8.1 million compared to \$8.7 million as of December 31, 2023. We believe these sources of liquidity are sufficient to enable us to meet anticipated short-term (one-year) liquidity requirements. Our ongoing cash expenditures primarily consist of: salaries and employee benefits, legal and professional fees, lease obligations, other general and administrative expenses and investment in electric vehicle intellectual property. Certain account balances exceed FDIC insurance coverage and, as a result, there is a concentration of credit risk related to amounts on deposit in excess of FDIC insurance coverage. To mitigate this risk, we maintain our cash and cash equivalents at large national or international banking institutions.

Loans Held for Sale, at fair value

On June 30, 2024, our loans held for sale, at fair value, was \$56,000, compared to \$4.5 million at December 31, 2023. The reduction was driven by our decision to liquidate our loan portfolio. These loans primarily relate to loans originated by ALG and are included net of loan holdbacks, accrued interest, payments and advances in process and market valuation amounts.

Loans Held for Investment, at fair value

On June 30, 2024, our loans held for investment, at fair value, was \$4.0 million, compared to \$5.6 million at December 31, 2023. The reduction was driven by our decision to liquidate our loan portfolio and phase out our ALG business line. These loans primarily relate to business purpose bridge loans for the transitioning of real estate properties and are included net of loan holdbacks, accrued interest, in process and market valuation amounts.

Treasury Shares

As of June 30, 2024, a total of \$275.2 million in shares of our common stock have been repurchased under the authorization by our Board of Directors to repurchase up to \$300.0 million in shares of our common stock. Repurchased shares are held as treasury stock and are available for general corporate purposes. As of June 30, 2024, we had an aggregate of \$24.8 million shares remaining available for repurchase under our Board-approved repurchase plan.

The Company did not repurchase any shares during the six months ended June 30, 2024. The Company repurchased 30,371 shares for \$1.7 million during the six months ended June 30, 2023.

Cash Flows

We report and analyze our cash flows based on operating activities, investing activities and financing activities. The following table summarizes our cash flows for the periods indicated (\$ in thousands):

	Six months ended June 30,	
	2024	2023
Net cash used in operating activities	\$ (1,177)	\$ (18,483)
Net cash provided by investing activities	1,568	30,639
Net cash used in financing activities	(1,000)	(10,401)
Total cash flows	<u>\$ (609)</u>	<u>\$ 1,755</u>

Operating Activities

Net cash used in operating activities for the three and six months ended June 30, 2024 and 2023, consisted primarily of additional fundings of held for sale loans, payment of ongoing salaries and benefits, and general corporate expenses in excess of revenues.

Investing Activities

Net cash provided by investing activities for the three and six months ended June 30, 2024 and 2023, consisted primarily of the proceeds from sales and principal payments on loans held for investment, offset by additional fundings of loans held for investment.

Financing Activities

Net cash used in financing activities during the three and six months ended June 30, 2024, consisted primarily of cash used in the conversion of preferred stock. Net cash used in financing activities for the three and six months ended June 30, 2023, consisted primarily of funds borrowed and repaid under the Company's line of credit, and cash used in the repurchase of common stock.

Off-balance Sheet Arrangements

We had no off-balance sheet arrangements as of June 30, 2024 or December 31, 2023.

Recent accounting pronouncements

See [Item 1 - Financial statements \(unaudited\)](#) - Note 1 - Organization and Basis of Presentation - "Recently issued accounting standards."

Critical Accounting Judgments

For a discussion of our critical accounting judgments, please see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - "Critical Accounting Judgments" in our Annual Report on Form 10-K for the year ended December 31, 2023; and Note 1 - Organization and Basis of Presentation and Note 2 - Loans Held for Sale or Investment at Fair Value of the condensed consolidated interim financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk includes risks that arise from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market sensitive instruments.

Item 4. Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's filings under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and to ensure that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act) as of the end of the period covered by this quarterly report. Based upon that evaluation, management has determined that the Company's disclosure controls and procedures were effective as of June 30, 2024.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Controls

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives as specified above. Management does not expect, however, that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

Part II

Item 1. Legal proceedings

For a description of the Company's legal proceedings, refer to [Item 1 - Financial Statements \(Unaudited\)](#) - Note 1 - Organization and Basis of Presentation, Settlement activities and Note 4 - Commitments and Contingencies of the condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q for material developments of legal proceedings to which the Company is a party.

Item 1A. Risk Factors

Except as set forth below our risk factors reflected in our December 31, 2023 Form 10-K (filed on March 29, 2024) have not materially changed. For additional information regarding our risk factors, you should carefully consider the risk factors disclosed in "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023.

We cannot assure you that we will continue to be listed on the NYSE American.

Our common stock is listed on the NYSE American, and we are subject to certain NYSE American continued listing requirements and standards. On May 31, 2024, we received notice of non-compliance from the NYSE American due to our stockholders' equity not meeting the NYSE American's continued listing requirements and standards for minimum stockholder's equity, which is below the NYSE American's minimum requirement. We submitted a plan of compliance to the NYSE American after receipt of the notice, however, there is no assurance that the NYSE will accept that plan or that the Company will be able to execute on that plan, either of which could result in the Company becoming subject to delisting procedures as set forth in the NYSE American Company Guide. We will need to increase its income in the near future, recognize or book certain financial gains, or otherwise raise outside capital to regain compliance, of which there can be no assurances. We may also incur costs that we have not previously incurred for expenses for compliance with the rules and requirements of the NYSE American. We cannot provide any assurance that we will be able to continue to satisfy the requirements of the NYSE American's continued listing standards. A delisting of our common stock from the NYSE American could negatively affect the price and liquidity of our common stock and could impair our ability to raise capital in the future.

Item 2. Unregistered sales of equity securities and use of proceeds

None.

Item 3. Defaults upon senior securities

None.

Item 4. Mine safety disclosures

Not applicable.

Item 5. Other Information

During the fiscal quarter ended June 30, 2024, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

Item 6. Exhibits**Exhibits**

Exhibit Number	Description
2.1	Separation Agreement, dated as of December 21, 2012, between Altisource Asset Management Corporation and Altisource Portfolio Solutions S.A. (incorporated by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8-K filed with the SEC on December 28, 2012).
3.1	Amended and Restated Articles of Incorporation of Altisource Asset Management Corporation (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed with the SEC on January 5, 2017).
3.2	Fifth Amended and Restated Bylaws of Altisource Asset Management Corporation (incorporated by reference to Exhibit 3.2 of the Registrant's Current Report on Form 8-K filed with the SEC on July 6, 2022).
3.3	Certificate of Designations establishing the Company's Series A Convertible Preferred Stock (incorporated by reference to Exhibit 3.3 of the Registrant's Current Report on Form 8-K filed with the SEC on March 19, 2014).
10.14*	Revolving loan agreement with Altisource Solutions Inc., dated June 3, 2024
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act.
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act.
32.1**	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act.
32.2**	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

** Indicates the exhibit is being furnished, not filed, with this report.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 14, 2024

By: /s/ William C. Erbey
Altisource Asset Management Corporation
William C. Erbey
Chairman and Chief Executive Officer

Date: August 14, 2024

By: /s/ Richard G. Rodick
Richard G. Rodick
Chief Financial Officer

REVOLVING LOAN AGREEMENT

Dated as of June 3, 2024

among

ALTISOURCE SOLUTIONS, INC.,

as Borrower

ALTISOURCE S.À R.L.,

as Guarantor

and

ALTISOURCE ASSET MANAGEMENT CORPORATION,

as Lender

EXHIBITS

- A - Borrowing Request
 - B - Form of Promissory Note
-

REVOLVING LOAN AGREEMENT

This Revolving Loan Agreement, dated as of June 3, 2024 (this “Agreement”), is among Altisource Solutions, Inc., a Delaware corporation, as the borrower (the “Borrower”), the Borrower’s parent, Altisource S.à r.l., a private limited liability company (société à responsabilité limitée) organized and established under the laws of the Grand Duchy of Luxembourg (the “Guarantor”), and Altisource Asset Management Corporation, as the lender (the “Lender”).

WHEREAS: On the terms and conditions provided herein, the Lender is willing to provide a revolving loan to the Borrower in an initial aggregate amount of \$1,000,000 and with the potential to be increased up to \$3,000,000 in the aggregate as set forth in this Agreement. The loan will be secured by a lien on certain accounts receivable and deposit accounts as provided in the Credit Documents.

NOW, THEREFORE: In consideration of the mutual agreements, provisions and covenants contained herein, the parties hereto agree as follows:

1. Definitions; Certain Rules of Construction. Except as the context otherwise explicitly requires, (a) the capitalized term “Section” refers to sections of this Agreement, (b) the capitalized term “Exhibit” refers to exhibits to this Agreement and the capitalized term “Schedule” refers to schedules to this Agreement, (c) references to “\$” and “Dollars” are to United States dollars, (d) the word “including” shall be construed as “including without limitation”, (e) accounting terms not otherwise defined herein have the meaning provided under GAAP, (f) references to a particular statute or regulation include all rules and regulations thereunder and any successor statute, regulation or rules, in each case as from time to time in effect, and (g) references to a particular Person include such Person’s successors and assigns to the extent not prohibited by this Agreement and the other Credit Documents. References to “the date hereof” mean the date first set forth above.

“Affiliate” means a Person controlling, controlled by or under common control with any Credit Party.

“Applicable Law” means, as to any Person, any law applicable or binding on such Person or any of its property, products, business, assets or operations or to which such Person or any of its property, products, business, assets or operations is subject.

“Bankruptcy Code” means Title 11 of the United States Code.

“Borrower” is defined in the preamble hereof.

“Borrowing Base” means the sum of (a) the aggregate amount of Eligible Accounts Receivable plus (b) the amount of cash in the Pledged Account.

“Borrowing Request” is defined in Section 2.2.

“Business” means the Borrower’s property renovation program and related purposes.

“Business Day” means a day other than a Saturday, Sunday or other day on which commercial banks in the State of New York are authorized or required by law to close.

“Change of Control” means (a) any Person or “group” (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) (other than (i) William C. Erbey, his estate, spouse, lineal descendants, legatees, legal representatives (in their capacities as such) or the trustee (in its capacity as such) of a bona fide trust of which one or more of the foregoing are the principal beneficiaries or grantors thereof, (ii) STS Master Fund, Ltd. and its Affiliates or (iii) any entity controlled, directly or indirectly, by any Persons referred to in the preceding clauses (i) or (ii) whether through the ownership of voting securities, by contract or otherwise) shall have acquired beneficial ownership or control of 50.0% or more on a fully diluted basis of the voting and/or economic interest in the equity interests of Holdings; (b) a majority of the seats on the board of directors (or similar governing body) of Holdings shall be occupied by Persons other than (i) directors on the date of this Agreement, (ii) directors whose election or nomination was approved by individuals referred to in clause (i) of this clause (b) constituting at the time of such election or nomination at least a majority of the board of directors (or similar governing body) of Holdings or (iii) directors whose election or nomination was approved by individuals referred to in clauses (i) or (ii) of this clause (b) constituting at the time of such election or nomination at least a majority of the board of directors (or similar governing body) of Holdings; or (c) Holdings fails to own and control, directly or indirectly, 100% of the equity interests of the Borrower.

“Closing Date” means the Business Day on which the conditions precedent set forth in Section 5 shall have been satisfied (or waived in writing by the Lender) and a Revolving Loan Advance is made under Section 2.1.

“Collateral” means the Property with respect to which a Lien is created (or purported to be created) under any Security Document.

“Credit Documents” means:

- (a) this Agreement, the Security Documents and the Note; and
- (b) any other present or future agreement or instrument from time to time entered into by the Lender, on one hand, and a Credit Party, on the other hand, relating to, amending or modifying this Agreement or any other Credit Document referred to above or which is stated to be a Credit Document, each as from time to time in effect.

“Credit Obligations” means all present and future liabilities, obligations and indebtedness of any Credit Party to the Lender, whether due or to become due or absolute or contingent, including under or in connection with this Agreement, the Note or any other Credit Document, including obligations in respect of principal, interest, fees, charges, indemnities and expenses from time to time owing hereunder or under any other Credit Document, whether due before or after any bankruptcy proceedings with respect to such Credit Party and whether or not allowed as a claim in such proceedings.

“Credit Party” means the Borrower and the Guarantor.

“Default” means any Event of Default and any event or condition which with the passage of time or giving of notice, or both, would become an Event of Default.

“Deposit Account Control Agreement” means the account control agreement in customary form among the Depository, the Lender and the Borrower, as from time to time in effect, with respect to the Pledged Account.

“Depository” means HSBC Bank USA, N.A. or such other financial institution selected by Borrower subject to Lender’s consent.

“Eligible Accounts Receivable” means (a) accounts receivable held by Borrower or its Affiliates owing from the Federal National Mortgage Association or other property renovation customers for work performed by the Borrower or its Affiliates in connection with the Business and (b) the accrued amounts to which the Borrower or its Affiliates reasonably expect to be entitled as a result of services performed under contracts with the Federal National Mortgage Association or other property renovation customers in connection with the Business, but which accrued amounts are not yet issued as accounts receivable described in clause (a) above.

“Event of Default” is defined in Section 8.1.

“Existing Debt” means (a) the Amended and Restated Credit Agreement dated as of February 9, 2023, among the Borrower, Parent, the lenders party thereto and Wilmington Trust, National Association, as administrative agent and collateral agent, as from time to time in effect and (b) the Credit Agreement dated as of June 22, 2021, between Parent and STS Master Fund, Ltd., as from time to time in effect, and, in each case, any replacement or refinancing of thereof.

“GAAP” means generally accepted accounting principles as from time to time in effect, including the statements and interpretations of the United States Financial Accounting Standards Board, consistently followed.

“Holdings” means Altisource Portfolio Solutions S.A., a public limited liability company (société anonyme) organized and established under the laws of the Grand Duchy of Luxembourg, having its registered office at 33, Boulevard Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies register (Registre de commerce et des sociétés, Luxembourg) under number B72391.

“Indebtedness” means all obligations (a) for borrowed money, (b) evidenced by notes or similar instruments, (c) for the deferred purchase price of property or services (other than ordinary trade payables), (d) for reimbursement of draws made under letters of credit, (e) with respect to net payments under hedging obligations, (f) secured by a Lien on such Person’s assets, even if the Person is not directly liable for such obligation, (g) of a general partner in a partnership (except to the extent such obligations are expressly non-recourse) and (h) guaranteeing the obligations described in the foregoing clauses (a) through (g) incurred by another Person.

“Indemnified Party” is defined in Section 10.2.

“Lender” has the meaning provided in the preamble hereof.

“Lien” means a security interest, mortgage, pledge, hypothecation, lien, charge or other similar encumbrance.

“Loan” is defined in Section 2.1(a).

“Material Adverse Change” means a material adverse change in the business, operations, assets, income or financial condition of the Credit Parties.

“Maturity Date” means June 3, 2025; provided that the Maturity Date shall be automatically extended for one (1) year on each anniversary of the date hereof, unless the Lender or the Borrower provides notice of its intent to terminate this Agreement, after which, (a) if such notice is provided by the Borrower, the Maturity Date shall be the date that is 10 Business Days after the date of such notice and (ii) if such notice is provided by the Lender, the Maturity Date shall be the date that is 150 days after the date of such notice.

“Note” is defined in Section 2.2.

“Parent” has the meaning provided in the preamble hereof.

“Person” means any present or future natural person or any corporation, association, partnership, joint venture, limited liability company, business trust, trust, organization, business, individual or government or any governmental agency or political subdivision thereof.

“Pledged Account” means the Deposit Account as defined in Section 5.4 herein of the Borrower with the Depository.

“Property” means any interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

“Revolving Commitment Amount” is defined in Section 2.1.

“Revolving Loan Advance” is defined in Section 2.1.

“Security Agreement” means the Security Agreement dated as of the date hereof, as from time to time in effect, between the Borrower and the Lender in form and substance reasonably satisfactory to the Lender.

“Security Documents” is a collective reference to the Security Agreement, the Deposit Account Control Agreement and all other security documents delivered to the Lender granting or purporting to grant a Lien on any property of any Person to secure any Credit Obligations.

“Shareholder Distributions” means, as to any Person, any dividends, distributions or repurchases with respect to equity interests of such Person.

“Subsidiary” means any Person of which the Borrower (or other specified Person) shall at the time, directly or indirectly through one or more of its Subsidiaries, (a) own more than 50% of the outstanding capital stock (or other shares of beneficial interest) entitled to vote generally, (b) hold more than 50% of the partnership, joint venture or similar interests or (c) be a general partner or joint venturer.

“Unused Commitment Fee” is defined in Section 4.6.

2. Revolving Loan Facility.

2.1 Revolving Loan.

(a) Subject to all the terms and conditions of this Agreement, including satisfaction or written waiver of the conditions in Section 5 below, and so long as no Default exists, from time to time prior to the Maturity Date the Lender agrees to make loan advances (each, a “Revolving Loan Advance”) to the Borrower in such amounts as may be requested by the Borrower in accordance with Section 2.2. The sum of the aggregate principal amount of Revolving Loan Advances at any one time outstanding shall in no event exceed the lesser of (i) \$1,000,000 (the “Revolving Commitment Amount”), provided that the Lender may, from time to time, in its discretion, increase the Revolving Commitment Amount in \$500,000 increments up to a maximum of \$3,000,000, and (ii) the Borrowing Base. The aggregate principal amount of Revolving Loan Advances outstanding from time to time under Section 2.1 is referred to as the “Loan”.

(b) The Borrower may use the proceeds of the Loan in accordance with Section 7.4.

2.2 Borrowing Requests. The Borrower may from time to time request a Revolving Loan Advance under Section 2.1 by providing to the Lender a notice (which may be given by a telephone call and promptly confirmed in writing) not later than noon (Eastern time) on the second Business Day prior to the requested Closing Date. The notice must specify the amount of the requested Revolving Loan Advance (which shall not be less than \$250,000 and in an integral multiple of \$50,000) and be in substantially the form of Exhibit A (a “Borrowing Request”). Each such Revolving Loan Advance will be made by wiring the amount thereof to the Pledged Account on the requested Closing Date.

2.3 Note. The Borrower’s obligations to pay the Loan shall be evidenced by the Borrower’s promissory note in substantially the form of Exhibit B (the “Note”).

3. Interest Rate. The Loan shall bear interest at the rate of 12% per annum computed on the basis of a 365/366-day year; provided, however, that the Borrower and the Lender may mutually agree to adjust the interest rate from time to time.

4. Payment.

4.1 Payments at Maturity. On the Maturity Date or any accelerated maturity of the Loan as a result of an Event of Default, all principal and accrued interest on the Loan, as well as all other Credit Obligations then accrued and outstanding, shall be paid in full in cash.

4.2 Voluntary Prepayments. The Borrower may from time to time prepay all or any portion of the Loan in a minimum principal amount of \$100,000 and integral multiples of \$1,000 (or such lesser amount that constitutes the entire remaining outstanding principal amount of the Loan).

4.3 Mandatory Prepayments. If the Loan exceeds the Revolving Commitment Amount or the Borrowing Base, the Borrower shall prepay the Loan in the amount of such excess within five Business Days.

4.4 Reborrowing. The amounts of the Loan repaid may be reborrowed in accordance with Section 2, subject to the limitations thereof.

4.5 Interest. Interest shall be payable monthly in arrears on the first Business Day of each calendar month and as provided in Section 4.1.

4.6 Unused Commitment Fee. On the first Business Day of each month, the Borrower will pay to the Lender an unused commitment fee (the “Unused Commitment Fee”) equal to twenty-five hundredths of a percent (0.25%) per annum of the average amount of the excess of the Revolving Commitment Amount over the Loan during the preceding month. If the Revolving Commitment Amount is increased pursuant to Section 2.1, the Revolving Commitment Amount shall be deemed to be increased for purposes of the calculation of the Unused Commitment Fee ten (10) Business Days after the Lender notifies the Borrower in writing of such increase.

4.7 Allocation of Payments. Notwithstanding any provision herein to the contrary, all payments received by the Lender in respect of any Credit Obligation shall be applied to the Credit Obligations as follows:

first, to the payment of all expenses and indemnification to which the Lender is entitled under the Credit Documents;

second, to the payment of all accrued and unpaid interest on the Credit Obligations;

third, to payment of principal of the Loan;

fourth, to payment of any other amounts constituting Credit Obligations; and

fifth, any remainder shall be for the account of the Borrower.

5. Conditions Precedent. The obligation of the Lender to make any Revolving Loan Advance pursuant to Section 2 shall be subject to the satisfaction (or waived in writing by the Lender), on or before the requested Closing Date, of the following conditions:

5.1 Credit Documents. Each Credit Party shall have duly authorized, executed and delivered to the Lender this Agreement, the Note and the Security Documents, as applicable.

5.2 Representations and Warranties. The representations and warranties contained in Section 6 shall be true and correct in all material respects on and as of the Closing Date; no Default shall exist on the Closing Date prior to or immediately after giving effect to the transactions contemplated hereby. Each Borrowing Request pursuant to Section 2.2 shall be deemed to constitute a representation and warranty by the Borrower as of the date of such Borrowing Request as to the matters specified in Section 6.1 (excluding the last sentence of such section) and Sections 6.3 to 6.7, inclusive.

5.3 Closing Fees and Expenses. The Borrower shall have paid to the Lender all reasonable expenses of the Lender, including reasonable and documented out-of-pocket fees and expenses of counsel and Collateral expenses.

5.4 Pledged Account. The Borrower shall have opened a depository account (the "Pledged Account") for the purpose of (a) collecting payments of accounts receivable from the Federal National Mortgage Association and other property renovation customers for work performed by the Borrower or its Affiliates in connection with the Business and (b) to fund the Business.

5.5 Perfection of Security. The Lender shall have received such Lien searches as it shall have reasonably requested, the results of which shall be reasonably satisfactory to it. The Borrower shall have duly authorized, executed, acknowledged, delivered, filed, registered and recorded such security agreements, notices, financing statements and other instruments as the Lender may have reasonably requested in order to perfect the Liens purported or required pursuant to the Credit Documents to be created in the Collateral and shall have paid (including with Loan proceeds) all filing or recording fees or taxes required to be paid in connection therewith, including any recording, mortgage, documentary, transfer or intangible taxes.

5.6 Proper Proceedings. This Agreement, each other Credit Document and the transactions contemplated hereby and thereby shall have been authorized by all necessary corporate proceedings of the Credit Parties. All necessary consents, approvals and authorizations of any governmental or administrative agency or any other Person of any of the transactions contemplated hereby or by any other Credit Document, or the granting of the Liens pursuant to the Security Documents, shall have been obtained and shall be in full force and effect.

5.7 General. All instruments, and legal and corporate proceedings, in connection with the transactions contemplated by this Agreement and each other Credit Document shall be reasonably satisfactory in form and substance to the Lender, and the Lender shall have received copies of all documents, including records of corporate proceedings, which the Lender may have reasonably requested in connection therewith, such documents where appropriate to be certified by proper corporate or governmental authorities.

5.8 Post Closing. Notwithstanding the foregoing, the Borrower shall deliver to the Lender the Deposit Account Control Agreement executed by the Depository and the Borrower

within 90 days after the Closing Date. Should the Borrower fail to timely provide the Deposit Account Control Agreement, Lender shall have the option in its sole discretion to refuse any Borrowing Request made pursuant to Section 2.2 until such time the Deposit Account Control Agreement is provided. Borrower's failure to timely deliver the Deposit Account Control Agreement pursuant to this Section 5.8 shall not constitute an Event of Default.

6. Representations and Warranties. In order to induce the Lender to make Revolving Loan Advances to the Borrower, the Borrower represents and warrants that:

6.1 Organization and Business. Each Credit Party is a duly organized and validly existing corporation or limited liability company in good standing under the laws of the jurisdiction of its organization or formation, with all power and authority necessary (a) to enter into and perform this Agreement and each other Credit Document to which it is party, and (b) to own its properties and carry on the business now conducted or proposed to be conducted by it. Each Credit Party has taken all organizational action required to execute, deliver and perform this Agreement and each other Credit Document to which it is party. Copies of the certificate of incorporation or certificate of formation and bylaws or operating agreements of the Borrower have been previously delivered to the Lender and are correct and complete. The Borrower does not own any Subsidiaries.

6.2 Financial Statements; Changes in Condition. The Guarantor's audited balance sheet and statements of income and cash flow for the year ended December 31, 2023 and unaudited balance sheet and statements of income and cash flow for the fiscal quarter ended March 31, 2024 fairly present, in all material respects, the consolidated financial condition and results of operations of the guarantor and its Subsidiaries in accordance with GAAP, subject in the case of the quarterly statements to normal year-end audit adjustments and the absence of footnotes. Since December 31, 2023, no Material Adverse Change has occurred.

6.3 Litigation. No litigation, at law or in equity, or any proceeding before any federal, state or municipal court, board or other governmental or administrative agency or any arbitrator is pending or to the actual knowledge of the Borrower threatened which challenges the Credit Documents and the transactions contemplated thereby or may be reasonably likely to result in any Material Adverse Change. No judgment, decree or order of any federal, state or municipal court, board or other governmental or administrative agency or arbitrator has been issued against the Borrower which has resulted, or creates a material risk of resulting, in any Material Adverse Change.

6.4 No Legal Obstacle to Agreements. Neither the execution and delivery of this Agreement or any other Credit Document, nor the making of any borrowings hereunder, nor the grant of Collateral, nor the consummation of any transaction contemplated by any Credit Document, nor the fulfillment of the terms thereof or of any other agreement, instrument, deed or lease referred to in any Credit Document, has constituted or resulted in or will constitute or result in:

(a) any breach or termination of the provisions of any agreement, instrument, deed or lease to which any Credit Party is a party or by which it is bound, or of the organizational documents of any Credit Party;

(b) the violation of any law, statute, judgment, decree or governmental order, rule or regulation applicable to any Credit Party;

(c) the creation under any agreement, instrument, deed or lease of any Lien upon any of the assets of any Credit Party (other than Liens securing the Credit Obligations);

(d) any redemption, retirement or other repurchase obligation of any Credit Party under any organizational document, agreement, instrument, deed or lease; or

(e) any brokerage fee or similar amount due in connection with this Agreement other than amounts paid with the proceeds of the Loan on the Closing Date.

No approval, authorization or other action by, or declaration to or filing with, any governmental or administrative authority or any other Person is required to be obtained or made by any Credit Party in connection with the execution, delivery and performance of this Agreement or any other Credit Document, the transactions contemplated hereby or thereby or the making of any borrowing by the Borrower hereunder.

6.5 Taxes. The Borrower has filed (or obtained extensions to file) required material tax returns and paid all taxes due except such taxes as are being contested in good faith and as to which adequate reserves have been set aside in conformity with GAAP.

6.6 Compliance with Laws. The Borrower is in compliance in all material respects with all Applicable Laws, rules, regulations and orders, and has complied in all material respects with all valid requirements of governmental authorities.

6.7 Security Documents. Each Security Document is effective to create in favor of the Lender a legal, valid and enforceable security interest in the Collateral described therein and proceeds thereof. In the case of the Collateral, when Uniform Commercial Code financing statements in appropriate form are filed in the appropriate filing office, the Security Documents shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Borrower in such Collateral and the proceeds thereof, as security for the Credit Obligations, in each case prior and superior in right to any other Person.

7. General Covenants. The Borrower covenants that, until all of the Credit Obligations shall have been paid in full, the Borrower will comply with the following provisions:

7.1 Financial Reporting. The Borrower shall make available on the Guarantor's website or on EDGAR following the end of each of the first three calendar quarters of each year, the unaudited condensed, consolidated balance sheet of the Guarantor and its Subsidiaries, and the related unaudited condensed, consolidated statements of income and cash flows and notes to the condensed, consolidated financial statements, as of the end of such quarter, subject to normal

year-end audit adjustments and following the end of each fiscal year, the audited consolidated balance sheet of the Guarantor and its Subsidiaries basis, and the related audited consolidated statements of income and cash flows, as of the end of such year.

7.2 Books and Records. The Borrower will keep proper books of records and account in which full and correct entries in conformity with GAAP shall be made of all dealings and transactions in relation to its business and activities.

7.3 Notice of Litigation, Defaults, etc. The Borrower shall promptly furnish to the Lender notice of any litigation or any administrative or arbitration proceeding which creates a reasonable risk of resulting, after giving effect to any applicable insurance, in a Material Adverse Change. Promptly upon acquiring knowledge thereof, the Borrower shall notify the Lender of the existence of any Default or Material Adverse Change, specifying the nature thereof and what action the Borrower has taken, is taking or proposes to take with respect thereto.

7.4 Other Information. From time to time at reasonable intervals upon written request of any authorized officer of the Lender, the Borrower shall furnish to the Lender such other information regarding the business, assets, financial condition, income or prospects of the Borrower as such officer may reasonably request, including copies of all financial statements, tax returns, licenses, agreements, leases and instruments to which the Borrower is party.

7.5 Use of Proceeds. The proceeds of any extension of credit hereunder shall be used only in connection with the Business.

7.6 Payment of Taxes and Other Amounts. The Borrower will pay (a) all material taxes, assessments and governmental charges imposed upon it or upon its property and (b) all accounts payable in conformity with customary trade terms, in each case unless the validity or amount thereof is being contested in good faith by appropriate proceedings, and the Borrower has established adequate reserves in accordance with GAAP.

7.7 Compliance with Laws. The Borrower will comply in all material respects with all Applicable Laws, rules, regulations and orders, and duly observe in all material respects all valid requirements of governmental authorities.

7.8 Liens. The Borrower will not, without the prior written consent of the Lender, create or incur or permit to exist any Lien upon any of the Collateral, other than (i) Liens securing the Credit Obligations or the Existing Debt and (ii) Liens permitted by the Existing Debt.

7.9 Shareholder Distributions. The Borrower may not make Shareholder Distributions at a time when an Event of Default has then occurred and is continuing or would result therefrom.

7.10 Merger; Sale of Collateral. The Borrower will not become a party to any merger or consolidation or, in a single transaction or series of related transactions, sell, lease, transfer or otherwise dispose of the Collateral other than transactions permitted by the Existing Debt.

7.11 No Change in Name, Location, etc. The Borrower will not change its name or identity, or change the location of its chief executive office or its chief place of business or the place where it keeps its books and records without ten (10) days' prior written notice to the Lender.

8. Defaults.

8.1 Events of Default. Each of the following events is referred to as an "Event of Default":

(a) Payment. The Borrower shall fail to make any payment in respect of (i) interest or any fee on or in respect of any of the Credit Obligations as the same shall become due and payable or (ii) principal of any of the Credit Obligations as the same shall become due, whether at maturity or by acceleration or otherwise, and in each case such failure shall continue uncured for a period of five (5) Business Days.

(b) Covenant Compliance. The Borrower shall fail to perform or observe (i) any provision of Sections 7.8 through 7.11 or (ii) any of the other provisions of the Credit Documents required to be performed or complied with by it and such failure under this clause (ii) continues for a period of thirty (30) days after the earlier of actual knowledge thereof by the Borrower or written notice thereof is given by the Lender to the Borrower.

(c) Representations and Warranties. Any representation or warranty of or with respect to a Credit Party, pursuant to or in connection with this Agreement or any other Credit Document, or in any certificate, notice, financial statement or other report furnished to the Lender in connection herewith, shall be materially false on the date as of which it was made.

(d) Judgments. A final judgment which, with other outstanding final judgments against the Borrower or the Guarantor, results, or creates a material risk of resulting, in a Material Adverse Change and in either case if (i) within sixty (60) days after entry thereof, such judgment shall not have been discharged or execution thereof stayed pending appeal or (ii) within sixty (60) days after the expiration of any such stay, such judgment shall not have been discharged.

(e) Change of Control. A Change of Control occurs.

(f) Bankruptcy. The Borrower or the Guarantor shall:

(i) commence a voluntary case under the Bankruptcy Code or authorize, by appropriate proceedings of its board of directors or other governing body, the commencement of such a voluntary case;

(ii) have filed against it a petition commencing an involuntary case under the Bankruptcy Code which shall not have been dismissed within sixty (60) days after the date on which such petition is filed; or file an answer or other pleading within such 60-day period admitting or failing to deny the material

allegations of such a petition or seeking, consenting to or acquiescing in the relief therein provided;

(iii) have entered against it an order for relief in any involuntary case commenced under the Bankruptcy Code;

(iv) seek relief as a debtor under any Applicable Law, other than the Bankruptcy Code, of any jurisdiction relating to the liquidation or reorganization of debtors or to the modification or alteration of the rights of creditors, or consent to or acquiesce in such relief

(v) have entered against it an order by a court of competent jurisdiction (A) finding it to be bankrupt or insolvent, (B) ordering or approving its liquidation, reorganization or any modification or alteration of the rights of creditors or (C) assuming custody of, or appointing a receiver or other custodian for, all or a substantial portion of its property; or

(vi) make an assignment for the benefit of, or enter into a composition with, its creditors, or appoint, or consent to the appointment of, a receiver or other custodian for, all or a substantial portion of its property.

(g) Validity and Effect of Credit Documents. Any material provision of any Credit Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all the Credit Obligations, ceases to be in full force and effect; or any Credit Party or any Affiliate or a Credit Party contests in any manner the validity or enforceability of any provision of any Credit Document; or any Credit Party denies that it has any or further liability or obligation under any provision of any Credit Document, or purports to revoke, terminate or rescind any provision of any Credit Document. Any of the Security Documents shall cease, for any reason, to be in full force and effect, or any Credit Party or any Affiliate of a Credit Party shall so assert, or any Lien created by any of the Security Documents shall cease to be perfected, enforceable and of the same effect and priority purported to be created thereby.

8.2 Certain Actions Following an Event of Default. If any one or more Events of Default shall occur and be continuing, then in each and every such case:

(a) No Obligation to Extend Credit; Acceleration. Upon notice by the Lender to the Borrower the Credit Obligations shall become automatically immediately due and payable; provided, however, that upon the occurrence of an Event of Default under Section 8.1(f), the unpaid balance of the Credit Obligations shall automatically become immediately due and payable.

(b) Exercise of Rights. The Lender may proceed to protect and enforce its rights by suit in equity, action at law and/or other appropriate proceeding, either for

specific performance of any covenant or condition contained in this Agreement or any other Credit Document.

(c) Setoff. The Lender may offset and apply toward the payment of such balance or part thereof (and/or toward the curing of any Event of Default) any indebtedness from the Lender to any Credit Party, regardless of the adequacy of any security for the Credit Obligations, and the Lender shall have no duty to determine the adequacy of any such security in connection with any such offset.

(d) Cumulative Remedies. To the extent not prohibited by Applicable Law which cannot be waived, all of the Lender's rights hereunder and under each other Credit Document shall be cumulative.

8.3 Waivers. Each Credit Party hereby waives to the extent (a) not prohibited by Applicable Law or (b) as otherwise provided for herein:

(i) all presentments, demands for performance, notices of nonperformance (except to the extent required by the provisions of this Agreement or any other Credit Document), protests, notices of protest and notices of dishonor;

(ii) any requirement of diligence or promptness on the part of any Lender in the enforcement of its rights under this Agreement, the Note or any other Credit Document; and

(iii) any and all notices of every kind and description which may be required to be given by any statute or rule of law.

9. Guaranty.

9.1 Guaranty of Credit Obligations. The Guarantor unconditionally guarantees that the Credit Obligations will be performed and paid in full in cash when due and payable, whether at the stated or accelerated maturity thereof or otherwise, this guaranty being a guaranty of payment and not of collectability and being absolute and in no way conditional or contingent. In the event any part of the Credit Obligations shall not have been so paid in full when due and payable, the Guarantor will, immediately upon notice by the Lender or, without notice, immediately upon the occurrence of a bankruptcy Event of Default, pay or cause to be paid to the Lender the amount of such Credit Obligations which are then due and payable and unpaid. The obligations of the Guarantor hereunder shall not be affected by the invalidity, unenforceability or irrecoverability of any of the Credit Obligations as against the Borrower, any other Credit Party or any other Person. For purposes of this Section 9, the Credit Obligations shall be due and payable when and as the same shall be due and payable under the terms herein or any other Credit Document notwithstanding the fact that the collection or enforcement thereof may be stayed or enjoined under the bankruptcy code or other Applicable Law.

9.2 Continuing Obligation. The Guarantor acknowledges that the Lender has entered into this Agreement in reliance on this Section 9 being a continuing irrevocable agreement, and

such Guarantor agrees that its guaranty may not be revoked in whole or in part. The obligations of the Guarantor hereunder shall terminate when all of the Credit Obligations have been indefeasibly paid in full in cash and discharged; provided, however, that:

- (a) if a claim is made upon the Lender at any time for repayment or recovery of any amounts or any property received by the Lender from any source on account of any of the Credit Obligations and the Lender repays or returns any amounts or property so received (including interest thereon to the extent required to be paid by the Lender) or
- (b) if the Lender becomes liable for any part of such claim by reason of (i) any judgment or order of any court or administrative authority having competent jurisdiction, or (ii) any settlement or compromise of any such claim,

then the Guarantor shall remain liable under this Agreement for the amounts so repaid or property so returned or the amounts for which the Lender became liable (such amounts being deemed part of the Credit Obligations) to the same extent as if such amounts or property had never been received by the Lender, notwithstanding any termination hereof or the cancellation of any instrument or agreement evidencing any of the Credit Obligations. Not later than five days after receipt of notice from the Lender, the Guarantor shall pay to the Lender an amount equal to the amount of such repayment or return for which the Lender have so become liable. Payments hereunder by a Guarantor may be required by the Lender on any number of occasions.

9.3 Waivers with Respect to Credit Obligations. Except to the extent expressly required herein or any other Credit Document, the Guarantor waives, to the fullest extent permitted by the provisions of Applicable Law, all of the following (including all defenses, counterclaims and other rights of any nature based upon any of the following):

- (a) presentment, demand for payment and protest of nonpayment of any of the Credit Obligations, and notice of protest, dishonor or nonperformance;
- (b) notice of acceptance of this guaranty and notice that credit has been extended in reliance on such Guarantor's guaranty of the Credit Obligations;
- (c) notice of any Event of Default or of any inability to enforce performance of the obligations of the Borrower or any other Person with respect to any Credit Document or notice of any acceleration of maturity of any Credit Obligations;
- (d) demand for performance or observance of, and any enforcement of any provision of this Agreement, the Credit Obligations or any other Credit Document or any pursuit or exhaustion of rights or remedies against the Borrower or any other Person in respect of the Credit Obligations or any requirement of diligence or promptness on the part of the Lender in connection with any of the foregoing;
- (e) any act or omission on the part of the Lender which may impair or prejudice the rights of such Guarantor, including rights to obtain subrogation,

exoneration, contribution, indemnification or any other reimbursement from the Borrower or any other Person, or otherwise operate as a deemed release or discharge;

(f) any statute of limitations or any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than the obligation of the principal;

(g) any "single action" or "anti-deficiency" law which would otherwise prevent the Lender from bringing any action, including any claim for a deficiency, against such Guarantor before or after the Lender's commencement or completion of any foreclosure action, whether judicially, by exercise of power of sale or otherwise, or any other law which would otherwise require any election of remedies by the Lender;

(h) all demands and notices of every kind with respect to the foregoing; and

(i) to the extent not referred to above, all defenses (other than payment or satisfaction in full) which the Borrower may now or hereafter have to the payment of the Credit Obligations, together with all suretyship defenses, which could otherwise be asserted by such Guarantor.

The Guarantor represents that it has obtained the advice of counsel as to the extent to which suretyship and other defenses may be available to it with respect to its obligations hereunder in the absence of the waivers contained in this Section 9.3.

No delay or omission on the part of the Lender in exercising any right under any other Credit Document or under any other guaranty of the Credit Obligations shall operate as a waiver or relinquishment of such right. No action which the Lender or the Borrower or any Guarantor may take or refrain from taking with respect to the Credit Obligations shall affect the provisions of this Section 9 or the obligations of the Guarantor hereunder. None of the Lender's rights shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Borrower or any Guarantor, or by any noncompliance by the Borrower or any Guarantor with any Credit Document, regardless of any knowledge thereof which the Lender may have or otherwise be charged with.

9.4 Lender's Power to Waive, etc. The Guarantor grants to the Lender and the Lender full power in their discretion, without notice to or consent of such Guarantor, such notice and consent being expressly waived to the fullest extent permitted by Applicable Law, and without in any way affecting the liability of such Guarantor under its guaranty hereunder:

(a) To waive compliance with, and any Event of Default under, and to consent to any amendment to or modification or termination of any provision of, or to give any waiver in respect of, this Agreement, any other Credit Document, the Credit Obligations or any guaranty thereof (each as from time to time in effect);

(b) To grant any extensions of the Credit Obligations (for any duration), and any other indulgence with respect thereto, and to effect any total or partial release (by

operation of law or otherwise), discharge, compromise or settlement with respect to the obligations of the Credit Parties or any other Person in respect of the Credit Obligations, whether or not rights against such Guarantor under this Agreement are reserved in connection therewith;

(c) To take security in any form for the Credit Obligations, and to consent to the addition to or the substitution, exchange, release or other disposition of, or to deal in any other manner with, any part of any property contained in such collateral whether or not the property, if any, received upon the exercise of such power shall be of a character or value the same as or different from the character or value of any property disposed of, and to obtain, modify or release any present or future guaranties of the Credit Obligations and to proceed against any collateral or such guaranties in any order;

(d) To collect or liquidate or realize upon any of the Credit Obligations or collateral in any manner or to refrain from collecting or liquidating or realizing upon any of the Credit Obligations or collateral; and

(e) To extend credit under this Agreement, any other Credit Document or otherwise in such amount as the Lender may determine, including increasing the amount of credit and the interest rate and fees with respect thereto, even though the condition of the Credit Parties (financial or otherwise, on an individual or consolidated basis) may have deteriorated since the date hereof.

9.5 Information Regarding the Borrower, etc. The Guarantor has made such investigation as it deems desirable of the risks undertaken by it in entering into this Agreement and is fully satisfied that it understands all such risks. The Guarantor waives any obligation which may now or hereafter exist on the part of the Lender to inform such Guarantor of the risks being undertaken by entering into this Agreement or of any changes in such risks and, from and after the date hereof, the Guarantor undertakes to keep informed of such risks and any changes therein. The Guarantor expressly waives any duty which may now or hereafter exist on the part of the Lender to disclose to such Guarantor any matter related to the business, operations, character, collateral, credit, condition (financial or otherwise), income or prospects of the Borrower and its affiliates or their properties or management, whether now or hereafter known by the Lender. The Guarantor represents, warrants and agrees such the Guarantor assumes sole responsibility for obtaining from the Borrower all information concerning this Agreement and all other Credit Documents and all other information as to the Borrower and their affiliates or their properties or management as such Guarantor deems necessary or desirable.

9.6 Certain Guarantor Representations. The Guarantor represents that:

(a) it is in its best interest and in pursuit of the purposes for which it was organized as an integral part of the business conducted and proposed to be conducted by such Guarantor, and reasonably necessary and convenient in connection with the conduct of the business conducted and proposed to be conducted by such Guarantor, to induce the Lender to enter into this Agreement and to extend credit to the Borrower by making the guaranty contemplated by this Section 9;

(b) the credit available under this Agreement will directly or indirectly inure to its benefit;

(c) by virtue of the foregoing it is receiving at least reasonably equivalent value from the Lender for this guaranty;

(d) such Guarantor will not be rendered insolvent as a result of entering into this Agreement;

(e) after giving effect to the transactions contemplated by this Agreement, such Guarantor will have assets having a fair saleable value in excess of the amount required to pay its probable liability on its existing debts as such debts become absolute and matured;

(f) such Guarantor has, and will have, access to adequate capital for the conduct of its business;

(g) such Guarantor has the ability to pay its debts from time to time incurred in connection therewith as such debts mature; and

(h) such Guarantor has been advised by the Lender that the Lender are unwilling to enter into this Agreement unless the guaranty contemplated by this Section 9 is given by it.

9.7 Subrogation. The Guarantor agrees that, until the Credit Obligations are indefeasibly paid in full, it will not exercise any right of reimbursement, subrogation, contribution, offset or other claims against the Borrower or any other Credit Party arising by contract or operation of law in connection with any payment made or required to be made by such Guarantor under this Agreement. After the payment in full of the Credit Obligations, the Guarantor shall be entitled to exercise against the Borrower all such rights of reimbursement, subrogation, contribution and offset, and all such other claims, to the fullest extent permitted by law.

9.8 Subordination. The Guarantor covenants and agrees that all indebtedness, claims and liabilities now or hereafter owing by the Borrower to such Guarantor whether arising hereunder or otherwise, including any obligations between the Borrower and Guarantor, are subordinated to the prior payment in full of the Credit Obligations and are so subordinated as a claim against the Borrower or any of their assets, whether such claim be in the ordinary course of business or in the event of voluntary or involuntary liquidation, dissolution, insolvency or bankruptcy, so that no payment with respect to any such Indebtedness, claim or liability will be made or received while any Event of Default exists. If, notwithstanding the foregoing, any payment with respect to any such indebtedness, claim or liability is received by any Guarantor in contravention of this Agreement, such payment shall be held in trust for the benefit of the Lender and promptly turned over to it in the original form received by such Guarantor.

9.9 Further Assurances. The Guarantor will, promptly upon the request of the Lender from time to time, execute, acknowledge and deliver, and file and record, all such

instruments, and take all such action, as the Lender deems necessary or advisable to carry out the intent and purpose of this Section 9.

10. Expenses; Indemnity.

10.1 Expenses. The Borrower will pay (including from proceeds of the Loan): (a) all expenses of the Lender reasonably incurred in connection with the preparation of this Agreement, the transactions contemplated hereby, and operations hereunder and all transfer and documentary stamp and similar taxes at any time payable in respect of this Agreement or the Loan, and (b) all reasonable expenses incurred by the Lender in connection with the enforcement of any rights hereunder or under any other Credit Document upon the occurrence and during the continuance of a Default, including costs of collection and reasonable and documented out-of-pocket attorneys' fees and expenses; provided, however, that notwithstanding the foregoing, the amount payable under clause (a) of this Section 9.1 shall not exceed \$30,000.

10.2 General Indemnity. Each Credit Party shall indemnify the Lender and each of its directors, officers, employees, agents, attorneys, accountants, advisors, consultants and each Person, if any, who controls the Lender (the Lender and each of such directors, officers, employees, agents, attorneys, accountants, advisors, consultants and control Persons is referred to as an "Indemnified Party") and hold each of them harmless from and against any and all claims, damages, liabilities and reasonable expenses (including reasonable and documented out-of-pocket fees and disbursements of counsel with whom any Indemnified Party may consult in connection therewith and all reasonable expenses of litigation or preparation therefor) which any Indemnified Party may incur or which may be asserted against any Indemnified Party in connection with (a) the Indemnified Party's compliance with or contest of any subpoena or other process issued against it in any proceeding involving any Credit Party or any of Affiliate of a Credit Party, (b) any litigation or investigation involving any Credit Party or any Affiliate of a Credit Party, or any officer, director or employee thereof, (c) the existence or exercise of any security rights with respect to the Collateral, (d) this Agreement, any other Credit Document or any transaction contemplated hereby or thereby, (e) any broker fee due in connection with this Agreement, or (f) any liabilities arising from breach of environmental laws or the release of hazardous substances for purposes of such laws; provided, however, that the foregoing indemnity shall not apply to litigation commenced by any Credit Party against the Lender which seeks enforcement of any of the rights of any Credit Party hereunder or under any other Credit Document and is determined adversely to the Lender in a final nonappealable judgment or to the extent such claims, damages, liabilities and expenses result from the Indemnified Party's own gross negligence, willful misconduct or material breach of this Agreement as finally adjudicated in a final nonappealable judgment.

11. Successors and Assigns. Any reference in this Agreement to any of the parties hereto shall be deemed to include the successors and assigns of such party, and all covenants and agreements by or on behalf of any Credit Party or the Lender that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns; provided, however, that neither the Lender nor the Borrower nor the Guarantor may assign its rights or obligations under this Agreement under any circumstances without the written consent of the other parties hereto.

12. Notices. Except as otherwise specified in this Agreement, any notice required to be given pursuant to this Agreement shall be given in writing. Any notice, demand or other communication in connection with this Agreement shall be deemed to be given if given in writing (including email, telecopy (confirmed by telephone or writing) or similar tele-transmission) addressed as provided below (or to the addressee at such other address as the addressee shall have specified by notice actually received by the addressor), and if either (a) actually delivered in fully legible form to such address (evidenced in the case of a telex by receipt of the correct answer back) or (b) in the case of a letter, five (5) days shall have elapsed after the same shall have been deposited in the United States mails, with first-class postage prepaid and registered or certified.

If to any Credit Party, to it at the following address:

Altisource Solutions, Inc.
2300 Lakeview Parkway, Suite 756
Alpharetta, GA 30009
Attention: Corporate Secretary
Email: CorporateSecretary@Altisource.com
Michelle.Esterman@Altisource.com

with copies (which shall not constitute notice) to:

Foley Hoag LLP
155 Seaport Boulevard
Boston, MA 02210
Attention: Thomas Draper
Email: tdraper@foleyhoag.com

If to the Lender, to it at the following address:

Altisource Asset Management Corporation
5100 Tamarind Reef
Christiansted, VI 00820
Attention: Charles Frischer
Email: charliefrischer@gmail.com

13. Course of Dealing, Amendments and Waivers. No course of dealing between the Lender and any Credit Party or any Affiliate of a Credit Party shall operate as a waiver of any of the Lender's rights under this Agreement or any other Credit Document or with respect to the Credit Obligations. No delay or omission on the part of the Lender in exercising any right under this Agreement or any other Credit Document or with respect to the Credit Obligations shall operate as a waiver of such right or any other right hereunder or thereunder. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. No waiver, consent or amendment with respect to this Agreement or any other Credit Document shall be binding unless it is in writing and signed by the Lender.

14. **Arbitration.** Each of the Credit Parties and the Lender agrees that:

(a) Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

(b) Claims shall be heard by a single arbitrator under the Expedited Procedures of the American Arbitration Association.

(c) The place of arbitration shall be New York, New York. The arbitration shall be governed by the laws of the State of New York.

(d) The arbitrator will have no authority to award punitive or other damages not measured by the prevailing party's actual damages, except as may be required by statute. The arbitrator shall not award consequential damages in any arbitration initiated under this section. The award of the arbitrator shall be accompanied by a reasoned opinion.

(e) Except as may be required by law, neither a party nor the arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of the Borrower and the Lender.

16. **General.** All covenants, agreements, representations and warranties made in this Agreement or any other Credit Document or in certificates delivered pursuant hereto or thereto shall be deemed to have been material and relied on by the Lender, notwithstanding any investigation made by the Lender, and shall survive the execution and delivery to the Lender hereof and thereof. The invalidity or unenforceability of any provision hereof shall not affect the validity or enforceability of any other provision hereof, and any invalid or unenforceable provision shall be modified so as to be enforced to the maximum extent of its validity or enforceability. The headings in this Agreement are for convenience of reference only and shall not limit, alter or otherwise affect the meaning hereof. This Agreement and the other Credit Documents constitute the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior and current understandings and agreements, whether written or oral. This Agreement may be executed in any number of counterparts which together shall constitute one instrument. This Agreement shall be governed by and construed in accordance with the laws (other than the conflict of laws rules) of the State of New York.

[The Remainder Of This Page Is Intentionally Blank]

Each of the undersigned has caused this Agreement to be executed and delivered by its duly authorized officer as of the date first above written.

BORROWER:

ALTISOURCE SOLUTIONS, INC.

By Michelle D. Esterman
Name: Michelle Esterman
Title: Chief Executive Officer

GUARANTOR:

ALTISOURCE S.À R.L.

By Gregory J. Ritts
Name: Gregory Ritts
Title: Authorized Signer

LENDER:

ALTISOURCE ASSET MANAGEMENT
CORPORATION

By Richard G. Rodick
Name: Richard G. Rodick
Title: Chief Financial Officer

EXHIBIT A

BORROWING REQUEST



EXHIBIT B

NOTE

[] [], 202[]

FOR VALUE RECEIVED, the undersigned, Altisource Solutions, Inc. (the "Borrower"), hereby promises to pay Altisource Asset Management Corporation and its permitted assignees (the "Lender"), on the Maturity Date the aggregate unpaid principal amount of the loans made by the Lender to the Borrower pursuant to the Loan Agreement referred to below.

The Loan shall bear interest at the rate of 12% per annum.

All principal and accrued interest hereon shall be due and payable as provided in the Loan Agreement. Payments hereunder shall be made to Altisource Asset Management Corporation, 5100 Tamarind Reef, Christiansted, VI 00820, or such other place as may be designated by written notice to the Borrower from or on behalf of the Lender.

All loans made by the Lender pursuant to the Loan Agreement referred to below and all repayments of the principal thereof shall be recorded by the Lender and, prior to any transfer hereof, appropriate notations to evidence the foregoing information with respect to each such loan then outstanding shall be endorsed by the Lender on the schedule attached hereto or on a continuation of such schedule attached to and made a part hereof; provided, however, that the failure of the Lender to make any such recordation or endorsement shall not affect the obligations of the Borrower under this Note, such Loan Agreement or under any other Credit Document.

This Note evidences the borrowings under, and is entitled to the benefits and security of, and is subject to the provisions of, the Revolving Loan Agreement dated as of June 3, 2024, as from time to time in effect (the "Loan Agreement"), among the Borrower, the Guarantor (as defined therein), and the Lender. Terms defined in the Loan Agreement and not otherwise defined herein are used herein with the meanings so defined.

In case an Event of Default shall occur and be continuing, the entire principal of this Note may become or be declared due and payable in the manner and with the effect provided in the Loan Agreement.

This Note shall be governed by and construed in accordance with the laws of the State of New York.

The parties hereto, including the Borrower and all guarantors and endorser, hereby waive presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Note, except as specifically otherwise provided in the Loan Agreement, and assent to extensions of time of payment, or forbearance without notice.

ALTISOURCE SOLUTIONS, INC.

By _____
Name:
Title:

ALTISOURCE SOLUTIONS, INC.
SECURITY AGREEMENT

This Security Agreement, dated as of June 3, 2024 (this “Agreement”), is between Altisource Solutions, Inc., a Delaware corporation (the “Borrower”), and Altisource Asset Management Corporation (the “Lender”). The parties hereto agree as follows:

1. Reference to Loan Agreement; Definitions; Certain Rules of Construction. Reference is made to the Loan Agreement dated as of the date hereof, as from time to time in effect (the “Loan Agreement”), among the Borrower, the Guarantor and the Lender. Capitalized terms defined in the Loan Agreement and not otherwise defined herein are used herein with the meanings so defined. Certain other capitalized terms are used in this Agreement as specifically defined below in this Section 1. Except as the context otherwise explicitly requires, (a) the capitalized term “Section” refers to sections of this Agreement, (b) the capitalized term “Schedule” refers to schedules to this Agreement, (c) references to a particular Section shall include all subsections thereof, (d) the word “including” shall be construed as “including without limitation”, (e) terms defined in the UCC and not otherwise defined herein have the meaning provided under the UCC, (f) references to a particular statute or regulation include all rules and regulations thereunder and any successor statute, regulation or rules, in each case as from time to time in effect and (g) references to a particular Person include such Person’s successors and assigns to the extent not prohibited by this Agreement and the other Credit Documents. References to “the date hereof” mean the date first set forth above.

“Accounts” is defined in Section 2.1.1.

“Agreement” means this Security Agreement as from time to time in effect.

“Applicable Laws” is defined in Section 2.2.

“Collateral” is defined in Section 2.1.

“Event of Default” has the meaning defined in the Loan Agreement.

“Person” means any corporation, limited or general partnership, limited liability company, governmental authority, individual human or any other entity.

“UCC” means the Uniform Commercial Code as in effect in the State of New York on the date hereof; provided, however, that with respect to the perfection of the Lender’s lien on the Collateral and the effect of nonperfection thereof, the term “UCC” means the Uniform Commercial Code as in effect in any jurisdiction the laws of which are made applicable by section 9-301 of the Uniform Commercial Code as in effect in the State of New York.

2. Collateral.

2.1. Grant of Security Interest. As security for the payment and performance of the Credit Obligations, the Borrower mortgages, pledges and collaterally grants and assigns to the Lender for the benefit of the holders from time to time of any Credit Obligations, and

creates a security interest in favor of the Lender in, all of the Borrower's right, title and interest in and to (but none of its obligations or liabilities with respect to) the items and types of present and future property described in Section 2.1 (subject, however, to Section 2.2), whether now owned or hereafter acquired, all of which shall be included in the term "Collateral":

2.1.1. Eligible Accounts Receivable. All rights to receive the payment of money, including accounts receivable, from the Federal National Mortgage Association and other property renovation customers for work performed by the Borrower or its Affiliates in connection with the Borrower's property renovation program, including all Eligible Accounts Receivable (all such rights being referred to herein as "Accounts").

2.1.2. Pledged Account. Only upon demand by the Lender when an Event of Default has occurred and is continuing, all money, cash and cash equivalents of the Borrower deposited in the Pledged Account in an aggregate amount at any time not in excess of (a) the Loan minus (b) the outstanding amount of Eligible Accounts Receivable. For the avoidance of doubt, no security interest under this Section 2.1.2 shall be in effect until (i) an Event of Default has occurred and is continuing and the Lender has made a demand for such security interest and (ii) the Loan exceeds the outstanding amount of Eligible Accounts Receivable at any time.

2.1.3. Books and Records. All books and records, including books of account and ledgers of every kind and nature, all electronically recorded data (including all computer programs, disks, tapes, electronic data processing media and software used in connection with maintaining the Borrower's books and records), all files, correspondence and all containers for the foregoing.

2.1.4. Proceeds and Products. All proceeds, including insurance proceeds, and products of the items of Collateral described or referred to in Sections 2.1.1 through 2.1.3.

2.2. Excluded Property. Notwithstanding Section 2.1, the payment and performance of the Credit Obligations shall not be secured by any rights or property to the extent that any valid and enforceable law or regulation applicable to such rights or property (collectively, "Applicable Laws"), effectively prohibits (for purposes of section 9-408 of the UCC) the creation of a security interest therein; provided, however, that the provisions of this Section 2.2 shall not prohibit the security interests created by this Agreement from extending to the proceeds of such rights or property or to the monetary value of the good will and other general intangibles of the Borrower relating thereto.

3. Certain Covenants with Respect to Collateral. The Borrower covenants that:

3.1. Accounts and Pledged Indebtedness. The Borrower will, immediately upon the receipt thereof, deliver to the Lender any promissory note or similar instrument representing any Account from time to time, after having endorsed such promissory note or instrument in blank.

3.2. No Liens or Restrictions on Transfer or Change of Control. All Collateral shall be free and clear of any liens and restrictions on the transfer thereof, including contractual provisions which prohibit the assignment of rights under contracts, except for liens permitted by the Loan Agreement and restrictions on transfer under Applicable Law. Without limiting the generality of the foregoing, the Borrower will use commercially reasonable efforts to exclude from agreements, instruments, deeds, permits or licenses to which it becomes a party after the date hereof provisions that would prevent the Borrower from creating a security interest in such agreement, instrument, deed, permit or license or any rights or property acquired thereunder as contemplated hereby.

3.3. Jurisdiction of Organization. The Borrower shall at all times maintain its jurisdiction of organization as in effect on the date hereof or, so long as the Borrower shall have taken all steps reasonably necessary to perfect the Lender's security interest in the Collateral with respect to such new jurisdiction, in such other jurisdiction as the Borrower may specify by notice actually received by the Lender not less than 10 Business Days prior to such change of jurisdiction of organization.

3.4. Location of Collateral. The Borrower shall at all times keep its records concerning the Accounts at its chief executive office and principal place of business, which office and place of business shall be at the address for notices set forth in the Loan Agreement or at such other address as the Borrower may specify by notice actually received by the Lender prior to such change of address.

3.5. Trade Names. The Borrower will not adopt or do business under any name other than its name set forth in the recitals to this Agreement or any other name specified by notice actually received by the Lender not less than 10 Business Days prior to the conduct of business under such additional name. Since its inception, the Borrower has not changed its name or adopted or conducted business under any trade name.

3.6. Modifications to Collateral. Except with the prior written consent of the Lender, which consent will not be unreasonably withheld, the Borrower shall not amend or modify, or waive any of its rights under or with respect to, any material Accounts if the effect of such amendment, modification or waiver would be to reduce the amount of any such items or to extend the time of payment thereof, to waive any default by any other party thereto, or to waive or impair any remedies of the Borrower or the Lender under or with respect to any such Accounts, in each case other than consistent with past practice in the ordinary course of business and on an arm's-length basis. The Borrower will promptly give the Lender written notice of any request by any Person for any material adjustment or modification with respect to any Account.

3.7. Delivery of Documents. Upon the Lender's reasonable request, the Borrower shall deliver to the Lender, promptly upon the Borrower's receipt thereof, copies of any agreements, instruments, documents or invoices comprising or relating to the Collateral. Pending such request, the Borrower shall keep such items at its chief executive office and principal place of business (as specified pursuant to Section 3.4).

3.8. Perfection of Collateral.

(a) This Agreement creates and shall create in favor of the Lender, and the holders of any Credit Obligation, a legal, valid and enforceable security interest in the Collateral described herein, subject only to liens permitted by the Loan Agreement.

(b) The Lender may at any time and from time to time file UCC financing statements, continuation statements and amendments thereto that describe the Collateral and contain any information required by the UCC or the applicable filing office with respect to any such UCC financing statement, continuation statement or amendment thereof, including the filing of UCC financing statements covering all assets of the Borrower.

(c) Upon the Lender's reasonable request from time to time, the Borrower will execute and deliver, and file and record in the proper filing and recording places, as applicable, all such documents, and will take all such other action, as the Lender deems reasonably necessary for perfecting or otherwise confirming to it the Collateral or to carry out any other purpose of this Agreement or any other Credit Document.

(d) In furtherance of the foregoing, the Borrower shall use reasonable efforts to obtain control of any deposit accounts with any agreements establishing such control to be in form and substance reasonably satisfactory to the Lender.

4. Administration of Collateral. The Collateral shall be administered as follows, and if an Event of Default shall have occurred and be continuing, Section 5 shall also apply.

4.1. Use of Collateral. Until the Lender provides written notice of an Event of Default that has occurred and is continuing, the Borrower may use, commingle and dispose of any part of the Collateral in the ordinary course of its business (including making Shareholder Distributions), all subject to the Loan Agreement. To the extent specified by prior written notice from the Lender after the occurrence and during the continuance of an Event of Default, all sums collected or received and all property recovered or possessed by the Borrower in connection with any Collateral shall be received and held by the Borrower in trust for and on the Lender's behalf, shall be segregated from the assets and funds of the Borrower, and shall be delivered to the Lender.

4.2. Account Control Agreements. The Lender shall not deliver a notice of exclusive control or otherwise exercise exclusive control remedies under any account control agreement unless an Event of Default has occurred and is continuing.

5. Right to Realize upon Collateral. This Section 5 shall govern the Lender's rights to realize upon the Collateral if any Event of Default shall have occurred and be continuing. The provisions of this Section 5 are in addition to any rights and remedies available at law or in equity and in

addition to the provisions of any other Credit Document. In the case of a conflict between this Section 5 and any other Credit Document, this Section 5 shall govern.

5.1. Assembly of Collateral; Receiver. The Borrower shall, upon the Lender's request, assemble the Collateral and otherwise make it available to the Lender. The Borrower shall cooperate with the Lender and, upon the Lender's request transfer or sell, at the direction of Lender, any portion or all of the Collateral. The Lender may have a receiver appointed for all or any portion of the Borrower's assets or business which constitutes the Collateral in order to manage, protect, preserve, sell and otherwise dispose of all or any portion of the Collateral in accordance with the terms of the Credit Documents, to continue the operations of the Borrower and to collect all revenues and profits therefrom to be applied to the payment of the Credit Obligations, including the compensation and expenses of such receiver, all in accordance with Applicable Laws.

5.2. General Authority; Power of Attorney. To the extent specified in written notice from the Lender to the Borrower, the Borrower grants the Lender full and exclusive power and authority, subject to the other terms hereof, the Loan Agreement and Applicable Laws, to take any of the following actions (for the sole benefit of the Lender or any holders of a Credit Obligation, but at the Borrower's expense):

(a) To ask for, demand, take, collect, sue for and receive all payments in respect of any Accounts which the Borrower could otherwise ask for, demand, take, collect, sue for and receive for its own use.

(b) To extend the time of payment of any Accounts and to make any allowance or other adjustment with respect thereto.

(c) To settle, compromise, prosecute or defend any action or proceeding with respect to any Accounts and to enforce all rights and remedies thereunder which the Borrower could otherwise enforce.

(d) To enforce the payment of any Accounts, either in the name of the Borrower or in its own name, and to endorse the name of the Borrower on all checks, drafts, money orders and other instruments tendered to or received in payment of any Collateral.

(e) To notify the third party payor with respect to any Accounts of the existence of the security interest created hereby and to cause all payments in respect thereof thereafter to be made directly to the Lender; provided, however, that whether or not the Lender shall have so notified such payor, the Borrower will at its expense provide all reasonable assistance to the Lender in collecting such items and in enforcing claims thereon.

(f) To use, operate, sell, transfer, assign (or otherwise deal in or with any Collateral or the proceeds thereof, as fully as the Borrower otherwise could do.

(g) To do all other acts necessary to carry out the purposes of this Agreement, as fully and completely as though the Lender were the absolute owner of the Collateral for all purposes.

The Borrower hereby appoints and constitutes the Lender as its attorney-in-fact with full power and authority, in its place and stead, after the occurrence and during the continuance of an Event of Default and upon notice to the Borrower, to take the actions described above in this Section 5.2, which appointment is irrevocable and coupled with an interest.

5.3. Marshaling, etc. The Lender shall not be required to make any demand upon, or pursue or exhaust any of its rights or remedies against, the Borrower or other pledgor with respect to the payment of the Loan or to pursue or exhaust any of its rights or remedies with respect to any collateral therefor or any direct or indirect guarantee thereof prior to exercising remedies under this Agreement. The Lender shall not be required to marshal the Collateral or any guarantee of the Credit Obligations or to resort to the Collateral or any such guarantee in any particular order, and all of its rights hereunder or under any other Credit Document shall be cumulative. To the extent it may lawfully do so, the Borrower absolutely and irrevocably waives and relinquishes the benefit and advantage of, and covenants not to assert against the Lender, any valuation, stay, appraisal, extension, redemption or similar laws now or hereafter existing which, but for this provision, might be applicable to the sale of any Collateral made under the judgment, order or decree of any court, or privately under the power of sale conferred by this Agreement, or otherwise.

5.4. Sales of Collateral. The Lender may or may direct the Borrower to sell any part of the Collateral for cash or other value in any number of lots at public or private sale, without demand, advertisement or notice, all in accordance with Applicable Laws; provided, however, that unless the Collateral to be sold threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Lender shall give the Borrower 10 days' prior written notice of the time and place of any public sale, or the time after which a private sale may be made, which notice the Borrower and the Lender agree to be reasonable. At any sale or sales of Collateral, the Lender or any of its assignees may bid for and purchase all or any part of the property and rights so sold, may use all or any portion of the Credit Obligations owed to it as payment for the property or rights so purchased, and upon compliance with the terms of such sale may hold and dispose of such property and rights without further accountability to the Borrower, except for the proceeds of such sale or sales pursuant to Section 5.5. The Borrower acknowledges that any such sale will be made by the Lender on an "as is" basis with disclaimers of all warranties, whether express or implied (including warranties with respect to title, possession, quiet enjoyment and other similar warranties). The Borrower will execute and deliver or cause to be executed and delivered such instruments, documents, assignments, waivers, certificates and affidavits, will supply or cause to be supplied such further information and will take such further action, as the Lender shall reasonably request in connection with any such sale.

5.5. Application of Proceeds. The proceeds of all sales and collections in respect of any Collateral or other assets of the Borrower, all funds collected from the Borrower and any cash contained in the Collateral, the application of which is not otherwise specifically provided for herein, shall be applied as follows:

(a) First, to the payment of the costs and expenses of such sales and collections, the reasonable expenses of the Lender and the reasonable fees and expenses of its counsel;

(b) Second, any surplus then remaining to the payment of the Credit Obligations in such order and manner as the Lender may in its reasonable discretion determine; and

(c) Third, any surplus then remaining shall be paid to the Borrower, subject, however, to any rights of the holder of any then existing lien who has duly presented to the Lender an authenticated demand for proceeds before the Lender's distribution of the proceeds is completed.

6. Custody of Collateral. Except as provided by Applicable Laws that cannot be waived, the Lender will have no duty as to the custody and protection of the Collateral, the collection of any part thereof or of any income thereon or the preservation or exercise of any rights pertaining thereto, including rights against prior parties, except for the use of reasonable care in the custody and physical preservation of any Collateral in its possession. The Lender will not be liable or responsible for any loss or damage to any Collateral, or for any diminution in the value thereof, by reason of the act or omission of any agent selected by the Lender acting in good faith.

7. Defeasance. Upon payment in full of the Credit Obligations at a time when the Borrower does not have any right to any future extension of credit under the Credit Documents, (a) this Agreement shall terminate and be of no further force or effect, and (b) upon the request of the Borrower and at its expense, the Lender shall execute and deliver such documents and take such other steps as may be reasonably necessary to evidence termination of its security interests in the Collateral.

8. General. Addresses for notices, consent to jurisdiction, jury trial waiver and numerous other provisions applicable to this Agreement are contained in the Loan Agreement. The invalidity or unenforceability of any provision hereof shall not affect the validity or enforceability of any other provision hereof, and any invalid or unenforceable provision shall be modified so as to be enforceable to the maximum extent of its validity or enforceability. The headings in this Agreement are for convenience of reference only and shall not limit, alter or otherwise affect the meaning hereof. This Agreement and the other Credit Documents constitute the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior and current understandings and agreements, whether written or oral. This Agreement is a Credit Document and may be executed in any number of counterparts, which together shall constitute one instrument. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, except as may be required by the UCC of other jurisdictions with respect to matters involving the perfection of the Lender's lien on the Collateral located in such other jurisdictions.

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Each of the undersigned has caused this Agreement to be executed and delivered by its duly authorized officer as of the date first written above.

BORROWER:

ALTISOURCE SOLUTIONS, INC.

By Michelle D. Esterman
Name: Michelle Esterman
Title: Chief Executive Officer

LENDER:

ALTISOURCE ASSET MANAGEMENT
CORPORATION

By Richard G. Rodick
Name: Richard G. Rodick
Title: Chief Financial Officer

[SIGNATURE PAGE TO SECURITY AGREEMENT]

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, William C. Erbey, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Altisource Asset Management Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's second fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2024

By: /s/ William C. Erbey
William C. Erbey
Chief Executive Officer

Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

The undersigned, the Chief Executive Officer of Altisource Asset Management Corporation (the "Company"), hereby certifies on the date hereof, pursuant to 18 U.S.C. §1350(a), as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 ("Form 10-Q"), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: August 14, 2024

By: /s/ William C. Erbey
William C. Erbey
Chief Executive Officer

Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

The undersigned, the Chief Financial Officer of Altisource Asset Management Corporation (the "Company"), hereby certifies on the date hereof, pursuant to 18 U.S.C. §1350(a), as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 ("Form 10-Q"), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: August 14, 2024

By: /s/ Richard G. Rodick
Richard G. Rodick
Chief Financial Officer