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

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
COMMISSION FILE NUMBER: 001-36063

Altisource Asset Management Corporation

(Exact name of registrant as specified in its charter)

U.S. Virgin Islands	**66-0783125**
(State or other jurisdiction of incorporation or organization)	**(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 pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Exchange on which Registered
Common stock, par value $0.01 per share	AAMC	NYSE American

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value of common stock held by non-affiliates of the registrant was $9.2 million, based on the closing share price as reported on the New York Stock Exchange on June 30, 2020 and the assumption that all Directors and executive officers of the registrant and their families and beneficial holders of 10% of the registrant's common stock are affiliates. This determination of affiliate status is not necessarily a conclusive determination for any other purpose.

As of February 26, 2021, 2,048,319 shares of our common stock were outstanding (excluding 1,359,600 shares held as treasury stock).

Portions of the Registrant's definitive proxy statement relating to its 2021 annual meeting of shareholders (the "2021 Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. The Registrant intends to file the 2021 Proxy Statement with the U.S. Securities and Exchange Commission not later than 120 days after the end of the fiscal year to which this report relates.

Altisource Asset Management Corporation
December 31, 2020
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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. References in this report to “Front Yard” refer to Front Yard Residential Corporation and its consolidated subsidiaries, unless otherwise indicated.

Special note on forward-looking statements

Our disclosure and analysis in this Annual Report on Form 10-K contain “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,” “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 results 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 implement our business strategy;
- our ability to retain and recruit key employees;
- 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;
- our ability to retain and maintain our strategic relationships;
- our ability to obtain additional asset management clients;
- the potential for the COVID-19 pandemic to adversely affect our business, financial position, operations, business prospects, customers, employees and third-party service providers;
- our ability to effectively compete with our competitors;
- the failure of our service providers to effectively perform their obligations under their agreements with us;
- our ability to integrate newly acquired business;
- developments in the litigation regarding our redemption obligations under the Certificate of Designations of our Series A Convertible Preferred Stock (the “Series A Shares”), including our ability to obtain declaratory relief confirming that we were not obligated to redeem any of the Series A Shares on the March 15, 2020 redemption date if we do not have funds legally available to redeem all, but not less than all, of the Series A Shares requested to be redeemed on that redemption date;
- general economic and market conditions;
- our ability to manage our transient investments during the creation and ramp up of our new business;
- any breaches or alleged breaches with respect to the Termination Agreement (defined below) with Front Yard;
- 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; and
- governmental regulations, taxes and policies.

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 or factors, 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 contained herein, please refer to the section “Item 1A. Risk Factors.”

Part I

Item 1. Business

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 in December 2012. Our primary business is to provide asset management and certain corporate governance services to institutional investors. In October 2013, we applied for and were granted registration by the Securities and Exchange Commission (the “SEC”) as a registered investment adviser under Section 203(c) of the Investment Advisers Act of 1940. We have historically operated in a single segment focused on providing asset management and certain corporate governance services to investment vehicles.

Our team employs a range of strategies that leverage our deep industry expertise, local insights, and global resources to deliver attractive returns throughout the investment cycle. We invest with precision, purpose, and alignment between our interests and the interests of Our Fund (defined below) investors, stockholders, and other stakeholders. We are in the process of establishing multiple new lines of business, including, without limitation, investment funds, short-term investor loan aggregation and origination businesses, and the establishment of strategic relationships with real estate loan originators. Building on these efforts, and leveraging our industry expertise and intellectual capital allows us to capitalize on a broader range of the opportunities. As an investment advisor, we earn, or have the opportunity to earn, management fees, transaction fees, and carried interest for providing investment management and other services to our clients, funds, and other vehicles. We plan to earn additional investment income by investing our own capital alongside the capital we manage for fund investors and we expect that AAMC will be able to generate management fees and attractive returns through each of these opportunities.

We have formed investment funds which we believe will allow us to attract domestic and international institutional and high net worth investors. The initial seed capital is expected to be used to invest in real estate debt products, specifically, short-term investor loans. We also intend to subscribe additional capital for The Fund (defined below) from other institutional investors. As capital commitments increase, we intend to expand the investments into other real estate related assets following a disciplined investment approach. We also intend to invest a portion of our own capital directly into The Fund in addition to other investments we may make.

Our primary client has been Front Yard Residential Corporation (“Front Yard”), a public real estate investment trust (“REIT”) focused on acquiring and managing quality, affordable single-family rental (“SFR”) properties for America's families. Front Yard was historically our primary source of revenue and was a significant driver of our results.

During the second quarter of 2019, Front Yard commenced a strategic alternatives review process designed to maximize stockholder value. At the conclusion of this review, Front Yard's board of directors determined that it was in the best interests of its shareholders to liquidate Front Yard. In light of this determination, we appointed a Co-Chief Executive Officer on January 13, 2020 to be responsible for implementing new business. Our incumbent Co-Chief Executive Officer continued to focus on the business of Front Yard and the completion of its strategic alternatives review until his resignation in December 2020.

On August 13, 2020, we entered into a Termination and Transition Agreement (the “Termination Agreement”) with Front Yard and Front Yard Residential L.P. (“FYR LP”) to terminate the Amended and Restated Asset Management Agreement, dated as of May 7, 2019 (the “Amended AMA”), by and among the Front Yard, FYR LP and AAMC, and to provide for a transition plan to facilitate the internalization of Front Yard’s asset management function (the “Transition Plan”). Pursuant to the terms of the Termination Agreement, effective on the date that the parties mutually agreed that the Transition Plan had been satisfactorily completed (the “Termination Date”), which was December 31, 2020, the Amended AMA was terminated in its entirety. As part of the Termination Agreement and Transition Plan, the incumbent Co-Chief Executive Officer resigned prior to the Termination Date, at which point our new Co-Chief Executive Officer became the sole Chief Executive Officer of the Company.

In connection with the Termination Agreement, Front Yard paid AAMC an aggregate termination fee (the “Termination Fee”) of $46,000,000, with payments consisting of $30,000,000 in cash and $16,000,000 in Front Yard common stock. During the transition period, AAMC continued to be paid the base management fee provided for in the Amended AMA (equal to $3,584,000 per quarter as contemplated by the Amended AMA) and a pro rata portion of the base management fee for any partial calendar quarter during such period.

In addition, on December 31, 2020 and January 1, 2021, AAMC transferred the equity interests of the Company's Cayman Islands subsidiary and India subsidiary (the "Transferred Assets"), respectively, to Front Yard. The aggregate purchase price (the "Purchase Price") for the Transferred Assets was $8,200,000, with payments consisting of $3,200,000 in cash and $5,000,000 in Front Yard's common stock. Furthermore, on January 1, 2021, Front Yard also transferred the equity interests in its India subsidiary to AAMC. In addition to the retention of key employees, AAMC retained certain assets and operating subsidiaries to continue to build out its asset management businesses focused on the origination and underwriting of short duration construction loans backed by single-family homes as well as other new business initiatives.

On October 19, 2020, Front Yard entered into an Agreement and Plan of Merger (the "Original Merger Agreement") with Pretium Midway Holdco, LP, a Delaware limited partnership ("Parent"), and Midway AcquisitionCo REIT, a Maryland real estate investment trust ("Merger Sub"), pursuant to which Front Yard would be acquired by a partnership led by Pretium Midway Investments, LP (the "Pretium Investor"), a fund managed by affiliates of Pretium Partners, LLC, and including funds managed by the real estate equity and alternative credit strategies of Ares Management Corporation (the "Ares Investors" and together with Pretium Investor, the "Investors"). The Original Merger Agreement provided that, among other things, upon the terms and subject to the conditions set forth in the Merger Agreement, at the effective time of the Merger ("Effective Time"), Front Yard would merge with and into Merger Sub (the "Merger"), with Merger Sub as the successor in the Merger and continuing as a wholly owned subsidiary of Parent.

On January 11, 2021, Front Yard completed its previously announced Merger with the Parent and Merger Sub pursuant to the terms of the Original Agreement, as amended by the First Amendment to Agreement and Plan of Merger, dated as of November 20, 2020 (the "Amendment" and, together with the Original Agreement, the "Merger Agreement"), by and among Front Yard, Parent and Merger Sub. Merger Sub was the surviving company in the Merger. Effective on the closing date of the Merger, each share of common stock of Front Yard, subject to certain exceptions, was cancelled, extinguished, and automatically converted into the right to receive cash in an amount equal to $16.25 per share. Upon the closing of the Merger, AAMC received cash in an amount of approximately $47.5 million for the Front Yard common stock it held at the closing date.

For information on the potential risks to AAMC in relation to the Termination Agreement, Merger, and new business initiatives, see "Item 1A. Risk Factors."

Additionally, our wholly owned subsidiary, NewSource Reinsurance Company Ltd. ("NewSource"), is a title insurance and reinsurance company licensed with the Bermuda Monetary Authority. NewSource commenced reinsurance activities during the second quarter of 2014. In December 2014, NewSource determined that the economics of the initial business did not warrant the continuation of its initial reinsurance quota share agreement with an unrelated third party. NewSource therefore transferred all of the risk of claims and future losses underwritten to an unrelated third party, and its reinsurance and insurance business has been dormant since that time. In December 2020, the Company determined that it had no immediate intent to re-commence reinsurance activity, and accordingly, we submitted our application letter to the Bermuda Monetary Authority to cancel our license and proceed with a voluntary wind down of NewSource after six years of dormancy.

Asset Management Agreement with Front Yard

On March 31, 2015, we entered into an asset management agreement (the "Former AMA"), under which we were the exclusive asset manager for Front Yard for an initial term of 15 years from April 1, 2015, with two potential five-year extensions. The Former AMA provided for a fee structure in which we were entitled to a base management fee, an incentive management fee and a conversion fee for mortgage loans and real estate owned ("REO") properties that became rental properties for the first time during each quarter.

On May 7, 2019, we entered into the Amended AMA with Front Yard, under which we were provided to be the exclusive asset manager for Front Yard for an initial term of five years. The Amended AMA had the option to renew automatically each year thereafter for an additional one-year term, subject in each case to certain termination provisions. The Amended AMA provided for a fee structure in which we are entitled to a Base Management Fee and a potential Incentive Fee.

Pursuant to the Amended AMA, we designed and implemented Front Yard's business strategy, administered certain of its business activities and day-to-day operations and provided corporate governance services, subject to oversight by Front Yard's Board of Directors. We were responsible for, among other duties: (1) performing and administering certain of Front Yard's day-to-day operations; (2) implementing the investment criteria in Front Yard's investment policy approved by its Board of Directors; (3) sourcing, analyzing and executing asset acquisitions, including the related financing activities; (4) overseeing Front Yard's renovation, leasing and property management of its SFR properties; (5) analyzing and executing sales of certain

rental properties and REO properties; (6) performing asset management duties and (7) performing corporate governance and other management functions, including financial, accounting and tax management services.

We provided Front Yard with a management team and support personnel who have substantial experience in the acquisition and management of residential properties. Our management also has significant corporate governance experience that enabled us to manage Front Yard's business and organizational structure efficiently. We had, during the term of the Amended AMA, agreed not to provide the same or substantially similar services without the prior written consent of Front Yard's Board of Directors to any business or entity competing against Front Yard in (a) the acquisition or sale of SFR and/or REO properties, non-performing and re-performing mortgage loans or other similar assets; (b) the carrying on of an SFR business or (c) any other activity in which Front Yard engaged. Notwithstanding the foregoing, we could engage in any other business or render similar or different services to any businesses engaged in lending or insurance activities or any other activity other than those described above. Further, at any time following the termination of the Amended AMA, or Front Yard's determination and announcement that it will no longer engage in any of the above-described competitive activities, we are entitled to provide advisory or other services to businesses or entities in such competitive activities without Front Yard's prior consent.

Accordingly, our operating results were historically highly correlated to Front Yard's operating results.

The Amended AMA provided for the agreement to be terminated without cause (i) by Front Yard (including any successor of Front Yard) for any reason, or no reason, or (ii) by Front Yard or us in connection with the expiration of the initial term or any renewal term, in either case with 180 days' prior written notice. If the Amended AMA was terminated by Front Yard without cause or in connection with the expiration of the initial term or any renewal term, Front Yard would be required to pay the Termination Fee to us in an amount generally equal to three times the arithmetical mean of the aggregate fees actually paid or payable with respect to each of the three immediately preceding completed calendar years (including any such prior years that may have occurred prior to the effective date of the Amended AMA). Upon any such termination by Front Yard, Front Yard would have the right, at its option, to license certain intellectual property and technology assets from us. Front Yard also had the option to continue to utilize the services of AAMC for a transition period of up to one year following the effective date of termination of the Amended AMA at a cost not to exceed $3,584,000 per quarter.

On August 13, 2020, we entered into the Termination Agreement with Front Yard and FYR LP to terminate the Amended AMA by and among the Front Yard, FYR LP, and AAMC, and to complete the Transition Plan. Pursuant to the terms of the Termination Agreement and Transition Plan, effective after December 31, 2020, the Amended AMA was terminated in its entirety.

In connection with the Termination Agreement, Front Yard paid AAMC a Termination Fee. During the transition period, AAMC continued to be paid the base management fee provided for in the Amended AMA.

In addition, on December 31, 2020 and January 1, 2021, the Company transferred the Transferred Assets to Front Yard. The Purchase Price for the Transferred Assets was $8,200,000, with payments consisting of $3,200,000 in cash and $5,000,000 in Front Yard’s common stock. Furthermore, on January 1, 2021, Front Yard also transferred the equity interests in its India subsidiary to AAMC.

As a result of the termination process above, we reported the activity related to the Amended AMA and Transferred Assets (collectively, the "Disposal Group") as "held-for-sale", and a discontinued operation, effective as of the end of the third quarter of 2020. The results of operations, cash flows, and assets and liabilities of our discontinued operations and our continuing operations, for all periods presented in the accompanying consolidated financial statements, have been reclassified to conform to the current year presentation. See Note 3 to our consolidated financial statements for additional information regarding the results, major classes of assets and liabilities, and significant non-cash operating items and capital expenditures of discontinued operations.

For more information on these asset management agreements, please see Note 7 to our consolidated financial statements contained in this Annual Report on Form 10-K.

Our Business Strategy

Our business strategy is to (i) provide asset management services in a manner that builds long-term value and a stable income stream for our stockholders and (ii) to develop additional scalable investment strategies and vehicles by leveraging the expertise of our management team.

Front Yard's Business Strategy

Prior to the Termination Date, we assisted Front Yard in executing its strategy of being one of the top SFR REITs serving American families and their communities with a view to providing consistent and robust returns on equity and long-term growth for its investors. In recent years we:

- improved Front Yard’s operations;
- shifted Front Yard’s focus from residential debt assets to SFR assets;
- strengthen Front Yard’s portfolio with portfolio SFR acquisitions;
- internalized property management; and
- negotiated the sale of Front Yard.

We believed there was a compelling opportunity in the SFR market and that we implemented the right strategic plan for Front Yard to capitalize on the sustained growth in SFR demand. Front Yard targeted the moderately priced single-family home market to acquire rental properties, which in our view, not only provided safe, comfortable homes for residents, but also offered attractive yield opportunities.

Strengths that AAMC Brought to Front Yard

Until the Termination Date, we were committed to a business strategy that would enable Front Yard to efficiently manage and continue to grow its SFR portfolio and to become one of the largest nationwide SFR REITs. Our goal was to enhance Front Yard's long-term stockholder value through the execution of its business plan with a focus on its competitive strengths. We believed these strengths would enable Front Yard to grow and provide strong stabilized results over time, which we expected would, in turn, result in improved results for AAMC. Front Yard's competitive position was based on the following strengths through our management:

- *Acquisition Strategy Enabled Front Yard to Continue Building a Portfolio that Targeted Attractive Yields for its Stockholders.* Through our personnel and technical expertise, we developed a disciplined market and asset selection approach, and a valuation model for Front Yard that used proprietary and market data to evaluate and project the performance of SFR assets. This valuation model was built with multiple broad economic and geographic inputs as well as numerous property-level inputs to determine which properties would produce attractive yields and how much to pay for those properties to best achieve optimal results. These internally developed tools helped Front Yard to evaluate the most attractive SFR properties for sale. We also leveraged Front Yard's property inspection, management, rental infrastructure, and related data flows to identify and acquire attractive assets in any locations into which Front Yard desired to grow. Through the Termination Date, we continued to build Front Yard's internal property management structure, which allowed Front Yard to focus on strategic areas, develop regional experience to continually refine Front Yard's acquisition strategy, and achieve rental portfolio growth with properties marked by strong stabilized occupancy rates and optimal economic returns. We also believed that Front Yard's focus on affordable housing provided it with a potential advantage, as we believe this is an underserved market segment that provided Front Yard with attractive yield and growth opportunities.

- *Extensive Internal Property Management Infrastructure*. With the internal property manager and the support of its nationwide vendor networks, we believe that Front Yard was well positioned to operate and manage SFR properties across the United States at an attractive cost structure. We placed an experienced property management team with a successful track-record of internal property management operations with Front Yard, which enabled Front Yard to capitalize on additional opportunities to enhance its tenants’ experience and improve its operating efficiency. We believe the internal property management infrastructure provided Front Yard with a cost-efficient, scalable platform that was a key factor in its success as it continued to grow through acquisition by the Investors.

- *Depth of Management Experience.* We believe the experience and technical expertise of our management team was one of Front Yard's key strengths. Our team has a broad and deep knowledge of the real estate market with decades of experience in real estate, mortgage trading, housing, financial services, and asset management. Our experience in the real estate industry brought a wealth of understanding of the markets in which Front Yard operated and built Front Yard's portfolio in a manner that positioned it to provide attractive potential returns to its stockholders. Management and its supporting teams have expertise and extensive contacts that enabled us to source SFR assets through access to auctions and sellers of SFR assets and obtain financing to optimize available leverage. We believe that our asset evaluation process and the experience and judgment of our executive management team in identifying, assessing,

valuing, and acquiring new SFR assets helped Front Yard to appropriately value the portfolios at the time of purchase and to operate them profitably.

Front Yard's Investment Process

Using extensive market connections and a disciplined market and asset selection approach incorporating advanced quantitative models, our capital markets group has demonstrated expertise in sourcing, analyzing and negotiating the purchase of both large and small portfolios of rented single-family properties. Through close collaboration with Front Yard's internal property management team, we were able to source and acquire properties that fit Front Yard's investment strategy and integrated well with Front Yard's property management infrastructure. This expertise and coordination enabled us to strategically grow Front Yard's SFR portfolio at September 30, 2020 to approximately 14,500 homes, the majority of which were stabilized rentals at the time of acquisition.

Front Yard's Financing Strategy

We provided a team of experienced legal and financial professionals that executed Front Yard's financing strategy. Front Yard financed its real estate investments with debt and equity, the proportions and character of which varied based upon the particular characteristics of its portfolio and on market conditions. To the extent available at the relevant time, Front Yard's financing sources may have included bank credit facilities, term financing, warehouse lines of credit, securitization financing, seller financing arrangements, structured financing arrangements, and repurchase agreements, among others.

Front Yard's Investment Committee and Investment Policy

We conducted substantially all of the investment activities on behalf of Front Yard pursuant to the Amended AMA. Front Yard’s Board of Directors had adopted a broad investment policy designed to facilitate our management of Front Yard’s capital and assets and our maintenance of an investment portfolio profile that met Front Yard’s objectives. We reported to Front Yard’s Investment Committee, whose role was to act in accordance with the investment policy and guidelines approved by Front Yard’s Board of Directors for the investment of its capital. As part of an overall investment portfolio strategy, the investment policy provided that we could facilitate Front Yard’s purchase or sale of non-performing or sub-performing residential mortgage loans, residential mortgage backed securities, and real estate assets. We were also authorized, on behalf of Front Yard, to offer leases on acquired single-family residential real estate. The investment policy allowed for modification by Front Yard’s Board of Directors without the approval of our stockholders.

The objective of Front Yard’s investment policy was to oversee our efforts to achieve a return on assets consistent with Front Yard’s business objectives and to maintain adequate liquidity to meet Front Yard’s financial covenants and regular cash requirements.

The Investment Committee was authorized to approve the financing of Front Yard’s investment positions through bank credit facilities, seller financing arrangements, warehouse lines of credit, securitization financing, term financing, structured financing arrangements and repurchase agreements, among others, provided such agreements are negotiated with counterparties approved by the Investment Committee. We were also permitted to hedge Front Yard’s interest rate exposure on its financing activities through the use of interest rate swaps or caps, forwards, futures and options, subject to prior approval from Front Yard’s Investment Committee.

Investment Committee Approval of Counterparties

Front Yard’s Investment Committee was authorized to consider and approve, based on our recommendations:

- the financial soundness of institutions with which Front Yard planned to transact business and recommendations with respect thereto;
- Front Yard’s risk exposure limits with respect to the dollar amounts of total exposure with a given institution; and
- investment accounts and trading accounts to be opened with banks, broker-dealers and financial institutions.

Investment Committee Guidelines

The activities of Front Yard's Investment Committee were subject to the following guidelines, which we were required to follow in making recommendations to the Investment Committee:

- No investment would be made that would cause Front Yard or any of its subsidiaries to fail to qualify as a REIT for U.S. federal income tax purposes;
- No investment would be made that would cause Front Yard to be required to register as an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act"); and
- Until appropriate investments could be identified, Front Yard may invest available cash in interest-bearing and short-term investments that were consistent with (a) Front Yard's intention to qualify as a REIT and (b) Front Yard's exemption from registration as an investment company under the Investment Company Act.

Investment Selection and Due Diligence

For both Our Funds and principal investments, when our team determines that an investment proposal is worth consideration, the proposal is formally presented to the investment committee and the due diligence process commences, if appropriate. The objective of the due diligence process is to identify attractive investment opportunities based on the facts and circumstances surrounding an investment and to prepare a framework that may be used from the date of an acquisition to drive value creation. When conducting due diligence, we evaluate a number of important business, financial, tax, accounting, environmental, social, governance, legal, and regulatory issues in order to determine whether an investment is suitable. While the process differs depending on the type of investment we make, generally, our professionals spend significant amounts of time and effort to understand the opportunities and risks associated with the proposed investment. In addition, our team may also use the services of outside experts, accountants, lawyers, and investment banks as appropriate to assist them in this process.

Equity Investment in Public Securities

In an effort to manage and maximize the benefits of existing capital to our stakeholders, we have invested a significant portion of our assets into publicly traded securities and borrowed against those assets to increase our return to stakeholders. The specialties of the companies we have invested in fall within our core competencies, which we believe gives us a competitive advantage to analyze and value these investments. We believe these investments provide a beneficial risk-adjusted return.

Employees

As of December 31, 2020, we had 112 full-time employees in the USVI, the United States, and India. The majority of our employees performed asset management functions for Front Yard that include acquisitions, capital markets access, risk management, accounting, internal audit, corporate management, and legal services.

Following the completion of the Termination Agreement with Front Yard, certain of our employees became direct employees of Front Yard or its successor, or their subsidiaries, and our headcount was reduced to levels necessary to develop and execute our new business lines.

Our Competition

We are in a highly competitive market and are competing with other asset managers. Our competitors may have greater resources, more personnel, more clients, more sources of revenue, and more capital than we do. Some of our competitors' clients may have the advantage of having significant amounts of capital, lower cost of capital, or access to funding sources not available to our clients. Additionally, our competitors and competitors' clients may have higher risk tolerances or may be willing to accept lower returns on investment. Some of our competitors may be regarded by potential clients as having better expertise related to specific assets. We believe our ability to scale The Fund and future businesses will provide us with a competitive advantage.

Environmental Matters
We do not believe there are any environmental matters that will materially affect the conduct of our business.

As an owner of real estate, Front Yard was subject to various federal, state and local environmental laws, regulations and ordinances and also could have been liable to third parties resulting from environmental contamination or noncompliance with

environmental laws at its properties. We were tasked with monitoring these laws, regulations and ordinances and conducting due diligence in acquired properties for Front Yard. Environmental laws can impose liability on an owner or operator of real property for the investigation and remediation of contamination at or migrating from such real property without regard to whether the owner or operator knew of or was responsible for the presence of the contaminants. The liability is generally not limited under such laws and could exceed the property's value and the aggregate assets of the liable party. The presence of contamination or the failure to remediate contamination could have adversely affected Front Yard's ability to sell, lease, or renovate the real estate or borrow using the real estate as collateral. Although we did not believe these risks directly expose us to environmental liability as a separate independent company, these and other risks related to environmental matters could have had an adverse impact on Front Yard, and such risks are described in more detail in "Item 1A. Risk Factors."

Governmental Regulations

Our businesses, as well as the financial services industry generally, are subject to extensive regulation in the United States and elsewhere. In general, the SEC and other regulators around the globe have, in recent years, significantly increased their regulatory activities with respect to investment firms.

We are registered as an investment adviser with the SEC. Registered investment advisers are subject to the requirements and regulations of the Advisers Act. Such requirements relate to, among other things, fiduciary duties to advisory clients, maintaining an effective compliance program, solicitation agreements, conflicts of interest, recordkeeping and reporting requirements, disclosure requirements, limitations on agency cross and principal transactions between an adviser and advisory clients and general anti-fraud prohibitions. In addition, as a registered investment advisor, we are subject to routine periodic and other examinations by the staff of the SEC. In accordance with our efforts to enhance our compliance program, certain additional policies and procedures have been put into place, but no material changes to our operations have been made. We have not been subject to any regulatory or disciplinary actions by the SEC.

Front Yard's Governmental Regulations. Certain of Front Yard's properties were subject to the rules of the various Home Owners Associations ("HOAs") where such properties are located. HOAs are private entities that regulate the activities of owners and occupants of, and levy assessments on, properties in a residential subdivision. HOA rules and regulations typically consist of various restrictions or guidelines regarding use and maintenance of the property. In addition, Front Yard's properties were subject to various covenants and local laws and regulatory requirements, including permitting, licensing and zoning requirements. We believe that under our management, Front Yard was in material compliance with such covenants, local laws and regulatory requirements and HOA rules and regulations. Front Yard also required that its tenants agree to comply with such covenants, laws, ordinances and rules in their leases.

Fair Housing Act Applicable to Front Yard. The Fair Housing Act ("FHA") and its state law counterparts and the regulations promulgated by the U.S. Department of Housing and Urban Development ("HUD") and various state agencies, prohibit discrimination in housing on the basis of race or color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women and people securing custody of children under the age of 18), handicap or, in some states, financial capability. We believe that, under our management and that of its internal property manager, Front Yard's properties were in substantial compliance with the FHA and other regulations.

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") imposes a wide variety of regulatory requirements on publicly-held companies and their insiders. Many of these requirements affect us. For example:

- Pursuant to Rule 13a-14 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer must certify the accuracy of the financial statements contained in our periodic reports.
- Pursuant to Item 307 of Regulation S-K, our periodic reports must disclose our conclusions about the effectiveness of our disclosure controls and procedures.
- Pursuant to Rule 13a-15 of the Exchange Act, our management must prepare a report regarding its assessment of our internal control over financial reporting.
- Pursuant to Item 308 of Regulation S-K and Rule 13a-15 of the Exchange Act, our periodic reports must disclose whether there were significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to material weaknesses.

The Sarbanes-Oxley Act requires us to review our current policies and procedures to determine whether we comply with the Sarbanes-Oxley Act and the regulations promulgated thereunder. We will continue to monitor our compliance with all regulations that are adopted under the Sarbanes-Oxley Act and will take actions necessary to ensure that we are in compliance therewith.

Website and Availability of SEC Filings

Our principal website address is http://www.altisourceamc.com, and we encourage investors to use it as a way of easily finding information about us. We promptly make available free of charge on our website, or provide a link on our website to, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after those reports are electronically filed with, or furnished to, the SEC, along with corporate governance information including our Corporate Governance Guidelines, our Code of Business Conduct and Ethics and select press releases. The contents of our website are available for informational purposes only and shall not be deemed incorporated by reference in this report.

You may also access the reports and other documents we file with the SEC at a website maintained by the SEC at http://www.sec.gov.

Item 1A. Risk Factors

The following risk factors and other information included in this Annual Report on Form 10-K should be carefully considered. If any of the following risks actually occur, our business, operating results and financial condition could be materially adversely affected.

RISKS RELATED TO US OR OUR MARKET GENERALLY

Adverse economic and market conditions could negatively impact our business in many ways, including by reducing the value or performance of the investments made by Our Funds and reducing the ability of Our Funds to raise capital, any of which could materially reduce our revenue, earnings and cash flow and adversely affect our financial prospects and condition.

Our business is materially affected by conditions in the global financial markets and economic conditions or events throughout the world that are outside of our control, including, but not limited to, changes in interest rates, availability of credit, inflation rates, economic uncertainty, slowdown in global growth, changes in laws (including laws relating to taxation and regulations on the financial industry), disease, pandemics or other severe public health events, trade barriers, commodity prices, currency exchange rates and controls and national and international political circumstances (including government shutdowns, wars, terrorist acts or security operations). For example, the coronavirus ("COVID-19") pandemic has resulted in a widespread health crisis that continues to adversely affect general commercial activity and the economies and financial markets of many countries. Such unforeseen and catastrophic events could adversely affect the businesses, financial conditions and results of operations of us and Our Funds' portfolio companies and assets. These factors may affect the level and volatility of securities prices and the liquidity and the value of investments, and we may not be able to or may choose not to manage our exposure to these market conditions and/or other events. In the event of a market downturn, each of our businesses could be affected in different ways.

The global outbreak of the novel coronavirus, or COVID-19, caused severe disruptions in the U.S. and global economies and has impacted, and may continue to adversely impact our performance and results of operations.

In 2020, the global outbreak of COVID-19 spread to every country and every state in the United States. The World Health Organization designated COVID-19 as a pandemic, and numerous countries, including the United States, declared national emergencies with respect to COVID-19. While vaccines have been approved and are slowly being deployed, the global impact of the outbreak continues to adversely impact many industries and different geographies continue to be impacted by the effects of public health restrictions in various ways. The International Monetary Fund estimates that the global economy may not return to pre-pandemic levels until the end of 2021 or early 2022 depending on the roll-out and effectiveness of the vaccine.

While our fears of a great depression at the onset of the pandemic have not today been realized, the economic recovery is only partially underway, and has been gradual, uneven and characterized by meaningful dispersion across sectors and regions with uncertainty regarding the ultimate length and trajectory. Increasing infection rates and hospitalizations in certain geographies and a potential resulting market downturn have resulted in COVID-19 continuing to impact our business, financial condition, results of operations, liquidity, and prospects.

Our ability to enter into new business, acquire new business, and grow new business has been materially impacted by COVID-19 and related governmental measures imposed to contain the virus, such as the closure of stores, restrictions on travel, quarantines or stay-at-home orders. If the disruptions caused by the pandemic continue, our ability to succeed at these new businesses could suffer materially.

Travel restrictions, the closure of non-essential businesses or shelter-in-place/stay-at-home orders may make it more difficult and costly for Our Funds and our business.

This extended period of remote working by our employees may introduce operational risks, including technology availability and heightened cybersecurity risk. Remote working environments may be less secure and more susceptible to hacking attacks, including phishing and social engineering attempts that seek to exploit the COVID-19 pandemic. In addition, our data security, data privacy, investor reporting and business continuity processes could be impacted by a third party's inability to perform due to COVID-19 or by failures of, or attacks on, their information systems and technology. Our accounting and financial reporting systems, processes, and controls could be impacted as a result of these risks.

COVID-19 continues to present a significant threat to our employees' well-being and morale. Our key employees or executive officers may become sick or otherwise unable to perform their duties for an extended period of time and we may experience a potential loss of productivity. In addition, continued office closures could adversely affect our ability to create a company

culture. Although our employees continue to collaborate across offices and geographies, the informal office interactions that help develop culture have generally ceased. It is also harder to integrate new employees into the firm in a remote working environment. As a result of travel restrictions, stay-at-home orders, etc., many of our staff are unable to travel for physical meetings and/or have been displaced working remotely outside of their normal work location. This may create taxable presence or residency risks for our corporate entities and professionals. Ultimately, these risks could lead to increased levels of taxation and additional compliance complexities. Although a vaccine has been approved for use, the rollout and success are unknown. Although our workforce has demonstrated its ability to achieve pre-pandemic levels of productivity on a remote basis, if we were unable to vaccinate our employee base, our work force may be unwilling to return to the office. In addition to the foregoing, COVID-19 has exacerbated and may continue to exacerbate, many of the other risks described in this Annual Report on Form 10-K.

The asset management business is intensely competitive.

The asset management business is intensely competitive, driven by a variety of factors, including asset performance, the quality of service provided to clients, brand recognition and business reputation. Our asset management business competes with a number of other asset managers. A number of factors serve to increase our competitive risks:

- A number of our competitors may have greater financial, technical, marketing and other resources and more personnel than we do;
- Our clients may not perform as well as the clients of our competitors;
- Several of our competitors and their clients have significant amounts of capital, and many of them have similar management objectives to ours, which may create additional competition for management opportunities;
- Some of these competitors' clients may also have a lower cost of capital and access to funding sources that are not available to our clients, which may create competitive disadvantages for us with respect to funding opportunities;
- Some of our competitors' clients may have higher risk tolerances, different risk assessments or lower return thresholds, which could allow them to facilitate the acquisition and management by their clients of a wider variety of assets and allow them to advise their clients to bid more aggressively than our clients for assets on which we would advise our clients to bid;
- There are relatively few barriers to entry impeding new asset management firms, and the successful efforts of new entrants into the asset management business is expected to continue to result in increased competition;
- Some of our competitors may have better expertise or be regarded by potential clients as having better expertise with regard to specific assets; and
- Other industry participants will from time to time seek to recruit members of our management team and other employees away from us.

We are subject to the risks of securities laws liability and related civil litigation.

We may be subject to risk of securities litigation and derivative actions from time to time as a result of being publicly traded, including the actions set forth in "Item 3. Legal Proceedings." There can be no assurance that any settlement or liabilities in any future lawsuits or claims against us would be covered or partially covered by our insurance policies, which could have a material adverse effect on our earnings in one or more periods. The range of possible resolutions for any potential legal actions could include determinations and judgments against us or settlements that could require substantial payments by us, including the costs of defending such suits, which could have a material adverse effect on our financial condition, results of operations and cash flows.

Unpredictability of the credit markets may restrict our clients' or our access to capital and may make it difficult or impossible for us to obtain any required additional financing.

The domestic and international credit markets may be unpredictable. In the event that we need additional capital for our business, we may have a difficult time obtaining it and/or the terms upon which we can obtain it may be unfavorable, which would have an adverse impact on our financial performance. In addition, failures of our clients to raise capital or access capital markets could adversely impact their ability to grow and/or generate adequate returns on capital, which could adversely impact any management fees we earn.

RISKS RELATES TO OUR OPERATIONS

We may not be successful in expanding into new investment strategies, markets and businesses, which could adversely affect our business, results of operations and financial condition.

Our growth strategy focuses on providing resources to foster the development of new product offerings and business strategies by our investment professionals. Given our focus across the real estate industry, these initiatives could create conflicts of interests between products, increase our costs and expose us to new market risks and legal and regulatory requirements. These products may have different economic structures than our previous businesses and may require a different marketing approach. These activities also may impose additional compliance burdens on us, subject us to enhanced regulatory scrutiny and expose us to greater reputation and litigation risk.

The success of our growth strategy will depend on, among other things:

- our ability to correctly identify and create products that appeal to our investors;
- the diversion of management's time and attention into the growth of such new businesses;
- management's ability to spend time developing and integrating the new business and the success of the integration effort;
- our ability to properly manage conflicts of interests;
- our ability to identify and manage risks in new lines of businesses;
- our ability to obtain requisite approvals and licenses from the relevant governmental authorities and to comply with applicable laws and regulations without incurring undue costs and delays; and
- our ability to successfully negotiate and enter into beneficial arrangements with our counterparties.

In some instances, we may determine that growth in a specific area is best achieved through the acquisition of an existing business or a smaller scale lift out of an investment team to enhance our platform. Our ability to consummate an acquisition will depend on our ability to identify and value potential acquisition opportunities accurately and successfully compete for these businesses against companies that may have greater financial resources. Even if we are able to identify and successfully negotiate and complete an acquisition, these transactions can be complex and we may encounter unexpected difficulties or incur unexpected costs.

In addition to the concerns noted above, the success of a firm acquisition will be affected by, among other things:

- difficulties and costs associated with the integration of operations and systems;
- difficulties integrating the acquired business's internal controls and procedures into our existing control structure;
- difficulties and costs associated with the assimilation of employees; and
- the risk that a change in ownership will negatively impact the relationship between an acquire and the investors in its investment vehicles.

In addition, if a new product, business or venture developed internally or by acquisition is unsuccessful, we may decide to wind down, liquidate and/or discontinue it. Such actions could negatively impact our relationships with investors in those businesses, could subject us to litigation or regulatory inquiries and can expose us to additional expenses, including impairment charges and potential liability from investor or other complaints.

We may become subject to the requirements of the Investment Company Act, which would limit our business operations and require us to spend significant resources to comply with such act.

The Investment Company Act defines an "investment company" as an issuer that is engaged in the business of investing, reinvesting, owning, holding or trading in securities and owns investment securities having a value exceeding 40% of the issuer's unconsolidated assets, excluding cash items and securities issued by the federal government. While the Investment Company Act also has several exclusions and exceptions that we would seek to rely upon to avoid being deemed an investment company, our reliance on any such exclusions or exceptions may be misplaced resulting in violation of the Investment Company Act, the consequences of which can be significant.

A company that falls within the scope of Section 3(a)(1)(C) of the Investment Company Act can avoid being regulated as an investment company if it can rely on certain of the exclusions or exemptions under the Investment Company Act. One such exclusion is Rule 3a-2 under the Investment Company Act. Rule 3a-2 of the Investment Company Act provides that inadvertent or transient investment companies will not be treated as investment companies subject to the provisions of the Investment Company Act, provided the issuer has the requisite intent to be engaged in a non-investment business, evidenced by the issuer's business activities and an appropriate resolution of the issuer's board of directors, within one year from the commencement of

the earlier of (1) the date on which the issuer owns securities and/or cash having a value exceeding 50% of the value of such issuer's total assets on either a consolidated or unconsolidated basis, or (2) the date on which an issuer owns or proposes to acquire investment securities (as defined in section 3(a) of the Exchange Act) having a value exceeding 40% of the value of such issuer's total assets (exclusive of government securities and cash items) on an unconsolidated basis. We entered into certain investment transactions as previously disclosed in our Current Report on Form 8-K, filed on February 18, 2021, and if we become an inadvertent investment company and fails to meet the requirements of the transient investment company exemption under Rule 3a-2 of the Investment Company Act, then we will be required to register as an investment company under the Investment Company Act.

The ramifications of becoming an investment company, both in terms of the restrictions it would have on us and the cost of compliance, would be significant. For example, in addition to expenses related to initially registering as an investment company, the Investment Company Act also imposes various restrictions with regard to our ability to enter into affiliated transactions, the diversification of our assets and our ability to borrow money. If we became subject to the Investment Company Act at some point in the future, our ability to continue pursuing our business plan would be severely limited.

Our investments in certain public securities exposes us to a variety of market risks.

We invested in publicly traded securities to maximize long-term stakeholder value while taking prudent levels of risk subject to our investment guidelines and various regulatory restrictions. However, investing entails substantial risks. We may not achieve our investment objectives, and our investment performance may vary substantially over time. Losses or volatility in the equity or fixed income markets could materially adversely affect our results of operations and financial condition.

The fair market value of our investment portfolio is affected by general economic and market conditions that are outside of our control, including (i) fluctuations in equity market levels, interest rates, debt market levels and foreign currency exchange rates, (ii) public health crises, natural disasters, terrorist attacks and other outside events, and (iii) credit losses sustained by issuers. A significant decline in the equity markets such as that experienced from September 2008 to March 2009 could materially adversely affect our results of operations and financial condition. In addition to causing declines in the value of securities that we own in our investment portfolio, public health crises, natural disasters, terrorist attacks and other outside events can adversely affect general commercial activity and the economies of many countries, which could materially adversely affect the business, financial condition and results of operations of the entities in which we have invested. We are also exposed to changes in debt markets. Interest rates are highly sensitive to many factors, including governmental monetary policies, economic and political conditions and other factors beyond our control. Our use of margin on these investment may increase the severity of any losses.

Our organizational documents do not limit our ability to enter into new lines of business, and we intend to, from time to time, expand into new investment strategies, geographic markets and businesses, each of which may result in additional risks and uncertainties in our businesses.

We intend, to the extent that market conditions warrant, to seek to grow our businesses and expand into new investment strategies, geographic markets and businesses. Our organizational documents do not limit us to the asset management business and to the extent that we make strategic investments or acquisitions in new geographic markets or businesses, undertake other related strategic initiatives or enter into a new line of business, we may face numerous risks and uncertainties, including risks associated with the following:

- the required investment of capital and other resources;
- the possibility that we have insufficient expertise to engage in such activities profitably or without incurring inappropriate amounts of risk
- the diversion of management's attention from our core businesses;
- assumption of liabilities in any acquired business;
- the disruption of our ongoing business;
- the increasing demands on or issues related to the combination or integration of operational and management systems and controls;
- compliance with or applicability to our business or our portfolio companies of regulations and laws, including, in particular, local regulations and laws (for example, consumer protection related laws) and customs in the jurisdictions in which we operate and the impact that noncompliance or even perceived noncompliance could have on us and our portfolio companies;
- a potential increase in investor concentration; and
- the broadening of our geographic footprint, including the risks associated with conducting operations in certain jurisdictions where we currently have no presence.

Entry into certain lines of business may subject us to new laws and regulations with which we are not familiar or from which we are currently exempt, and may lead to increased liability, litigation, regulatory risk and expense. If a new business generates insufficient revenue or if we are unable to efficiently manage our expanded operations, our results of operations may be adversely affected.

Our strategic initiatives may include joint ventures, which may subject us to additional risks and uncertainties in that we may be dependent upon, and subject to liability, losses or reputational damage relating to, systems, controls and personnel that are not under our control. There can be no assurances that any joint venture opportunities will be successful.

We may enter new lines of business or acquire new businesses which may impact other business we may conduct or desire to conduct.

As we seek to enter new lines of business we may acquire a business that is complementary to our other lines of business then in existence. This may include the acquisition or establishment of a loan originator. Investors and counterparties in Our Fund may see a loan originator or other line of business as competitive to their relationship with Our Fund, which could have a material adverse impact on The Fund and our revenues. Certain lines of business, such as a loan originator, may require an internal firewall for compliance and data security, which creates the potential of a breach of such firewall and the subsequent liability which may result. There may be other unknown impacts any new line of business may have on an existing line of business, and we may not be able to mitigate those risks after entering into the such line of business.

Our use of leverage may expose us to substantial risks.

We intend to use indebtedness as a means to finance our business operations, which will expose us to the risks associated with using leverage. We are dependent on financial institutions extending credit to us on reasonable terms to finance our business. There is no guarantee that such institutions will extend credit to us or that we will be able to refinance any new obligations when they mature. As borrowings under any future credit facility or any other indebtedness mature, we may be required to either refinance them by entering into a new facility or issuing additional debt, which could result in higher borrowing costs, or issuing additional equity, which would dilute existing stockholders. We could also repay them by using cash on hand, cash provided by our continuing operations or cash from the sale of our assets, which could reduce dividends to our stockholders. We could have difficulty entering into new facilities or issuing debt or equity securities in the future on attractive terms, or at all.

Operational risks, including those associated with our business model, may disrupt our businesses, result in losses or limit our growth.

We rely heavily on our financial, accounting, information and other data processing systems. We face various security threats on a regular basis, including ongoing cyber security threats to and attacks on our information technology infrastructure that are intended to gain access to our proprietary information, destroy data or disable, degrade or sabotage our systems. These security threats could originate from a wide variety of sources, including unknown third parties outside the company.

There has been an increase in the frequency and sophistication of the cyber and security threats we face, with attacks ranging from those common to businesses generally to those that are more advanced and persistent, which may target us because, as an investment management firm, we hold a significant amount of confidential and sensitive information about our investors, our portfolio companies and potential investments. As a result, we may face a heightened risk of a security breach, online extortion attempt, or disruption with respect to this information resulting from an attack by computer hackers, foreign governments, cyber extortionists or cyber terrorists. If successful, these types of attacks on our network or other systems could have a material adverse effect on our business and results of operations, due to, among other things, the loss of investor or proprietary data, interruptions or delays in our business and damage to our reputation. Our suppliers, contractors, investors, and other third parties with whom we do business also experience cyber threats and attacks that are similar in frequency and sophistication. In many cases, we have to rely on the controls and safeguards put in place by our suppliers, contractors, investors and other third parties to defend against, respond to, and report these attacks.

We depend on key personnel to manage our business, and the loss of any key person's services, combined with our inability to identify and retain a suitable replacement for such person, could materially adversely affect us. Additionally, the cost to retain our key personnel could put pressure on our operating margins.

Our success is largely dependent on the skills, experience, and performance of our key personnel. The business acumen, investment advisory expertise, and business relationships of our key personnel are critical elements in operating and expanding our business. Financial services professionals are in high demand, and we face significant competition for qualified employees. The loss of services of any of our key personnel for any reason, combined with our inability to identify and retain a suitable replacement for such person, could have a material adverse effect on our business, results of operations, and financial condition. Moreover, in order to retain key personnel, we may be required to increase compensation to such individuals, resulting in additional expense.

We face intense competition in attracting investors and making investments.

The investment advisory industry is intensely competitive, and new participants are continually entering the industry. We compete directly with numerous global and U.S. investment advisors, commercial banks, savings and loan associations, brokerage and investment banking firms, broker-dealers, insurance companies, and other financial institutions that often provide investment products with similar features and objectives to those we offer or may offer. If we are unable to attract investors and retain net assets in the investment fund due to increased competition, our revenues could decline and we could experience a material adverse effect on our business, results of operations, and financial condition.

Changes to U.S. or state tax laws, our failure to adequately comply with U.S. or state tax laws, or the outcome of any audits or regulatory disputes with respect to our compliance with U.S. or state tax laws could adversely affect us.

Changes to U.S. or state tax law could be enacted in the future that could have a material adverse effect on our business, results of operations, and financial condition. Further, we are subject to potential tax audits in various jurisdictions and in such event, tax authorities may disagree with certain positions we have taken and assess penalties or additional taxes. While we assess regularly the likely outcomes of these potential audits, there can be no assurance that we will accurately predict the outcome of a potential audit, and an audit could have a material adverse impact on our business, results of operations, and financial condition

Our inability to manage future growth effectively could have an adverse impact on our business, results of operations and financial condition.

Our ability to grow will depend on our management's ability to originate and/or acquire investor real estate loans. In order to do this, we will need to identify, hire, train, supervise and manage new employees. Any failure to effectively manage our future growth, including a failure to successfully expand our loan origination activities could have a material and adverse effect on our business, results of operations and financial condition.

If we fail to develop, enhance and implement strategies to adapt to changing conditions in the real estate and capital markets, our business, results of operations and financial condition may be materially and adversely affected.

The manner in which we compete and the loans for which we compete are affected by changing conditions, which can take the form of trends or sudden changes in our industry, regulatory environment, changes in the role of government-sponsored entities, changes in the role of credit rating agencies or their rating criteria or process or the United States economy more generally. If we do not effectively respond to these changes, or if our strategies to respond to these changes are not successful, our business, results of operations and financial condition may be materially and adversely affected.

Any disruption in the availability or functionality of our technology infrastructure and systems could have a material adverse effect on our business.

Our ability to make investments and acquire new businesses is critical to our success and is highly dependent upon the efficient and uninterrupted operation of our computer and communications hardware and software systems. Some of these systems are located at our facility and some are maintained by third-party vendors. Any significant interruption in the availability and functionality of these systems could harm our business. In the event of a systems failure or interruption by our third-party vendors, we will have limited ability to affect the timing and success of systems restoration. If such interruptions continue for a prolonged period of time, it could, have a material and adverse impact on our business, results of operations and financial condition. Our security measures may not effectively prohibit others from obtaining improper access to our information. If a person is able to circumvent our security measures, he or she could destroy or misappropriate valuable information or disrupt our operations. Any security breach could expose us to risks of data loss, litigation and liability and could seriously disrupt our operations and harm our reputation.

An unidentified material weakness in our internal control over financial reporting could, if not remediated, result in material misstatements in our financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. There can be no assurance that material weaknesses will not arise in the future or that any remediation efforts will be successful. If additional material weaknesses or significant deficiencies in our internal controls are discovered in the future, we could be required to restate our financial results or experience a decline in the price of our securities. 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.

RISKS RELATED TO INVESTMENT FUND MANAGEMENT

Our asset management business depends in large part on our ability to raise capital from third-party investors. If we are unable to raise capital from third-party investors, we would be unable to collect management fees or deploy their capital into investments and potentially collect carried interest, which would materially reduce our revenue and cash flow and adversely affect our financial condition.

Our ability to raise capital from third-party investors depends on a number of factors, including certain factors that are outside our control. Certain of these factors such as the performance of the stock market, the pace of distributions from our future fund (each fund managed by AAMC is referred to as "The Fund" or "Our Fund") and from the funds of other asset managers or the asset allocation rules or regulations or investment policies to which such third-party investors are subject, could inhibit or restrict the ability of third-party investors to make investments in The Fund. Third-party investors in private equity, real assets, and private credit funds typically use distributions from prior investments to meet future capital calls. In cases where valuations of existing investments fall, the investment pace is delayed and the pace of distributions slows, investors may be unable or unwilling to make new commitments or fund existing commitments to third-party management investment funds such as those advised by us. Although many investors have increased the amount of commitments they are making to alternative investment funds, there can be no assurance that this will lead to increased commitments to Our Fund. For example, there is a continuing shift away from defined benefit pension plans to defined contributions plans, which could reduce the amount of assets available for us to manage on behalf of certain of our clients. In addition, investors may downsize their investment allocations to alternative managers, including private funds and fund of funds vehicles, to rebalance a disproportionate weighting of their overall investment portfolio among asset classes. Investors may also seek to consolidate their investments with a smaller

number of investment managers or prefer to pursue investments directly instead of investing through Our Fund, each of which could impact the amount of allocations they make to Our Fund. Moreover, as some existing investors cease or significantly curtail making commitments to alternative investment funds, we may need to identify and attract new investors in order to maintain or increase the size of Our Funds. We are working to create avenues through which we expect to attract a new base of individual investors. There can be no assurances that we can find or secure commitments from those new investors. Our ability to raise new funds could similarly be hampered if the general appeal of alternative investments were to decline.

An investment in a credit or real estate fund is more illiquid and the returns on such investment may be more volatile than an investment in securities for which there is a more active and transparent market. Credit and real estate investments could fall into disfavor as a result of concerns about liquidity and short-term performance.

Poor performance of The Funds would cause a decline in our revenue, income and cash flow, may obligate us to repay carried interest previously paid to us, and could adversely affect our ability to raise capital for future investment funds.

In the event that our future investment funds were to perform poorly, our revenue, income and cash flow could decline. Investors could also demand lower fees or fee concessions for existing or future funds which would likewise decrease our revenue or require us to record an impairment of intangible assets and/or goodwill in the case of an acquired business

We also could experience losses on our investment of our own capital into Our Fund as a result of poor performance by The Fund. If, as a result of poor performance of later investments in a carry fund's life, The Fund does not achieve certain investment returns for The Fund over its life, we will be obligated to repay the amount by which carried interest that was previously distributed to us exceeds the amount to which we are ultimately entitled. These repayment obligations may be related to amounts previously distributed to our senior management.

Poor performance of The Fund may also make it more difficult for us to raise new capital. Investors in Our Fund might decline to invest in future investment funds we raise. Investors and potential investors in Our Fund continually assess The Fund's performance, and our ability to raise capital for existing and future investment funds will depend on Our Fund's continued satisfactory performance. Accordingly, poor fund performance may deter future investment in Our Fund and thereby decrease the capital invested in Our Fund and ultimately, our management fee income.

Our investors may negotiate to pay us lower management fees and the economic terms of our future funds may be less favorable to us than those of our existing funds, which could adversely affect our revenues.

In connection with raising new funds or securing additional investments in our existing fund, we negotiate terms for such fund and investments with existing and potential investors. The outcome of such negotiations could result in our agreement to terms that are materially less favorable to us than currently anticipated or funds advised by our competitors. Such terms could restrict our ability to raise investment funds with investment objectives or strategies that compete with existing funds, reduce fee revenues we earn, reduce the percentage of profits on third-party capital that we share in or add expenses and obligations for us in managing The Fund or increase our potential liabilities, all of which could ultimately reduce our profitability. Additionally, a change in terms which increases the amount of fee revenue The Fund investors are entitled to could result in a significant decline in revenue generated from transaction fees.

Valuation methodologies for certain assets in Our Funds can involve subjective judgments, and the fair value of assets established pursuant to such methodologies may be incorrect, which could result in the misstatement of fund performance and accrued performance allocations.

There are often no readily ascertainable market prices for a substantial majority of illiquid investments of The Fund. We determine the fair value of the investments of The Fund at least quarterly based on the fair value guidelines set forth by generally accepted accounting principles in the United States ("U.S. GAAP"). The fair value measurement accounting guidance establishes a hierarchical disclosure framework that ranks the observability of market inputs used in measuring financial instruments at fair value. The observability of inputs is impacted by a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily available quoted prices, or for which fair value can be measured from quoted prices in active markets, will generally have a higher degree of market price observability and a lesser degree of judgment applied in determining fair value.

Investments for which market prices are not observable include, but are not limited to illiquid investments in operating companies, real estate, energy ventures and structured vehicles, and encompass all components of the capital structure, including equity, mezzanine, debt, preferred equity and derivative instruments such as options and warrants. Fair values of such

investments are determined by reference to the market approach (i.e., multiplying a key performance metric of the investee company or asset, such as EBITDA, by a relevant valuation multiple observed in the range of comparable public entities or transactions, adjusted by management as appropriate for differences between the investment and the referenced comparables), the income approach (i.e., discounting projected future cash flows of the investee company or asset and/or capitalizing representative stabilized cash flows of the investee company or asset) and other methodologies such as prices provided by reputable dealers or pricing services, option pricing models and replacement costs.

The determination of fair value using these methodologies takes into consideration a range of factors including but not limited to the price at which the investment was acquired, the nature of the investment, local market conditions, the multiples of comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment. These valuation methodologies involve a significant degree of management judgment.

Because there is significant uncertainty in the valuation of, or in the stability of the value of, illiquid investments, the fair values of such investments as reflected in an investment fund's net asset value do not necessarily reflect the prices that would be obtained by us on behalf of the investment fund when such investments are realized. Realizations at values significantly lower than the values at which investments had been reflected in prior fund net asset values would result in reduced earnings or losses for the applicable fund, and potentially the loss of carried interest and incentive fees. Changes in values attributed to investments from quarter to quarter may result in volatility in the net asset values and results of operations that we report from period to period. Also, a situation where asset values turn out to be materially different than values reflected in prior fund net asset values could cause investors to lose confidence in us, which could in turn result in difficulty in raising additional funds.

Dependence on significant leverage in investments by Our Fund could adversely affect our ability to achieve attractive rates of return on those investments.

Our Fund and new lines of business may rely heavily on the use of leverage, and our ability to achieve attractive rates of return on investments will depend on our ability to access sufficient sources of indebtedness at attractive rates. The absence of available sources of sufficient debt financing for extended periods of time could therefore materially and adversely affect The Fund and new businesses.

An increase in either the general levels of interest rates or in the risk spread demanded by sources of indebtedness would make it more expensive to finance investments in Our Fund and new business, thereby reducing returns. Increases in interest rates could also make it more difficult to locate and consummate investments because other potential buyers, including companies already operating as strategic buyers, may be able to bid for an asset at a higher price due to a lower overall cost of capital or their ability to benefit from a higher amount of cost savings following the acquisition of the asset. In addition, a portion of the indebtedness used to finance credit fund and real estate investments often includes debt securities issued in the public capital markets and debt instruments privately placed with institutional investors in the private capital markets. Availability of capital from the public and private debt markets is subject to significant volatility, and there may be times when we might not be able to access those markets at attractive rates, or at all, when completing an investment. Certain investments may also be financed through borrowings on fund-level debt facilities, which may or may not be available for a refinancing at the end of their respective terms. Additionally, to the extent there is a reduction in the availability of financing for extended periods of time, the purchasing power of a prospective buyer may be more limited, adversely impacting the fair value of Our Fund's investments and thereby reducing the disposition price. Finally, the interest payments on the indebtedness used to finance Our Fund's investments have historically been deductible expenses for income tax purposes, subject to limitations under applicable tax law and policy. The availability of interest deductions for U.S. federal income tax purposes, however, is limited under rules imposed by the TCJA which apply complex limitations on the deductibility of net business interest expense over 30% of a taxpayer's taxable income of such business (with adjustments for certain interest and taxes, and for taxable years before 2022, depreciation and amortization). The Coronavirus Aid, Relief, and Economic Security ("CARES") Act was signed into law on March 27, 2020 and is part of U.S. legislation intended to address the impact of the COVID-19 pandemic. The CARES Act includes provisions that modify the limitation on business interest rules imposed by the TCJA for tax years beginning in 2019 and 2020, increasing the limitation from 30% to 50% and providing special rules for partnerships to temporarily increase business interest deductibility.

The due diligence process that we undertake in connection with investments by The Funds may not reveal all facts that may be relevant in connection with an investment.

Before making investments in Our Fund or acquiring a new business or operating company, we conduct due diligence that we deem reasonable and appropriate based on the known facts and circumstances applicable to each investment or acquisition. The objective of the due diligence process is to identify attractive investment opportunities based on the known facts and circumstances and initial risk assessment surrounding an investment or acquisition and, depending on our ownership or control,

prepare a framework that may be used from the date of an acquisition to drive operational achievement and value creation. When conducting due diligence, we may be required to evaluate important and complex business, financial, regulatory, tax, accounting, environmental (including climate change) and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment or acquisition. Nevertheless, when conducting due diligence and making an assessment regarding an investment, we rely on the resources available to us, including information provided by the target of the investment and, in some circumstances, third-party investigations and analysis. The due diligence process may at times be subjective with respect to newly-organized companies for which only limited information is available. Accordingly, we cannot be certain that the due diligence investigation that we carry out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such opportunity. The due diligence process in connection with carve-out transactions may underestimate the complexity and/or level of dependence a business has on its parent company and affiliated entities. Because a carve-out business often does not have financial statements that accurately reflect its true financial performance as a stand-alone business, due diligence assessments of such investments can be particularly difficult.

In addition, investment opportunities may arise in companies that have historic and/or unresolved regulatory, tax, fraud or accounting related investigations, audits or inquiries and/or have been subjected to public accusations of improper behavior. However, even heightened and specific due diligence and investigations with respect to such matters may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity and/or will be able to accurately identify, assess and quantify settlements, enforcement actions and judgments that may arise and which could have a material adverse effect on the portfolio company’s business, financial condition and operations, as well as potential significant harm to the portfolio company’s reputation and prospects. We cannot be certain that our due diligence investigations will result in investments being successful or that the actual financial performance of an investment will not fall short of the financial projections we used when evaluating that investment. Failure to identify risks associated with our investments could have a material adverse effect on our business.

In addition, the global outbreak of COVID-19 may impact our ability to conduct due diligence on investment opportunities in the normal manner. More specifically, during fiscal 2020, travel restrictions negatively affected our ability to have in person meetings with potential target company personnel, customers, vendors and other service providers and such restrictions are likely to continue during fiscal 2021. Similarly, lower business confidence and generally higher levels of uncertainty as a result of the COVID-19 outbreak has made it more difficult to assess target company valuations and delayed our ability to complete due diligence on attractive businesses or assets that we identify, and may continue to do so in the future.

Third-party investors in Our Fund with commitment-based structures may not satisfy their contractual obligation to fund capital calls when requested by us, which could adversely affect a fund’s operations and performance.

Investors in Our Fund make capital commitments that we are entitled to call from those investors at any time during prescribed periods. We will depend on investors fulfilling their commitments when we call capital from them in order for those funds to consummate investments and otherwise pay their obligations (for example, management fees) when due. Any investor that did not fund a capital call would generally be subject to several possible penalties, including having a significant amount of its existing investment forfeited in The Fund. However, the impact of the penalty is directly correlated to the amount of capital previously invested by the investor in The Fund and if an investor has invested little or no capital, for instance early in the life of The Fund, then the forfeiture penalty may not be as meaningful. Investors may also negotiate for lesser or reduced penalties at the outset of The Fund, thereby inhibiting our ability to enforce the funding of a capital call. Our use of subscription lines of credit to purchase an investment prior to calling capital from fund investors could increase the prevalence of defaulting limited partners. Should the value of an investment funded through a fund line-of-credit decline, especially early in a fund’s life-cycle where minimal capital has been contributed by The Fund’s investors, a limited partner may decide not to fund its commitment. In addition, third-party investors in credit funds and real estate assets typically use distributions from prior investments to meet future capital calls. In cases where valuations of investors’ existing investments fall and the pace of distributions slows, investors may be unable to make new commitments to third-party managed investment funds such as Our Fund. If investors were to fail to satisfy a significant amount of capital calls for our fund, the operation and performance of The Fund could be materially and adversely affected.

In addition, our failure to comply with applicable pay-to-play laws, regulations and/or policies adopted by a number of states and municipal pension funds as well as the New York Attorney General’s Public Pension Fund Reform Code of Conduct, may, in certain instances, excuse a public pension fund investor from its obligation to make further capital contributions relating to all or any part of an investment or allow it to withdraw from The Fund. If a public pension fund investor were to seek to be excused from funding a significant amount of capital calls for Our Fund, the operation and performance of The Fund could be materially and adversely affected.

Certain of Our Fund investments may be concentrated in particular asset types or geographic regions, which could exacerbate any negative performance of those funds to the extent those concentrated investments perform poorly.

The governing agreements of Our Fund contain only limited investment restrictions and only limited requirements as to diversification of fund investments, either by geographic region or asset type. For example, Our Fund invests primarily in real estate related assets, and if we expand Our Fund offerings, they may have a real estate focus. During periods of difficult market conditions, slowdowns, or increased borrower defaults in any particular sector or geographic region, decreased revenue, difficulty in obtaining access to financing and increased funding costs experienced by Our Fund or future funds may be exacerbated by this concentration of investments, which would result in lower investment returns for Our Funds. Such concentration may increase the risk that events affecting a specific geographic region or asset type will have an adverse or disparate impact on such investment funds, as compared to funds that invest more broadly. Idiosyncratic factors impacting specific companies or securities can materially affect fund performance depending on the size of the position.

We and Our Funds are subject to risks in using administrators and other agents and third-party service providers.

Our Fund depends on the services of administrators and other agents and third-party service providers to carry out certain securities transactions and other business functions. The counterparty to one or more of our or Our Funds' contractual arrangements could default on its obligations under the contract. If a counterparty defaults, we and Our Fund may be unable to take action to cover the exposure and we or our fund could incur material losses. Among other systems, our data security, data privacy, investor reporting and business continuity processes could be impacted by a third party's inability or unwillingness to perform pursuant to our arrangements with them. In addition, we could suffer legal and reputational damage from such failure to perform if we are then unable to satisfy our obligations under our contracts with third parties or otherwise and could suffer losses in the event we are unable to comply with certain other agreements. The consolidation and elimination of counterparties may increase our concentration of counterparty risk and decrease the number of potential counterparties. Our Fund is generally not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. In the event of the insolvency of a party that is holding our assets or those of Our Fund as collateral, we and Our Fund may not be able to recover equivalent assets in full as we and Our Fund may rank among the counterparty's unsecured creditors. In addition, our and Our Fund's cash held with a prime broker, custodian or counterparty may not be segregated from the prime broker's, custodian's or counterparty's own cash, and we and Our Fund therefore may rank as unsecured creditors in relation thereto. The inability to recover our or Our Fund's assets could have a material impact on us or on the performance of Our Fund.

We may depend on third-party investment professionals and the distribution channels they utilize to market the investment fund.

A potential source of distribution for Our Fund is through intermediaries that include national, regional, and independent broker-dealers, financial planners, and registered investment advisors. Our success may be highly dependent on access to these various distribution channels. We cannot guarantee we will be able to obtain access to these channels at competitive pricing or at all. Increasing competition for these distribution channels could cause our distribution costs to rise, which could have a material adverse effect on our net income. Our lack of access to these distribution channels which could have a material adverse effect on our business.

In addition, these intermediaries generally offer their customers a broad array of investment products that are in addition to, and may compete with, Our Fund. The intermediaries or their customers may favor competing investment products over Our Fund, which could have a material adverse effect on our business.

SPECIFC RISKS RELATING TO US

Holders of our Series A Convertible Preferred Stock ("Series A Shares") have given us purported notices under the Certificate of Designations of the Series A Shares (the "Certificate") to redeem an aggregate of $250.0 million liquidation preference of our Series A Shares on March 15, 2020. If we are unable to obtain declaratory relief to confirm that we have no obligation to redeem the Series A Shares because we do not have funds legally available therefor, we may be required to pay damages or redeem a portion of the Series A Shares, which could materially and adversely affect our ongoing business and liquidity.

Between January 31, 2020 and February 3, 2020, we received purported notices from 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 do not have legally available funds to redeem all of the Series A Shares on March 15, 2020. As a result, under the terms of the Certificate, we do not believe that we are obligated to redeem any of the Series A Shares under the Certificate, and, consistent with the

exclusive forum provisions of our Third Amended and Restated Bylaws, we have filed a claim for declaratory relief in the Superior Court of the Virgin Islands, Division of St. Croix, against Luxor Capital Group, LP and certain of its funds and managed accounts (collectively, "Luxor") to confirm our interpretation of the Certificate. AAMC intends to continue to pursue its strategic business initiatives despite this litigation. See "Item 1. Business." If Luxor were to prevail in its lawsuit, we may need to cease or curtail our business initiatives, and our liquidity could be materially and adversely affected. For more information on the legal proceedings with Luxor, see "Item 3. Legal Proceedings" in this Annual Report on Form 10-K.

We have a limited operating history. Due to the Termination Agreement and its potential effects on us, if we are unable to timely develop and implement new businesses as planned, we will be materially and adversely affected.

We commenced operations in 2012, and our business model has been relatively untested and evolving. Businesses like ours that have a limited operating history and a limited client base present substantial business and financial risks and may suffer significant losses. As a result, we cannot predict our results of operations, financial condition and cash flows. Our results for prior periods are not necessarily indicative of our results for any future period, and we may not have sufficient additional capital or develop additional revenue streams to implement our business model. Because we have utilized the substantial majority of our resources in the management of Front Yard, as our primary client, we have been unable to develop and implement significant new or alternative business revenue streams. There can be no assurance that our business will be profitable or that, to the extent that new business are implemented, they will be sustainable. The earnings potential of our proposed businesses is unproven, and the absence of an operating history, particularly in any new businesses, makes it difficult to evaluate our prospects.

We may not be able to obtain or develop additional clients or new business on acceptable terms or at all. Our ability to attract, develop and/or maintain additional clients may depend, in large part, on market conditions, key personnel, and other outside factors.

Failure to retain the tax benefits provided by the USVI would adversely affect our financial performance.

We are incorporated under the laws of the USVI and are headquartered in the USVI. The USVI has an Economic Development Commission (the "EDC") that provides benefits ("EDC Benefits") to certain qualified businesses in the USVI that enable us to avail ourselves of significant tax benefits for a thirty-year period. We received our certificate to operate as a company that qualifies for EDC Benefits as of February 1, 2013, which provides us with a 90% tax credit on USVI-source income so long as we comply with the requirements of the EDC and our certificate of benefits. It is possible that we may not be able to retain our qualifications for the EDC Benefits or that changes in U.S. federal, state, local or USVI taxation statutes or applicable regulations may cause a reduction in or an elimination of the EDC Benefits, all of which could result in a significant increase to our tax expense, and, therefore, adversely affect our financial condition and results of operations.

Our USVI operations may become subject to United States federal income taxation.

Our parent company is incorporated under the laws of the USVI and intends to operate in a manner that will cause us to be treated as not engaging in a trade or business within the United States, which will cause us to be exempt from current United States federal income taxation on our net income. However, because there are no definitive standards provided by the Code, regulations or court decisions as to the specific activities that constitute being engaged in the conduct of a trade or business within the United States, and as any such determination is essentially factual in nature, we cannot assure you that the IRS will not successfully assert that we are engaged in a trade or business within the United States.
If the IRS were to successfully assert that we have been engaged in a trade or business within the United States in any taxable year, various adverse tax consequences could result, including the following:

- We may become subject to current United States federal income taxation on our net income from sources within the United States;
- We may be subject to United States federal income tax on a portion of our net investment income, regardless of its source;
- We may not be entitled to deduct certain expenses that would otherwise be deductible from the income subject to United States taxation; and
- We may be subject to United States branch profits tax on profits deemed to have been distributed out of the United States.

United States persons who own shares may be subject to United States federal income taxation on our undistributed earnings and may recognize ordinary income upon disposition of shares.

Significant potential adverse United States federal income tax consequences generally apply to any United States person who owns shares in a passive foreign investment company (“PFIC”). We cannot provide assurance that we will not be a PFIC in any future taxable year.

In general, we would be a PFIC for a taxable year if either (i) 75% or more of our income constitutes “passive income” or (ii) 50% or more of our assets produce “passive income.” Passive income generally includes interest, dividends and other investment income. We believe that we are currently operating, and intend to continue operating, our business in a way that should not cause us to be a deemed PFIC; however, we cannot assure you the IRS will not successfully challenge this conclusion.

United States persons who, directly or indirectly or through attribution rules, own 10% or more of our shares (“United States 10% Stockholders”), based on either voting power or value, may be subject to the controlled foreign corporation (“CFC”) rules. Under the CFC rules, each United States 10% stockholder must annually include his pro rata share of the CFC's “Subpart F income,” even if no distributions are made. Also, all capital gains from the sale of PFIC shares will be treated as ordinary income for federal income tax purposes and thus are not eligible for preferential long-term capital gains rates.

We believe that the dispersion of our ordinary shares among holders will generally prevent new stockholders who acquire shares from being United States 10% Stockholders. We cannot assure you, however, that these rules will not apply to you. If you are a United States person, we strongly urge you to consult your own tax adviser concerning the CFC rules.

United States tax-exempt organizations who own shares may recognize unrelated business taxable income.

If you are a United States tax-exempt organization, you may recognize unrelated business taxable income with respect to our insurance-related income if a portion of our Subpart F income is allocated to you. In general, Subpart F income will be allocated to you if we are a CFC and you are a United States 10% Stockholder and certain exceptions do not apply. Although we do not believe that any United States persons will be allocated Subpart F income, we cannot assure you that this will be the case. If you are a United States tax-exempt organization, we advise you to consult your own tax adviser regarding the risk of recognizing unrelated business taxable income.

We may in the future become subject to the Global Intangible Low-Taxed Income provisions.

The Tax Cuts and Job Reform Act requires U.S. stockholders of CFCs to include in income, as a deemed dividend, the global intangible low-taxed income (“GILTI”) of the CFCs. The GILTI regime is designed to decrease the incentive for a U.S. group to shift corporate profits to low-taxed jurisdictions. We are not currently impacted by the GILTI provisions, as the entirety of the aggregate net income for each of our CFCs is excluded from our “net tested income” (the basis on which the tax is calculated), as it constitutes Subpart F income and is subject to an effective foreign tax rate greater than 90% of the maximum U.S. corporate income tax rate. We cannot rule out the possibility that we will in the future find ourselves subject to the GILTI rules, should the income of our CFCs no longer be entirely Subpart F income and be taxed at a foreign tax rate greater than 90% if the U.S. corporate income tax rate.

Change in United States tax laws may be retroactive and could subject us and/or United States persons who own shares to United States income taxation on our undistributed earnings.

The tax laws and interpretations regarding whether we are engaged in a United States trade or business, are a CFC or a PFIC are subject to change, possibly on a retroactive basis. New regulations or pronouncements interpreting or clarifying such rules may be forthcoming from the IRS. We are not able to predict if, when or in what form such guidance will be provided and whether such guidance will have a retroactive effect.

The impact of the initiative of the Organization for Economic Cooperation and Development to eliminate harmful tax practices is uncertain and could adversely affect our tax status in the United States Virgin Islands.

The Organization for Economic Cooperation and Development has published reports and launched a global dialogue among member and non-member countries on measures to limit harmful tax competition. These measures are largely directed at counteracting the effects of tax havens and preferential tax regimes in countries around the world. While the USVI is currently a jurisdiction that has substantially implemented internationally agreed tax standards, we are not able to predict if additional requirements will be imposed and, if so, whether changes arising from such additional requirements will subject us to additional taxes.

Concentration of Credit Risk

We maintain our cash and cash equivalents at financial or other intermediary institutions. The combined account balances at each institution typically exceed FDIC insurance coverage of $250,000 per depositor, and, as a result, there is a concentration of credit risk related to amounts on deposit in excess of FDIC insurance coverage. At December 31, 2020, substantially all of our cash and cash equivalent balances held at financial institutions exceeded FDIC insured limits. Any event that would cause a material portion of our cash and cash equivalents at financial institutions to be uninsured by the FDIC could have a material adverse effect on our financial condition and results of operations.

The market price and trading volume of our common stock may be volatile and may be affected by market conditions beyond our control.

The price at which our common stock trades has fluctuated, and may continue to fluctuate, significantly. The market price of our common stock may fluctuate in response to many things, including but not limited to, the following:

- variations in actual or anticipated results of our operations, liquidity or financial condition;
- changes in, or the failure to meet, our financial estimates or those of by securities analysts;
- actions or announcements by our competitors;
- potential conflicts of interest, or the discontinuance of our strategic relationships;
- actual or anticipated accounting problems;
- regulatory actions;
- lack of liquidity;
- an inability to develop or obtain new businesses or client relationships, respectively;
- changes in the market outlook for the real estate, mortgage or housing markets;
- technology changes in our business;
- changes in interest rates that lead purchasers of our common stock to demand a higher yield;
- actions by our stockholders;
- speculation in the press or investment community;
- general market, economic and political conditions, including an economic slowdown or dislocation in the global credit markets;
- failure to maintain the listing of our common stock on the New York Stock Exchange ("NYSE") American;
- changes in accounting principles;
- passage of legislation or other regulatory developments that adversely affect us or our industry; and
- departure of our key personnel.

The market prices of securities of asset management service providers have experienced fluctuations that often have been unrelated or disproportionate to the operating results of these companies. These market fluctuations could result in extreme volatility in the market price of our common stock.

Furthermore, our small size and different investment characteristics may not continue to appeal to our current investor base that may seek to dispose of large amounts of our common stock. There is no assurance that there will be sufficient buying interest to offset those sales, and, accordingly, the market price of our common stock could be depressed and/or experience periods of high volatility.

Risks Related to Our Management and Our Relationships

Our Directors have the right to engage or invest in the same or similar businesses as ours.

Our Directors may have other investments and business activities in addition to their interest in, and responsibilities to, us. Under the provisions of our Charter and our bylaws (the “Bylaws”), our Directors have no duty to abstain from exercising the right to engage or invest in the same or similar businesses as ours or employ or otherwise engage any of the other Directors. If any of our Directors who are also directors, officers or employees of any company acquires knowledge of a corporate opportunity or is offered a corporate opportunity outside of his capacity as one of our Directors, then our Bylaws provide that such Director will be permitted to pursue that corporate opportunity independently of us, so long as the Director has acted in good faith. Our Bylaws provide that, to the fullest extent permitted by law, such a Director will be deemed to have satisfied his fiduciary duties to us and will not be liable to us for pursuing such a corporate opportunity independently of us. This may create conflicts of interest between us and certain of our Directors and result in less than favorable treatment of us and our

stockholders. As of this date, none of our Directors is directly involved as a director, officer or employee of a business that competes with us, but there can be no assurance that will remain unchanged in the future.

Risks to Us Related to Front Yard's Business Risks and Operating Performance

We obtained releases from and granted releases to Front Yard related to our prior operations of their business as more specifically described in the Termination Agreement. However, our performance under the Termination Agreement was subject to numerous complex terms and conditions. We believe we materially complied with the terms of the Termination Agreement and satisfied our obligations under the Termination Agreement, but it is possible that Front Yard may claim a breach of our obligations due to an unknown act or omission by us or our directors, officer, or employees. Additionally, we granted to Front Yard releases for its acts and omission preceding the Termination Agreement. In the event we discover a loss or liability for which we are unable to recover against Front yard due to these releases our revenues and assets could be adversely affected. It is also possible that a third party may make a claim against us for the acts or omissions of Front Yard, but our releases of Front Yard may prevent us from seeking recourse from Front Yard for such liability.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We conduct our principal operations through leased office space. We are headquartered in approximately 5,000 square feet of office space located at 5100 Tamarind Reef, Christiansted, VI 00820, and we also have an office in Bengaluru, India. For more information, please see Note 5 to our consolidated financial statements contained in this Annual Report on Form 10-K.

Item 3. Legal proceedings

From time to time, we may be involved in various claims and legal actions arising in the ordinary course of business. Set forth below is a summary of material legal proceedings to which we are a party as of December 31, 2020 and through the date of this Annual Report on Form 10-K:

Erbey Holding Corporation et al. v. Blackrock Management Inc., et al.

On April 12, 2018, a partial stockholder derivative 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. The action was filed by Erbey Holding Corporation ("Erbey Holding"), John R. Erbey Family Limited Partnership ("JREFLP"), by its general partner Jupiter Capital, Inc., Salt Pond Holdings, LLC ("Salt Pond"), Munus, L.P. ("Munus"), Carisma Trust ("Carisma"), by its trustee, Venia, LLC, and Tribue Limited Partnership (collectively, the "Plaintiffs") each on its own behalf and Salt Pond and Carisma derivatively on behalf of AAMC. The action was filed against Blackrock Financial Management, Inc., Blackrock Investment Management, LLC, Blackrock Investments, LLC, Blackrock Capital Management, Inc., Blackrock, Inc. (collectively, "Blackrock"), Pacific Investment Management Company LLC, PIMCO Investments LLC (collectively, "PIMCO") and John and Jane Does 1-10 (collectively with Blackrock and PIMCO, the "Defendants"). The action alleges a conspiracy by Blackrock and PIMCO to harm Ocwen Financial Corporation ("Ocwen") and AAMC and certain of their subsidiaries, affiliates and related companies and to extract enormous profits at the expense of Ocwen and AAMC by attempting to damage their operations, business relationships and reputations. The complaint alleges that Defendants' conspiratorial activities, which included short-selling activities, were designed to destroy Ocwen and AAMC, and that the Plaintiffs (including AAMC) suffered significant injury, including but not limited to lost value of their stock and/or stock holdings. The action seeks, among other things, an award of monetary damages to AAMC, including treble damages under Section 605, Title IV of the Virgin Islands Code related to the Criminally Influenced and Corrupt Organizations Act, punitive damages and an award of attorney's and other fees and expenses.

Defendants have moved to dismiss the first amended verified complaint. Plaintiffs and AAMC have moved for leave to file a second amended verified complaint to include AAMC as a direct plaintiff, rather than as a derivative party. On March 27, 2019, the Court held oral argument on Defendants' motions to dismiss the first amended verified complaint and Plaintiffs' motion for leave to file the second amended verified complaint. As of the date of the filing of this Annual Report on Form 10-K, the Court has not yet decided the pending motions.

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. We have determined that there is no contingent liability related to this matter for AAMC.

Altisource Asset Management Corporation v. Luxor Capital Group, LP, et al.

On January 27, 2020, AAMC filed a complaint for declaratory judgment relief in the Superior Court of the Virgin Islands, Division of St. Croix, against Luxor Capital Group, LP and certain of its funds and managed accounts (collectively, “Luxor”) regarding AAMC’s redemption obligations under the Certificate of AAMC’s Series A Convertible Preferred Stock (the “Series A Shares”). Under the Certificate, holders of the Series A Shares are permitted on March 15, 2020 and on each successive five-year anniversary of March 15, 2020 to request AAMC, upon not less than 15 nor more than 30 business days’ prior notice, to redeem all but not less than all of their Series A Shares out of legally available funds. AAMC seeks a declaration that AAMC is not required to redeem any of Luxor’s Series A Shares on a redemption date if AAMC does not have legally available funds to redeem all of Luxor’s Series A Shares on such redemption date. Luxor has removed the action to the U.S District Court for the Virgin Islands, and, on March 24, 2020, AAMC moved to remand the action back to the Superior Court of the Virgin Islands, Division of St. Croix. That motion is fully briefed and pending decision. On May 15, 2020, Luxor moved to dismiss AAMC's declaratory judgment complaint. That motion has been fully briefed and submitted to the Court as of July 29, 2020.

Luxor Capital Group, LP, et al. v. Altisource Asset Management Corporation

On February 3, 2020, Luxor filed a complaint in the Supreme Court of the State of New York, County of New York, against AAMC for breach of contract, specific performance, unjust enrichment, and related damages and expenses. The complaint alleges that AAMC’s position that it would not redeem any of Luxor’s Series A Shares on the March 15, 2020 redemption date is a material breach of AAMC’s redemption obligations under the Certificate. Luxor seeks an order requiring AAMC to redeem its Series A Shares, recovery of no less than $144,212,000 in damages, which is equal to the amount Luxor would receive if AAMC redeemed all of Luxor’s Series A Shares at the redemption price of $1,000 per share set forth in the Certificate, as well as payment of its costs and expenses in the lawsuit. In the alternative, Luxor seeks a return of its initial purchase price of $150,000,000 for the Series A Shares, as well as payment of its costs and expenses in the lawsuit. On May 25, 2020, Luxor's complaint was amended to add Putnam Equity Spectrum Fund and Putnam Capital Spectrum Fund (collectively, “Putnam”), which also invested in the Series A Shares, as plaintiffs. Putnam holds 81,800 Series A Shares. Collectively, Luxor and Putnam seek a recovery of no less than $226,012,000 in damages, which is equal to the amount Luxor and Putnam would receive if AAMC redeemed all of Luxor’s and Putnam’s Series A Shares at the redemption price of $1,000 per share set forth in the Certificate, as well as payment of their costs and expenses in the lawsuit. In the alternative, Luxor and Putnam seek a return of the initial purchase price of $231,800,000 for the Series A Shares, as well as payment of their costs and expenses in the lawsuit. On June 12, 2020, AAMC moved to dismiss the Amended Complaint in favor of AAMC's first-filed declaratory judgment action in the U.S. Virgin Islands. On August 4, 2020, the court denied AAMC’s motion to dismiss and the case is proceeding accordingly. AAMC is currently considering whether to appeal the court’s decision.

On February 17, 2021, AAMC entered into a settlement agreement with Putnam (the “Putnam Agreement”). Pursuant to the Putnam Agreement, AAMC and Putnam agreed to exchange all of Putnam’s 81,800 Series A Shares for 288,283 shares of AAMC’s common stock. AAMC agreed to pay to Putnam $1,636,000 dollars within three business days of the effective date of the Putnam Agreement and $1,227,000 on the one-year anniversary of the effective date of the Putnam Agreement, and in return Putnam agreed to release AAMC from all claims related to the Series A Shares and enter into a voting rights agreement as more fully described in the Putnam Agreement. Finally, AAMC granted to Putnam a most favored nations provision with respect to future settlements of the Series A Shares, as more fully described in the Putnam Agreement.

As described above, AAMC previously filed an action for declaratory relief to confirm its interpretation of the redemption provisions in the Certificate, and intends to vigorously defend itself against the claims by Luxor.

Item 4. Mine safety disclosures

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock has been listed on the NYSE American under the symbol "AAMC" since December 13, 2013. The following table sets forth the high and low close of day sales prices for our common stock as reported by the NYSE for the periods indicated:

	2020		2019	
Quarter ended	**High**	**Low**	**High**	**Low**
March 31	$ 28.58	$ 10.56	$ 39.75	$ 25.83
June 30	20.51	12.17	30.25	11.50
September 30	23.70	12.51	13.80	7.99
December 31	23.90	19.50	15.50	9.35

Holders

The number of holders of record of our common stock as of February 26, 2021 was 44. The number of beneficial stockholders is substantially greater than the number of holders as a large portion of our stock is held through brokerage firms. Information regarding securities authorized for issuance under equity compensation plans is set forth in Note 8 of the consolidated financial statements.

The information under the heading "Equity Compensation Plan Information" in our definitive proxy statement for the 2021 Annual Meeting of Stockholders to be filed with the SEC not later than 120 days after December 31, 2020 is incorporated herein by reference.

Dividends

We will pay dividends at the sole and absolute discretion of our Board of Directors in the light of conditions then existing, including our earnings, financial condition, liquidity, capital requirements, the availability of capital, general overall economic conditions and other factors. We paid no dividends from inception through December 31, 2020.

Issuer Purchases of Equity Securities

In March 2014, the Board of Directors authorized total repurchases of up to $300.0 million of common stock. At December 31, 2020, we have approximately $31.3 million remaining that is authorized by our Board of Directors for share repurchases. Repurchased shares are held as treasury stock and available for general corporate purposes. No repurchase plan has expired during the year ended December 31, 2020.

We did not repurchase any shares of common stock pursuant to our share repurchase plan during the year ended December 31, 2020.

Pursuant to our equity incentive plan, we may reacquire shares of common stock tendered to satisfy the tax withholding on equity awards. During the year ended December 31, 2020, 17,330 shares were reacquired at a weighted average per share price of $17.96 pursuant to our equity incentive plans.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
October 1, 2020 through October 31, 2020 [1]	5,515	$ 20.89	—	—
November 1, 2020 through November 30, 2020	—	—	—	—
December 1, 2020 through December 31, 2020	—	—	—	—
Total	5,515	20.89	—	

(1) As permitted under the Company's equity compensation plans, these shares were withheld by the Company to satisfy the tax withholding obligation for those individuals who elected this option in connection with the vesting of shares of restricted stock.

The information required by Item 5 of Form 10-K regarding equity compensation plans is incorporated herein by reference to Item 12 of Part III of this Annual Report.

Item 6. Reserved

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following should be read in conjunction with the other sections of this Annual Report on Form 10-K, including our audited consolidated financial statements and the related notes. The following discussion contains certain forward-looking statements that involve risks, uncertainties and assumptions. Our actual results could differ materially from the results contemplated from these forward-looking statements due to a number of factors including, but not limited to, those discussed in Part 1, Item 1A "Risk Factors" in this Annual Report on Form 10-K.

Our consolidated financial statements, which we discuss below, reflect our historical financial condition, results of operations, and cash flows. The financial information discussed below and included in this Annual Report on Form 10-K, however, may not necessarily reflect what our financial condition, results of operations, or cash flows may be in the future.

Prior to 2020, we reported all activity of the Company in a single segment and activity from continuing operations. In connection with the termination of the Amended AMA and subsequent sale of the Disposal Group to Front Yard, we have reclassified the Disposal Group activity as a discontinued operation effective as of the end of the third quarter of 2020. The results of operations, cash flows, and assets and liabilities of our discontinued operations and continued operations, for all periods presented in the accompanying financial statements, have been reclassified to conform to the current year presentation. See Note 3 to our accompanying consolidated financial statements for further information regarding discontinued operations.

Unless otherwise indicated, amounts reported in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" pertain to continuing operations only.

Management Overview

We made substantial progress during the 2020 fiscal year towards our strategic objectives for Front Yard, including the termination of the Amended AMA, successful resolution to the strategic review of Front Yard, and monetization of Front Yard for the benefit of shareholders. Further, we are in the advanced stages of launching multiple new lines of business, including an investment fund, a short-term investor loan aggregation business and the establishment of strategic relationships with real estate loan originators. These business lines leverage our history and experience in asset management, real estate investing, and real estate operations. We have taken steps to reduce our annual operating expenses, including reductions in our physical office footprint and the optimization of our workforce and technology platforms. We expect that AAMC will be able to generate management and performance fees, as well as returns on its own investments through the new business lines.

New Business

We have substantially completed the formation of investment funds with onshore and offshore components, which we believe will allow us to attract both domestic and international institutional and high net worth investors. Initial investments into The Fund will be used to invest in real estate debt products, specifically short-term investor loans. As capital commitments increase, we intend to expand the investments into other real estate related assets where we have identified esoteric opportunities to generate attractive returns for our investors and our stockholders. We also intend to invest a portion of our own capital directly into the investment funds and may make investments alongside The Fund. In addition to any returns on our own investments, we expect to receive customary asset management fees and carried interest as the investment manager for, and general partner of The Fund.

Our strategy also includes the aggregation of short-term investor loans from one or more originators using our own capital and/or investments from the assets under management from the investment funds. We believe these investor loans will provide a competitive risk-adjusted return as a buy-and-hold asset. Through the aggregation model, we believe we will be able to access the secondary market for repeated offerings, providing additional returns on the initial invested capital. We expect to integrate our experienced underwriting team in any flow purchase agreements that we may execute with potential originators to provide us with greater operational control over the quality of the loans that we may purchase. Utilizing our history, expertise, and experience investing in non-performing loans and real estate operations, we believe we will be able to effectively underwrite loan acquisitions, target new markets, and mitigate defaults which will result in attractive risk-adjusted returns for our investors and stockholders. Through our expertise in loan valuation, underwriting, and portfolio management, we expect to create strategic partnerships with loan originators to source leads, increase operational capacity, and expand product offerings in the future. We believe these relationships will increase our competitive advantage over other loan aggregators.

Termination of the Amended AMA with Front Yard

On August 13, 2020, AAMC and Front Yard entered into the Termination Agreement, pursuant to which the Company and Front Yard agreed to effectively internalize the asset management function of Front Yard. The Termination Agreement provided that the Amended AMA would terminate following a transition period to enable the internalization of Front Yard’s asset management function, allow for the assignment of certain vendor contracts, implement the transfer of certain employees to Front Yard, and the training of required replacement employees at each company. The transition period ended at the close of business, December 31, 2020, the time that AAMC and Front Yard mutually agreed that all required transition activities had been successfully completed (the “Termination Date”). On the Termination Date, the Amended AMA terminated, and AAMC will no longer provide services to Front Yard under the Amended AMA. Below are the material terms of the Termination Agreement:

- Front Yard paid AAMC an aggregate Termination Fee of $46.0 million, consisting of the following payments:

    - $15.0 million paid in cash on August 17, 2020;
    - $15.0 million paid in cash on the Termination Date; and
    - $16.0 million paid in Front Yard common stock on the Termination Date.

- Front Yard acquired the equity interests of AAMC's Indian subsidiary, the equity interests of AAMC's Cayman Islands subsidiary, the right to solicit and hire designated AAMC employees that currently oversee the management of Front Yard's business and other assets of AAMC that are used in connection with the operation of Front Yard's business for an aggregate purchase price of $8.2 million ($3.2 million of which was paid in cash to AAMC on August 17, 2020), and the remaining $5.0 million was paid in Front Yard common stock on the Termination Date.
- On the Termination Date, in satisfaction of the amounts payable in Front Yard stock, we received 1,298,701 shares of Front Yard common stock. We recorded a nominal gain on the shares received.
- On the Termination Date, AAMC assigned its office lease in Charlotte, North Carolina to Front Yard. Certain assets related to the lease, primarily office and employee-related equipment were written off, none of which were individually material, and were recorded through other income (loss) in the Consolidated Statements of Operations.
- Front Yard was obligated to continue to pay Base Management Fees to AAMC under the Amended AMA in the amount of approximately $3.6 million per quarter, subject to proration for partial quarters, through the date that Front Yard delivered written notice to AAMC that the transition had been satisfactorily completed.
- AAMC agreed to vote any shares of Front Yard common stock that it receives in connection with the Termination Agreement in accordance with recommendations of the Front Yard board of directors for a period of one year following the Termination Date, including regarding the approval of the Front Yard Merger Agreement and related transactions, which were presented to Front Yard’s stockholders.
- Effective two business days prior to the Termination Date, Mr. Ellison resigned as Co-Chief Executive Officer of AAMC.

On December 31, 2020, AAMC and Front Yard completed the transition contemplated by the Termination and Transition Agreement, dated August 13, 2020. In connection with the process described above, we reported the Disposal Group as "held-for-sale", and a discontinued operation, effective as of the end of our third quarter of 2020. See Note 3 to our accompanying consolidated financial statements for further information regarding discontinued operations.

COVID-19 Pandemic Update

Due to the current COVID-19 pandemic in the United States and globally, our business, our employees and the economy as a whole could be, and could continue to be, adversely impacted. The magnitude and duration of the COVID-19 pandemic and its impact on our cash flows and future results of operations could be significant and will largely depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the COVID-19 pandemic, the success of actions taken to contain or treat the pandemic, and reactions by consumers, companies, governmental entities and capital markets. Although COVID-19 to date has not materially adversely impacted us, the prolonged duration and impact of the COVID-19 pandemic on our ability to complete new businesses in development, could cause or result in office closures and other related disruptions that could materially adversely impact our business operations and impact our financial performance.

We remain committed to the safety of our employees and to providing quality service to our clients and stakeholders. We had previously implemented a robust technology platform that enabled us to seamlessly transition to a remote workplace in order to continue our normal operations without disruption to our or Front Yard's business. We are proud of the quality of service, focus, and dedication our employees have demonstrated during this unprecedented time.

Observations on Current Market Opportunities

We believe there is a compelling investment opportunity in the investor and business purpose loan market and that we have implemented a strategic plan for AAMC to capitalize on the significant increase in demand for these products. In our view, the tightening of credit and lending requirements on traditional residential loan products, as well as macro-economic changes, shifting demographics, geographic mobility, favorable changes in interest rate and monetary policy, as well as cultural and economic changes resulting from the COVID-19 pandemic have benefited the overall residential real estate market while reducing yields available to investors elsewhere. We believe that our initial focus on short-term investor loans provides the opportunity to generate attractive risk-adjusted returns on our investments while minimizing exposure to unforeseen structural shifts in monetary and fiscal policy and other market changes.

Metrics Affecting Our Consolidated Results

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

Revenues

Our revenues consisted of fees due to us under the asset management agreements with Front Yard. Under the Amended AMA, our revenues included a quarterly Base Management Fee and a potential annual Incentive Fee, each of which were dependent upon Front Yard's performance and were subject to potential downward adjustments and an aggregate fee cap. Beginning in the third quarter of 2019 (the first full quarter under the Amended AMA), the Base Management Fee we recognized under the Amended AMA was subject to a quarterly minimum of $3,584,000.

Under the Former AMA, our revenues included a base management fee and a conversion fee. The base management fee was calculated as a percentage of Front Yard’s average invested capital, and the conversion fee was based on the number and value of mortgage loans and/or REO properties that Front Yard converted to rental properties for the first time in each period.

Under both the Amended AMA and the Former AMA, our revenues also included reimbursements of certain expenses in our management of Front Yard's business, which related primarily to travel and certain operating expenses solely related to our management of Front Yard's business and the base salary, bonus, benefits and stock compensation, if any, solely of the General Counsel dedicated to Front Yard. All other salary, bonus, benefits and stock compensation of AAMC’s employees (other than Front Yard share-based compensation issued to them by Front Yard) are the responsibility of AAMC and are not reimbursed by Front Yard pursuant to the Amended AMA.

In addition, we received dividends on the shares of Front Yard common stock that we owned when Front Yard declared and paid dividends to its holders of common stock. Upon the declaration of such dividends, we recorded them as other income. The amount of dividends we received varied with Front Yard's financial performance, taxable income, liquidity needs and other factors deemed relevant by Front Yard's Board of Directors. Lastly, we recognized changes in the fair value of our holdings of Front Yard common stock as other income or loss that was directly dependent upon fluctuations in the market price of Front Yard's common stock.

Expenses

Our expenses consist primarily of salaries and employee benefits, legal and professional fees and general and administrative expenses. 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.

Primary Driver of Our Operating Results

Our performance in each particular period was affected by our ability to manage Front Yard’s business and rental portfolio effectively. If there were declines in Front Yard’s performance, our fees in each such period could be adversely affected. Conversely, if there were improvements in Front Yard’s performance, our fees in such period could be positively affected. Front Yard's operating results were effected by various factors, including, but not limited to, the number and performance of Front Yard's SFR properties, its ability to use financing to grow its SFR portfolio and its ability to control operating expenses. The extent to which we were successful in managing these factors for Front Yard effected our ability to generate management fees under the Amended AMA, which, apart from the Termination Fee, were our primary source of income.

Results of Continuing Operations

The following discussion compares our results of continuing operations for the years ended December 31, 2020 and 2019. Our results of operations for the periods presented are not indicative of our expected results in future periods.

For discussion that compares our results of operations for the years ended December 31, 2019 and 2018, see “Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations” included within our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on February 28, 2020.

Fiscal Year ended December 31, 2020 Compared to Fiscal Year ended December 31, 2019

Salaries and Employee Benefits

Salaries and employee benefits increased to $12.0 million from $11.4 million for the years ended December 31, 2020 and 2019, respectively. This increase is primarily due to increased compensation expense attributable to increases in our employee headcount.

Legal and Professional Fees

Legal and professional fees increased to $6.2 million from $3.4 million for the years ended December 31, 2020 and 2019, respectively. This increase is primarily due to an increase in legal and consulting fees related to the negotiation and termination of the Amended AMA with Front Yard.

General and Administrative Expenses

General and administrative expenses remained stable at $2.3 million from $2.3 million for the years ended December 31, 2020 and 2019, respectively, attributable to an increase in technology costs and insurance costs associated with the Termination Agreement and Transition Plan, offset by decreased travel expenses and office utilities that were partially driven by the COVID-19 pandemic.

Change in Fair Value of Front Yard Common Stock

The change in fair value of Front Yard common stock was $6.3 million compared to $5.9 million during the years ended December 31, 2020 and 2019, respectively. These changes in fair value were due solely to changes in the market price of Front Yard's common stock as reported on the NYSE at each reporting date.

Dividend Income

Dividend income on shares of Front Yard common stock was $0.2 million and $0.7 million for the years ended December 31, 2020 and 2019, respectively. The amount of dividend income varied with Front Yard's financial performance, taxable income, liquidity needs and other factors deemed relevant by Front Yard's Board of Directors.

Results of Discontinued Operations

On August 13, 2020, we and Front Yard entered into the Termination Agreement, pursuant to which they have agreed to effectively internalize the asset management function of Front Yard. The termination of the Amended AMA and the sale of the certain assets and operations to Front Yard represents a significant strategic shift that will have a major effect on our operations and financial results. Therefore, we have classified the results of our operations related to Front Yard as discontinued operations in our condensed consolidated statements of operations. Discontinued operations includes (i) the management fee revenues generated under our asset management agreements with Front Yard, (ii) expense reimbursements from Front Yard and the underlying expenses, (iii) the results of operations of our India and Cayman Islands subsidiaries, (iv) the employment costs associated with certain individuals wholly dedicated to Front Yard and (v) the costs associated with our lease in Charlotte, North Carolina, that was assumed by Front Yard. See Note 3 to our accompanying consolidated financial statements for further information regarding discontinued operations.

The following discussion compares our results of discontinued operations for the years ended December 31, 2020 and 2019. Our results of discontinued operations for the periods presented are not indicative of our expected results in future periods.

For discussion that compares our results of operations for the years ended December 31, 2019 and 2018, see “Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations” included within our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on February 28, 2020.

Fiscal Year ended December 31, 2020 Compared to Fiscal Year ended December 31, 2019

Revenues of Discontinued Operations

Revenues from discontinued operation increased to $62.6 million from $15.8 million for the years ended December 31, 2020 and 2019, respectively. The increase is primarily driven by $46 million in termination fees received as a result of the termination of the Amended AMA.

Expenses from Discontinued Operations

Expenses from discontinued operations decreased to $7.4 million from $7.6 million for the years ended December 31, 2020 and 2019, respectively. The decrease was primarily attributable to a decrease in salaries and employee benefits expense of certain employees within the Disposal Group.

Liquidity and Capital Resources

As of December 31, 2020, we had cash and cash equivalents of $41.6 million compared to $18.9 million as of December 31, 2019. The increase in cash and cash equivalents in 2020 was primarily due to the receipt of the cash consideration component of the Termination Fee related to Discontinued Operations. At December 31, 2020, we also held $47.4 million in Front Yard common stock. We are developing new sources of income through our strategic business plan. We believe these sources of liquidity are sufficient to enable us to meet anticipated short-term (one-year) liquidity requirements. Our ongoing cash expenditures consist of: salaries and employee benefits, legal and professional fees, lease obligations and other general and administrative expenses.

Between January 31, 2020 and February 3, 2020, we received purported notices from holders of our Series A Shares requesting us to redeem an aggregate of $250,000,000 liquidation preference of our Series A Shares on March 15, 2020. We do not have legally available funds to redeem all of the Series A Shares on March 15, 2020. As a result, we do not believe, under the terms of the Certificate, that we are obligated to redeem any of the Series A Shares under the Certificate, and, on January 27, 2020, we filed a claim for declaratory relief in the Superior Court of the Virgin Islands, Division of St. Croix, against Luxor to confirm our interpretation of the Certificate. Luxor has filed a motion to remove the action to the U.S. District Court for the Virgin Islands.

On February 3, 2020, Luxor filed a complaint in the Supreme Court of the State of New York, County of New York, against AAMC for breach of contract, specific performance, unjust enrichment, and related damages and expenses. The complaint alleges that AAMC's position that it will not redeem any of Luxor's Series A Shares on the March 15, 2020 redemption date is a material breach of AAMC's redemption obligations under the Certificate. Luxor seeks an order requiring AAMC to redeem its Series A Shares, recovery of no less than $144,212,000 in damages, which is equal to the amount Luxor would receive if AAMC redeemed all of Luxor's Series A Shares at the redemption price of $1,000 per share set forth in the Certificate, as well as payment of its costs and expenses in the lawsuit. In the alternative, Luxor seeks a return of its initial purchase price of $150,000,000 for the Series A Shares, as well as payment of its costs and expenses in the lawsuit.

On February 17, 2021, AAMC entered into a settlement agreement with Putnam (the "Putnam Agreement"). Pursuant to the Putnam Agreement, AAMC and Putnam agreed to exchange all of Putnam's 81,800 Series A Shares for 288,283 shares of AAMC's common stock. AAMC agreed to pay to Putnam $1,636,000 within three business days of the effective date of the Putnam Agreement and $1,227,000 on the one-year anniversary of the effective date of the Putnam Agreement, and in return Putnam agreed to release AAMC from all claims related to the Series A Shares and enter into a voting rights agreement as more fully described in the Putnam Agreement. Finally, AAMC granted to Putnam a most favored nations provision with respect to future settlements of the Series A Shares, as more fully described in the Putnam Agreement.

As described above, AAMC previously filed an action for declaratory relief to confirm its interpretation of the redemption provisions in the Certificate, and intends to vigorously defend itself against the claims by Luxor.

AAMC intends to continue to pursue its strategic business initiatives despite this litigation. See "Item 1. Business." If Luxor were to prevail in its lawsuit, we may need to cease or curtail our business initiatives and our liquidity could be materially and adversely affected. For more information on the legal proceedings with Luxor, see "Item 1A. Risk Factors" and "Item 3. Legal Proceedings" in this Annual Report on Form 10-K.

Treasury Shares

To date, a total of $268.7 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. We have an aggregate of $31.3 million remaining for repurchases under our Board-approved repurchase plan.

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 from continuing and discontinued operations for the periods indicated ($ in thousands):

	Year ended December 31,	
	2020	**2019**
Net cash used in operating activities from continuing operations	$ (19,192)	$ (14,927)
Net cash used in investing activities from continuing operations	(86)	(163)
Net cash from (used in) financing activities from continuing operations	713	(160)
Total cash flows relating to continuing operations	$ (18,565)	$ (15,250)
Net cash from operating activities from discontinued operations	$ 37,798	$ 8,183
Net cash from (used in) investing activities from discontinued operations	3,643	(23)
Net cash used in financing activities from discontinued operations	(1,010)	(84)
Total cash flows relating to discontinued operations	$ 40,431	$ 8,076

Continuing Operations

Operating Activities From Continuing Operations

During 2020, the change in cash flows used in operating activities for continuing operations, compared to 2019, was primarily attributable to ongoing salaries and benefits, payment of annual incentive compensation, dividends on preferred stock issued under the 2016 Employee Preferred Stock Program and general corporate expenses in excess of revenues, respectively.

Investing Activities From Continuing Operations

Net cash used in investing activities for continuing operations for the years ended December 31, 2020 and 2019 consisted of investments in property and equipment.

Financing Activities From Continuing Operations

Net cash from financing activities during the year ended December 31, 2020 primarily relates to intercompany transactions with the disposal group offset by shares withheld for taxes upon vesting of restricted stock. Net cash used in financing activities for the year ended December 31, 2019 relates to shares withheld for taxes upon vesting of restricted stock Net cash used in financing activities during the years ended December 31, 2020 and 2019 primarily related to shares withheld for taxes upon vesting of restricted stock.

Discontinued Operations

During 2020, the increase in cash flows from discontinued operations, compared to 2019, was primarily attributable to an increase in cash flows from operating activities and investing activities, primarily due to the termination of the Amended AMA with Front Yard and related cash receipts. The decrease in cash flows from financing activities for discontinued operations in 2020 compared to 2019 was attributable to intercompany activity paid out of the disposal group.

See Note 3 to our accompanying consolidated financial statements for further information regarding cash flows from discontinued operations.

Off-balance Sheet Arrangements

We had no off-balance sheet arrangements as of December 31, 2020 or 2019.

Recent accounting pronouncements

See Note 1, “Organization and Basis of Presentation - Recently issued accounting standards” to our consolidated financial statements.

Critical Accounting Judgments

Accounting standards require information in financial statements about the risks and uncertainties inherent in significant estimates, and the application of generally accepted accounting principles involves the exercise of varying degrees of judgment. Certain amounts included in or affecting our financial statements and related disclosures must be estimated, requiring us to make certain assumptions with respect to values or conditions that cannot be known with certainty at the time our consolidated financial statements are prepared. These estimates and assumptions affect the amounts we report for our assets and liabilities and our revenues and expenses during the reporting period and our disclosure of contingent assets and liabilities at the date of our consolidated financial statements. Actual results may differ significantly from our estimates and any effects on our business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

We consider our critical accounting judgments to be those used in the determination of the reported amounts and disclosure related to the following:

Income taxes

Income taxes are provided for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in the years in which management expects those temporary differences to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in income in the period in which the change occurs. Subject to our judgment, we reduce a deferred tax asset by a valuation allowance if it is “more likely than not” that some or the entire deferred tax asset will not be realized. Tax laws are complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Significant judgment is required in evaluating tax positions, and we recognize tax benefits only if it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authority.

For all temporary differences, we have considered the potential future sources of taxable income against which they may be realized. In so doing, we have taken into account temporary differences that we expect to reverse in future years and those where it is unlikely. Where it is more likely than not that there will not be potential future taxable income to offset a temporary difference, a valuation allowance has been recorded.

Discontinued Operations

In accordance with the Financial Accounting Standards Board, Accounting Standards Codification (“ASC”), ASC 205-20, Presentation of Financial Statements – Discontinued Operations, the results of operations of a component of an entity or a group or component of an entity that represents a strategic shift that has, or will have, a major effect on the reporting company’s operations that has either been disposed of or is classified as held for sale are required to be reported as discontinued operations in a company’s consolidated financial statements. In order to be considered a discontinued operation, both the operations and cash flows of the discontinued component must have been (or will be) eliminated from the ongoing operations of the company and the company will not have any significant continuing involvement in the operations of the discontinued component after the disposal transaction. As a result of the Termination Agreement with Front Yard and FYR LP to terminate the Amended AMA, the accompanying consolidated financial statements reflect the activity related to the Termination Agreement as discontinued operations. See Note 3 to our consolidated financial statements for additional information regarding the results, major classes of assets and liabilities, significant non-cash operating items, and capital expenditures of discontinued operations.

Series A Preferred Shares

The Company’s Series A preferred stock is reflected in the balance sheet as temporary equity. In 2020, the Company received redemption notices from holders of the Series A Preferred Shares requesting that the Company redeem an aggregate of $250.0 million of its Series A Shares on March 15, 2020. The Company did not have the legally available funds to redeem all, but not less than all, of the outstanding Series A Shares on March 15, 2020. Therefore, the Company does not believe that there is an obligation pursuant to the Certificate of Designation of the Series A Shares to redeem those shares held by investors unless there are legally available funds to redeem all, but not less than all, of the Series A Shares. The presentation of the Series A Preferred Shares will continue to be classified as temporary equity on the consolidated balance sheets.

Item 7A. 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. The primary market risk that we are currently exposed to is market risk related to our investments in common securities of mortgage real estate investment trusts and in Front Yard's common stock.

Investment Risk Relating to Front Yard's Common Stock

We have purchased or received as consideration an aggregate of 2,923,166 shares of Front Yard common stock in open market transactions or share transfers. To the extent we have purchased or received Front Yard common stock, we will be exposed to risks and uncertainties with respect to our ownership of such shares, including downward pressure on Front Yard's stock price, a reduction or increase of dividends declared and paid on the Front Yard stock and/or an inability to dispose of such shares at a time when we otherwise may desire or need to do so. There can be no assurance that we will be successful in mitigating such risks.

On or around January 11, 2021, upon the consummation and closing of the Merger, the shares of Front Yard common stock that we held at the closing date converted into cash in the amount of $16.25 per share.

Item 8. Consolidated Financial Statements and Supplementary Data

See our consolidated financial statements starting on page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation required by the Exchange Act, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a-15(e) of the Exchange Act, as of December 31, 2020. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2020, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and to provide reasonable assurance that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) of the Exchange Act. Management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2020 based on criteria established in Internal Control-Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission. As a result of this assessment, management concluded that, as of December 31, 2020, our internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that 1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer; 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the issuer; and 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the issuer's assets that could have a material effect on the financial statements.

The effectiveness of our internal control over financial reporting as of December 31, 2020 has been audited by Ernst & Young LLP, an independent registered certified public accounting firm, as stated in their report that appears herein.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Altisource Asset Management Corporation

Opinion on Internal Control over Financial Reporting

We have audited Altisource Asset Management Corporation's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Altisource Asset Management Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Altisource Asset Management Corporation as of December 31, 2020 and 2019, and the related consolidated statements of operations, comprehensive loss, stockholders' deficit and cash flows for the years then ended, and the related notes and our report dated March 3, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP
Atlanta, Georgia
March 3, 2021

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 December 31, 2020 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 or 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.

Item 9B. Other Information

None.

Part III

We will file a definitive Proxy Statement for our 2021 Annual Meeting of Stockholders (the "2021 Proxy Statement") with the Securities and Exchange Commission, pursuant to Regulation 14A, not later than 120 days after December 31, 2020. Accordingly, certain information required by Part III has been omitted under General Instruction G(3) to Form 10-K. Only those sections of the 2021 Proxy Statement that specifically address the items set forth herein are incorporated by reference.

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Item 10 is hereby incorporated by reference from our 2021 Proxy Statement under the captions "Election of Directors," "Section 16(a) Beneficial Ownership Reporting Compliance" and "Code of Ethics."

Item 11. Executive Compensation

The information required by Item 11 is hereby incorporated by reference from our 2021 Proxy Statement under the captions "Executive Compensation" and "Director Compensation."

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 12 is hereby incorporated by reference from our 2021 Proxy Statement under the caption "Security Ownership of Certain Beneficial Owners and Management."

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 is hereby incorporated by reference from our 2021 Proxy Statement under the captions "Transactions with Related Persons" and "Information Regarding the Board of Directors and Corporate Governance."

Item 14. Principal Accountant Fees and Services

The information required by Item 14 is hereby incorporated by reference from our 2021 Proxy Statement under the captions "Independent Registered Public Accounting Firm Fees" and "Pre-Approval Policy and Procedures."

Part IV

Item 15. 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	Third Amended and Restated Bylaws of Altisource Asset Management Corporation (incorporated by reference to Exhibit 3.2 of the Registrant's Annual Report on Form 10-K filed with the SEC on February 28, 2020).
3.3	Certificate of Designations establishing the Company’s Series A Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 of the Registrant’s Current Report on Form 8-K filed with the SEC on March 19, 2014).
4.1*	Description of Securities.
4.2	Form of Option Award Agreement by and between Altisource Asset Management Corporation and Indroneel Chatterjee (incorporated by reference to Exhibit 4.3 of the Registrant’s Form S-8 filed with the SEC on January 29, 2020).
4.3	Form of Restricted Stock Award Agreement by and between Altisource Asset Management Corporation and Indroneel Chatterjee (incorporated by reference to Exhibit 4.4 of the Registrant’s Form S-8 filed with the SEC on January 29, 2020).
10.1†	Altisource Asset Management Corporation 2012 Equity Incentive Plan (incorporated by reference to Exhibit 10.11 of the Registrant's Amendment No. 4 to Form 10 filed with the SEC on December 18, 2012).
10.2	Amended and Restated Asset Management Agreement, dated as of May 7, 2019, by and among Front Yard Residential Corporation, Front Yard Residential, L.P. and Altisource Asset Management Corporation (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the SEC on May 8, 2019).
10.3	Asset Management Agreement, dated March 31, 2015, among Front Yard Residential Corporation (f/k/a Altisource Residential Corporation), Front Yard Residential L.P. (f/k/a Altisource Residential, L.P.) and Altisource Asset Management Corporation (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the SEC on April 2, 2015).
10.4	Amendment to Asset Management Agreement, dated April 7, 2015, among Front Yard Residential Corporation (f/k/a Altisource Residential Corporation), Front Yard Residential L.P. (f/k/a Altisource Residential, L.P.) and Altisource Asset Management Corporation (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the SEC on April 13, 2015).
10.5†	Altisource Asset Management Corporation 2016 Preferred Stock Plan (incorporated by reference to Exhibit 10.22 of the Registrant's Annual Report on Form 10-K filed with the SEC on March 1, 2017).
10.6†	Form of Preferred Stock Agreement under 2016 Employee Preferred Stock Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the SEC on January 5, 2017).
10.7*†	Amended and Restated Employment Agreement of Indroneel Chatterjee, dated as of December 4, 2020.
10.8†	Altisource Asset Management Corporation 2020 Equity Incentive Plan (incorporated by reference to Exhibit 4.3 of the Registrant's Form S-8 filed with the SEC on December 21, 2020).
10.9*†	Employment Agreement of Christopher D. Moltke-Hansen, dated as of January 1, 2021.
10.10*†	Employment Agreement of Paris Graham Singer, dated as of January 1, 2021.
10.11	Settlement Agreement dated as of February 17, 2021, between Altisource Asset Management Corporation and Putnam Focused Equity Fund, a series of Putnam Funds Trust, dated as of February 17, 2021 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on February 18, 2021).
21*	Schedule of Subsidiaries.
23*	Consent of Ernst & Young LLP.
24*	Power of Attorney (incorporated by reference to the signature page of this Annual Report on Form 10-K).
31.1**	Certification of CEO Pursuant to Section 302 of the Sarbanes-Oxley Act.

Exhibit Number	Description
31.2**	Certification of CFO Pursuant to Section 302 of the Sarbanes-Oxley Act.
32.1**	Certification of CEO Pursuant to Section 906 of the Sarbanes-Oxley Act.
32.2**	Certification of CFO 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.

* Filed herewith.
** Indicates the exhibit is being furnished, not filed, with this report.
† Denotes management contract or compensatory arrangement.

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.

			Altisource Asset Management Corporation
Date:	March 3, 2021	By:	/s/ Indroneel Chatterjee
			Indroneel Chatterjee Chief Executive Officer
Date:	March 3, 2021	By:	/s/ Christopher D. Moltke-Hansen
			Christopher D. Moltke-Hansen Chief Financial Officer

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Indroneel Chatterjee and Christopher D. Moltke-Hansen and each of them severally, his or her true and lawful attorney-in-fact with power of substitution and resubstitution to sign in his or her name, place and stead, in any and all capacities, to do any and all things and execute any and all instruments that such attorney may deem necessary or advisable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission in connection with the Annual Report on Form 10-K and any and all amendments hereto, as fully for all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all said attorneys-in-fact and agents, each acting alone, and his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated:

Signature	Title	Date
/s/ Indroneel Chatterjee Indroneel Chatterjee	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	March 3, 2021
/s/ Ricardo C. Byrd Ricardo C. Byrd	Director	March 3, 2021
/s/ John P. de Jongh, Jr. John P. de Jongh, Jr.	Director	March 3, 2021
/s/ John A. Engerman John A. Engerman	Director	March 3, 2021
/s/ Christopher D. Moltke-Hansen Christopher D. Moltke-Hansen	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 3, 2021

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Altisource Asset Management Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Altisource Asset Management Corporation (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income (loss), stockholders' deficit and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements "). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 3, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Series A Preferred Shares

Description of the Matter	As discussed in Note 1 to the consolidated financial statements, the Company has $250 million of Series A Preferred Shares ("Series A Shares") outstanding at December 31, 2020 that are presented on the consolidated balance sheet as mezzanine equity. In February 2020, the Company received notices from holders of the Series A Shares requesting the Company to redeem an aggregate of $250 million liquidation preference of such shares on March 15, 2020. The Company does not believe it is obligated to redeem any of the Series A Shares because the Company did not have legally available funds to do so at March 15, 2020. The Company's legal determination and evaluation of the redemption rights of the investors based on the liquidity and financial position of the Company and the terms of the Series A Preferred Share Agreement required significant management judgment and an increased audit effort. Given the judgment needed to legally evaluate and determine conclusions related to the investor redemption rights, any default and remedy provisions or lack thereof, and evaluate the liquidity and financial position of the Company, auditing the Series A Preferred Shares involved especially challenging and complex judgement.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design, and tested the operating effectiveness of the controls over management's accounting treatment and disclosures for the Series A Shares. For example, we tested controls over management's review of the terms of the Series A Preferred Share Agreement, including redemption rights related to the Series A Shares. Our testing of the Company's accounting for and disclosures related to the Series A Shares included, among others, reading the terms of the Series A Preferred Share Agreement, including those covering the right to redemption, any event of default or remedy provisions or lack thereof, and provisions related to the Company's liquidity and financial position. We inspected copies of the redemption notices received by the Company related to the Series A Shares. We requested and received internal and external legal counsel letters and obtained representations from the Company with respect to their conclusions for the accounting for and the presentation of the matter. We also evaluated the adequacy of the disclosures included in the financial statements regarding the Series A Preferred Shares.

/s/ Ernst & Young LLP
We have served as the Company's auditor since 2017.
Atlanta, Georgia
March 3, 2021

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

	December 31, 2020	December 31, 2019
Current assets:		
Cash and cash equivalents	$ 41,623	$ 18,906
Front Yard common stock, at fair value	47,355	20,046
Receivable from Front Yard	3,414	5,014
Prepaid expenses and other assets	3,328	1,009
Current assets held for sale	894	2,176
Total current assets	96,614	47,151
Non-current assets:		
Right-of-use lease assets	656	732
Other non-current assets	503	1,470
Non-current assets held for sale	1,979	3,895
Total non-current assets	3,138	6,097
Total assets	99,752	53,248
Current liabilities:		
Accrued salaries and employee benefits	$ 2,539	$ 3,762
Accounts payable and accrued liabilities	9,152	1,165
Short-term lease liabilities	75	71
Current liabilities held for sale	1,338	2,002
Total current liabilities	13,104	7,000
Non-current liabilities		
Long-term lease liabilities	600	675
Other non-current liabilities	1,027	—
Non-current liabilities held for sale	1,599	3,543
Total non-current liabilities	3,226	4,218
Total liabilities	16,330	11,218
Commitments and contingencies (Note 6)	—	—
Redeemable preferred stock:		
Series A preferred stock, $0.01 par value, 250,000 shares issued and outstanding as of December 31, 2020 and 2019; redemption value $250,000	250,000	249,958
Stockholders' deficit:		
Common stock, $.01 par value, 5,000,000 authorized shares; 2,966,207 and 1,650,212 shares issued and outstanding, respectively, as of December 31, 2020 and 2,897,177 and 1,598,512 shares issued and outstanding, respectively, as of December 31, 2019	30	29
Additional paid-in capital	46,574	44,646
Retained earnings	63,426	23,662
Accumulated other comprehensive loss	(65)	(33)
Treasury stock, at cost, 1,315,995 and 1,298,665 shares as of December 31, 2020 and 2019, respectively	(276,543)	(276,232)
Total stockholders' deficit	(166,578)	(207,928)
Total liabilities and equity	$ 99,752	$ 53,248

See accompanying notes to consolidated financial statements.

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

	Year ended December 31,	
	2020	**2019**
Expenses:		
Salaries and employee benefits	$ 11,977	$ 11,367
Legal and professional fees	6,205	3,444
General and administrative	2,328	2,334
Total expenses	20,510	17,145
Other income:		
Change in fair value of Front Yard common stock	6,270	5,864
Dividend income on Front Yard common stock	244	731
Other income	45	158
Total other income	6,559	6,753
Net loss from continuing operations before income taxes	(13,951)	(10,392)
Income tax expense	769	165
Net loss from continuing operations	(14,720)	(10,557)
Discontinued Operations:		
Income from operations related to Front Yard, net of tax	54,643	7,944
Loss on disposal of operation related to Front Yard	(102)	—
Net gain on discontinued operations	54,541	7,944
Net income (loss)	39,821	(2,613)
Amortization of preferred stock issuance costs	(42)	(206)
Net income (loss) attributable to common stockholders	$ 39,779	$ (2,819)
Net earnings (loss) per share of common stock – basic:		
Continuing operations – basic	$ (9.05)	$ (6.77)
Discontinued operations – basic	33.43	5.00
Earnings (loss) per basic common share	$ 24.38	$ (1.77)
Weighted average common stock outstanding – basic	1,631,326	1,589,952
Net earnings (loss) per share of common stock – diluted:		
Continuing operations – diluted	$ (9.05)	$ (6.77)
Discontinued operations – diluted	33.43	5.00
Earnings (loss) per diluted common share	$ 24.38	$ (1.77)
Weighted average common stock outstanding – diluted	1,631,326	1,589,952

See accompanying notes to consolidated financial statements.

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

	Year ended December 31,	
	2020	**2019**
Net income (loss)	$ 39,821	$ (2,613)
Other comprehensive loss:		
Currency translation adjustments, net	(32)	(33)
Total other comprehensive loss	(32)	(33)
Comprehensive income (loss)	$ 39,789	$ (2,646)

See accompanying notes to consolidated financial statements.

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

	Common Stock						
	Number of Shares	**Amount**	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Treasury Stock**	**Total Stockholders' Deficit**
December 31, 2018	2,862,760	$ 29	$ 42,245	$ 26,558	$ —	$ (275,988)	$ (207,156)
Cumulative effect of adoption of ASC 842 (Note 1)	—	—	—	(77)	—	—	(77)
Common shares issued under share-based compensation plans, net of employee tax withholdings	34,417	—	—	—	—	—	—
Shares withheld for taxes upon vesting of restricted stock	—	—	—	—	—	(244)	(244)
Amortization of preferred stock issuance costs	—	—	—	(206)	—	—	(206)
Share-based compensation	—	—	2,401	—	—	—	2,401
Currency translation adjustments, net	—	—	—	—	(33)	—	(33)
Net loss	—	—	—	(2,613)	—	—	(2,613)
December 31, 2019	2,897,177	$ 29	$ 44,646	$ 23,662	$ (33)	$ (276,232)	$ (207,928)
Common shares issued under share-based compensation plans, net of employee tax withholdings	69,030	1	13	—	—	—	14
Shares withheld for taxes upon vesting of restricted stock	—	—	—	—	—	(311)	(311)
Amortization of preferred stock issuance costs	—	—	—	(42)	—	—	(42)
Share-based compensation	—	—	1,915	—	—	—	1,915
Currency translation adjustments, net	—	—	—	—	(32)	—	(32)
Other - disposition				(15)			(15)
Net income	—	—	—	39,821	—	—	39,821
December 31, 2020	2,966,207	$ 30	$ 46,574	$ 63,426	$ (65)	$ (276,543)	$ (166,578)

See accompanying notes to consolidated financial statements.

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

	Year ended December 31,	
	2020	**2019**
Operating activities:		
Net income (loss)	$ 39,821	$ (2,613)
Less: Income from discontinued operations, net of tax	54,541	7,944
Loss from continuing operations	(14,720)	(10,557)
Adjustments to reconcile net income (loss) from continuing operations to net cash from (used in) operating activities:		
Depreciation	354	322
Change in fair value of Front Yard common stock	(6,270)	(5,864)
Share-based compensation	1,915	2,401
Amortization of operating lease right-of-use assets	76	114
Changes in operating assets and liabilities, net of effects from discontinued operations:		
Receivable from Front Yard	1,600	(1,046)
Prepaid expenses and other assets	(2,477)	11
Other non-current assets	699	(31)
Accrued salaries and employee benefits	(1,206)	(375)
Accounts payable and accrued liabilities	(119)	156
Other non-current liabilities	1,027	—
Operating lease liabilities	(71)	(58)
Net cash used in continuing operations	(19,192)	(14,927)
Net cash from discontinued operations	37,798	8,183
Net cash from (used in) operating activities	18,606	(6,744)
Investing activities:		
Investment in property and equipment	(86)	(163)
Net cash used in continuing operations	(86)	(163)
Net cash from (used in) discontinued operations	3,643	(23)
Net cash from (used in) investing activities	3,557	(186)
Financing activities:		
Proceeds from stock option exercises	23	—
Payment of tax withholdings on exercise of stock options	(9)	—
Shares withheld for taxes upon vesting of restricted stock	(311)	(244)
Net receipts from subsidiaries included in disposal group	1,010	84
Net cash from (used in) continuing operations	713	(160)
Net cash used in discontinued operations	(1,010)	(84)
Net cash used in financing activities	(297)	(244)
Net change in cash and cash equivalents	21,866	(7,174)
Effect of exchange rate changes on cash and cash equivalents	(24)	(32)
Consolidated cash and cash equivalents, beginning of period	19,965	27,171
Consolidated cash and cash equivalents, end of the period	$ 41,807	$ 19,965

See accompanying notes to consolidated financial statements.

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

	Year ended December 31,	
	2020	**2019**
Supplemental disclosure of cash flow information (continuing and discontinued operations):		
Income taxes paid	$ 428	$ 594
Right-of-use lease assets recognized - operating leases	—	4,684
Operating lease liabilities recognized	—	4,671
Reconciliation of cash and cash equivalents to consolidated balance sheets:		
Cash and cash equivalents	$ 41,623	$ 18,906
Cash and cash equivalents included in assets of discontinued operations	184	1,059
Consolidated cash and cash equivalents	41,807	19,965

See accompanying notes to consolidated financial statements.

Altisource Asset Management Corporation
Notes to Consolidated Financial Statements
December 31, 2020

1. Organization and Basis of Presentation

Altisource Asset Management Corporation ("we," "our," "us," "AAMC," or the "Company") was incorporated in the U.S. Virgin Islands ("USVI") on March 15, 2012 (our "inception") and commenced operations on December 21, 2012. Our primary business is to provide asset management and certain corporate governance services to institutional investors. We have also been a registered investment adviser under Section 203(c) of the Investment Advisers Act of 1940 since October 2013.

We are in the process of establishing and launching multiple new lines of business, including an investment fund, a short-term investor loan aggregation and origination businesses, and the establishment of strategic relationships with real estate loan originators. These business lines leverage our history and experience in asset management, real estate investing and real estate operations. We have taken steps to reduce our annual operating expenses, including reductions in our physical office footprint and the optimization of our workforce. Though our potential new businesses are in the development stage, we expect that they will include asset management services, investments in real estate related assets or other businesses that leverage our experience.

Our primary client has been Front Yard Residential Corporation ("Front Yard"), a public real estate investment trust ("REIT") focused on acquiring and managing quality, affordable single-family rental ("SFR") properties throughout the United States. All of our revenue for all periods presented was generated through our asset management agreements with Front Yard.

On March 31, 2015, we entered into an asset management agreement (the "Former AMA") with Front Yard, under which we were the exclusive asset manager for Front Yard for an initial term of 15 years from April 1, 2015, with two potential five-year extensions. The Former AMA provided for a fee structure in which we were entitled to a base management fee, an incentive management fee and a conversion fee for mortgage loans and real estate owned ("REO") properties that became rental properties during each quarter.

On May 7, 2019, we entered into an amended and restated asset management agreement with Front Yard (the "Amended AMA"), under which we are the exclusive asset manager for Front Yard for an initial term of five years. The Amended AMA will renew automatically each year thereafter for an additional one-year term, subject in each case to certain termination provisions. The Amended AMA provides for a fee structure in which we are entitled to a Base Management Fee and a potential Incentive Fee. Accordingly, our operating results continue to be highly dependent on Front Yard's operating results. See Note 7 for additional details of these asset management agreements.

On August 13, 2020, AAMC and Front Yard entered into a Termination and Transition Agreement (the "Termination Agreement"), pursuant to which the Company and Front Yard have agreed to effectively internalize the asset management function of Front Yard. The Termination Agreement provided that the Amended AMA would terminate following a transition period to enable the internalization of Front Yard's asset management function, allow for the assignment of certain vendor contracts and implement the transfer of certain employees to Front Yard and the training of required replacement employees at each company. The transition period ended at the close of business, December 31, 2020, the time that AAMC and Front Yard mutually agreed that all required transition activities have been successfully completed (the "Termination Date"). On the Termination Date, the Amended AMA terminated, and AAMC will no longer provide services to Front Yard under the Amended AMA. Below are the material terms of the Termination Agreement:

- Front Yard paid AAMC an aggregate termination fee of $46.0 million (the "Termination Fee"), consisting of the following payments:
    - $15.0 million paid in cash to AAMC on August 17, 2020,
    - $15.0 million paid in cash on the Termination Date, and
    - $16.0 million paid in Front Yard common stock on the Termination Date.
- Front Yard has or will acquire the equity interests of AAMC's Indian subsidiary, the equity interests of AAMC's Cayman Islands subsidiary, the right to solicit and hire designated AAMC employees that currently oversee the management of Front Yard's business and other assets of AAMC that are used in connection with the operation of Front Yard's business (the "Transferred Assets") for an aggregate purchase price of $8.2 million ($3.2 million of which

was paid in cash to AAMC on August 17, 2020), and the remaining $5.0 million was paid in Front Yard common stock on the termination date.

- On the Termination Date, in satisfaction of the amounts payable in Front Yard stock, we received 1,298,701 shares of Front Yard common stock. We recorded a nominal gain on the shares received.
- On the Termination Date, AAMC assigned its office lease in Charlotte, North Carolina. Certain assets related to the lease, primarily office and employee-related equipment were written off, none of which were individually material, and were recorded through other income (loss) in the Consolidated Statements of Income.
- Front Yard was obligated to continue to pay Base Management Fees to AAMC under the Amended AMA in the amount of approximately $3.6 million per quarter, subject to proration for partial quarters, through the date that Front Yard delivered written notice to AAMC that the transition has been satisfactorily completed.
- AAMC has agreed to vote any shares of Front Yard common stock that it receives in connection with the Termination Agreement in accordance with recommendations of the Front Yard board of directors for a period of one year following the Termination Date, including regarding the approval of the Front Yard Merger Agreement and related transactions, which were presented to Front Yard's stockholders.
- Effective two business days prior to the Termination Date, Mr. Ellison resigned as Co-Chief Executive Officer of AAMC.

On December 31, 2020, AAMC and Front Yard completed the transition contemplated by the Termination and Transition Agreement, dated August 13, 2020.

We have evaluated the nature of the services provided to Front Yard in exchange for the Termination Fee and have determined that such services constitute a series of distinct services that should be accounted for as a single performance obligation completed over time, which is simultaneously performed by us and consumed by Front Yard, and the Termination Fee was recognized through the Termination Date of December 31, 2020.

During the third quarter of 2020, we received an upfront payment of $3.2 million of the $8.2 million aggregate purchase price of the Transferred Assets. In the fourth quarter of 2020, we received a payment of the remaining $5.0 million, in Front Yard common stock, of the aggregate purchase price of the Transferred Assets in advance of the sale of shares. We have included these upfront payments within accounts payable and accrued liabilities in our condensed consolidated balance sheet.

We have concluded that the Transferred Assets meets the held-for-sale criteria and have therefore classified the Transferred Assets as held for sale on our condensed consolidated balance sheets. The termination of the Amended AMA and the sale of the Transferred Assets also represents a significant strategic shift that will have a major effect on our operations and financial results. Therefore, we have classified the results of operations related to Front Yard as discontinued operations in our condensed consolidated statements of operations. For further information, please see Note 3.

Basis of presentation and use of estimates

The accompanying audited 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.

Use of estimates

The preparation of 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Redeemable Preferred Stock

Issuance of Series A Convertible Preferred Stock in 2014 Private Placement

During the first quarter of 2014, AAMC issued 250,000 shares of Series A Convertible Preferred Stock (the “Series A Shares”) for $250.0 million to institutional investors. Under the Certificate of Designations of the Series A Shares (the “Certificate”), we have 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 has the right to give notice requesting us to redeem all of the shares of Series A Shares held by such holder out of legally available funds. In accordance with the terms of the Certificate, if we have legally available funds to redeem all, but not less than all, of the Series A Shares requested to be redeemed on a redemption date, we will deliver to those holders who have requested redemption in accordance with the Certificate a notice of redemption. If we do not have legally available funds to redeem all, but not less than all, of the Series A Shares requested to be redeemed on a redemption date, we will not provide a notice of redemption. The redemption right will be exercisable in connection with each redemption date every five years until the mandatory redemption date in 2044. If we are required to redeem all of a holder’s Series A Shares, we are required to do so for cash at a price equal to $1,000 per share (the issuance price) out of legally available funds.

Between January 31, 2020 and February 3, 2020, we received purported notices from 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 do not have legally available funds to redeem all of the Series A Shares on March 15, 2020. As a result, we do not believe, under the terms of the Certificate, that we are obligated to redeem any of the Series A Shares under the Certificate, and, consistent with the exclusive forum provisions of our Third Amended and Restated Bylaws, on January 27, 2020, we filed a claim for declaratory relief in the Superior Court of the Virgin Islands, Division of St. Croix, against Luxor Capital Group, LP and certain of its funds and managed accounts (collectively, “Luxor”) to confirm our interpretation of the Certificate. Luxor has filed a motion to remove the action to the U.S District Court for the Virgin Islands.

On February 3, 2020, Luxor filed a complaint in the Supreme Court of the State of New York, County of New York, against AAMC for breach of contract, specific performance, unjust enrichment, and related damages and expenses. The complaint alleges that AAMC’s position that it will not redeem any of Luxor’s Series A Shares on the March 15, 2020 redemption date is a material breach of AAMC’s redemption obligations under the Certificate. Luxor seeks an order requiring AAMC to redeem its Series A Shares, recovery of no less than $144,212,000 in damages, which is equal to the amount Luxor would receive if AAMC redeemed all of Luxor’s Series A Shares at the redemption price of $1,000 per share set forth in the Certificate, as well as payment of its costs and expenses in the lawsuit. In the alternative, Luxor seeks a return of its initial purchase price of $150,000,000 for the Series A Shares, as well as payment of its costs and expenses in the lawsuit. On May 25, 2020, Luxor’s complaint was amended to add Putnam Equity Spectrum Fund and Putnam Capital Spectrum Fund (collectively, “Putnam”), which also invested in the Series A Shares, as plaintiff. Putnam holds 81,800 Series A Shares. Collectively, Luxor and Putnam seek a recovery of no less than $226,012,000 in damages, which is equal to the amount Luxor and Putnam would receive if AAMC redeemed all of Luxor’s and Putnam’s Series A Shares at the redemption price of $1,000 per share set forth in the Certificate, as well as payment of their costs and expenses in the lawsuit. In the alternative, Luxor and Putnam seek a return of the initial purchase price of $231,800,000 for the Series A Shares, as well as payment of their costs and expenses in the lawsuit. On June 12, 2020, AAMC moved to dismiss the Amended Complaint in favor of AAMC’s first-filed declaratory judgment action in the U.S. Virgin Islands. On August 4, 2020, the court denied AAMC’s motion to dismiss. AAMC is currently considering whether to appeal the court’s decision.

For information regarding updates to the Redeemable Preferred Stock that occurred subsequent to December 31, 2020, refer to Note 13.

AAMC intends to continue to pursue its strategic business initiatives despite this litigation. If Luxor were to prevail in its lawsuit, we may need to cease or curtail our business initiatives and our liquidity could be materially and adversely affected.

The holders of our Series A Shares are not entitled to receive dividends with respect to their Series A Shares. The Series A Shares are 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.

Upon certain change of control transactions or upon the liquidation, dissolution or winding up of the Company, holders of the Series A Shares will be entitled to receive an amount in cash per Series A Share equal to the greater of:

(i) $1,000 plus the aggregate amount of cash dividends paid on the number of shares of common stock into which such Series A Shares were convertible on each ex-dividend date for such dividends; and
(ii) the number of shares of common stock into which the Series A Shares are then convertible multiplied by the then-current market price of the common stock.

The Certificate confers no voting rights to holders, except with respect to matters that materially and adversely affect the voting powers, rights or preferences of the Series A Shares or as otherwise required by applicable law.

With respect to the distribution of assets upon the liquidation, dissolution or winding up of the Company, the Series A Shares rank senior to our common stock and on parity with all other classes of preferred stock that may be issued by us in the future.

The Series A Shares are recorded net of issuance costs, which were amortized on a straight-line basis through the first potential redemption date in March 2020.

2016 Employee Preferred Stock Plan

On May 26, 2016, the 2016 Employee Preferred Stock Plan (the "Employee Preferred Stock Plan") was approved by our stockholders. Pursuant to the Employee Preferred Stock Plan, the Company may grant one or more series of non-voting preferred stock, par value $0.01 per share, in the Company to induce certain employees to become employed and remain employees of the Company in the USVI, and any of its future USVI subsidiaries, to encourage ownership of shares in the Company by such USVI employees and to provide additional incentives for such employees to promote the success of the Company's business.

Pursuant to our stockholder approval of the Employee Preferred Stock Plan, on December 29, 2016, the Company authorized 14 additional series of preferred stock of the Company, consisting of Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock, Series H Preferred Stock, Series I Preferred Stock, Series J Preferred Stock, Series K Preferred Stock, Series L Preferred Stock, Series M Preferred Stock, Series N Preferred Stock and Series O Preferred Stock, and each series shall consist of up to an aggregate of 1,000 shares.

We have issued shares of preferred stock under the Employee Preferred Stock Plan to certain of our USVI employees. These shares of preferred stock are mandatorily redeemable by us in the event of the holder's termination of service with the Company for any reason. At December 31, 2020 and 2019, we had 1,100 and 1,000 and shares outstanding, respectively, and we included the redemption value of these shares of and $11,000 and $10,000 respectively, within accounts payable and accrued liabilities in our consolidated balance sheets.

In December 2019 and February 2019, our Board of Directors declared and paid an aggregate of $1.0 million (in relation to the 2019 fiscal year), and $1.1 million (in relation to the 2018 fiscal year), respectively, of dividends on the preferred stock issued under the Employee Preferred Stock Plan. Such dividends are included in salaries and employee benefits in our consolidated statement of operations.

Recently issued accounting standards

Adoption of recent accounting standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842) ("ASC 842"). ASU 2016-02 requires that lessees recognize assets and liabilities for leases with lease terms greater than twelve months in the statement of financial position and also requires improved disclosures to help users of financial statements better understand the amount, timing and uncertainty of cash flows arising from leases. Accounting by lessors is substantially unchanged from prior practice as lessors will continue to recognize lease revenue on a straight-line basis. The FASB has also issued multiple ASUs amending certain aspects of Topic 842. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim reporting periods within those fiscal years. The amendments in ASU 2016-02 should be applied on a modified retrospective transition basis, and a number of practical expedients may apply. These practical expedients relate to the identification and classification of leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. We adopted this standard as of January 1, 2019 when the standard became effective and was required to be adopted. Consistent with the standard, financial information will not be updated and the disclosures required under the new standard will not be provided for dates and periods prior to January 1, 2019. As mentioned above, the new standard provides a number of optional practical expedients in

transition. We elected the “package of practical expedients,” which permits us not to reassess our prior conclusions about lease identification, lease classification and initial direct costs under the new standard. We did not elect the use-of-hindsight or the practical expedient pertaining to land easements; the latter not being applicable to us. The new standard also provides practical expedients for an entity's ongoing accounting not to separate the lease and non-lease components, including common area maintenance, property taxes and insurance on our office leases that is paid along with rents. We elected the short-term lease exemption for all leases that qualify; as a result, we will not recognize right-of-use assets or lease liabilities for leases with a term of less than 12 months at inception. Upon our adoption of this standard, we recognized operating lease right-of-use assets of $2.8 million, lease liabilities of $2.8 million and a cumulative-effect adjustment to retained earnings of $(0.1) million. We have also provided the required incremental disclosures about our leasing activities on a prospective basis in Note 5.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments, which amends the guidance on measuring credit losses on financial assets held at amortized cost. ASU 2016-13, as amended, is intended to address the issue that the previous “incurred loss” methodology was restrictive for an entity's ability to record credit losses based on not yet meeting the “probable” threshold. The new language requires these assets to be valued at amortized cost presented at the net amount expected to be collected with a valuation provision. This ASU is effective for fiscal years beginning after December 15, 2019. The amendments in ASU 2016-13 should be applied on a modified retrospective transition basis. We adopted this standard as of January 1, 2020, and our adoption of the standard did not have a material impact on our consolidated financial statements.

Recently issued accounting standards not yet adopted

In December 2019, the FASB issued ASU 2019-12, Income Taxes - Simplifying the Accounting for Income Taxes (Topic 740), which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. ASU 2019-12 is effective for fiscal years beginning after December 15, 2021. We are currently evaluating the impact of this standard.

ASU 2020-04. In March 2020, the FASB issued ASU No. 2020-04, “Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting,” which provides practical expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The expedients and exceptions provided by the amendments in this update apply only to contracts, hedging relationships, and other transactions that reference the London interbank offered rate (“LIBOR”) or another reference rate expected to be discontinued as a result of reference rate reform. These amendments are not applicable to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022. ASU No. 2020-04 is effective as of March 12, 2020 through December 31, 2022 and may be applied to contract modifications and hedging relationships from the beginning of an interim period that includes or is subsequent to March 12, 2020. We will adopt this standard when LIBOR is discontinued. We are evaluating the impact the new standard will have on our consolidated financial statements and related disclosures, but do not anticipate a material impact.

Recent accounting pronouncements pending adoption not discussed above or in the 2019 Form 10-K are either not applicable or will not have, or are not expected to have a material impact on our consolidated financial position, results of operations, or cash flows.

2. Summary of Significant Accounting Policies

Cash equivalents

We consider highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

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.

Consolidations

The consolidated financial statements include the accounts of AAMC and its consolidated subsidiaries, which include the voting interest entities in which we are determined to have a controlling financial interest. Our voting interest entities consist

entirely of our wholly owned subsidiaries. We also consider variable interest entities ("VIEs") for consolidation where we are the primary beneficiary. We had no VIEs or potential VIEs as of and for the years ended December 31, 2020 or 2019.

Earnings per share

Basic earnings per share is computed by dividing net income or loss, less amortization of preferred stock issuance costs, by the weighted average common stock outstanding during the period. Diluted earnings per share is computed by dividing net income or loss by the weighted average common stock outstanding for the period plus the dilutive effect of (i) stock options and restricted stock outstanding using the treasury stock method and (ii) Series A Preferred Stock using the if-converted method. Weighted average common stock outstanding - basic excludes the impact of unvested restricted stock since dividends paid on such restricted stock are non-participating.

Fair value of financial instruments

We designate fair value measurements into three levels based on the lowest level of substantive input used to make the fair value measurement. Those levels are as follows:

- **Level 1** - Quoted prices in active markets for identical assets or liabilities.
- **Level 2** - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities.
- **Level 3** - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Front Yard common stock

The shares of Front Yard common stock that we hold is reported at fair value based on unadjusted quoted market prices in active markets. Changes in the fair value of Front Yard common stock are recognized through net income.

Our ability to sell these securities, or the price ultimately realized for these securities, depends upon the demand in the market and potential restrictions on the timing at which we may be able to sell the Front Yard common stock when desired.

Income taxes

Income taxes are provided for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in the years in which management expects those temporary differences to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in income in the period in which the change occurs. Subject to our judgment, we reduce a deferred tax asset by a valuation allowance if it is "more likely than not" that some or the entire deferred tax asset will not be realized. Tax laws are complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Significant judgment is required in evaluating tax positions, and we recognize tax benefits only if it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authority.

For all temporary differences, we have considered the potential future sources of taxable income against which they may be realized. In so doing, we have taken into account temporary differences that we expect to reverse in future years and those where it is unlikely. Where it is more likely than not that there will not be potential future taxable income to offset a temporary difference, a valuation allowance has been recorded.

Lastly, the Company accounts for the tax on global intangible low-taxed income ("GILTI") as incurred and therefore has not recorded deferred taxes related to GILTI on its foreign subsidiaries.

Leases

On January 1, 2019, we adopted ASU 2016-02, including various associated updates and amendments, which together comprise the requirements for lease accounting under ASC 842. ASU 2016-02 fundamentally changes accounting for operating leases by requiring lessees to recognize a liability to make lease payments and a right-of-use asset over the term of the lease. We also adopted the "package of practical expedients," which permits us not to reassess our prior conclusions about lease identification,

lease classification and initial direct costs under the new standard. We also elected the short-term lease exemption for all leases that qualify; as a result, we will not recognize right-of-use assets or lease liabilities for leases with a term of less than 12 months at inception.

We lease office space under various operating leases. Our office leases are generally for terms of one to five years and typically include renewal options, which we consider when determining our lease right-of-use assets and lease liabilities to the extent that a renewal option is reasonably certain of being exercised. Along with rents, we are generally required to pay common area maintenance, property taxes and insurance, each of which vary from period to period and are therefore expensed as incurred.

Other non-current assets

Other non-current assets includes leasehold improvements; furniture, fixtures and equipment; deferred tax assets and miscellaneous other assets. The cost basis of fixed assets is depreciated using the straight-line method over an estimated useful life of three to five years based on the nature of the components.

Assets and liabilities held for sale

Assets and liabilities held for sale represent the disposal group held at the lower of cost or fair value less estimated costs to sell. See Note 3 for further information on Discontinued Operations.

Revenue recognition

Under the Amended AMA, we administered certain of Front Yard's business activities and day-to-day operations and provided corporate governance services to Front Yard. Base Management Fees are earned by us ratably throughout the applicable quarter and are initially based on Front Yard's Adjusted AFFO (as defined in the Amended AMA), subject to a minimum amount and certain potential adjustments. In the event that Front Yard's performance exceeds certain hurdles, we would have been entitled to an annual Incentive Fee based on a percentage of Front Yard's earnings in excess of such hurdle, subject to certain potential adjustments. Under the Former AMA, the base management fees were earned by us ratably throughout the applicable quarter and were based on a percentage of Front Yard's average invested capital (as defined in the Former AMA). See Note 7 for further information on the asset management agreements with Front Yard.

We have evaluated the nature of the services provided to Front Yard and have determined that such services constitute a series of distinct services that should be accounted for as a single performance obligation completed over time, which is simultaneously performed by us and consumed by Front Yard. Therefore, we earn management fees are ratably over the applicable fiscal period.

Under both the Amended AMA and the Former AMA, we received expense reimbursements from Front Yard for the compensation and benefits of the General Counsel dedicated to Front Yard and certain operating expenses incurred on Front Yard's behalf. These expense reimbursements were earned by us at the time the underlying expense is incurred.

In addition, under the Former AMA, we also received conversion fees based on a percentage of the fair value of properties that became rented for the first time in each quarter. Such conversion fees were earned by us in the quarter that the conversion to rentals occurred.

We have determined that the expense reimbursements are variable consideration, and we recognize each component of this revenue on a quarterly basis up to the amount that would likely not be reversed.

Termination Fee

We have evaluated the nature of the services provided to Front Yard in exchange for the Termination Fee and have determined that such services constitute a series of distinct services that should be accounted for as a single performance obligation completed over time, which is simultaneously performed by us and consumed by Front Yard. Therefore, we recognized the Termination Fee through the Termination Date.

Share-based compensation

We amortize the grant date fair value of restricted stock as expense on a straight-line basis over the service period with an offsetting increase in stockholders' equity. The grant date fair value of awards with only service-based vesting conditions is

determined based upon the share price on the grant date. The grant date fair value of awards with both service-based and market-based vesting conditions is calculated using a Monte Carlo simulation.

We recognize share-based compensation expense related to (i) awards to employees in salaries and employee benefits and (ii) awards to Directors or non-employees in general and administrative expense in our consolidated statements of operations.

Forfeitures of share-based awards are recognized as they occur.

Short-term investments

Short-term investments include certificates of deposit with original maturities greater than three months and remaining maturities less than one year.

Treasury stock

We account for repurchased common stock under the cost method and include such treasury stock as a component of total stockholders' equity. We have repurchased shares of our common stock (i) under our Board approval to repurchase up to $300.0 million in shares of our common stock and (ii) upon our withholding of shares of our common stock to satisfy tax withholding obligations in connection with the vesting of our restricted stock.

3. Discontinued Operations

On August 13, 2020, AAMC and Front Yard entered into Termination and Transition Agreement, pursuant to which they agreed to effectively internalize the asset management function of Front Yard. Pursuant to the agreement, Front Yard has or will acquire the equity interests of AAMC's Indian subsidiary, the equity interests of AAMC's Cayman Islands subsidiary, the right to solicit and hire designated AAMC employees that currently oversee the management of Front Yard's business and other assets of AAMC that are used in connection with the operation of Front Yard's business.

On December 31, 2020, in connection with the Termination Agreement, the company completed the assignment of our lease in Charlotte, North Carolina to Front Yard. Additionally, on December 31, 2020, we completed the sale of our Cayman Islands subsidiary.

The carrying value of major classes of assets and liabilities related to our discontinued operations that constitute the Disposal Group at December 31, 2020 and December 31, 2019 were as follows ($ in thousands):

	December 31, 2020	December 31, 2019
Current assets held for sale:		
Cash and cash equivalents	$ 184	$ 1,059
Short-term investments	—	517
Prepaid expenses and other assets	710	600
Total current assets held for sale	894	2,176
Non-current assets held for sale:		
Right-of-use lease assets	1,612	3,607
Other non-current assets	367	288
Total non-current assets held for sale	1,979	3,895
Total assets held for sale	$ 2,873	$ 6,071
Current liabilities held for sale:		
Accrued salaries and employee benefits	$ 910	$ 1,645
Accounts payable and accrued liabilities	300	163
Short-term lease liabilities	128	194
Total current liabilities held for sale	1,338	2,002
Non-current liabilities held for sale:		
Non-current lease liabilities	1,599	3,543
Total non-current liabilities held for sale	1,599	3,543
Total liabilities held for sale	$ 2,937	$ 5,545

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Discontinued operations includes (i) the management fee revenues generated under our asset management agreements with Front Yard, (ii) expense reimbursements from Front Yard and the underlying expenses, (iii) the results of operations of our India and Cayman Islands subsidiaries, (iv) the employment costs associated with certain individuals wholly dedicated to Front Yard and (v) the costs associated with our lease in Charlotte, North Carolina, that was assumed by Front Yard on December 31, 2020. The operating results of these items are presented in our Consolidated Statements of Operations as discontinued operations for all periods presented and revenues and expenses directly related to Discontinued Operations were eliminated from our ongoing operations.

The following table details the components comprising net income from our discontinued operations ($ in thousands):

	Year ended December 31,	
	2020	**2019**
Revenues from discontinued operations:		
Management fees from Front Yard	$ 13,713	$ 14,270
Termination fee from Front Yard	46,000	—
Conversion fees from Front Yard	—	29
Expense reimbursements from Front Yard	2,867	1,463
Total revenues from discontinued operations	62,580	15,762
Expenses from discontinued operations:		
Salaries and employee benefits	5,592	5,662
Legal and professional fees	256	167
General and administrative	1,521	1,813
Total expenses from discontinued operations	7,369	7,642
Other income (loss) from discontinued operations:		
Other income (loss)	20	(3)
Total other income (loss) from discontinued operations	20	(3)
Net income from discontinued operations before income taxes	55,231	8,117
Loss on disposal of discontinued operations before income taxes	102	—
Income tax expense	588	173
Net income from discontinued operations	$ 54,541	$ 7,944

The following table details cash flow information related to our discontinued operations for the periods indicated ($ in thousands):

	Year ended December 31,	
	2020	**2019**
Total operating cash flows from discontinued operations	$ 37,798	$ 8,183
Total investing cash flows from (used in) discontinued operations	3,643	(23)
Total financing cash flows (used in) from discontinued operations	(1,010)	(84)

4. Fair Value of Financial Instruments

The following table sets forth the carrying amount and fair value of the Company's financial assets by level within the fair value hierarchy as of December 31, 2020 and 2019 ($ in thousands):

		Level 1	Level 2	Level 3
	Carrying Amount	Quoted Prices in Active Markets	Observable Inputs Other Than Level 1 Prices	Unobservable Inputs
December 31, 2020				
Recurring basis (assets)				
Front Yard common stock	$ 47,355	$ 47,355	$ —	$ —
December 31, 2019				
Recurring basis (assets)				
Front Yard common stock	$ 20,046	$ 20,046	$ —	$ —

We did not transfer any assets from one level to another level during the years ended December 31, 2020 or 2019.

The fair value of our Front Yard common stock is based on unadjusted quoted market prices from active markets.

At December 31, 2020 and 2019, we held 2,923,166 and 1,624,465 shares of Front Yard's common stock, respectively. At December 31, 2020 and 2019, this represented approximately 4.9% and 3.0% of Front Yard's then-outstanding common stock at each date. All of our shares of Front Yard's common stock held at December 31, 2019 were acquired in open market transactions. On December 31, 2020, we received 1,298,701 shares of Front Yard's common stock in connection with the transactions contemplated in the Termination Agreement with Front Yard. For further information, please refer to Note 1.

The following table presents the cost and fair value of our holdings in Front Yard's common stock as of December 31, 2020 and 2019 ($ in thousands):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2020				
Front Yard common stock	$ 41,635	$ 5,720	$ —	$ 47,355
December 31, 2019				
Front Yard common stock	$ 20,596	$ —	$ (550)	$ 20,046

5. Leases

We currently occupy office space under operating leases in Christiansted, U.S. Virgin Islands, and Bengaluru, India.

As of December 31, 2020 and December 31, 2019, our weighted average remaining lease term, including applicable extensions, was 7.5 years and 9.1 years, respectively, and we applied a discount rate of 7.0% and 8.4%, respectively, to our office leases. We determine the discount rate for each lease to be either the discount rate stated in the lease agreement or our estimated rate that we would be charged to finance real estate assets.

During the years ended December 31, 2020 and December 31, 2019, we recognized rent expense of $0.7 million and $0.5 million, respectively, related to long-term operating leases and $0.1 million and $0.2 million related to short-term operating leases, respectively. We include rent expense as a component of general and administrative expenses in the consolidated statements of operations. We had no finance leases during the years ended December 31, 2020 and December 31, 2019.

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The following table presents a maturity analysis of our operating leases as of December 31, 2020 ($ in thousands):

	Operating Lease Liabilities
2021	$ 363
2022	380
2023	399
2024	412
2025	426
Thereafter	1,141
Total lease payments	3,121
Less: interest	719
Lease liabilities	$ 2,402

6. Commitments and Contingencies

Litigation, claims and assessments
From time to time, we may be involved in various claims and legal actions arising in the ordinary course of business. Set forth below is a summary of material legal proceedings to which we are a party as of December 31, 2020:

Erbey Holding Corporation et al. v. Blackrock Management Inc., et al.

On April 12, 2018, a partial stockholder derivative 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. The action was filed by Erbey Holding Corporation ("Erbey Holding"), John R. Erbey Family Limited Partnership ("JREFLP"), by its general partner Jupiter Capital, Inc., Salt Pond Holdings, LLC ("Salt Pond"), Munus, L.P. ("Munus"), Carisma Trust ("Carisma"), by its trustee, Venia, LLC, and Tribue Limited Partnership (collectively, the "Plaintiffs") each on its own behalf and Salt Pond and Carisma derivatively on behalf of AAMC. The action was filed against Blackrock Financial Management, Inc., Blackrock Investment Management, LLC, Blackrock Investments, LLC, Blackrock Capital Management, Inc., Blackrock, Inc. (collectively, "Blackrock"), Pacific Investment Management Company LLC, PIMCO Investments LLC (collectively, "PIMCO") and John and Jane Does 1-10 (collectively with Blackrock and PIMCO, the "Defendants"). The action alleges a conspiracy by Blackrock and PIMCO to harm Ocwen and AAMC and certain of their subsidiaries, affiliates and related companies and to extract enormous profits at the expense of Ocwen and AAMC by attempting to damage their operations, business relationships and reputations. The complaint alleges that Defendants' conspiratorial activities, which included short-selling activities, were designed to destroy Ocwen and AAMC, and that the Plaintiffs (including AAMC) suffered significant injury, including but not limited to lost value of their stock and/or stock holdings. The action seeks, among other things, an award of monetary damages to AAMC, including treble damages under Section 605, Title IV of the Virgin Islands Code related to the Criminally Influenced and Corrupt Organizations Act, punitive damages and an award of attorney's and other fees and expenses.

Defendants have moved to dismiss the first amended verified complaint. Plaintiffs and AAMC have moved for leave to file a second amended verified complaint to include AAMC as a direct plaintiff, rather than as a derivative party. On March 27, 2019, the Court held oral argument on Defendants' motions to dismiss the first amended verified complaint and Plaintiffs' motion for leave to file the second amended verified complaint. As of the date of this letter, the Court has not yet decided the pending motions.

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. We have determined that there is no contingent liability related to this matter for AAMC.

Altisource Asset Management Corporation v. Luxor Capital Group, LP, et al.

On January 27, 2020, AAMC filed a complaint for declaratory judgment relief in the Superior Court of the Virgin Islands, Division of St. Croix, against Luxor Capital Group, LP and certain of its funds and managed accounts (collectively, "Luxor") regarding AAMC's redemption obligations under the Certificate of Designations (the "Certificate") of AAMC's Series A Convertible Preferred Stock (the "Series A Shares"). Under the Certificate, holders of the Series A Shares are permitted on March 15, 2020 and on each successive five-year anniversary of March 15, 2020 to request AAMC, upon not less than 15 nor

more than 30 business days' prior notice, to redeem all but not less than all of their Series A Shares out of legally available funds. AAMC seeks a declaration that AAMC is not required to redeem any of Luxor's Series A Shares on a redemption date if AAMC does not have legally available funds to redeem all of Luxor's Series A Shares on such redemption date. Luxor has removed the action to the U.S District Court for the Virgin Islands, and, on March 24, 2020, AAMC moved to remand the action back to the Superior Court of the Virgin Islands, Division of St. Croix. That motion is fully briefed and pending decision. On May 15, 2020, Luxor moved to dismiss AAMC's declaratory judgment complaint. That motion has been fully briefed and submitted to the Court as of July 29, 2020.

Luxor Capital Group, LP, et al. v. Altisource Asset Management Corporation

On February 3, 2020, Luxor filed a complaint in the Supreme Court of the State of New York, County of New York, against AAMC for breach of contract, specific performance, unjust enrichment, and related damages and expenses. The complaint alleges that AAMC's position that it would not redeem any of Luxor's Series A Shares on the March 15, 2020 redemption date is a material breach of AAMC's redemption obligations under the Certificate. Luxor seeks an order requiring AAMC to redeem its Series A Shares, recovery of no less than $144,212,000 in damages, which is equal to the amount Luxor would receive if AAMC redeemed all of Luxor's Series A Shares at the redemption price of $1,000 per share set forth in the Certificate, as well as payment of its costs and expenses in the lawsuit. In the alternative, Luxor seeks a return of its initial purchase price of $150,000,000 for the Series A Shares, as well as payment of its costs and expenses in the lawsuit. On May 25, 2020, Luxor's complaint was amended to add Putnam Equity Spectrum Fund and Putnam Capital Spectrum Fund (collectively, "Putnam"), which also invested in the Series A Shares, as plaintiffs. Putnam holds 81,800 Series A Shares. Collectively, Luxor and Putnam seek a recovery of no less than $226,012,000 in damages, which is equal to the amount Luxor and Putnam would receive if AAMC redeemed all of Luxor's and Putnam's Series A Shares at the redemption price of $1,000 per share set forth in the Certificate, as well as payment of their costs and expenses in the lawsuit. In the alternative, Luxor and Putnam seek a return of the initial purchase price of $231,800,000 for the Series A Shares, as well as payment of their costs and expenses in the lawsuit. On June 12, 2020, AAMC moved to dismiss the Amended Complaint in favor of AAMC's first-filed declaratory judgment action in the U.S. Virgin Islands. On August 4, 2020, the court denied AAMC's motion to dismiss and the case is proceeding accordingly. AAMC is currently considering whether to appeal the court's decision.

For information regarding legal proceedings that arose subsequent to December 31, 2020, refer to Note 13.

COVID-19 Pandemic

Due to the current COVID-19 pandemic in the United States and globally, our business, our employees and the economy as a whole could be adversely impacted. The magnitude and duration of the COVID-19 pandemic and its impact on our cash flows and future results of operations could potentially be significant and will largely depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the COVID-19 pandemic, the success of actions taken to contain or treat the pandemic, and reactions by consumers, companies, governmental entities and capital markets. Although COVID-19 to date has not adversely impacted our revenues, the prolonged duration and impact of the COVID-19 on any our new businesses in development or implementation, could cause or result in office closures and other related disruptions that could materially adversely impact our business operations and impact our financial performance.

7. Related-party Transactions

Asset management agreement with Front Yard

Pursuant to the Amended AMA, we designed and implemented Front Yard's business strategy, administered its business activities and day-to-day operations, and provided corporate governance services, subject to oversight by Front Yard's Board of Directors. We were responsible for, among other duties: (1) performing and administering certain of Front Yard's day-to-day operations; (2) defining investment criteria in Front Yard's investment policy in cooperation with its Board of Directors; (3) sourcing, analyzing and executing asset acquisitions, including the related financing activities; (4) overseeing Front Yard's renovation, leasing and property management of its SFR properties; (5) analyzing and executing sales of certain rental properties, REO properties and residential mortgage loans; (6) performing asset management duties and (7) performing corporate governance and other management functions, including financial, accounting and tax management services.

Through December 31, 2020, we provided Front Yard with a management team and support personnel with substantial experience in the acquisition and management of residential properties. Our management also has significant corporate governance experience that enabled us to manage Front Yard's business and organizational structure efficiently. Under the

Amended AMA, we had agreed not to provide the same or substantially similar services without the prior written consent of Front Yard's Board of Directors to any business or entity competing against Front Yard in (a) the acquisition or sale of SFR and/or REO properties, non-performing and re-performing mortgage loans or other similar assets; (b) the carrying on of an SFR business or (c) any other activity in which Front Yard engages. However, following the execution of the Termination Agreement, we are entitled to provide advisory or other services to businesses or entities in such competitive activities without Front Yard's prior consent.

On August 13, 2020, AAMC and Front Yard entered into the Termination Agreement, pursuant to which they agreed to terminate the Amended AMA, thereby effectively internalizing the asset management function of Front Yard in exchange for payment of the Termination Fee and other consideration to AAMC.

On December 31, 2020, AAMC and Front Yard completed the transition contemplated by the Termination and Transition Agreement. For a description of the Termination Agreement and its key terms, please see Note 1.

Terms of the Amended AMA

We and Front Yard entered into the Amended AMA on May 7, 2019 (the “Effective Date”). The Amended AMA amended and restated, in its entirety, the Former AMA. The Amended AMA had an initial term of five years and would renew automatically each year thereafter for an additional one-year term, subject in each case to the termination provisions further described below.

The Amended AMA provided for a management fee structure that provides AAMC with a quarterly Base Management Fee and a potential annual Incentive Fee, each of which were dependent upon Front Yard's performance and were subject to potential downward adjustments and an aggregate fee cap. The Base Management Fee under the Amended AMA was subject to a quarterly minimum of $3,584,000. The Amended AMA also required that the Base Management Fee would increase commencing after Front Yard’s per share Adjusted AFFO (as defined in the Amended AMA) reaching $0.15 (“Additional Base Fees”). To date, we have earned no Additional Base Fees or Incentive Fees under the Amended AMA. Due to the termination of the Amended AMA pursuant to the Termination Agreement, and the completion of the transition period, we will no longer receive a Base Management Fee under the Amended AMA.

We were responsible for all of our own costs and expenses other than the expenses related to compensation of Front Yard’s dedicated general counsel and, beginning in January 2020, certain specified employees who provided direct property management services to Front Yard. Front Yard and its subsidiaries paid their own costs and expenses, and, to the extent such Front Yard expenses were initially paid by us, Front Yard was and is required to reimburse us for such reasonable costs and expenses.

Terms of the Former AMA

On March 31, 2015, we entered into the Former AMA with Front Yard. The Former AMA, which became effective on April 1, 2015, provided for the following management fee structure:

- Base Management Fee. We were entitled to a quarterly base management fee equal to 1.5% of the product of (i) Front Yard's average invested capital (as defined in the Former AMA) for the quarter *multiplied by* (ii) 0.25, while it had fewer than 2,500 SFR properties actually rented (“Rental Properties”). The base management fee percentage increased to 1.75% of average invested capital while Front Yard had between 2,500 and 4,499 Rental Properties and increased to 2.0% of average invested capital while it had 4,500 or more Rental Properties. Because Front Yard has more than 4,500 Rental Properties, we were entitled to receive a base management fee of 2.0% of Front Yard’s invested capital under the Former AMA during the years ended December 31, 2019, 2018 and 2017;

- Incentive Management Fee. We were entitled to a quarterly incentive management fee equal to 20% of the amount by which Front Yard's return on invested capital (based on AFFO, defined as net income attributable to holders of common stock calculated in accordance with GAAP *plus* real estate depreciation expense *minus* recurring capital expenditures on all real estate assets owned by Front Yard) exceeded an annual hurdle return rate of between 7.0% and 8.25% (or 1.75% and 2.06% per quarter), depending on the 10-year treasury rate. To the extent Front Yard had an aggregate shortfall in its return rate over the previous seven quarters, that aggregate return rate shortfall was added to the normal quarterly return hurdle for the next quarter before we were entitled to an incentive management fee. The incentive management fee increased to 22.5% while Front Yard had between 2,500 and 4,499 Rental Properties and increased to 25% while it had 4,500 or more Rental Properties. No incentive management fee under the Former AMA

was earned by us because Front Yard's return on invested capital (as defined in the Former AMA) was below the cumulative required hurdle rate; and

- Conversion Fee. We were entitled to a quarterly conversion fee equal to 1.5% of the market value of assets converted into leased single-family homes by Front Yard for the first time during the applicable quarter.

Under the Former AMA, Front Yard reimbursed us for the compensation and benefits of the General Counsel dedicated to Front Yard and certain operating expenses incurred on Front Yard's behalf.

8. Incentive Compensation and Share-based Payments

Long-term incentive compensation

Our officers and employees participate in an annual non-equity incentive program whereby they are eligible for incentive cash payments based on a percentage of their annual base salary. Our officers generally have a target annual non-equity incentive payment percentage that ranges from 50% to 200% of base salary. The officer's actual incentive payment for the year is determined by (i) the Company's performance versus the objectives established by our Board of Directors (80%) and (ii) a performance appraisal (20%).

Share-based Payments

Certain executive officers and employees have and will receive grants of stock options and/or restricted stock under the 2012 and 2020 Equity Incentive Plans, collectively (the "Equity Incentive Plans"). The Equity Incentive Plans also allow for the grant of performance awards and other awards such as purchase rights, equity appreciation rights, shares of common stock awarded without restrictions or conditions, convertible securities, exchangeable securities or other rights convertible or exchangeable into shares of common stock, as the Compensation Committee in its discretion may determine.

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 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.

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Stock options

During the year ended December 31, 2020, we recorded $0.2 million of compensation expense related to our grants of stock options. We recorded no compensation expense in our financial statements related to grants of stock options for the year ended December 31, 2019.

The following table sets forth the activity of our outstanding options:

	Number of Options	Weighted Average Exercise Price per Share
December 31, 2018	15,506	$ 2.75
Exercised (1)	(250)	1.51
December 31, 2019	15,256	2.77
Granted (2)	60,000	13.11
Exercised (1)	(8,031)	1.66
December 31, 2020	67,225	$ 12.13

(1) The intrinsic value of stock options exercised during the years ended December 31, 2020 and 2019 was $0.1 million, and a nominal amount, respectively.

(2) The stock options had a weighted average grant date fair value of $10.61. The stock options have an exercise price of $13.11 and consist of two tranches that will vest based on the satisfaction of certain performance criteria and time-based service requirements. The first tranche includes 40,000 stock options and will vest in three allotments beginning on the date the share price equals or exceeds 400% of the exercise price (the "First Performance Goal"). Upon satisfaction of the First Performance Goal, 13,333 options will vest and become exercisable immediately, with the remaining 26,667 options vesting in equal installments on the first and second anniversary of the achievement of the First Performance Goal, subject to forfeiture or expiration. The second tranche of 20,000 stock options will vest in three allotments beginning on the date the share price equals or exceeds 800% of the exercise price of the options (the "Second Performance Goal"). Upon satisfaction of the Second Performance Goal, 6,666 options will vest and become exercisable immediately, with the remaining 13,334 options vesting in equal installments on the first and second anniversary of the Second Performance goal, subject to forfeiture or expiration. All unvested options shall expire on the tenth anniversary of the January 30, 2020 grant date.

As of December 31, 2020, we had 67,225 outstanding options issued under all of our share-based compensation plans or as inducement awards, with a weighted average exercise price of $12.13, weighted average remaining life of 8.2 years and intrinsic value of $0.8 million.

We have 7,225 options exercisable as of December 31, 2020 with a weighted average exercise price of $4.01, weighted average remaining life of 1.1 years, and intrinsic value of $0.1 million. Of these exercisable options, none had an exercise price higher than the market price of our common stock as of December 31, 2020.

We calculated the grant date fair value of stock options granted in 2020 using a Monte Carlo simulation and amortize the resulting compensation expense over the respective service period. The fair value of stock options granted during the period indicated using the following assumptions:

	Year ended December 31, 2020
Risk-free interest rate (1)	1.56 %
Common stock dividend yield (2)	— %
Expected volatility (3)	98.30 %

(1) Represents the interest rate as of the grant date on US treasury bonds having the same life as the estimated life of the stock option grants

(2) Based on the Company's history of not declaring a dividend on shares of common stock

(3) Based on our historical stock price volatility

Restricted stock

During the year ended December 31, 2020, we granted 70,000 shares of service-based restricted stock to members of management with a weighted average grant date value per share of $13.99. These grants of service-based restricted stock awards were granted either as inducement awards or under our Equity Incentive Plans. The restricted stock will vest in three equal annual installments based on the grant date(s), subject to forfeiture or acceleration.

During the year ended December 31, 2019, we granted 60,329 shares of service-based restricted stock to members of management with a weighted average grant date fair value per share of $26.68 under our Equity Incentive Plans. The restricted stock will vest in three equal annual installments on each of January 23, 2020, 2021 and 2022, subject to forfeiture or acceleration.

Restricted stock granted in 2015 and 2014 vests based on achievement of the following market-based performance hurdles (all of which have been met) and vesting schedules, subject to forfeiture or acceleration:

- Twenty-five percent (25%) of the grant will vest in accordance with the vesting schedule set forth below if the market value of our stock meets both of the following conditions: (i) the market value has realized a compounded annual gain of at least twenty percent (20%) over the market value on the date of the grant and (ii) the market value is at least double the market value on the date of the grant;
- Fifty percent (50%) of the grant will vest in accordance with the vesting schedule set forth below if the market value of our stock meets both of the following conditions: (i) the market value has realized a compounded annual gain of at least twenty-two and a half percent (22.5%) over the market value on the date of the grant and (ii) the market value is at least triple the market value on the date of the grant and
- Twenty-five percent (25%) of the grant will vest in accordance with the vesting schedule set forth below if the market value of Company stock meets both of the following conditions: (i) the market value has realized a compounded annual gain of at least twenty-five percent (25%) over the market value on the date of the grant and (ii) the market value is at least quadruple the market value on the date of the grant.
- After the performance hurdles have been achieved, 25% of the restricted stock vested on the first anniversary of the date that the performance hurdle for that tranche was met. The remaining 75% of that tranche either (i) vested on the second anniversary of the date that the performance hurdle was met for certain grants or (ii) will continue to vest ratably over the second, third and fourth anniversaries of the date that the performance hurdle was met for certain grants.

Additionally, our Directors each receive annual grants of restricted stock equal to $60,000 based on the market value of our common stock at the time of the annual stockholders meeting. This restricted stock vests and is issued after a one-year service period subject to each Director attending at least 75% of the Board and committee meetings. No dividends are paid on the shares until the award is issued. During the years ended December 31, 2020 and 2019, we granted 8,622 and 12,693 shares of stock, respectively, pursuant to our Equity Incentive Plans with a weighted average grant date fair value per share of $20.87 and $14.18, respectively.

We recorded $1.7 million, and $2.4 million of compensation expense related to these grants for the years ended December 31, 2020, and 2019, respectively. As of December 31, 2020 and 2019, we had $1.0 million and $1.2 million, respectively, of total unrecognized share-based compensation cost to be recognized over a weighted average remaining estimated term of 0.9 years and 0.8 years, respectively.

The following table sets forth the activity of our restricted stock:

	Number of Shares	Weighted Average Grant Date Fair Value
December 31, 2018	72,923	$ 142.03
Granted	73,022	24.51
Vested (1)	(34,188)	178.76
December 31, 2019	111,757	54.18
Granted	78,622	14.75
Vested (1)	(60,999)	66.70
December 31, 2020	129,380	$ 24.32

(1) The vesting date fair value of restricted stock that vested during the years ended December 31, 2020, 2019 and 2018 was $1.1 million, $0.9 million, and $2.1 million, respectively.

The following table sets forth the number of shares of common stock reserved for future issuance. We may issue new shares or issue shares from treasury shares upon the exercise of stock options or the vesting of restricted stock.

	December 31, 2020
Stock options outstanding	67,225
Possible future issuances under share-based compensation plans	168,820
	236,045

As of December 31, 2020, we had 2,033,793 remaining shares of common stock authorized to be issued under our charter.

9. 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 and received our certificate of benefits ("the EDC Certificate"), effective as of February 1, 2013. Pursuant to the EDC Certificate, so long as we comply its provisions, we will receive a 90% tax reduction on our USVI-sourced income until 2043. For the year ended December 31, 2020, we generated taxable income in the USVI.

For the years ended December 31, 2020, and 2019, in addition to the management fees from Front Yard (which represent eligible income under the EDC Certificate), AAMC also had income on the Front Yard common stock that it owns, as well as internally-sourced revenues from its Cayman Islands subsidiary, both of which are not eligible for the 90% tax reduction.

Beginning on January 1, 2017, AAMC US, Inc., a domestic U.S. corporation and wholly-owned subsidiary, began operations. This entity is based entirely in the mainland U.S. and is subject to U.S. federal and state corporate income tax.

The following table sets forth the components of income (loss) from continuing operations before income taxes:

	Year ended December 31,	
	2020	2019
U.S. Virgin Islands	$ (15,841)	$ (7,114)
Other	1,890	(3,278)
Income (loss) before income taxes	$ (13,951)	$ (10,392)

The provision (benefit) for income taxes from continuing operations is summarized as:

	Year ended December 31,	
	2020	2019
Current		
Federal	$ (1,002)	$ 170
State	—	16
International	(183)	—
Total current tax (benefit) expense	(1,185)	186
Deferred		
Federal	1,420	776
State	—	—
International	534	(797)
Total deferred tax expense (benefit)	1,954	(21)
Total tax expense	$ 769	$ 165

The following table sets forth the components of our total deferred tax assets:

	December 31, 2020	December 31, 2019
Deferred tax assets:		
Stock compensation	$ 64	$ 114
Accrued expenses	171	669
Net operating losses (1)	285	357
Lease liabilities	491	955
Other	44	48
Gross deferred tax assets	1,055	2,143
Deferred tax liability:		
Right-of-use lease assets	459	922
Front Yard common stock	1,547	42
Depreciation	2	4
Other	5	—
Gross deferred tax liabilities	2,013	968
Net deferred tax (liability) asset before valuation allowance	(958)	1,175
Valuation allowance	(69)	(491)
Deferred tax (liability) asset, net	$ (1,027)	$ 684

(1) Net operating loss (“NOL”) carry-forwards for tax years prior to 2018 expire in 2037. Beginning with 2018, NOLs are carried forward indefinitely.

The change in deferred tax assets is included in changes in other non-current assets in the consolidated statement of cash flows. Significant factors contributing to the decrease in our valuation allowance in 2020 are decreases in the temporary differences attributable to our investment in Front Yard common stock, partially offset by tax losses in the USVI.

ASC 740 requires that the tax benefit of net operating losses, temporary differences and credit carryforwards be recorded as an asset to the extent that management assesses that realization is "more likely than not." Realization of the future tax benefits is dependent on the Company's ability to generate sufficient taxable income within the carryforward period. AAMC has historically been in a three-year cumulative loss position. As such, a full valuation allowance against the EDC deferred tax assets and liabilities was recorded as of December 31, 2019. With the recognition of the Termination Fee payments as income in 2020, AAMC is no longer in a cumulative three-year loss position for GAAP and tax purposes. However, we believe that it is more likely than not that the company will not realize the benefit of its net deferred tax assets. As such, the EDC deferred tax asset was fully recorded with a full valuation allowance in 2020. The valuation allowance decreased by $422 thousand during the year ended December 31, 2020.

The following table sets forth the reconciliation of the statutory USVI income tax rate from continuing operations to our effective income tax rate:

	Year ended December 31,	
	2020	2019
U.S. Virgin Islands income tax rate	23.1 %	23.1 %
State and local income tax rates	(0.1)	(0.2)
EDC benefits in the USVI	(33.0)	(26.9)
Foreign tax rate differential	(0.2)	(0.2)
Permanent and other	(1.5)	(0.2)
Share-based compensation	(0.5)	(1.1)
Valuation allowance	(1.1)	(1.7)
Other Adjustments / Rate difference on US NOL carryback	7.9	5.6
Effective income tax rate	(5.4)%	(1.6)%

During the tax years ended December 31, 2020 and 2019, we recognized no interest or penalties associated with unrecognized tax benefits. As of December 31, 2020 and 2019, we had accrued no unrecognized tax benefits or associated interest and penalties.

AAMC believes that the tax positions taken in the AAMC tax returns satisfy the more-likely-than-not threshold for benefit recognition. Furthermore, a review of the AAMC entity trial balances suggests that AAMC has appropriately addressed the material book-tax differences. AAMC is confident that the amounts claimed (or expected to be claimed) in the tax returns reflect the largest amount of such benefits that are greater than fifty percent likely of being realized upon ultimate settlement. Accordingly, no ASC 740-10-25 liabilities have been recorded by the Company as a result of ASC 740-10-25.

We remain subject to tax examination in the USVI for tax years 2017 to 2020 and in the United States for tax years 2017 to 2020.

10. Earnings Per Share

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

	Year ended December 31,	
	2020	**2019**
Numerator		
Continuing operations:		
Net loss	$ (14,720)	$ (10,557)
Amortization of preferred stock issuance costs	(42)	(206)
Numerator for continuing operations for basic and diluted EPS - net loss attributable to common stockholders	$ (14,762)	$ (10,763)
Discontinued operations:		
Numerator for basic and diluted EPS from discontinued operations - net gain from discontinued operations	$ 54,541	7,944
Total:		
Net income (loss)	$ 39,821	$ (2,613)
Amortization of preferred stock issuance costs	(42)	(206)
Numerator for basic and diluted EPS - net income (loss) attributable to common stockholders	39,779	(2,819)
Denominator		
Weighted average common stock outstanding – basic	1,631,326	1,589,952
Weighted average common stock outstanding – diluted	1,631,326	1,589,952
Net earnings (loss) per share of common stock – basic:		
Net loss per share from continuing operations - basic	$ (9.05)	$ (6.77)
Net earnings per share from discontinued operations - basic	33.43	5.00
Net earnings (loss) per basic common share	$ 24.38	$ (1.77)
Net earnings (loss) per share of common stock – diluted:		
Net loss per share from continuing operations - diluted	$ (9.05)	$ (6.77)
Net earnings per share from discontinued operations - diluted	33.43	5.00
Net earnings (loss) per diluted common share	$ 24.38	$ (1.77)

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

	Year ended December 31,	
	2020	**2019**
Numerator		
Amortization of preferred stock issuance costs	$ 42	$ 206
Denominator		
Stock options	7,609	12,860
Restricted stock	67,616	26,575
Preferred stock, if converted	200,000	200,000

11. Segment Information

Our primary business is to provide asset management and certain corporate governance services to institutional investors. Because substantially all of our revenue was derived from the services we provided to Front Yard, we operate as a single segment focused on providing asset management and corporate governance services.

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12. Quarterly Financial Information (Unaudited)

The following tables set forth our quarterly financial information (unaudited, $ in thousands except per share amounts):

	2020			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total income (loss) from continuing operations	$ (5,654)	$ (10,212)	$ (3,089)	$ 4,235
Total income from discontinued operations	1,897	2,377	14,843	35,424
Net income (loss)	$ (3,757)	$ (7,835)	$ 11,754	$ 39,659
Earnings (loss) per share - basic				
Continuing operations - basic	$ (3.52)	$ (6.27)	$ (1.89)	$ 2.57
Discontinued operations - basic	1.17	1.46	9.09	21.49
Earnings (loss) per basic common share	$ (2.35)	$ (4.81)	$ 7.20	$ 24.06
Earnings (loss) per share - diluted				
Continuing operations - diluted	$ (3.52)	$ (6.27)	$ (1.89)	$ 2.17
Discontinued operations - diluted	1.17	1.46	9.09	18.18
Earnings (loss) per diluted common share	$ (2.35)	$ (4.81)	$ 7.20	$ 20.35

	2019			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total income (loss) from continuing operations	(2,408)	1,016	(5,467)	(3,698)
Total income from discontinued operations	1,568	2,273	1,944	2,159
Net income (loss)	(840)	3,289	(3,523)	(1,539)
Earnings (loss) per share - basic				
Continuing operations - basic	$ (1.55)	$ 0.61	$ (3.47)	$ (2.35)
Discontinued operations - basic	0.99	1.43	1.22	1.35
Earnings (loss) per basic common share	$ (0.56)	$ 2.04	$ (2.25)	$ (1.00)
Earnings (loss) per share - diluted				
Continuing operations - diluted	$ (1.55)	$ 0.56	$ (3.47)	$ (2.35)
Discontinued operations - diluted	0.99	1.25	1.22	1.35
Earnings (loss) per diluted common share	$ (0.56)	$ 1.81	$ (2.25)	$ (1.00)

13. Subsequent Events

Management has evaluated the impact of all events subsequent to December 31, 2020 and through the issuance of these consolidated financial statements. Management has determined that there were no subsequent events requiring adjustment or disclosure in the financial statements, except as follows:

Sale of Indian Subsidiary in Connection with Termination Agreement

On January 1, 2021 we completed the sale of our India subsidiary, River Business Solutions Private Limited, for aggregate consideration of $8,200,000. The sale was in accordance with the terms set forth in the Termination Agreement. For additional detail of the Termination Agreement, refer to Note 1.

Acquisition of Indian Subsidiary in Connection with Termination Agreement

On January 1, 2021 we completed the acquisition of Front Yard's India subsidiary, Front Yard Business Solutions Private Limited, for a nominal amount. The acquisition was in accordance with the terms set forth in the Termination Agreement. The acquisition of this subsidiary will be accounted for as an asset acquisition. For additional detail, refer to Note 1.

Settlement of Preferred Shares

On February 17, 2021, the Company entered into a settlement agreement dated as of February 17, 2021 (the "Settlement Agreement") with Putnam Focused Equity Fund, a series of Putnam Funds Trust, as successor in interest to each of Putnam Equity Spectrum Fund and Putnam Capital Spectrum Fund, each a series of Putnam Funds Trust (collectively, "Putnam"), one of the plaintiffs in the litigation related to the Company's Series A Convertible Preferred Stock. The Company agreed to exchange all 81,800 of the Series A Shares held by Putnam for 288,283 shares of the Company's common stock. This settlement will increase the number of shares of our common stock outstanding by 288,283 shares for basic EPS calculations. Because the Series A Shares are included in the attached financial statements on an if-converted basis for diluted EPS calculations at an exchange rate of 0.8 shares of common stock per Series A Share, the settlement will increase the number of shares of our common stock outstanding by 222,843 shares which will result in our EPS calculations in future filings being diluted relative to the subject calculation. For additional detail, please refer to the company's Form 8-K filed February 18, 2021.

Acquisition of Assets

In February 2021, we established a standard securities margin account with an independent, third-party banking institution intended to enable us to borrow funds on margin secured by the purchased securities in the account. We utilized this account to purchase $96.9 million publicly traded securities of mortgage REITs, funded with an aggregate of $68 million dollars of cash on hand and approximately $28.9 million dollars borrowed under a standard margin arrangement. The margin account is secured by the aggregate acquired securities, and will bear interest at a rate of one-month LIBOR plus 1.00%. For additional detail, please refer to the company's Form 8-K filed February 18, 2021.

Exhibit 4.1

Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, as amended

The common stock, par value $0.01 per share ("Common Stock"), of Altisource Asset Management Corporation, a US Virgin Islands corporation (the "Company"), is registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The following description of the Common Stock sets forth certain general terms and provisions of the Common Stock. These descriptions are in all respects subject to and qualified in their entirety by, and should be read in conjunction with, the applicable provisions of the Amended and Restated Articles of Incorporation of the Company (the "Charter"), the Third Amended and Restated Bylaws of the Company (the "Bylaws"), and the Certificate of Designations of the Series A Convertible Preferred Stock (the "Series A Designations Certificate") (each of which is incorporated herein by reference) and the applicable provisions of the US Virgin Islands Code ("USVIC").

Dividends Rights. Subject to the preferential rights any shares of preferred stock currently outstanding or subsequently classified, a holder of Common Stock is entitled to receive dividends, if, as and when authorized and declared by the Company's Board of Directors (the "Board"), out of any funds available therefor. The Company currently does not pay a regular distribution on the Common Stock, but the Company has from time-to-time declared dividends on its preferred stock, excluding the Series A Preferred.

Liquidation Preference. In the event of the liquidation, dissolution or winding up of the Company, or a Change of Control (as defined in the Series A Designations Certificate), subject to the preferential rights of the Series A Convertible Preferred Stock (the "Series A Preferred") and *pari passu* with the rights of the other classes of preferred shares currently outstanding, a holder of Common Stock is entitled to share ratably in the Company's assets that may legally be distributed to the Company's stockholders.

Relationship to Preferred Stock and Other Shares of Common Stock. The rights of a holder of Common Stock will be subject to, and may be adversely affected by, the rights of holders of any preferred stock that may be issued in the future. The Board may cause preferred stock to be issued to the Company's officers, directors and employees pursuant to benefit plans.

A holder of Common Stock has no preferences, conversion rights, sinking fund, redemption rights, or preemptive rights to subscribe for any other securities of the Company. All shares of Common Stock have equal distribution, liquidation, voting and other rights.

Voting Rights. Except as may otherwise be required by law, a holder of Common Stock has one vote per share on all matters submitted to a vote of the Company's stockholders, including the election of directors.

Under the USVIC, a US Virgin Islands corporation generally cannot dissolve, amend its charter, sell all or substantially all of its assets, or engage in similar transactions outside the ordinary course of business, unless approved by the affirmative vote of stockholders holding at least a majority of the outstanding shares of the affected class of stock. Furthermore, under the USVIC, a US Virgin Islands corporation may not merge or consolidate with another company without affirmative vote of stockholders holding at least two-thirds of the outstanding shares of stock.

Additionally, the Bylaws are subject to the alteration or repeal, and new bylaws may be made, by the affirmative vote of shareholders holding at least a majority of the outstanding shares entitled to vote in the election of directors.

The Charter and the Bylaws do not allow for cumulative voting in the election of directors, and a majority of the votes cast in an election for a director is required to elect a director.

Stockholder Liability. Under the USVIC applicable to US Virgin Islands corporations, holders of Common Stock will not be liable as stockholders for the Company's obligations solely as a result of their status as stockholders of the Company.

Transfer Agent. The registrar and transfer agent for shares of the Common Stock is American Stock & Transfer Company.

Exhibit 10.7

AMENDED AND RESTATED EMPLOYMENT AGREEMENT
INDRONEEL CHATTERJEE

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement") is entered into by and between Altisource Asset Management Corporation ("AAMC", the "Company," or the "Employer"), and Indroneel Chatterjee (the "Executive") as of December 4, 2020.

WHEREAS, the Employee and Employer entered into that certain Employment Agreement, dated January 11, 2020 (the "Original Agreement");

WHEREAS, the Employee and the Employer desire to amend and restate the Original Agreement on the terms set forth in this Agreement;

WHEREAS, pursuant to the Original Agreement, the Employer desired to employ the Executive as the Co-Chief Executive Officer of the Company;

WHEREAS, the Employer now desires to employ the Executive as the Company's sole Chief Executive Officer upon the termination of the Amended and Restated Asset Management Agreement, by and among the Company, Front Yard Residential Corporation and Front Yard Residential, L.P., as contemplated by that certain Termination and Transition Agreement filed by the Company on Form 8-K with the U.S. Securities and Exchange Commission ("SEC") on August 14, 2020 (the "Termination Event") and the Executive desires to serve in such capacity after such event.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter set forth, Employer and the Executive hereby agree as follows:

1. Employment.
(a) Term. The term of this Agreement began on the first day of the Executive's employment with the Employer, as determined by the Executive and the Company (the "Effective Date"), and shall continue until the termination of the Executive's employment. The period commencing on the Effective Date and ending on the date on which the Executive's employment terminates is referred to herein as the "Term."

(b) Duties. During the Term Executive shall serve as the Co-Chief Executive Officer until such time as the Termination Event occurs at which point the Executive shall serve as the sole Chief Executive Officer of the Employer, with duties, responsibilities and authority commensurate therewith, and shall report to the Board of Directors of the Employer (the "Board"). The Executive shall perform all duties and accept all responsibilities incident to such position as may be reasonably assigned to the Executive by the Board. The Executive was appointed to the Board on the Effective Date and currently holds the position of Chairman of the Board, for which the Executive shall receive no compensation in addition to that described below in Section 2. The Executive represents to the Employer that the Executive is not subject to or a party to any employment agreement, noncompetition covenant, or other agreement that might be alleged to be breached by, or to prohibit the Executive from, executing this Agreement and performing fully the Executive's duties and responsibilities hereunder, except for the Executive's

Separation Agreement and Release with Altisource Solutions, Inc. ("Solutions"), entered into as of March 22, 2018, which is available on the SEC's "Edgar" website.

(c) Best Efforts. During the Term, the Executive shall devote his best efforts and substantially all his time and attention to promote the business and affairs of the Employer and its affiliated entities, and shall be engaged in other business activities only to the extent that such activities do not materially interfere or conflict with the Executive's obligations to the Employer and its affiliated entities hereunder, including, without limitation, obligations pursuant to Section 14 below. The foregoing shall not be construed as preventing the Executive from (1) serving on civic, educational, philanthropic or charitable boards or committees, or, with the prior written consent of the Board, in its sole discretion, on corporate boards, and (2) managing personal investments, so long as such activities are permitted under the Employer's code of conduct and employment policies and do not violate the provisions of Section 14 below; provided that, the activities set forth in the preceding clauses (1) and (2) do not materially interfere or conflict with the Executive's duties or obligations to the Employer and its affiliated entities and his time commitments with respect thereto, as determined by the Board; and provided, however, that the Executive may hold, directly or indirectly, solely as a passive investment, less than five percent (5%) of the outstanding securities of any person or entity which is listed on any national securities exchange.

(d) Principal Place of Employment. The Executive understands and agrees that his principal place of employment will be at the Employer's headquarters currently located in Christiansted, United States Virgin Islands 00820, and that the Executive will be required to travel for business in the course of performing his duties for the Employer.

2. Compensation.

(a) Base Salary. During the Term, the Employer shall pay the Executive a base salary ("Base Salary"), at the annual rate of $675,000, which shall be paid in installments in accordance with the Employer's normal payroll practices. The Executive's Base Salary shall be reviewed annually by the Board of Directors of the Employer pursuant to the normal performance review policies for senior-level executives and may be adjusted from time to time as the Compensation Committee of the Board (the "Compensation Committee") deems appropriate, and shall not be reduced except as part of an across-the-board reduction in base salary of the Employer's "chief" level officers of no more than ten percent (10%). The Compensation Committee may take any actions of the Board pursuant to this Agreement.

(b) Annual Bonus; Signing Bonus. The Executive shall be eligible to receive an annual bonus for each fiscal year during the Term, commencing with the fiscal year 2020, based on the attainment, as determined by the Board in its sole discretion, of individual and corporate reasonable performance goals and targets established by the Board in its sole discretion ("Annual Bonus"). The target amount of the Executive's Annual Bonus for any fiscal year during the Term shall be $1,600,000 (the "Target Bonus"), with the amount of such Annual Bonus as may be determined by the Compensation Committee. In addition, on or about the Effective Date, the Executive received a signing bonus in the amount of $800,000 (the "Signing Bonus"); provided, that if within the two year period beginning on the Effective Date, the Executive's employment is terminated by the Executive without Good Reason (as defined below) or by the Employer for

Cause (as defined below), the Executive shall immediately repay to the Employer fifty percent (50%) of the gross amount of the Signing Bonus paid to the Executive by the Employer. For the avoidance of doubt, the amount required to be repaid by the Executive pursuant to the proceeding sentence is fifty percent (50%) of the entire amount of the Signing Bonus prior to any withholding under Section 20 hereof. Any Annual Bonus shall be paid after the end of the fiscal year to which it relates, at the same time and under the same terms and conditions as the bonuses for other executives employed by the Employer; provided that the Executive remains employed by the Employer on the last day of the fiscal year to which the Annual Bonus applies, and provided further that in no event shall the Executive's Annual Bonus be paid later than the fifteenth day of the third month following the last day of the fiscal year to which the Annual Bonus relates. The Annual Bonus shall be subject to the terms of any annual bonus plan that is applicable to other executives of the Employer, except as otherwise provided in this Section 2(b).

(c) Equity Compensation.

(i) The Employer granted the Executive the following equity awards (together, the "Inducement Award") during the period between the Effective Date and the date hereof. The Inducement Award was offered to the Executive as a material inducement to the Executive in connection with the Employer's hiring of the Executive as its Co-Chief Executive Officer and upon the Termination Event, Chief Executive Officer, as an "employment inducement" award under New York Stock Exchange Listing Rule 303A.08, and as an inducement grant and outside of the Altisource Asset Management Corporation 2012 Equity Incentive Plan (the "Equity Plan"). Although granted as an inducement award outside the Equity Plan, the Inducement Award shall be subject to the terms of the Equity Plan as if issued thereunder.

(1) On or about the Effective Date, the Employer granted the Executive a nonqualified stock option (the "Option") to purchase 60,000 shares of the common stock of the Employer ("Employer Stock"), subject to the terms of the Equity Plan as if issued thereunder and subject to the terms of the award agreement established by the Compensation Committee in connection with the grant. The exercise price of the Option shall be the Fair Market Value, as defined in the Equity Plan, of Employer Stock on the principal market on which Employer Stock is traded on the grant date. The Option shall vest and become exercisable as follows:

(A) A portion of the Option, covering 40,000 shares of Employer Stock, shall vest as follows: the first third of such portion of the Option (13,333 shares) shall vest and become exercisable on the first date on which the closing price of Employer Stock is equal to or exceeds four (4) times the exercise price of the Option, and the remaining two thirds of that portion of the Option (26,667 shares) shall vest in two equal installments on the first and second anniversaries of such date, provided that the Executive remains employed by and in good standing with the Company or any of its subsidiaries on the applicable vesting date; and

(B) The remaining portion of the Option, covering 20,000 shares of Employer Stock, shall vest as follows: the first third of such portion of the Option (6,666 shares) shall vest and become exercisable on the first date on which the closing price of Employer Stock is equal to or exceeds eight (8) times the exercise price of the Option, and the remaining two thirds of that portion of the Option (13,334 shares) shall vest in two equal installments on the first and second anniversaries of such date, provided that the Executive remains employed by and in good standing with the Company or any of its subsidiaries on the applicable vesting date.

(2) On or about the Effective Date, the Employer granted the Executive 60,000 restricted shares of Employer Stock, subject to the terms of the Equity Plan as if issued thereunder and subject to the terms of the award agreement established by the Compensation Committee in connection therewith (the "Restricted Shares"). The Restricted Shares shall vest in three (3) equal installments on the first three anniversaries of the grant date, provided, that the Executive remains employed by and in good standing with the Employer or any subsidiary of the Employer through the applicable vesting date.

(ii) If the Company executes rights offering programs for Employer Stock subsequent to the date of grant of the Restricted Shares, the Executive shall be granted additional options pursuant to and in accordance with the terms of the Equity Plan (or any successor plan thereto) and the terms of the award agreement established by the Compensation Committee in connection therewith (the "Anti-Dilution Options") upon the closing of each rights offerings program, such that the number of shares of Employer Stock that the Executive owns outright, or has at any time owned outright, plus the number of shares that are subject to equity awards that the Executive holds pursuant to the Equity Plan, whether vested or unvested, including the Option and the Anti-Dilution Options, calculated as a percentage of the fully diluted shares of Employer Stock outstanding after giving effect to each rights offering program and the grant of Anti- Dilution Options, is not less than five percent (5%). Any Anti-Dilution Option shall have an exercise price that is equal to the Fair Market Value of the Employer Stock on the date of grant, and shall vest in four equal installments on the first four anniversaries of the date of grant, provided that the Executive remains employed by and in good standing with the Employer or any subsidiary of the Employer through the applicable vesting date. For the avoidance of doubt, the granting, purchase or vesting of any equity or equity- based awards under the Equity Plan or that are otherwise compensatory in nature to the Executive or any other person shall not be considered anti-dilutive in nature, and Executive shall not be entitled to a grant of any Anti-Dilution Options in connection therewith.

3. Retirement and Welfare Benefits. During the Term, the Executive shall be eligible to participate in any health, life insurance, long-term disability, retirement and welfare benefit plans and programs sponsored by the Employer, in each case as may be generally available to senior executives of the Employer, pursuant to the plans' and programs' respective terms and

conditions as in effect from time to time. Nothing in this Agreement shall preclude the Employer from terminating or amending any employee benefit plan or program from time to time after the Effective Date.

4. Vacation. During the Term, the Executive shall be entitled to five (5) weeks of vacation each year and holiday and sick leave at levels commensurate with those provided to other senior executives of the Company, in accordance with the Employer's vacation, holiday and other pay- for-time-not-worked policies.

5. Business and Other Expenses.

(a) Business Expenses. The Employer has or will reimburse the Executive for all necessary and reasonable travel and other business expenses incurred by the Executive in the performance of his duties hereunder in accordance with such policies and procedures as the Employer may adopt generally from time to time for executives.

(b) Other Expenses. The Employer has or will reimburse the Executive for the following expenses reasonably incurred in accordance with the Company's policies and procedures. Such reimbursements will be taxable to the Executive to the extent required by law.

(i) A shipment of one 40 ft. cargo container to the USVI and storage costs for up to sixty (60) days;

(ii) travel, meals and lodging for one (1) three (3)-day house hunting trip to the USVI for the Executive and his spouse;

(iii) temporary housing expenses for up to 180 days, which shall not exceed $35,000.00; (iv) either: A. customary selling costs and closing costs associated with sale of the Executive's current residence and purchase of a permanent home within the first year of employment or B. realtor commission of up to one month's rent;

(v) travel, meals and lodging for one (1) two (2)-day trip for the Executive, his spouse, and up to two (2) pets to relocate to the USVI;

(vi) a lump sum of $30,000.00 for incidental expenses for settling in to the Executive's new residence in the USVI, to be paid upon the earlier of the Effective Date or the next regular pay period of the Company after the Effective Date;

(vii) one (1) round-trip airfare to New York per 12 months for the Executive and his spouse;

(viii) fees associated with obtaining a residence authorization for the Executive's spouse, which shall not exceed $7,000.00;

(ix) a housing allowance for twenty-four (24) months, which shall not exceed $70,000.00 per year (pro-rated for the portion of the year during which the Executive is employed

and is not being provided housing under the temporary housing allowance set forth in Section 5(b)(iii) above;

(x) legal fees for the negotiation of this Agreement, which shall not exceed $17,000.00; and

(xi) tax preparation work incurred as a result of the Executive's employment with the Company, which shall not exceed $5,000.00.

6. Termination Without Cause; Resignation for Good Reason. The Employer may terminate the Executive's employment at any time without Cause. The Executive may initiate a termination of employment by resigning for Good Reason. Upon termination by the Employer without Cause or resignation by the Executive for Good Reason, the Executive shall be entitled to receive any accrued but unpaid Base Salary and business or other expenses incurred up to the date of termination and reimbursable pursuant to Section 5(a) and/or Section 5(b), and any benefits accrued and due under any applicable benefit plans and programs of the Employer, including any vested Options or Restricted Stock ("Accrued Obligations"), with such Accrued Obligations paid regardless of whether the Executive executes or revokes a written Agreement and Release (as defined below). In addition, in the event that the Executive is terminated without Cause by the Employer or resigns for Good Reason, the Employer shall deliver to the Executive within five (5) days of such termination or resignation an Agreement and Release and in consideration for the Executive's compliance with the undertakings set forth in Section 14(a) and in the other provisions of Section 14, if the Executive executes and delivers to the Company the Agreement and Release within fifty (50) days of the Executive's termination of employment, and does not revoke such Agreement and Release such that it becomes effective by its terms prior to the sixtieth (60th) day following the Executive's termination of employment, the Executive shall be entitled to receive, in lieu of any payments under any severance plan or program for employees or executives, the following:

(a) a cash payment equal to one (1) times the Executive's annual Base Salary as in effect on the date on which the Executive's employment is effectively terminated with the Company (the "Termination Date"), plus one (1) times the Executive's Target Bonus, with the sum of those two amounts payable immediately on the sixtieth (60th) day after the Executive's Termination Date, provided Executive does not revoke such Agreement and Release prior to such date;

(b) reimbursement in cash equal to 100% of the COBRA premiums incurred by the Executive for the Executive and his eligible dependents under the Employer's health plans during the twelve (12) month period following the Executive's termination of employment. Such reimbursement shall be provided on the payroll date immediately following the date on which the Executive remits the applicable premium payment and provides proof of payment to the Company, and shall commence within sixty (60) days after the Executive's Termination Date; *provided that* the first payment shall include any reimbursements that would have otherwise been payable during the period beginning on the Executive's Termination Date and ending on the date of the first reimbursement payment. If the Company so determines in its sole discretion, or to the extent required by law, reimbursement payments shall be treated as taxable compensation to the Executive;

(c) accelerated vesting of any Options, Anti-Dilution Options and Restricted Shares granted pursuant to Section 2(c) that remain unvested as of the date of the Executive's termination of employment, subject to the terms and conditions of the Equity Plan, including the minimum vesting provisions set forth therein, and the applicable grant agreement, including all vesting provisions therein; and

(d) the Employer shall have no additional obligations to the Executive.

7. Cause. The Employer may terminate the Executive's employment at any time for Cause upon written notice to the Executive, in which event all payments under this Agreement shall cease, except for any Accrued Obligations, and Employer shall have no additional obligations to the Executive.

8. Voluntary Resignation Without Good Reason. The Executive may voluntarily terminate employment without Good Reason. In such event, after the effective date of such termination, no payments shall be due under this Agreement, except that the Executive shall be entitled to any Accrued Obligations.

9. Disability. If the Executive incurs a Disability during the Term, the Employer may terminate the Executive's employment on or after the date of Disability. If the Executive's employment terminates on account of Disability, the Executive shall be entitled to receive any Accrued Obligations. For the avoidance of doubt, in the event of such termination, the Executive shall not be eligible to receive any payments or benefits pursuant to Section 6. For purposes of this Agreement, the term "Disability" shall mean the Executive is eligible to receive long-term disability benefits under the Employer's long-term disability plan or, if the Employer does not have a long-term disability plan, the Executive is unable to perform the essential functions of his job, with or without any reasonable accommodation required by applicable law, for 120 days in any 180-day period.

10. Death. If the Executive dies during the Term, the Executive's employment shall terminate on the date of death and the Employer shall pay to the Executive's executor, legal representative, administrator or designated beneficiary, as applicable, any Accrued Obligations. Otherwise, the Employer shall have no further liability or obligation under this Agreement to the Executive's executors, legal representatives, administrators, heirs or assigns or any other person claiming under or through the Executive. For the avoidance of doubt, in the event of such termination, the Executive shall not be eligible to receive any payments or benefits pursuant to Section 6.

11. Resignation of Positions. Effective as of the date of any termination of employment, the Executive will resign from all Company-related positions, including as an officer and director of the Company.

12. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) "Cause" shall mean determination by the Board in good faith, after providing the Executive with an opportunity, within seven (7) days after written notice to the Executive, to appear before and address the Board in connection with the Board's potential

determination of Cause, of the Executive’s (1) material breach of this Agreement or any confidentiality, nonsolicitation, noncompetition or inventions assignment agreement with the Employer; (2) willful or grossly negligent conduct (including, but not limited to, fraud or embezzlement) in connection with his employment, which conduct in the reasonable determination of the Board has had or will have a material detrimental effect on the Employer’s business; (3) commission of an act of dishonesty, fraud, embezzlement or theft in connection with his employment, which conduct in the reasonable determination of the Board has had or is reasonably likely to have a material detrimental effect on the Employer’s business; (4) engagement in conduct that causes, or is likely to cause, material damage to the property or reputation of the Employer; (5) failure to perform satisfactorily the material duties of the Executive’s position (other than by reason of disability) as reasonably determined by the Board after receipt of a written warning from the Board; (6) commission of a felony or any crime of moral turpitude; or (7) material failure to comply with the Employer’s code of conduct or employment policies.

(b) “Agreement and Release” shall mean a separation agreement and general release of any and all claims against the Employer and all related parties with respect to all matters arising out of the Executive’s employment by the Employer, and the termination thereof (other than claims for any entitlements under the terms of this Agreement or under any plans or programs of the Employer under which the Executive has accrued and is due a benefit), in the form provided by the Company.

(c) For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following, in each case during the Employment Term without the Executive's written consent:

(i) a material reduction in the Executive's Base Salary, except as part of an across-the-board reduction in base salary of the Employer’s “chief” level officers of no more than ten percent (10%);

(ii) any material breach by the Company of any material provision of this Agreement or any material provision of any other agreement between the Executive and the Employer;

(iii) the Employer’s failure to obtain an agreement from any successor to Employer to assume and agree to perform this Agreement in the same manner and to the same extent that Employer would be required to perform if no succession had taken place, except where such assumption occurs by operation of law;

(iv) the Company's failure to nominate the Executive for election to the Board;

(v) a material, adverse change in the Executive's authority, duties, or responsibilities (other than temporarily while the Executive is physically or mentally incapacitated or as required by applicable law, and other than any such change that results from a transaction following which the Company or

the Executive’s business unit comprises a portion of a larger affiliated group); or

(vi) a change in the Executive’s title as sole Chief Executive Officer other than for Cause.

The Executive cannot terminate employment for Good Reason unless the Executive has provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within thirty (30) business days of the initial existence and Executive’s knowledge of such grounds and the Company has had at least thirty (30) business days from the date on which such notice is provided to cure such circumstances, if curable.

13. Section 409A.

(a) This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and regulations and other applicable guidance thereunder (together, “Section 409A”), or to qualify for an exemption thereto. Payment under this Agreement that are subject to Section 409A may only be made upon an event or events and in a manner permitted by Section 409A. Severance benefits under this Agreement are intended to be exempt from Section 409A under the “short-term deferral” exception, to the maximum extent applicable, and then under the “separation pay” exception, to the maximum extent applicable. Notwithstanding anything in this Agreement to the contrary, if required by Section 409A, if the Executive is considered a “specified employee” for purposes of Section 409A and if payment of any amounts under this Agreement is required to be delayed for a period of six months after the Executive’s separation from service, as defined in Section 409A, payment of such amounts shall be delayed as required by Section 409A, and the accumulated amounts shall be paid to the Executive in a lump-sum payment within 10 days after the end of the six-month period. If the Executive dies during the postponement period prior to the payment of benefits, the amounts withheld on account of Section 409A shall be paid to the personal representative of the Executive’s estate within sixty (60) days after the date of the Executive’s death.

(b) All payments to be made upon a termination of employment under this Agreement that are subject to Section 409A may only be made upon a “separation from service” of the Executive from the Employer under Section 409A of the Code. For purposes of Section 409A, each payment hereunder shall be treated as a separate payment, and the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments. In no event may the Executive, directly or indirectly, designate the fiscal year of a payment. Notwithstanding any provision of this Agreement to the contrary, in no event shall the timing of the Executive’s execution of the Agreement and Release, directly or indirectly, result in the Executive’s designating the fiscal year of payment of any amounts of deferred compensation subject to Section 409A, and if a payment that is subject to execution of the Agreement and Release could be made in more than one taxable year, payment shall be made in the later taxable year.

(c) All taxable reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirement that (i) any reimbursement be for expenses incurred during the

period specified in this Agreement, (ii) the amount of expenses eligible for reimbursement, or in- kind benefits provided, during a fiscal year not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other fiscal year, (iii) the reimbursement of an eligible expense be made no later than the last day of the fiscal year following the year in which the expense is incurred, and (iv) the right to reimbursement or in-kind benefits not be subject to liquidation or exchange for another benefit.

14. Restrictive Covenants. In consideration of the premises and of the mutual covenants and agreements herein set forth, including without limitation Executive's employment and compensation hereunder, including the Inducement Award, and the Employer's provision to the Executive of access to the Employer's business goodwill and Proprietary Information (as defined below):

(a) Noncompetition. The Executive agrees that during the Executive's employment with the Company and the 12-month period following the date on which the Executive's employment terminates for Cause or without Good Reason, the Executive will not, without the Board's express written consent, engage (directly or indirectly) in any Competitive Business in the United States. The term "Competitive Business" means entity or person that is engaged in a business that is the same as or substantially similar to the business conducted by the Company during the Executive's employment, or that is under consideration by the Board during the 12 months prior to the Executive's termination of employment (including the business of providing portfolio management and corporate governance services to real estate related investment vehicles and/or the buying and selling of real estate-based securities; provided that a Competitive Business does not include an investment banking business in a field that is unrelated to real estate). The Executive understands and agrees that, given the nature of the business of the Company and the Executive's position with the Company, the foregoing duration, scope of business activity and geographic scope are reasonable and appropriate.

(b) Nonsolicitation of Company Personnel. The Executive agrees that during the 12- month period following the date on which the Executive's employment terminates for any reason (the "Restriction Period"), the Executive will not, either directly or through others, hire or attempt to hire any employee, consultant or independent contractor of the Company, or solicit or attempt to solicit any such person to change or terminate his or her relationship with the Company or otherwise to become an employee, consultant, volunteer or independent contractor to, for or of any other person or business entity, unless more than twelve (12) months shall have elapsed between the last day of such person's employment or service with the Company and the first day of such solicitation or hiring or attempt to solicit or hire. If any employee, consultant, volunteer or independent contractor is hired or solicited by any entity that has hired or agreed to hire the Executive, such hiring or solicitation shall be conclusively presumed to be a violation by the Executive of this subsection (b).

(c) Nonsolicitation of Clients and Customers. The Executive agrees that during the Restriction Period, the Executive will not, either directly or through others, accept solicit, divert or appropriate, or attempt to accept, solicit, divert or appropriate, any client or customer or actively sought prospective client or customer of the Company for the purpose of providing such client or customer or actively sought prospective client or customer with services or products

competitive with those offered by the Company during the Executive’s employment with the Company.

(d) Proprietary Information. At all times, the Executive will hold in strictest confidence and will not disclose, use, lecture upon or publish any of the Proprietary Information
(defined below) of the Company, except as such disclosure, use or publication may be required in connection with the Executive’s work for the Company or as described in Section 14(e) below, or unless the Company expressly authorizes such disclosure in writing. “Proprietary Information” shall mean any and all confidential and/or proprietary knowledge, data or information of the Company and its shareholders, including but not limited to information relating to financial matters, investments, budgets, business plans, marketing plans, personnel matters, business contacts, products, processes, know-how, designs, methods, improvements, discoveries, inventions, ideas, data, programs, and other works of authorship.

(e) Reports to Government Entities. Nothing in this Agreement shall prohibit or restrict the Executive from initiating communications directly with, responding to any inquiry from, providing testimony before, providing confidential information to, reporting possible violations of law or regulation to, or filing a claim or assisting with an investigation directly with a self-regulatory authority or a government agency or entity, including the Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Department of Justice, the SEC, Congress, any agency Inspector General or any other federal, state, territorial or local regulatory authority (collectively, the “Regulators”), or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. The Executive does not need the prior authorization of the Employer to engage in conduct protected by this subsection, and the Executive does not need to notify the Employer that the Executive has engaged in such conduct. Please take notice that federal law provides criminal and civil immunity to federal and state claims for trade secret misappropriation to individuals who disclose trade secrets to their attorneys, courts, or government officials in certain, confidential circumstances that are set forth at 18 U.S.C. §§ 1833(b)(1) and 1833(b)(2), related to the reporting or investigation of a suspected violation of the law, or in connection with a lawsuit for retaliation for reporting a suspected violation of the law.

(f) Inventions Assignment. The Executive agrees that all inventions, innovations, improvements, developments, methods, designs, analyses, reports, and all similar or related information which relates to the Company’s actual or anticipated business, research and development or existing or future products or services and which are conceived, developed or made by the Executive while employed by the Company (“Work Product”) belong to the Company. The Executive will promptly disclose such Work Product to the Board and perform all actions reasonably requested by the Board (whether during or after the Term) to establish and confirm such ownership (including, without limitation, assignments, consents, powers of attorney and other instruments). If requested by the Company, the Executive agrees to execute any inventions assignment and confidentiality agreement that is required to be signed by employees of the Employer generally.

(g) Return of Company Property. Upon termination of the Executive’s employment with the Employer for any reason, and at any earlier time Employer requests, the Executive will deliver to the person designated by the Employer all originals and copies of all documents and

property of the Employer that is in the Executive’s possession or under the Executive’s control or to which the Executive may have access. The Executive will not reproduce or appropriate for the Executive’s own use, or for the use of others, any property, Proprietary Information or Work Product.

(h) Non-Disparagement. The Executive covenants and agrees that, except as set forth in Section 14(e) above, during the Term, and following termination of the Term, the Executive shall not make any disparaging remarks or communications, written or oral, regarding the Employer or its services, products, brands, trademarks, directors, officers, employees, consultants, advisors, licensors, licensees, customers, vendors or others with which it has a business relationship. The Employer covenants and agrees that during the Term, and following termination of the Term, the Employer shall not authorize any person to make to any person who is not an officer, employee, consultant, advisor or affiliate of the Company, any disparaging remarks or communications, written or oral, regarding the Executive.

15. Legal and Equitable Remedies; Arbitration.

(a) Because the Executive’s services are personal and unique and the Executive has had and will continue to have access to and has become and will continue to become acquainted with the Proprietary Information of the Company and its affiliates, and because any breach by the Executive of any of the restrictive covenants contained in Section 14 would result in irreparable injury and damage for which money damages would not provide an adequate remedy, the Company shall have the right to enforce Section 14 and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for a breach, or threatened breach, of the restrictive covenants set forth in Section 14. The Executive agrees that in any action in which the Company seeks injunction, specific performance or other equitable relief, the Executive will not assert or contend that any of the provisions of Section 14 are unreasonable or otherwise unenforceable.

(b) Except as otherwise set forth in this Agreement in connection with equitable remedies, any dispute, claim or controversy arising out of or relating to this Agreement or the Executive’s employment with the Company (collectively, “Disputes”), including, without limitation, any dispute, claim or controversy concerning the validity, enforceability, breach or termination of this Agreement, if not resolved by the parties, shall be finally settled by arbitration in accordance with the then-prevailing Employment Arbitration Rules and Procedures of the American Arbitration Association (“AAA”), as modified herein (“Rules”). Further, the Executive hereby waives any right to bring on behalf of persons other than the Executive, or to otherwise participate with other persons in, any class, collective, or representative action (including but not limited to any representative action under any federal, state or local statute or ordinance). The requirement to arbitrate covers all Disputes (other than disputes which by statute are not arbitrable) including, but not limited to, claims, demands or actions under the Age Discrimination in Employment Act (including Older Workers Benefit Protection Act); Americans with Disabilities Act; Civil Rights Act of 1866; Civil Rights Act of 1991; Employee Retirement Income Security Act of 1974; Equal Pay Act; Family and Medical Leave Act of 1993; Title VII of the Civil Rights Act of 1964; Fair Labor Standards Act; Fair Employment and Housing Act; any other law, ordinance or regulation regarding discrimination or harassment or

any terms or conditions of employment; and any claim under tort, contractual, statutory, or constitutional law. There shall be one arbitrator who shall be jointly selected by the parties. If the parties have not jointly agreed upon an arbitrator within twenty (20) calendar days after respondent's receipt of claimant's notice of intention to arbitrate, either party may request AAA, or such other arbitration provider as to which the parties agree, to furnish the parties with a list of names from which the parties shall jointly select an arbitrator. If the parties have not agreed upon an arbitrator within ten (10) calendar days after the transmittal date of such list, then each party shall have an additional five (5) calendar days in which to strike any names objected to, number the remaining names in order of preference, and return the list to AAA, or such other arbitration provider as to which the parties agree, which shall then select an arbitrator in accordance with the Rules. The place of arbitration shall be New York, New York. By agreeing to arbitration, the parties hereto do not intend to deprive any court of its jurisdiction to issue a pre-arbitral injunction, including, without limitation, with respect to the provisions of Section 14. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1-16. The determination as to arbitrability shall be made by the arbitrator. A party who files in court a claim that is subject to arbitration hereunder shall, upon request by the other party, immediately withdraw or dismiss such claim. Judgment upon the award of the arbitrator may be entered in any court of competent jurisdiction. The arbitrator shall: (a) have authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be available under applicable law in a court proceeding; and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The Company shall pay all administrative fees of AAA, or such other arbitration provider as to which the parties agree, in excess of $435 (a typical filing fee in court) and the arbitrator's fees and expenses. Each party shall bear its, his or her own costs and expenses (including attorney's fees) in any such arbitration and, at the conclusion of the arbitration, the arbitrator shall have the power to award to the prevailing party any and all costs and expenses incurred with respect to such arbitration, including without limitation, reasonable attorneys' fees, disbursements and costs. The prevailing party shall be determined based upon an assessment of which party's arguments or positions could fairly be said to have prevailed over the other party's arguments or positions on major disputed issues in the arbitration. Such assessment should include evaluation of the following: the amount of the net recovery; the primary issues disputed by the parties; whether the amount of the award comprises a significant percentage of the amount sought by the claimant; and the most recent settlement positions of the parties. In the event any portion of this arbitration provision is found unenforceable by a court of competent jurisdiction, such portion shall become null and void leaving the remainder of this arbitration provision in full force and effect. The parties agree that all information regarding the arbitration, including any settlement thereof, shall not be disclosed by the parties hereto, except as otherwise required by applicable law.

(c) In the event that a party seeks injunctive relief in aid of an arbitration, or if for any reason arbitration is unavailable, the Executive irrevocably and unconditionally (1) agrees that
any legal proceeding arising out of this Agreement shall be brought solely in the United States District Court for the United States Virgin Islands, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in the United States Virgin Islands, (2) consents to the exclusive jurisdiction of such court in any such proceeding, and (3) waives any objection to the laying of venue of any such proceeding in any such court. The

Executive also irrevocably and unconditionally consents to the service of any process, pleadings, notices or other papers.

(d) Notwithstanding anything in this Agreement to the contrary, if the Executive's employment has been terminated without Cause or the Executive has resigned for Good Reason and the Executive then breaches any of the Executive's obligations under Section 14, the Company shall be obligated to provide to the Executive only the Accrued Obligations and any payments being made to Executive under Section 6 hereof shall cease, and the Company may require that the Executive repay all amounts theretofore paid to him pursuant to Section 6 hereof (other than the Accrued Obligations), and in such case, the Executive shall promptly repay such amounts on the terms determined by the Company.

16. Survival. The respective rights and obligations of the parties under this Agreement (including, but not limited to, under Sections 14 and 15) shall survive any termination of the Executive's employment or termination or expiration of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

17. No Mitigation or Set-Off. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced regardless of whether the Executive obtains other employment. The Company's and the Employer's obligations to make the payments provided for in this Agreement and otherwise to perform their respective obligations hereunder shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company or the Employer may have against the Executive or others.

18. Section 280G. In the event of a change in ownership or control of the Company under Section 280G of the Code, if it shall be determined that any payment or distribution in the nature of compensation (within the meaning of section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, the aggregate present value of the Payments under this Agreement shall be reduced (but not below zero) to the Reduced Amount (defined below) if and only if the Accounting Firm (described below) determines that the reduction will provide the Executive with a greater net after-tax benefit than would no reduction. No reduction shall be made unless the reduction would provide Executive with a greater net after-tax benefit. The determinations under this Section shall be made as follows:

(a) The "Reduced Amount" shall be an amount expressed in present value which maximizes the aggregate present value of Payments under this Agreement without causing any Payment under this Agreement to be subject to the Excise Tax (defined below), determined in accordance with Section 280G(d)(4) of the Code. The term "Excise Tax" means the excise tax imposed under Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(b) Payments under this Agreement shall be reduced on a nondiscretionary basis in such a way as to minimize the reduction in the economic value deliverable to the Executive.

Where more than one payment has the same value for this purpose and they are payable at different times, they will be reduced on a pro rata basis. Only amounts payable under this Agreement shall be reduced pursuant to this Section.

(c) All determinations to be made under this Section shall be made by an independent certified public accounting firm selected by the Company and agreed to by the Executive immediately prior to the change-in-ownership or -control transaction (the “Accounting Firm”). The Accounting Firm shall provide its determinations and any supporting calculations both to the Company and the Executive within ten (10) days of the transaction. Any such determination by the Accounting Firm shall be binding upon the Company and the Executive. All of the fees and expenses of the Accounting Firm in performing the determinations referred to in this Section shall be borne solely by the Company or the Employer.

19. Notices. All notices and other communications required or permitted under this Agreement or necessary or convenient in connection herewith shall be in writing and shall be deemed to have been given when hand delivered or mailed by registered or certified mail, as follows (provided that notice of change of address shall be deemed given only when received):

If to the Company or the Employer, to:

Altisource Asset Management Corporation 5100 Tamarind Reef
Christiansted, VI 00820
Attn: Chair of the Compensation Committee

With a copy (which shall not constitute notice) to:

Mark S. Opper, Esq.
Goodwin Procter LLP
100 Northern Avenue
Boston, MA 02210
Mopper@goodwinlaw.com

If to the Executive, to the most recent address on file with the Employer or to such other names or addresses as the Employer, or the Executive, as the case may be, shall designate by notice to each other person entitled to receive notices in the manner specified in this Section.

20. Withholding. All payments under this Agreement shall be made subject to applicable tax withholding, and the Employer shall withhold from any payments under this Agreement all federal, state, territorial and local taxes as the Employer is required to withhold pursuant to any law or governmental rule or regulation. The Executive shall bear all expense of, and be solely responsible for, all federal, state, territorial and local taxes due with respect to any payment received under this Agreement.

21. Remedies Cumulative; No Waiver. No remedy conferred upon a party by this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under this Agreement or now or

hereafter existing at law or in equity. No delay or omission by a party in exercising any right, remedy or power under this Agreement or existing at law or in equity shall be construed as a waiver thereof, and any such right, remedy or power may be exercised by such party from time to time and as often as may be deemed expedient or necessary by such party in its sole discretion.

22. Assignment. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, except that the duties and responsibilities of the Executive under this Agreement are of a personal nature and shall not be assignable or delegable in whole or in part by the Executive. The Employer may assign its rights, together with its obligations hereunder, in connection with any sale, transfer or other disposition of all or substantially all of its business and assets, and such rights and obligations shall inure to, and be binding upon, any successor to the business or any successor to substantially all of the assets of the Employer, as applicable, whether by merger, purchase of stock or assets or otherwise, which successor shall expressly assume such obligations, and the Executive acknowledges that in such event the obligations of the Executive hereunder, including but not limited to those under Section 14, will continue to apply in favor of the successor.

23. Company Policies. This Agreement and the compensation payable hereunder shall be subject to any applicable clawback or recoupment policies, share trading policies, and other policies that may be implemented by the Board from time to time with respect to officers of the Company; provided, that the repayment provisions in Sections 2(b) and 15(d) hereof shall not be modified unless required by applicable statute or regulation or by applicable rule of a regulatory or self-regulatory organization.

24. Indemnification. In the event the Executive is made, or threatened to be made, a party to any legal action or proceeding, whether civil or criminal, including any governmental or regulatory proceedings or investigations, by reason of the fact that the Executive is or was a director or officer of the Company, the Executive shall be indemnified by the Company, except to the extent such liability is attributable to the Executive’s gross negligence or willful misconduct, and the Company shall pay the Executive’s related expenses when and as incurred, to the fullest extent permitted by applicable law and the Company’s articles of incorporation and bylaws. During the Executive’s employment with the Company and after termination of the Executive’s employment for any reason, the Company shall cover the Executive under the Company’s directors’ and officers’ insurance policy applicable to other officers and directors according to the terms of such policy. In addition: (a) in the event that, as of September 1, 2020, Solutions refuses to pay the Executive the amounts due him under the terms of his Separation Agreement with Solutions (the “Separation Agreement”) for reasons allegedly attributable solely to the fact that the Executive engaged in communications with the Employer or its affiliates prior to entering into this Agreement, entered into this Agreement, or is performing his duties hereunder within the scope of his authority under this Agreement, the Employer will have the right to direct (and will pay for) the Executive’s legal action to recover such amounts from Solutions and will pay the Executive (i) the amount of unpaid deferred income due him from Solutions, not to exceed $175,000.00, and (ii) a cash amount equivalent to the fair market value of 20,196 shares of Solutions stock due to him, on their original vesting schedule; provided that, should the Executive recover and actually receive such amount from Solutions and Executive has

actually received such amounts from the Employer, he shall pay such recovered amount, including any interest thereon (to the extent any interest is actually paid to Executive), over to the Employer; and (b) in the event that Solutions declares a breach of the Separation Agreement, as a result solely of the fact that the Executive engaged in communications with the Employer or its affiliates prior to entering into this Agreement, entered into this Agreement, or is performing his duties hereunder within the scope of his authority under this Agreement, and solely on that basis successfully pursues a claim for damages under the Separation Agreement, the Employer shall indemnify Executive for any such claims and pay for the Executive's legal defense and for damages and/or losses of the Executive up to the sum of $3,000,000.00; provided that the Executive gives timely written notice to the Employer of any matter giving rise to a claim for indemnification; provided, that the Executive's failure to give timely notice as provided herein shall not relieve the Employer of its obligations under this Agreement except to the extent that the Employer is actually materially prejudiced by such failure to give timely notice. In case any action, proceeding or claim is brought against the Executive in respect of which the Executive seeks indemnification from the Employer, the Employer shall be entitled to participate in and, unless a conflict of interest exists between the Executive and the Employer with respect to such action, proceeding or claim, to assume the defense thereof with counsel reasonably satisfactory to the Executive. In the event that the Employer advises the Executive that it will contest such a claim for indemnification hereunder, or fails, within thirty (30) days of receipt of any indemnification notice to notify the Executive, in writing, of its election to defend, settle or compromise, at its sole cost and expense, any action, proceeding or claim (or discontinues its defense at any time after it commences such defense), then the Executive may, at his option, defend, settle or otherwise compromise or pay such action or claim. In any event, unless and until the Employer elects in writing to assume and does so assume the defense of any such claim, proceeding or action, the Executive's costs and expenses arising out of the defense, settlement or compromise of any such action, claim or proceeding shall be losses subject to indemnification hereunder, provided that the Company shall pay Executives legal fees and expenses for his defense of any such action, claim or proceeding as such fees and expenses are incurred by Executive and Executive delivers invoices for such fees and expenses to the Company for payment. The Executive shall cooperate fully with the Employer in connection with any negotiation or defense of any such action or claim by the Employer and shall furnish to the Employer all information reasonably available to the indemnified party, which relates to such action or claim.

25. Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto and supersedes any and all prior agreements and understandings concerning the Executive's employment by the Employer. This Agreement may be changed only by a written document signed by the Executive and the Employer.

26. Severability. If any provision of this Agreement or application thereof to anyone or
under any circumstances is adjudicated to be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement, which can be given effect without the invalid or unenforceable provision or application, and shall not invalidate or render unenforceable such provision or application in any other jurisdiction. If any provision is held void, invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances.

27. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the substantive and procedural laws of the United States Virgin Islands without regard to rules governing conflicts of law.

28. Counterparts. This Agreement may be executed in any number of counterparts (including facsimile counterparts), each of which shall be an original, but all of which together shall constitute one instrument.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

ALTISOURCE ASSET MANAGEMENT CORPORATION

	/s/ John A. Engerman
Name:	John A. Engerman
Date:	December 4, 2020

EXECUTIVE

	/s/ Indroneel Chatterjee
Name:	Indroneel Chatterjee
Date:	December 4, 2020

Exhibit 10.9

AMENDED AND RESTATED EMPLOYMENT AGREEMENT
CHRISTOPHER MOLTKE-HANSEN

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into by and between AAMC US, Inc. ("Company," or "Employer"), and Christopher Moltke-Hansen ("Employee") as of January 1, 2021 ("Effective Date").

WHEREAS, the Employer desires to employ the Employee as Chief Financial Officer and the Employee desires to serve in such capacity.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter set forth, Employer and the Employee hereby agree as follows:

1. Employment.

(a) Term. The term of this Agreement shall begin on January 1, 2021 and shall continue until the termination of the Employee's employment (the "Term")

(b) Duties. During the Term, the Employee shall serve as Chief Financial Officer of the Employer and its parent company, Altisource Asset Management Corporation ("Parent"), with duties, responsibilities and authority commensurate therewith, and shall report to the Chief Executive Officer and Chairman ("CEO") of Parent. During the Term, the Employee shall perform all duties and accept all responsibilities incident to such position as may be reasonably assigned to the Employee by the CEO. The Employee represents to the Employer that the Employee is not subject to or a party to any employment agreement, noncompetition covenant, or other agreement that might be alleged to be breached by, or to prohibit the Employee from, executing this Agreement and performing fully the Employee's duties and responsibilities hereunder. Furthermore, the Company represents to the Employee that the Company is not subject to or a party to any agreement that prohibits the Company from entering into this agreement with the Employee.

(c) Best Efforts. During the Term, the Employee shall devote his best efforts and substantially all his time and attention to promote the business and affairs of the Employer and its affiliated entities, and shall be engaged in other business activities only to the extent that such activities do not materially interfere or conflict with the Employee's obligations to the Employer and its affiliated entities hereunder, including, without limitation, obligations pursuant to Section 14 below. The foregoing shall not be construed as preventing the Employee from (1) serving on civic, educational, philanthropic or charitable boards or committees, or, with the prior written consent of the Board of Directors of the Employer ("Board"), in its sole discretion, on corporate boards, and (2) managing personal investments, so long as such activities are permitted under the Employer's code of conduct and employment policies and do not violate the provisions of Section 14 below; provided that, the activities set forth in the preceding clauses (1) and (2) do not materially interfere or conflict with the Employee's duties or obligations to the Employer and its affiliated entities and his time commitments with respect thereto, as determined by the Board; and provided, however, that the Employee may hold, directly or indirectly, solely as a passive

investment, less than five percent (5%) of the outstanding securities of any person or entity which is listed on any national securities exchange.

(d) Principal Place of Employment. The Employee understands and agrees that his principal place of employment will be at the Employer's office in Charlotte, North Carolina, United States 28209, and that the Employee will be required to travel for business, including at least quarterly for earnings, Board Meetings, and significant business activities related to Company and Parent in the course of performing his duties for the Employer.

2. Compensation.

(a) Base Salary. During the Term, the Employer shall pay the Employee a base salary ("Base Salary"), at the annual rate of $250,000, which shall be paid in installments in accordance with the Employer's normal payroll practices. The Employee's Base Salary shall be reviewed annually by the Board pursuant to the normal performance review policies for senior-level executives and may be adjusted from time to time as the Compensation Committee of the Board (the "Compensation Committee") deems appropriate, and shall not be reduced except as part of an across the board reduction in Base Salary of the Employer's executives which is no more than 10%. The Compensation Committee may take any actions of the Board pursuant to this Agreement.

(b) Annual Bonus; Signing Bonus. The Employee shall be eligible to receive an annual bonus for each fiscal year during the Term, commencing with the fiscal year 2020, based on the attainment, as determined by the Board in its sole discretion, of individual and corporate reasonable performance goals and targets established by the Board in its sole discretion ("Annual Bonus"). The target amount of the Employee's Annual Bonus for any fiscal year during the Term shall be $225,000, and Employee shall be eligible to earn an Annual Bonus up to 200% of the Base Salary. In addition, the Employee acknowledges the receipt of a signing bonus in the amount of $250,000 (the "Signing Bonus"). If within the first year after October 15, 2020, the Employee's employment is terminated by the Employee without Good Reason (as defined below) or by the Employer for Cause (as defined below), the Employee shall promptly repay to the Employer the net amount of the Signing Bonus paid to the Employee by the Company, and if within the second year after October 15, 2020, the Employee's employment is terminated by the Employee without Good Reason or by the Employer for Cause, the Employee shall immediately repay to the Employer fifty percent (50%) of the net amount of the Signing Bonus paid to the Employee by the Company. For the avoidance of doubt, the amounts the Employee is required to repay pursuant to the preceding sentence are the entire amount of the Signing Bonus paid by the Company less any taxes paid by the Employee, or fifty percent (50%) of such amount less any taxes paid by the Employee. Any Annual Bonus shall be paid after the end of the fiscal year to which it relates, at the same time and under the same terms and conditions as the bonuses for other executives employed by the Employer; provided that the Employee remains employed by the Employer on the last day of the fiscal year to which the Annual Bonus applies, and provided further that in no event shall the Employee's Annual Bonus be paid later than the fifteenth day of the third month following the last day of the fiscal year to which the Annual Bonus relates. The

Annual Bonus shall be subject to the terms of any annual bonus plan that is applicable to other executives of the Employer, except as otherwise provided in this Section 2(b).

(c) Equity Compensation. As soon as reasonably practicable, the Employer shall grant the Employee the following equity award (the "Inducement Award") pursuant to the Altisource Asset Management Corporation 2020 Equity Incentive Plan (the "Equity Plan"). The Employer shall grant the Employee 5,000 restricted shares of Parent's stock, subject to the terms of the Equity Plan as if issued thereunder and subject to the terms of the award agreement established by the Compensation Committee in connection therewith (the "Restricted Shares"). The Restricted Shares shall vest in three equal installments, on the first three anniversaries of October 15, 2020, provided that the Employee remains employed by and in good standing with the Employer or any subsidiary of the Employer through the applicable vesting date. Employee shall be eligible for additional grants under the Equity Plan as determined by the Board.

3. Retirement and Welfare Benefits. During the Term, the Employee shall be eligible to participate in any health, life insurance, long-term disability, retirement and welfare benefit plans and programs sponsored by the Employer, in each case as may be generally available to senior executives of the Employer, pursuant to the plans' and programs' respective terms and conditions as in effect from time to time. Nothing in this Agreement shall preclude the Employer from terminating or amending any employee benefit plan or program from time to time after the Effective Date.

4. Vacation. During the Term, the Employee shall be entitled to at least five (5) weeks of vacation each year and holiday and sick leave at levels commensurate with those provided to other senior executives of the Company, in accordance with the Employer's vacation, holiday and other pay-for-time-not-worked policies.

5. Business and Other Expenses.

(a) Business Expenses. The Employer shall reimburse the Employee for all necessary and reasonable travel and other business expenses incurred by the Employee in the performance of his duties hereunder in accordance with such policies and procedures as the Employer may adopt generally from time to time for executives, including the Employee's expenses to review this contract.

6. Termination Without Cause; Resignation for Good Reason. The Employer may terminate the Employee's employment at any time without Cause, as defined herein. The Employee may initiate a termination of employment by resigning for Good Reason. Upon termination by the Employer without Cause or resignation by the Employee for Good Reason, the Employee shall be entitled to receive any accrued but unpaid Base Salary, prorated Annual Bonus based on the prior year's Annual Bonus, and business or other expenses incurred up to the date of termination and reimbursable pursuant to Section 5(a), and any benefits accrued and due under any applicable benefit plans and programs of the Employer, including any vested Restricted Shares ("Accrued Obligations"), with such Accrued Obligations paid regardless of whether the Employee executes or revokes a written Agreement and Release (as defined below). In addition, in the event that the Employee is terminated without Cause by the Employer or

resigns for Good Reason, the Employer shall deliver to the Employee within five (5) days of such termination or resignation an Agreement and Release and in consideration for the Employee's compliance with the undertakings set forth in Section 14(a) and in the other provisions of Section 14, if the Employee executes and delivers to the Company the Agreement and Release within fifty (50) days of the Employee's termination of employment, and does not revoke such Agreement and Release such that it becomes effective by its terms prior to the sixtieth (60th) day following the Employee's termination of employment, the Employee shall be entitled to receive, in lieu of any payments under any severance plan or program for employees or executives, the following:

(a) a cash payment equal to one-half (0.5) times the Employee's annual Base Salary as in effect on the termination date, plus one-half (0.5) times the Employee's target Annual Bonus, with the sum of those two amounts payable in a lump sum within sixty (60) days following the Employee's termination date;

(b) reimbursement in cash equal to 100% of the COBRA premiums incurred by the Employee for the Employee and his eligible dependents under the Employer's health plans during the six (6) month period following the Employee's termination of employment. Such reimbursement shall be provided on the payroll date immediately following the date on which the Employee remits the applicable premium payment and provides proof of payment to the Company, and shall commence within sixty (60) days after the Employee's termination date; *provided that* the first payment shall include any reimbursements that would have otherwise been payable during the period beginning on the Employee's termination date and ending on the date of the first reimbursement payment. To the extent required by law, reimbursement payments pursuant to this section 6(b) shall be treated as taxable compensation to the Employee;

(c) accelerated vesting of any Restricted Shares granted pursuant to Section 2(c) that remain unvested as of the date of the Employee's termination of employment, subject to the terms and conditions of the Equity Plan, including the minimum vesting provisions set forth therein, and the applicable grant agreement, including all vesting provisions therein; and

(d) the Employer shall have no additional obligations to the Employee.

7. Cause. The Employer may terminate the Employee's employment at any time for Cause upon written notice to the Employee, in which event all payments under this Agreement shall cease, except for any Accrued Obligations, and Employer shall have no additional obligations to the Employee.

8. Voluntary Resignation Without Good Reason. The Employee may voluntarily terminate employment without Good Reason. In such event, after the effective date of such termination, no payments shall be due under this Agreement, except that the Employee shall be entitled to any Accrued Obligations.

9. Disability. If the Employee incurs a Disability during the Term, the Employer may terminate the Employee's employment on or after the date of Disability. If the Employee's employment terminates on account of Disability, the Employee shall be entitled to receive any

Accrued Obligations and employment termination on account of Disability shall be considered a resignation for Good Reason, triggering the payments and benefits pursuant to Section 6. For purposes of this Agreement, the term "Disability" shall mean the Employee is eligible to receive long-term disability benefits under the Employer's long-term disability plan or, if the Employer does not have a long-term disability plan, the Employee is unable to perform the essential functions of his job, with or without any reasonable accommodation required by applicable law, for 120 days in any 180-day period.

10. Death. If the Employee dies during the Term, the Employee's employment shall terminate on the date of death and the Employer shall pay to the Employee's executor, legal representative, administrator or designated beneficiary, as applicable, any Accrued Obligations. Otherwise, the Employer shall have no further liability or obligation under this Agreement to the Employee's executors, legal representatives, administrators, heirs or assigns or any other person claiming under or through the Employee. For the avoidance of doubt, in the event of such termination, the Employee shall not be eligible to receive any payments or benefits pursuant to Section 6.

11. Resignation of Positions. Effective as of the date of any termination of employment, the Employee will resign from all Company-related positions, including as an officer and director of the Company.

12. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) "Cause" shall be determined by the Board in good faith, and shall mean the Employee's (1) material breach of this Agreement, particularly the confidentiality, nonsolicitation, or noncompetition and inventions assignment provisions of the Agreement; (2) willful or grossly negligent conduct (including, but not limited to, fraud or embezzlement), which was not done at the direction of the Board, in connection with his employment, which conduct in the reasonable determination of the Board has had or will have a material detrimental effect on the Employer's business; (3) conviction of an act of dishonesty, fraud, embezzlement or theft; (4) engagement in conduct that causes, or is likely to cause, material damage to the property or reputation of the Employer; (5) failure to perform or refusal to perform the material duties of the Employee's position (other than by reason of Disability) after receipt of a written warning from the Board; (6) conviction of a felony or any crime of moral turpitude; or (7) willful failure to materially comply with the Employer's code of conduct or employment policies. The Board shall provide Employee with an opportunity, within seven (7) days after written notice to the Employee, to appear before and address the Board in connection with the Board's potential determination of Cause. Notwithstanding anything in this Section to the contrary, the Employee may not be terminated for Cause related to any wrongdoing whatsoever which occurred on the part of Company, its Board, or any employees other than the Employee prior to the Effective Date of this Agreement.

(b) "Agreement and Release" shall mean a separation agreement and general release of any and all claims against the Employer and all related parties with respect to all matters arising out of the Employee's employment by the Employer, and the termination thereof (other

than claims for any entitlements under the terms of this Agreement or under any plans or programs of the Employer under which the Employee has accrued and is due a benefit), in the form provided by the Company.

(c) For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following, in each case during the Term without the Employee's written consent:

i. any reduction in the Employee's Base Salary, except as part of an across-the-board reduction in Base Salary of the Employer's "chief" level officers of no more than ten percent (10%);

ii. any material breach by the Company of any material provision of this Agreement or any material provision of any other agreement between the Employee and the Employer;

iii. any requirement that Employee relocate more than 50 miles from Charlotte, North Carolina, without the Employee's consent;

iv. the Employer's failure to obtain an agreement from any successor to Employer to assume and agree to perform this Agreement in the same manner and to the same extent that Employer would be required to perform if no succession had taken place, except where such assumption occurs by operation of law; or

v. a material, adverse change in the Employee's authority, duties, or responsibilities (other than temporarily while the Employee is physically or mentally incapacitated or as required by applicable law, and other than any such change that results from a transaction following which the Company or the Employee's business unit comprises a portion of a larger affiliated group).

The Employee cannot terminate employment for Good Reason unless the Employee has provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within thirty (30) business days of the initial existence and Employee's knowledge of such grounds and the Company has had at least thirty (30) business days from the date on which such notice is provided to cure such circumstances, if curable.

13. Section 409A.

i. This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and regulations and other applicable guidance thereunder (together, "Section 409A"), or to qualify for an exemption thereto. Payment under this Agreement that are subject to Section 409A may only be made upon an event or events and in a manner permitted by Section 409A. Severance benefits under this Agreement are intended to be exempt from Section 409A under the "short-term deferral" exception, to the maximum extent applicable, and then under the "separation pay" exception, to the maximum extent applicable. Notwithstanding anything in this Agreement to the contrary, if required by Section 409A, if the

Employee is considered a “specified employee” for purposes of Section 409A and if payment of any amounts under this Agreement is required to be delayed for a period of six months after the Employee’s separation from service, as defined in Section 409A, payment of such amounts shall be delayed as required by Section 409A, and the accumulated amounts shall be paid to the Employee in a lump-sum payment within 10 days after the end of the six-month period. If the Employee dies during the postponement period prior to the payment of benefits, the amounts withheld on account of Section 409A shall be paid to the personal representative of the Employee’s estate within sixty (60) days after the date of the Employee’s death.

ii.All payments to be made upon a termination of employment under this Agreement that are subject to Section 409A may only be made upon a “separation from service” of the Employee from the Employer under Section 409A of the Code. For purposes of Section 409A, each payment hereunder shall be treated as a separate payment, and the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments. In no event may the Employee, directly or indirectly, designate the fiscal year of a payment. Notwithstanding any provision of this Agreement to the contrary, in no event shall the timing of the Employee’s execution of the Agreement and Release, directly or indirectly, result in the Employee’s designating the fiscal year of payment of any amounts of deferred compensation subject to Section 409A, and if a payment that is subject to execution of the Agreement and Release could be made in more than one taxable year, payment shall be made in the later taxable year.

iii.All taxable reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirement that (i) any reimbursement be for expenses incurred during the period specified in this Agreement, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a fiscal year not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other fiscal year, (iii) the reimbursement of an eligible expense be made no later than the last day of the fiscal year following the year in which the expense is incurred, and (iv) the right to reimbursement or in-kind benefits not be subject to liquidation or exchange for another benefit.

14. Restrictive Covenants. In consideration of the premises and of the mutual covenants and agreements herein set forth, including without limitation Employee’s employment and compensation hereunder, including the Inducement Award, and the Employer’s provision to the Employee of access to the Employer’s business goodwill and Proprietary Information (as defined below):

iv.Noncompetition. The Employee agrees that during the Employee’s employment with the Company and the twelve (12) month period following the date on which the Employee’s employment terminates for Cause or without Good Reason, the Employee will not, without the Board’s express written consent, engage (directly or indirectly) in any Competitive Business in the United States. The term “Competitive Business” means entity or person that is engaged in a business that is the same as or substantially similar to the business conducted by the Company during the Employee’s employment, specifically, the purchase of short term construction loans,

mortgage servicing rights, and assets which are derivates of these Competitive Business does not include an investment banking business in a field that is unrelated to real estate. The Employee understands and agrees that, given the nature of the business of the Company and the Employee's position with the Company, the foregoing geographic scope is reasonable and appropriate.

v. Nonsolicitation of Company Personnel. The Employee agrees that during the twelve (12) month period following the date on which the Employee's employment terminates for any reason (the "Restriction Period"), the Employee will not, either directly or through others, hire or attempt to hire any employee, consultant or independent contractor of the Company, or solicit or attempt to solicit any such person to change or terminate his or her relationship with the Company or otherwise to become an employee, consultant, volunteer or independent contractor to, for or of any other person or business entity, unless more than twelve (12) months shall have elapsed between the last day of such person's employment or service with the Company and the first day of such solicitation or hiring or attempt to solicit or hire.

vi. Nonsolicitation of Clients and Customers. The Employee agrees that during the Restriction Period, the Employee will not, either directly or through others, accept solicit, divert or appropriate, or attempt to accept, solicit, divert or appropriate, any client or customer or actively sought prospective client or customer of the Company for the purpose of providing such client or customer or actively sought prospective client or customer with services or products competitive with those offered by the Company during the Employee's employment with the Company.

vii. Proprietary Information. At all times, the Employee will hold in strictest confidence and will not disclose or use any of the Proprietary Information (defined below) of the Company, except as such disclosure or use may be required in connection with the Employee's work for the Company or as described in Section 14(e) below, or unless the Company expressly authorizes such disclosure in writing. "Proprietary Information" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company and its shareholders, including but not limited to information relating to financial matters, investments, budgets, business plans, marketing plans, personnel matters, business contacts, products, processes, know-how, designs, methods, improvements, discoveries, inventions, ideas, data, programs, and other works of authorship. However, Proprietary Information shall not include any information which (1) is generally known to the public or to the industry on the Effective Date; (2) becomes generally known to the public or in the relevant industry through no fault on Employee; or (3) was already known to Employee, lawfully and not in violation of any third party's obligation of confidentiality, prior to Employee's employment by Company. In the event of subpoena or other litigation which arises after the termination of this Agreement, Employee may disclose any Proprietary Information as required by law; provided, however, that Employee will provide Company with reasonable notice and make a reasonable effort to obtain a protective order.

viii. Reports to Government Entities. Nothing in this Agreement shall prohibit or restrict the Employee from initiating communications directly with, responding to any inquiry from, providing testimony before, providing confidential information to, reporting possible violations

of law or regulation to, or filing a claim or assisting with an investigation directly with a self-regulatory authority or a government agency or entity, including the Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Department of Justice, the Securities and Exchange Commission, Congress, any agency Inspector General or any other federal, state, territorial or local regulatory authority (collectively, the "Regulators"), or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. The Employee does not need the prior authorization of the Employer to engage in conduct protected by this subsection, and the Employee does not need to notify the Employer that the Employee has engaged in such conduct. Please take notice that federal law provides criminal and civil immunity to federal and state claims for trade secret misappropriation to individuals who disclose trade secrets to their attorneys, courts, or government officials in certain, confidential circumstances that are set forth at 18 U.S.C. §§ 1833(b)(1) and 1833(b)(2), related to the reporting or investigation of a suspected violation of the law, or in connection with a lawsuit for retaliation for reporting a suspected violation of the law.

ix.Inventions Assignment. The Employee agrees that all inventions, innovations, improvements, developments, methods, designs, analyses, reports, and all similar or related information which relates to the Company's actual or anticipated business, research and development or existing or future products or services and which are conceived, developed or made by the Employee while employed by the Company ("Work Product") belong to the Company. The Employee will promptly disclose such Work Product to the Board and perform all actions reasonably requested by the Board (whether during or after the Term) to establish and confirm such ownership (including, without limitation, assignments, consents, powers of attorney and other instruments). If requested by the Company, the Employee agrees to execute any inventions assignment and confidentiality agreement that is required to be signed by employees of the Employer generally.

x.Return of Company Property and Post-Termination Cooperation. Upon termination of the Employee's employment with the Employer for any reason, and at any earlier time Employer requests, the Employee will deliver to the person designated by the Employer all originals and copies of all documents and property of the Employer that is in the Employee's possession or under the Employee's control or to which the Employee may have access. The Employee will not reproduce or appropriate for the Employee's own use, or for the use of others, any property, Proprietary Information or Work Product. Following any termination of Employee's employment for any reason, Employee will reasonably cooperate with Company to assist with existing or future investigations, proceedings, litigation, depositions, subpoenas, or examination involving the Company. For each day, or part thereof, that Employee provides assistance to Company as contemplated hereunder, Company shall pay Employee an amount equal to (x) divided by (y), where (x) equals the sum of Base Salary earned immediately prior to termination of Employee's employment, and (y) equals 200. In addition, Company will reimburse Employee for reasonable out-of-pocket travel, lodging and other incidental expenses Employee incurs in providing such assistance. If travel is requested by the Company, Employee shall make reasonable good faith efforts to travel to such locations as the Company may reasonably request.

xi. Non-Disparagement. The Employee covenants and agrees that, except as set forth in Section 14(e) above, during the Term, and following termination of the Term, the Employee shall not make any disparaging remarks or communications, written or oral, regarding the Employer or its services, products, brands, trademarks, directors, officers, employees, consultants, advisors, licensors, licensees, customers, vendors or others with which it has a business relationship. The Employer covenants and agrees that during the Term, and following termination of the Term, the Employer shall not authorize any person to make to any person who is not an officer, employee, consultant, advisor or affiliate of the Company, any disparaging remarks or communications, written or oral, regarding the Employee.

15. Legal and Equitable Remedies; Arbitration.

xii. Because the Employee's services are personal and unique and the Employee has had and will continue to have access to and has become and will continue to become acquainted with the Proprietary Information of the Company and its affiliates, and because any breach by the Employee of any of the restrictive covenants contained in Section 14 would result in irreparable injury and damage for which money damages would not provide an adequate remedy, the Company shall have the right to enforce Section 14 and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for a breach, or threatened breach, of the restrictive covenants set forth in Section 14. The Employee agrees that in any action in which the Company seeks injunction, specific performance or other equitable relief, the Employee will not assert or contend that any of the provisions of Section 14 are unreasonable or otherwise unenforceable.

xiii. Except as otherwise set forth in this Agreement in connection with equitable remedies, any dispute, claim or controversy arising out of or relating to this Agreement or the Employee's employment with the Company (collectively, "Disputes"), including, without limitation, any dispute, claim or controversy concerning the validity, enforceability, breach or termination of this Agreement, if not resolved by the parties, shall be finally settled by arbitration in accordance with the then-prevailing Employment Arbitration Rules and Procedures of the American Arbitration Association ("AAA"), as modified herein ("Rules"). Further, the Employee hereby waives any right to bring on behalf of persons other than the Employee, or to otherwise participate with other persons in, any class, collective, or representative action (including but not limited to any representative action under any federal, state or local statute or ordinance). The requirement to arbitrate covers all Disputes (other than disputes which by statute are not arbitrable) including, but not limited to, claims, demands or actions under the Age Discrimination in Employment Act (including Older Workers Benefit Protection Act); Americans with Disabilities Act; Civil Rights Act of 1866; Civil Rights Act of 1991; Employee Retirement Income Security Act of 1974; Equal Pay Act; Family and Medical Leave Act of 1993; Title VII of the Civil Rights Act of 1964; Fair Labor Standards Act; Fair Employment and Housing Act; any other law, ordinance or regulation regarding discrimination or harassment or any terms or conditions of employment; and any claim under tort, contractual, statutory, or constitutional law. There shall be one arbitrator who shall be jointly selected by the parties. If the parties have not jointly agreed upon an arbitrator within twenty (20) calendar days after

respondent’s receipt of claimant’s notice of intention to arbitrate, either party may request AAA, or such other arbitration provider as to which the parties agree, to furnish the parties with a list of names from which the parties shall jointly select an arbitrator. If the parties have not agreed upon an arbitrator within ten (10) calendar days after the transmittal date of such list, then each party shall have an additional five (5) calendar days in which to strike any names objected to, number the remaining names in order of preference, and return the list to AAA, or such other arbitration provider as to which the parties agree, which shall then select an arbitrator in accordance with the Rules. The place of arbitration shall be the United States Virgin Islands. By agreeing to arbitration, the parties hereto do not intend to deprive any court of its jurisdiction to issue a pre-arbitral injunction, including, without limitation, with respect to the provisions of Section 14. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1-16. The determination as to arbitrability shall be made by the arbitrator. A party who files in court a claim that is subject to arbitration hereunder shall, upon request by the other party, immediately withdraw or dismiss such claim. Judgment upon the award of the arbitrator may be entered in any court of competent jurisdiction. The arbitrator shall: (a) have authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be available under applicable law in a court proceeding; and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator’s essential findings and conclusions on which the award is based. The Company shall pay all administrative fees of AAA, or such other arbitration provider as to which the parties agree, in excess of $435 (a typical filing fee in court) and the arbitrator’s fees and expenses. Each party shall bear its, his or her own costs and expenses (including attorney’s fees) in any such arbitration and, at the conclusion of the arbitration, the arbitrator shall have the power to award to the prevailing party any and all costs and expenses incurred with respect to such arbitration, including without limitation, reasonable attorneys’ fees, disbursements and costs. The prevailing party shall be determined based upon an assessment of which party’s arguments or positions could fairly be said to have prevailed over the other party’s arguments or positions on major disputed issues in the arbitration. Such assessment should include evaluation of the following: the amount of the net recovery; the primary issues disputed by the parties; whether the amount of the award comprises a significant percentage of the amount sought by the claimant; and the most recent settlement positions of the parties. In the event any portion of this arbitration provision is found unenforceable by a court of competent jurisdiction, such portion shall become null and void leaving the remainder of this arbitration provision in full force and effect. The parties agree that all information regarding the arbitration, including any settlement thereof, shall not be disclosed by the parties hereto, except as otherwise required by applicable law.

xiv.In the event that a party seeks injunctive relief in aid of an arbitration, or if for any reason arbitration is unavailable, the Employee irrevocably and unconditionally (1) agrees that any legal proceeding arising out of this Agreement shall be brought solely in the United States District Court for the United States Virgin Islands, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in the United States Virgin Islands, (2) consents to the exclusive jurisdiction of such court in any such proceeding, and (3) waives any objection to the laying of venue of any such proceeding in any such court. The Employee also

irrevocably and unconditionally consents to the service of any process, pleadings, notices or other papers.

xv. Notwithstanding anything in this Agreement to the contrary, if the Employee's employment has been terminated without Cause or the Employee has resigned for Good Reason and the Employee then breaches any of the Employee's obligations under Section 14, the Company shall be obligated to provide to the Employee only the Accrued Obligations and any payments being made to Employee under Section 6 hereof shall cease, and the Company may require that the Employee repay all amounts theretofore paid to him pursuant to Section 6 hereof (other than the Accrued Obligations), and in such case, the Employee shall promptly repay such amounts on the terms determined by the Company.

16. Survival. The respective rights and obligations of the parties under this Agreement (including, but not limited to, under Sections 14 and 15) shall survive any termination of the Employee's employment or termination or expiration of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

17. No Mitigation or Set-Off. In no event shall the Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Employee under any of the provisions of this Agreement, and such amounts shall not be reduced regardless of whether the Employee obtains other employment. The Company's and the Employer's obligations to make the payments provided for in this Agreement and otherwise to perform their respective obligations hereunder shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company or the Employer may have against the Employee or others.

18. Section 280G. In the event of a change in ownership or control of the Company under Section 280G of the Code, if it shall be determined that any payment or distribution in the nature of compensation (within the meaning of section 280G(b)(2) of the Code) to or for the benefit of the Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, the aggregate present value of the Payments under this Agreement shall be reduced (but not below zero) to the Reduced Amount (defined below) if and only if the Accounting Firm (described below) determines that the reduction will provide the Employee with a greater net after-tax benefit than would no reduction. No reduction shall be made unless the reduction would provide Employee with a greater net after-tax benefit. The determinations under this Section shall be made as follows:

xvi. The "Reduced Amount" shall be an amount expressed in present value which maximizes the aggregate present value of Payments under this Agreement without causing any Payment under this Agreement to be subject to the Excise Tax (defined below), determined in accordance with Section 280G(d)(4) of the Code. The term "Excise Tax" means the excise tax imposed under Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

xvii.Payments under this Agreement shall be reduced on a nondiscretionary basis in such a way as to minimize the reduction in the economic value deliverable to the Employee. Where more than one payment has the same value for this purpose and they are payable at different times, they will be reduced on a pro rata basis. Only amounts payable under this Agreement shall be reduced pursuant to this Section.

xviii.All determinations to be made under this Section shall be made by an independent certified public accounting firm selected by the Company and agreed to by the Employee immediately prior to the change-in-ownership or -control transaction (the "Accounting Firm"). The Accounting Firm shall provide its determinations and any supporting calculations both to the Company and the Employee within ten (10) days of the transaction. Any such determination by the Accounting Firm shall be binding upon the Company and the Employee. All of the fees and expenses of the Accounting Firm in performing the determinations referred to in this Section shall be borne solely by the Company or the Employer.

19. Notices. All notices and other communications required or permitted under this Agreement or necessary or convenient in connection herewith shall be in writing and shall be deemed to have been given when hand delivered or mailed by registered or certified mail, as follows (provided that notice of change of address shall be deemed given only when received):

If to the Company or the Employer, to:

c/o Altisource Asset Management Corporation
5100 Tamarind Reef
Christiansted, VI 00820
Attn: Chair of the Compensation Committee

With a copy (which shall not constitute notice) to:

Doug Flaum
Goodwin Procter LLP
620 Eight Avenue, New York, NY 10018
Dflaum@goodwinlaw.com

If to the Employee, to the most recent address on file with the Employer or to such other names or addresses as the Employer, or the Employee, as the case may be, shall designate by notice to each other person entitled to receive notices in the manner specified in this Section.

20. Withholding. All payments under this Agreement shall be made subject to applicable tax withholding, and the Employer shall withhold from any payments under this Agreement all federal, state, territorial and local taxes as the Employer is required to withhold pursuant to any law or governmental rule or regulation. The Employee shall bear all expense of, and be solely responsible for, all federal, state, territorial and local taxes due with respect to any payment received under this Agreement.

21. Remedies Cumulative; No Waiver. No remedy conferred upon a party by this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission by a party in exercising any right, remedy or power under this Agreement or existing at law or in equity shall be construed as a waiver thereof, and any such right, remedy or power may be exercised by such party from time to time and as often as may be deemed expedient or necessary by such party in its sole discretion.

22. Assignment. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, except that the duties and responsibilities of the Employee under this Agreement are of a personal nature and shall not be assignable or delegable in whole or in part by the Employee. The Employer may assign its rights, together with its obligations hereunder, in connection with any sale, transfer or other disposition of all or substantially all of its business and assets, and such rights and obligations shall inure to, and be binding upon, any successor to the business or any successor to substantially all of the assets of the Employer, as applicable, whether by merger, purchase of stock or assets or otherwise, which successor shall expressly assume such obligations, and the Employee acknowledges that in such event the obligations of the Employee hereunder, including but not limited to those under Section 14, will continue to apply in favor of the successor.

23. Company Policies. This Agreement and the compensation payable hereunder shall be subject to any applicable clawback or recoupment policies, share trading policies, and other policies that may be implemented by the Board from time to time with respect to officers of the Company; provided, that the repayment provisions in Sections 2(b) and 15(d) hereof shall not be modified unless required by applicable statute or regulation or by applicable rule of a regulatory or self-regulatory organization.

24. Indemnification. In the event the Employee is made, or threatened to be made, a party to any legal action or proceeding, whether civil or criminal, including any governmental or regulatory proceedings or investigations, by reason of the fact that the Employee is or was a director or officer of the Company, the Employee shall be indemnified by the Company, except to the extent such liability is attributable to the Employee’s gross negligence or willful misconduct, and the Company shall pay the Employee’s related expenses when and as incurred, to the fullest extent permitted by applicable law and the Company’s articles of incorporation and bylaws. During the Employee’s employment with the Company and after termination of the Employee’s employment for any reason, the Company shall cover the Employee under the Company’s directors’ and officers’ insurance policy applicable to other officers and directors according to the terms of such policy. In case any action, proceeding or claim is brought against the Employee in respect of which the Employee seeks indemnification from the Employer, the Employer shall be entitled to participate in and, unless a conflict of interest exists between the Employee and the Employer with respect to such action, proceeding or claim, to assume the defense thereof with counsel reasonably satisfactory to the Employee. In the event that the Employer advises the Employee that it will contest such a claim for indemnification hereunder, or fails, within thirty (30) days of receipt of any indemnification notice to notify the Employee,

in writing, of its election to defend, settle or compromise, at its sole cost and expense, any action, proceeding or claim (or discontinues its defense at any time after it commences such defense), then the Employee may, at his option, defend, settle or otherwise compromise or pay such action or claim. In any event, unless and until the Employer elects in writing to assume and does so assume the defense of any such claim, proceeding or action, the Employee's costs and expenses arising out of the defense, settlement or compromise of any such action, claim or proceeding shall be losses subject to indemnification hereunder, provided that the Company shall pay Employee's legal fees and expenses for his defense of any such action, claim or proceeding as such fees and expenses are incurred by Employee and Employee delivers invoices for such fees and expenses to the Company for payment. The Employee shall cooperate fully with the Employer in connection with any negotiation or defense of any such action or claim by the Employer and shall furnish to the Employer all information reasonably available to the indemnified party, which relates to such action or claim.

25. Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto and supersedes any and all prior agreements and understandings concerning the Employee's employment by the Employer. This Agreement may be changed only by a written document signed by the Employee and the Employer.

26. Severability. If any provision of this Agreement or application thereof to anyone or under any circumstances is adjudicated to be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement, which can be given effect without the invalid or unenforceable provision or application, and shall not invalidate or render unenforceable such provision or application in any other jurisdiction. If any provision is held void, invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances.

27. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the substantive and procedural laws of the United States Virgin Islands without regard to rules governing conflicts of law.

28. Counterparts. This Agreement may be executed in any number of counterparts (including facsimile counterparts), each of which shall be an original, but all of which together shall constitute one instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

EMPLOYER:

AAMC US, INC.

/s/ Indroneel Chatterjee
Name: Indroneel Chatterjee
Title: Chief Executive Officer
Date: January 1, 2021

EMPLOYEE

/s/ Christopher Moltke-Hansen
Name: Christopher Moltke-Hansen
Date: January 1, 2021

Exhibit 10.10

AMENDED AND RESTATED EMPLOYMENT AGREEMENT
P. GRAHAM SINGER

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into by and between AAMC US, Inc. ("Company," or "Employer"), and P. Graham Singer ("Employee") as of January 1, 2021 ("Effective Date").

WHEREAS, the Employer desires to employ the Employee as General Counsel and Secretary and the Employee desires to serve in such capacity.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter set forth, Employer and the Employee hereby agree as follows:

1. Employment.

(a) Term. The term of this Agreement shall begin on January 1, 2021 and shall continue until the termination of the Employee's employment (the "Term")

(b) Duties. During the Term, the Employee shall serve as General Counsel and Secretary of the Employer, of the Employer and its parent company, Altisource Asset Management Corporation ("Parent"), with duties, responsibilities and authority commensurate therewith, and shall report to the Chief Executive Officer and Chairman ("CEO") of Parent. During the Term, the Employee shall perform all duties and accept all responsibilities incident to such position as may be reasonably assigned to the Employee by the CEO. The Employee represents to the Employer that the Employee is not subject to or a party to any employment agreement, noncompetition covenant, or other agreement that might be alleged to be breached by, or to prohibit the Employee from, executing this Agreement and performing fully the Employee's duties and responsibilities hereunder. Furthermore, the Company represents to the Employee that the Company is not subject to or a party to any agreement that prohibits the Company from entering into this agreement with the Employee.

(c) Best Efforts. During the Term, the Employee shall devote his best efforts and substantially all his time and attention to promote the business and affairs of the Employer and its affiliated entities, and shall be engaged in other business activities only to the extent that such activities do not materially interfere or conflict with the Employee's obligations to the Employer and its affiliated entities hereunder, including, without limitation, obligations pursuant to Section 14 below. The foregoing shall not be construed as preventing the Employee from (1) serving on civic, educational, philanthropic or charitable boards or committees, or, with the prior written consent of the Board of Directors of the Employer ("Board"), in its sole discretion, on corporate boards, and (2) managing personal investments, so long as such activities are permitted under the Employer's code of conduct and employment policies and do not violate the provisions of Section 14 below; provided that, the activities set forth in the preceding clauses (1) and (2) do not materially interfere or conflict with the Employee's duties or obligations to the Employer and its affiliated entities and his time commitments with respect thereto, as determined by the Board; and provided, however, that the Employee may hold, directly or indirectly, solely as a passive

investment, less than five percent (5%) of the outstanding securities of any person or entity which is listed on any national securities exchange.

(d) Principal Place of Employment. The Employee understands and agrees that his principal place of employment will be at the Employer's office in Charlotte, North Carolina, United States 28209, and that the Employee will be required to travel for business, including at least quarterly for earnings, Board Meetings, and significant business activities related to Company and Parent in the course of performing his duties for the Employer.

2. Compensation.

(a) Base Salary. During the Term, the Employer shall pay the Employee a base salary ("Base Salary"), at the annual rate of $250,000, which shall be paid in installments in accordance with the Employer's normal payroll practices. The Employee's Base Salary shall be reviewed annually by the Board pursuant to the normal performance review policies for senior-level executives and may be adjusted from time to time as the Compensation Committee of the Board (the "Compensation Committee") deems appropriate, and shall not be reduced except as part of an across the board reduction in Base Salary of the Employer's executives which is no more than 10%. The Compensation Committee may take any actions of the Board pursuant to this Agreement.

(b) Annual Bonus; Signing Bonus. The Employee shall be eligible to receive an annual bonus for each fiscal year during the Term, commencing with the fiscal year 2020, based on the attainment, as determined by the Board in its sole discretion, of individual and corporate reasonable performance goals and targets established by the Board in its sole discretion ("Annual Bonus"). The target amount of the Employee's Annual Bonus for any fiscal year during the Term shall be $250,000, and Employee shall be eligible to earn an Annual Bonus up to 200% of the Base Salary. In addition, the Employee acknowledges the receipt of a signing bonus in the amount of $350,000 (the "Signing Bonus"). If within the first year after October 15, 2020, the Employee's employment is terminated by the Employee without Good Reason (as defined below) or by the Employer for Cause (as defined below), the Employee shall promptly repay to the Employer the net amount of the Signing Bonus paid to the Employee by the Company, and if within the second year after October 15, 2020, the Employee's employment is terminated by the Employee without Good Reason or by the Employer for Cause, the Employee shall immediately repay to the Employer fifty percent (50%) of the net amount of the Signing Bonus paid to the Employee by the Company. For the avoidance of doubt, the amounts the Employee is required to repay pursuant to the preceding sentence are the entire amount of the Signing Bonus paid by the Company less any taxes paid by the Employee, or fifty percent (50%) of such amount less any taxes paid by the Employee. Any Annual Bonus shall be paid after the end of the fiscal year to which it relates, at the same time and under the same terms and conditions as the bonuses for other executives employed by the Employer; provided that the Employee remains employed by the Employer on the last day of the fiscal year to which the Annual Bonus applies, and provided further that in no event shall the Employee's Annual Bonus be paid later than the fifteenth day of the third month following the last day of the fiscal year to which the Annual Bonus relates. The

Annual Bonus shall be subject to the terms of any annual bonus plan that is applicable to other executives of the Employer, except as otherwise provided in this Section 2(b).

(c) Equity Compensation. As soon as reasonably practicable, the Employer shall grant the Employee the following equity award (the "Inducement Award") pursuant to the Altisource Asset Management Corporation 2020 Equity Incentive Plan (the "Equity Plan"). The Employer shall grant the Employee 5,000 restricted shares of Parent's stock, subject to the terms of the Equity Plan as if issued thereunder and subject to the terms of the award agreement established by the Compensation Committee in connection therewith (the "Restricted Shares"). The Restricted Shares shall vest in three equal installments, on the first three anniversaries of October 15, 2020, provided that the Employee remains employed by and in good standing with the Employer or any subsidiary of the Employer through the applicable vesting date. Employee shall be eligible for additional grants under the Equity Plan as determined by the Board.

3. Retirement and Welfare Benefits. During the Term, the Employee shall be eligible to participate in any health, life insurance, long-term disability, retirement and welfare benefit plans and programs sponsored by the Employer, in each case as may be generally available to senior executives of the Employer, pursuant to the plans' and programs' respective terms and conditions as in effect from time to time. Nothing in this Agreement shall preclude the Employer from terminating or amending any employee benefit plan or program from time to time after the Effective Date.

4. Vacation. During the Term, the Employee shall be entitled to at least five (5) weeks of vacation each year and holiday and sick leave at levels commensurate with those provided to other senior executives of the Company, in accordance with the Employer's vacation, holiday and other pay-for-time-not-worked policies.

5. Business and Other Expenses.

(a) Business Expenses. The Employer shall reimburse the Employee for all necessary and reasonable travel and other business expenses incurred by the Employee in the performance of his duties hereunder in accordance with such policies and procedures as the Employer may adopt generally from time to time for executives, including the Employee's expenses to review this contract.

6. Termination Without Cause; Resignation for Good Reason. The Employer may terminate the Employee's employment at any time without Cause, as defined herein. The Employee may initiate a termination of employment by resigning for Good Reason. Upon termination by the Employer without Cause or resignation by the Employee for Good Reason, the Employee shall be entitled to receive any accrued but unpaid Base Salary, prorated Annual Bonus based on the prior year's Annual Bonus, and business or other expenses incurred up to the date of termination and reimbursable pursuant to Section 5(a), and any benefits accrued and due under any applicable benefit plans and programs of the Employer, including any vested Restricted Shares ("Accrued Obligations"), with such Accrued Obligations paid regardless of whether the Employee executes or revokes a written Agreement and Release (as defined below). In addition, in the event that the Employee is terminated without Cause by the Employer or

resigns for Good Reason, the Employer shall deliver to the Employee within five (5) days of such termination or resignation an Agreement and Release and in consideration for the Employee's compliance with the undertakings set forth in Section 14(a) and in the other provisions of Section 14, if the Employee executes and delivers to the Company the Agreement and Release within fifty (50) days of the Employee's termination of employment, and does not revoke such Agreement and Release such that it becomes effective by its terms prior to the sixtieth (60th) day following the Employee's termination of employment, the Employee shall be entitled to receive, in lieu of any payments under any severance plan or program for employees or executives, the following:

(a) a cash payment equal to one-half (0.5) times the Employee's annual Base Salary as in effect on the termination date, plus one-half (0.5) times the Employee's target Annual Bonus, with the sum of those two amounts payable in a lump sum within sixty (60) days following the Employee's termination date;

(b) reimbursement in cash equal to 100% of the COBRA premiums incurred by the Employee for the Employee and his eligible dependents under the Employer's health plans during the six (6) month period following the Employee's termination of employment. Such reimbursement shall be provided on the payroll date immediately following the date on which the Employee remits the applicable premium payment and provides proof of payment to the Company, and shall commence within sixty (60) days after the Employee's termination date; *provided that* the first payment shall include any reimbursements that would have otherwise been payable during the period beginning on the Employee's termination date and ending on the date of the first reimbursement payment. To the extent required by law, reimbursement payments pursuant to this section 6(b) shall be treated as taxable compensation to the Employee;

(c) accelerated vesting of any Restricted Shares granted pursuant to Section 2(c) that remain unvested as of the date of the Employee's termination of employment, subject to the terms and conditions of the Equity Plan, including the minimum vesting provisions set forth therein, and the applicable grant agreement, including all vesting provisions therein; and

(d) the Employer shall have no additional obligations to the Employee.

7. Cause. The Employer may terminate the Employee's employment at any time for Cause upon written notice to the Employee, in which event all payments under this Agreement shall cease, except for any Accrued Obligations, and Employer shall have no additional obligations to the Employee.

8. Voluntary Resignation Without Good Reason. The Employee may voluntarily terminate employment without Good Reason. In such event, after the effective date of such termination, no payments shall be due under this Agreement, except that the Employee shall be entitled to any Accrued Obligations.

9. Disability. If the Employee incurs a Disability during the Term, the Employer may terminate the Employee's employment on or after the date of Disability. If the Employee's employment terminates on account of Disability, the Employee shall be entitled to receive any

Accrued Obligations and employment termination on account of Disability shall be considered a resignation for Good Reason, triggering the payments and benefits pursuant to Section 6. For purposes of this Agreement, the term "Disability" shall mean the Employee is eligible to receive long-term disability benefits under the Employer's long-term disability plan or, if the Employer does not have a long-term disability plan, the Employee is unable to perform the essential functions of his job, with or without any reasonable accommodation required by applicable law, for 120 days in any 180-day period.

10. Death. If the Employee dies during the Term, the Employee's employment shall terminate on the date of death and the Employer shall pay to the Employee's executor, legal representative, administrator or designated beneficiary, as applicable, any Accrued Obligations. Otherwise, the Employer shall have no further liability or obligation under this Agreement to the Employee's executors, legal representatives, administrators, heirs or assigns or any other person claiming under or through the Employee. For the avoidance of doubt, in the event of such termination, the Employee shall not be eligible to receive any payments or benefits pursuant to Section 6.

11. Resignation of Positions. Effective as of the date of any termination of employment, the Employee will resign from all Company-related positions, including as an officer and director of the Company.

12. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) "Cause" shall be determined by the Board in good faith, and shall mean the Employee's (1) material breach of this Agreement, particularly the confidentiality, nonsolicitation, or noncompetition and inventions assignment provisions of the Agreement; (2) willful or grossly negligent conduct (including, but not limited to, fraud or embezzlement), which was not done at the direction of the Board, in connection with his employment, which conduct in the reasonable determination of the Board has had or will have a material detrimental effect on the Employer's business; (3) conviction of an act of dishonesty, fraud, embezzlement or theft; (4) engagement in conduct that causes, or is likely to cause, material damage to the property or reputation of the Employer; (5) failure to perform or refusal to perform the material duties of the Employee's position (other than by reason of Disability) after receipt of a written warning from the Board; (6) conviction of a felony or any crime of moral turpitude; or (7) willful failure to materially comply with the Employer's code of conduct or employment policies. The Board shall provide Employee with an opportunity, within seven (7) days after written notice to the Employee, to appear before and address the Board in connection with the Board's potential determination of Cause. Notwithstanding anything in this Section to the contrary, the Employee may not be terminated for Cause related to any wrongdoing whatsoever which occurred on the part of Company, its Board, or any employees other than the Employee prior to the Effective Date of this Agreement.

(b) "Agreement and Release" shall mean a separation agreement and general release of any and all claims against the Employer and all related parties with respect to all matters arising out of the Employee's employment by the Employer, and the termination thereof (other

than claims for any entitlements under the terms of this Agreement or under any plans or programs of the Employer under which the Employee has accrued and is due a benefit), in the form provided by the Company.

(c) For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following, in each case during the Term without the Employee's written consent:

i. any reduction in the Employee's Base Salary, except as part of an across-the-board reduction in Base Salary of the Employer's "chief" level officers of no more than ten percent (10%);

ii. any material breach by the Company of any material provision of this Agreement or any material provision of any other agreement between the Employee and the Employer;

iii. any requirement that Employee relocate more than 50 miles from Charlotte, North Carolina, without the Employee's consent;

iv. the Employer's failure to obtain an agreement from any successor to Employer to assume and agree to perform this Agreement in the same manner and to the same extent that Employer would be required to perform if no succession had taken place, except where such assumption occurs by operation of law; or

v. a material, adverse change in the Employee's authority, duties, or responsibilities (other than temporarily while the Employee is physically or mentally incapacitated or as required by applicable law, and other than any such change that results from a transaction following which the Company or the Employee's business unit comprises a portion of a larger affiliated group).

The Employee cannot terminate employment for Good Reason unless the Employee has provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within thirty (30) business days of the initial existence and Employee's knowledge of such grounds and the Company has had at least thirty (30) business days from the date on which such notice is provided to cure such circumstances, if curable.

13. Section 409A.

i.This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and regulations and other applicable guidance thereunder (together, "Section 409A"), or to qualify for an exemption thereto. Payment under this Agreement that are subject to Section 409A may only be made upon an event or events and in a manner permitted by Section 409A. Severance benefits under this Agreement are intended to be exempt from Section 409A under the "short-term deferral" exception, to the maximum extent applicable, and then under the "separation pay" exception, to the maximum extent applicable. Notwithstanding anything in this Agreement to the contrary, if required by Section 409A, if the

Employee is considered a “specified employee” for purposes of Section 409A and if payment of any amounts under this Agreement is required to be delayed for a period of six months after the Employee’s separation from service, as defined in Section 409A, payment of such amounts shall be delayed as required by Section 409A, and the accumulated amounts shall be paid to the Employee in a lump-sum payment within 10 days after the end of the six-month period. If the Employee dies during the postponement period prior to the payment of benefits, the amounts withheld on account of Section 409A shall be paid to the personal representative of the Employee’s estate within sixty (60) days after the date of the Employee’s death.

ii.All payments to be made upon a termination of employment under this Agreement that are subject to Section 409A may only be made upon a “separation from service” of the Employee from the Employer under Section 409A of the Code. For purposes of Section 409A, each payment hereunder shall be treated as a separate payment, and the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments. In no event may the Employee, directly or indirectly, designate the fiscal year of a payment. Notwithstanding any provision of this Agreement to the contrary, in no event shall the timing of the Employee’s execution of the Agreement and Release, directly or indirectly, result in the Employee’s designating the fiscal year of payment of any amounts of deferred compensation subject to Section 409A, and if a payment that is subject to execution of the Agreement and Release could be made in more than one taxable year, payment shall be made in the later taxable year.

iii.All taxable reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirement that (i) any reimbursement be for expenses incurred during the period specified in this Agreement, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a fiscal year not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other fiscal year, (iii) the reimbursement of an eligible expense be made no later than the last day of the fiscal year following the year in which the expense is incurred, and (iv) the right to reimbursement or in-kind benefits not be subject to liquidation or exchange for another benefit.

14. Restrictive Covenants. In consideration of the premises and of the mutual covenants and agreements herein set forth, including without limitation Employee’s employment and compensation hereunder, including the Inducement Award, and the Employer’s provision to the Employee of access to the Employer’s business goodwill and Proprietary Information (as defined below):

iv.Noncompetition. The Employee agrees that during the Employee’s employment with the Company and the twelve (12) month period following the date on which the Employee’s employment terminates for Cause or without Good Reason, the Employee will not, without the Board’s express written consent, engage (directly or indirectly) in any Competitive Business in the United States. The term “Competitive Business” means entity or person that is engaged in a business that is the same as or substantially similar to the business conducted by the Company during the Employee’s employment, specifically, the purchase of short term construction loans,

mortgage servicing rights, and assets which are derivates of these Competitive Business does not include an investment banking business in a field that is unrelated to real estate. The Employee understands and agrees that, given the nature of the business of the Company and the Employee's position with the Company, the foregoing geographic scope is reasonable and appropriate.

v. Nonsolicitation of Company Personnel. The Employee agrees that during the twelve (12) month period following the date on which the Employee's employment terminates for any reason (the "Restriction Period"), the Employee will not, either directly or through others, hire or attempt to hire any employee, consultant or independent contractor of the Company, or solicit or attempt to solicit any such person to change or terminate his or her relationship with the Company or otherwise to become an employee, consultant, volunteer or independent contractor to, for or of any other person or business entity, unless more than twelve (12) months shall have elapsed between the last day of such person's employment or service with the Company and the first day of such solicitation or hiring or attempt to solicit or hire.

vi. Nonsolicitation of Clients and Customers. The Employee agrees that during the Restriction Period, the Employee will not, either directly or through others, accept solicit, divert or appropriate, or attempt to accept, solicit, divert or appropriate, any client or customer or actively sought prospective client or customer of the Company for the purpose of providing such client or customer or actively sought prospective client or customer with services or products competitive with those offered by the Company during the Employee's employment with the Company.

vii. Proprietary Information. At all times, the Employee will hold in strictest confidence and will not disclose or use any of the Proprietary Information (defined below) of the Company, except as such disclosure or use may be required in connection with the Employee's work for the Company or as described in Section 14(e) below, or unless the Company expressly authorizes such disclosure in writing. "Proprietary Information" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company and its shareholders, including but not limited to information relating to financial matters, investments, budgets, business plans, marketing plans, personnel matters, business contacts, products, processes, know-how, designs, methods, improvements, discoveries, inventions, ideas, data, programs, and other works of authorship. However, Proprietary Information shall not include any information which (1) is generally known to the public or to the industry on the Effective Date; (2) becomes generally known to the public or in the relevant industry through no fault on Employee; or (3) was already known to Employee, lawfully and not in violation of any third party's obligation of confidentiality, prior to Employee's employment by Company. In the event of subpoena or other litigation which arises after the termination of this Agreement, Employee may disclose any Proprietary Information as required by law; provided, however, that Employee will provide Company with reasonable notice and make a reasonable effort to obtain a protective order.

viii. Reports to Government Entities. Nothing in this Agreement shall prohibit or restrict the Employee from initiating communications directly with, responding to any inquiry from, providing testimony before, providing confidential information to, reporting possible violations

of law or regulation to, or filing a claim or assisting with an investigation directly with a self-regulatory authority or a government agency or entity, including the Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Department of Justice, the Securities and Exchange Commission, Congress, any agency Inspector General or any other federal, state, territorial or local regulatory authority (collectively, the "Regulators"), or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. The Employee does not need the prior authorization of the Employer to engage in conduct protected by this subsection, and the Employee does not need to notify the Employer that the Employee has engaged in such conduct. Please take notice that federal law provides criminal and civil immunity to federal and state claims for trade secret misappropriation to individuals who disclose trade secrets to their attorneys, courts, or government officials in certain, confidential circumstances that are set forth at 18 U.S.C. §§ 1833(b)(1) and 1833(b)(2), related to the reporting or investigation of a suspected violation of the law, or in connection with a lawsuit for retaliation for reporting a suspected violation of the law.

ix. Inventions Assignment. The Employee agrees that all inventions, innovations, improvements, developments, methods, designs, analyses, reports, and all similar or related information which relates to the Company's actual or anticipated business, research and development or existing or future products or services and which are conceived, developed or made by the Employee while employed by the Company ("Work Product") belong to the Company. The Employee will promptly disclose such Work Product to the Board and perform all actions reasonably requested by the Board (whether during or after the Term) to establish and confirm such ownership (including, without limitation, assignments, consents, powers of attorney and other instruments). If requested by the Company, the Employee agrees to execute any inventions assignment and confidentiality agreement that is required to be signed by employees of the Employer generally.

x. Return of Company Property and Post-Termination Cooperation. Upon termination of the Employee's employment with the Employer for any reason, and at any earlier time Employer requests, the Employee will deliver to the person designated by the Employer all originals and copies of all documents and property of the Employer that is in the Employee's possession or under the Employee's control or to which the Employee may have access. The Employee will not reproduce or appropriate for the Employee's own use, or for the use of others, any property, Proprietary Information or Work Product. Following any termination of Employee's employment for any reason, Employee will reasonably cooperate with Company to assist with existing or future investigations, proceedings, litigation, depositions, subpoenas, or examination involving the Company. For each day, or part thereof, that Employee provides assistance to Company as contemplated hereunder, Company shall pay Employee an amount equal to (x) divided by (y), where (x) equals the sum of Base Salary earned immediately prior to termination of Employee's employment, and (y) equals 200. In addition, Company will reimburse Employee for reasonable out-of-pocket travel, lodging and other incidental expenses Employee incurs in providing such assistance. If travel is requested by the Company, Employee shall make reasonable good faith efforts to travel to such locations as the Company may reasonably request.

xi. Non-Disparagement. The Employee covenants and agrees that, except as set forth in Section 14(e) above, during the Term, and following termination of the Term, the Employee shall not make any disparaging remarks or communications, written or oral, regarding the Employer or its services, products, brands, trademarks, directors, officers, employees, consultants, advisors, licensors, licensees, customers, vendors or others with which it has a business relationship. The Employer covenants and agrees that during the Term, and following termination of the Term, the Employer shall not authorize any person to make to any person who is not an officer, employee, consultant, advisor or affiliate of the Company, any disparaging remarks or communications, written or oral, regarding the Employee.

15. Legal and Equitable Remedies; Arbitration.

xii. Because the Employee's services are personal and unique and the Employee has had and will continue to have access to and has become and will continue to become acquainted with the Proprietary Information of the Company and its affiliates, and because any breach by the Employee of any of the restrictive covenants contained in Section 14 would result in irreparable injury and damage for which money damages would not provide an adequate remedy, the Company shall have the right to enforce Section 14 and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for a breach, or threatened breach, of the restrictive covenants set forth in Section 14. The Employee agrees that in any action in which the Company seeks injunction, specific performance or other equitable relief, the Employee will not assert or contend that any of the provisions of Section 14 are unreasonable or otherwise unenforceable.

xiii. Except as otherwise set forth in this Agreement in connection with equitable remedies, any dispute, claim or controversy arising out of or relating to this Agreement or the Employee's employment with the Company (collectively, "Disputes"), including, without limitation, any dispute, claim or controversy concerning the validity, enforceability, breach or termination of this Agreement, if not resolved by the parties, shall be finally settled by arbitration in accordance with the then-prevailing Employment Arbitration Rules and Procedures of the American Arbitration Association ("AAA"), as modified herein ("Rules"). Further, the Employee hereby waives any right to bring on behalf of persons other than the Employee, or to otherwise participate with other persons in, any class, collective, or representative action (including but not limited to any representative action under any federal, state or local statute or ordinance). The requirement to arbitrate covers all Disputes (other than disputes which by statute are not arbitrable) including, but not limited to, claims, demands or actions under the Age Discrimination in Employment Act (including Older Workers Benefit Protection Act); Americans with Disabilities Act; Civil Rights Act of 1866; Civil Rights Act of 1991; Employee Retirement Income Security Act of 1974; Equal Pay Act; Family and Medical Leave Act of 1993; Title VII of the Civil Rights Act of 1964; Fair Labor Standards Act; Fair Employment and Housing Act; any other law, ordinance or regulation regarding discrimination or harassment or any terms or conditions of employment; and any claim under tort, contractual, statutory, or constitutional law. There shall be one arbitrator who shall be jointly selected by the parties. If the parties have not jointly agreed upon an arbitrator within twenty (20) calendar days after

respondent's receipt of claimant's notice of intention to arbitrate, either party may request AAA, or such other arbitration provider as to which the parties agree, to furnish the parties with a list of names from which the parties shall jointly select an arbitrator. If the parties have not agreed upon an arbitrator within ten (10) calendar days after the transmittal date of such list, then each party shall have an additional five (5) calendar days in which to strike any names objected to, number the remaining names in order of preference, and return the list to AAA, or such other arbitration provider as to which the parties agree, which shall then select an arbitrator in accordance with the Rules. The place of arbitration shall be the United States Virgin Islands. By agreeing to arbitration, the parties hereto do not intend to deprive any court of its jurisdiction to issue a pre-arbitral injunction, including, without limitation, with respect to the provisions of Section 14. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1-16. The determination as to arbitrability shall be made by the arbitrator. A party who files in court a claim that is subject to arbitration hereunder shall, upon request by the other party, immediately withdraw or dismiss such claim. Judgment upon the award of the arbitrator may be entered in any court of competent jurisdiction. The arbitrator shall: (a) have authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be available under applicable law in a court proceeding; and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The Company shall pay all administrative fees of AAA, or such other arbitration provider as to which the parties agree, in excess of $435 (a typical filing fee in court) and the arbitrator's fees and expenses. Each party shall bear its, his or her own costs and expenses (including attorney's fees) in any such arbitration and, at the conclusion of the arbitration, the arbitrator shall have the power to award to the prevailing party any and all costs and expenses incurred with respect to such arbitration, including without limitation, reasonable attorneys' fees, disbursements and costs. The prevailing party shall be determined based upon an assessment of which party's arguments or positions could fairly be said to have prevailed over the other party's arguments or positions on major disputed issues in the arbitration. Such assessment should include evaluation of the following: the amount of the net recovery; the primary issues disputed by the parties; whether the amount of the award comprises a significant percentage of the amount sought by the claimant; and the most recent settlement positions of the parties. In the event any portion of this arbitration provision is found unenforceable by a court of competent jurisdiction, such portion shall become null and void leaving the remainder of this arbitration provision in full force and effect. The parties agree that all information regarding the arbitration, including any settlement thereof, shall not be disclosed by the parties hereto, except as otherwise required by applicable law.

xiv.In the event that a party seeks injunctive relief in aid of an arbitration, or if for any reason arbitration is unavailable, the Employee irrevocably and unconditionally (1) agrees that any legal proceeding arising out of this Agreement shall be brought solely in the United States District Court for the United States Virgin Islands, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in the United States Virgin Islands, (2) consents to the exclusive jurisdiction of such court in any such proceeding, and (3) waives any objection to the laying of venue of any such proceeding in any such court. The Employee also

irrevocably and unconditionally consents to the service of any process, pleadings, notices or other papers.

xv.Notwithstanding anything in this Agreement to the contrary, if the Employee's employment has been terminated without Cause or the Employee has resigned for Good Reason and the Employee then breaches any of the Employee's obligations under Section 14, the Company shall be obligated to provide to the Employee only the Accrued Obligations and any payments being made to Employee under Section 6 hereof shall cease, and the Company may require that the Employee repay all amounts theretofore paid to him pursuant to Section 6 hereof (other than the Accrued Obligations), and in such case, the Employee shall promptly repay such amounts on the terms determined by the Company.

16. Survival. The respective rights and obligations of the parties under this Agreement (including, but not limited to, under Sections 14 and 15) shall survive any termination of the Employee's employment or termination or expiration of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

17. No Mitigation or Set-Off. In no event shall the Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Employee under any of the provisions of this Agreement, and such amounts shall not be reduced regardless of whether the Employee obtains other employment. The Company's and the Employer's obligations to make the payments provided for in this Agreement and otherwise to perform their respective obligations hereunder shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company or the Employer may have against the Employee or others.

18. Section 280G. In the event of a change in ownership or control of the Company under Section 280G of the Code, if it shall be determined that any payment or distribution in the nature of compensation (within the meaning of section 280G(b)(2) of the Code) to or for the benefit of the Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, the aggregate present value of the Payments under this Agreement shall be reduced (but not below zero) to the Reduced Amount (defined below) if and only if the Accounting Firm (described below) determines that the reduction will provide the Employee with a greater net after-tax benefit than would no reduction. No reduction shall be made unless the reduction would provide Employee with a greater net after-tax benefit. The determinations under this Section shall be made as follows:

xvi.The "Reduced Amount" shall be an amount expressed in present value which maximizes the aggregate present value of Payments under this Agreement without causing any Payment under this Agreement to be subject to the Excise Tax (defined below), determined in accordance with Section 280G(d)(4) of the Code. The term "Excise Tax" means the excise tax imposed under Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

xvii.Payments under this Agreement shall be reduced on a nondiscretionary basis in such a way as to minimize the reduction in the economic value deliverable to the Employee. Where more than one payment has the same value for this purpose and they are payable at different times, they will be reduced on a pro rata basis. Only amounts payable under this Agreement shall be reduced pursuant to this Section.

xviii.All determinations to be made under this Section shall be made by an independent certified public accounting firm selected by the Company and agreed to by the Employee immediately prior to the change-in-ownership or -control transaction (the "Accounting Firm"). The Accounting Firm shall provide its determinations and any supporting calculations both to the Company and the Employee within ten (10) days of the transaction. Any such determination by the Accounting Firm shall be binding upon the Company and the Employee. All of the fees and expenses of the Accounting Firm in performing the determinations referred to in this Section shall be borne solely by the Company or the Employer.

19. Notices. All notices and other communications required or permitted under this Agreement or necessary or convenient in connection herewith shall be in writing and shall be deemed to have been given when hand delivered or mailed by registered or certified mail, as follows (provided that notice of change of address shall be deemed given only when received):

If to the Company or the Employer, to:

c/o Altisource Asset Management Corporation
5100 Tamarind Reef
Christiansted, VI 00820
Attn: Chair of the Compensation Committee

With a copy (which shall not constitute notice) to:

Doug Flaum
Goodwin Procter LLP
620 Eight Avenue, New York, NY 10018
Dflaum@goodwinlaw.com

If to the Employee, to the most recent address on file with the Employer or to such other names or addresses as the Employer, or the Employee, as the case may be, shall designate by notice to each other person entitled to receive notices in the manner specified in this Section.

20. Withholding. All payments under this Agreement shall be made subject to applicable tax withholding, and the Employer shall withhold from any payments under this Agreement all federal, state, territorial and local taxes as the Employer is required to withhold pursuant to any law or governmental rule or regulation. The Employee shall bear all expense of, and be solely responsible for, all federal, state, territorial and local taxes due with respect to any payment received under this Agreement.

21. Remedies Cumulative; No Waiver. No remedy conferred upon a party by this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission by a party in exercising any right, remedy or power under this Agreement or existing at law or in equity shall be construed as a waiver thereof, and any such right, remedy or power may be exercised by such party from time to time and as often as may be deemed expedient or necessary by such party in its sole discretion.

22. Assignment. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, except that the duties and responsibilities of the Employee under this Agreement are of a personal nature and shall not be assignable or delegable in whole or in part by the Employee. The Employer may assign its rights, together with its obligations hereunder, in connection with any sale, transfer or other disposition of all or substantially all of its business and assets, and such rights and obligations shall inure to, and be binding upon, any successor to the business or any successor to substantially all of the assets of the Employer, as applicable, whether by merger, purchase of stock or assets or otherwise, which successor shall expressly assume such obligations, and the Employee acknowledges that in such event the obligations of the Employee hereunder, including but not limited to those under Section 14, will continue to apply in favor of the successor.

23. Company Policies. This Agreement and the compensation payable hereunder shall be subject to any applicable clawback or recoupment policies, share trading policies, and other policies that may be implemented by the Board from time to time with respect to officers of the Company; provided, that the repayment provisions in Sections 2(b) and 15(d) hereof shall not be modified unless required by applicable statute or regulation or by applicable rule of a regulatory or self-regulatory organization.

24. Indemnification. In the event the Employee is made, or threatened to be made, a party to any legal action or proceeding, whether civil or criminal, including any governmental or regulatory proceedings or investigations, by reason of the fact that the Employee is or was a director or officer of the Company, the Employee shall be indemnified by the Company, except to the extent such liability is attributable to the Employee’s gross negligence or willful misconduct, and the Company shall pay the Employee’s related expenses when and as incurred, to the fullest extent permitted by applicable law and the Company’s articles of incorporation and bylaws. During the Employee’s employment with the Company and after termination of the Employee’s employment for any reason, the Company shall cover the Employee under the Company’s directors’ and officers’ insurance policy applicable to other officers and directors according to the terms of such policy. In case any action, proceeding or claim is brought against the Employee in respect of which the Employee seeks indemnification from the Employer, the Employer shall be entitled to participate in and, unless a conflict of interest exists between the Employee and the Employer with respect to such action, proceeding or claim, to assume the defense thereof with counsel reasonably satisfactory to the Employee. In the event that the Employer advises the Employee that it will contest such a claim for indemnification hereunder, or fails, within thirty (30) days of receipt of any indemnification notice to notify the Employee,

in writing, of its election to defend, settle or compromise, at its sole cost and expense, any action, proceeding or claim (or discontinues its defense at any time after it commences such defense), then the Employee may, at his option, defend, settle or otherwise compromise or pay such action or claim. In any event, unless and until the Employer elects in writing to assume and does so assume the defense of any such claim, proceeding or action, the Employee's costs and expenses arising out of the defense, settlement or compromise of any such action, claim or proceeding shall be losses subject to indemnification hereunder, provided that the Company shall pay Employee's legal fees and expenses for his defense of any such action, claim or proceeding as such fees and expenses are incurred by Employee and Employee delivers invoices for such fees and expenses to the Company for payment. The Employee shall cooperate fully with the Employer in connection with any negotiation or defense of any such action or claim by the Employer and shall furnish to the Employer all information reasonably available to the indemnified party, which relates to such action or claim.

25. Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto and supersedes any and all prior agreements and understandings concerning the Employee's employment by the Employer. This Agreement may be changed only by a written document signed by the Employee and the Employer.

26. Severability. If any provision of this Agreement or application thereof to anyone or under any circumstances is adjudicated to be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement, which can be given effect without the invalid or unenforceable provision or application, and shall not invalidate or render unenforceable such provision or application in any other jurisdiction. If any provision is held void, invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances.

27. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the substantive and procedural laws of the United States Virgin Islands without regard to rules governing conflicts of law.

28. Counterparts. This Agreement may be executed in any number of counterparts (including facsimile counterparts), each of which shall be an original, but all of which together shall constitute one instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

EMPLOYER:

AAMC US, INC.

/s/ Indroneel Chatterjee
Name: Indroneel Chatterjee
Title: Chief Executive Officer
Date: January 1, 2021

EMPLOYEE

/s/ P. Graham Singer
Name: P. Graham Singer
Date: January 1, 2021

Exhibit 21

Subsidiaries of Altisource Asset Management Corporation

Name of Entity	Jurisdiction of Incorporation
AAMC US, Inc.	Delaware
Altisource Consulting S.á r.l	Luxembourg
River Business Solutions Private Limited	India
NewSource Reinsurance Company Ltd.	Bermuda
AAMC CM WY, LLC	Wyoming
AAMC EBO Fund Holdings, LLC	Wyoming
AAMC GP, LLC	Delaware
AAMC Real Estate Strategies Offshore Fund 1 (Cayman), LP (f/k/a AAMC EBO Offshore Fund 1 (Cayman), LP)	Cayman Islands
AAMC Real Estate Strategies Blocker, LLC (f/k/a AAMC EBO Blocker 1, LLC)	Delaware
AAMC Real Estate Strategies Onshore Fund 1 (DE), LP (f/k/a AAMC EBO Onshore Fund 1 (DE), LP)	Delaware
AAMC Real Estate Strategies Master Fund, LP (f/k/a AAMC EBO Master Fund, LP)	Delaware

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1) Registration Statement (Form S-8 No. 333-185947) of Altisource Asset Management Corporation
2) Registration Statement (Form S-8 No. 333-194112) of Altisource Asset Management Corporation
3) Registration Statement (Form S-3 No. 333-195997) of Altisource Asset Management Corporation
4) Registration Statement (Form S-8 No. 333-236151) of Altisource Asset Management Corporation
5) Registration Statement (Form S-8 No. 333-251561) of Altisource Asset Management Corporation

of our reports dated March 3, 2021, with respect to the consolidated financial statements of Altisource Asset Management Corporation and the effectiveness of internal control over financial reporting of Altisource Asset Management Corporation included in this Annual Report (Form 10-K) of Altisource Asset Management Corporation for the year ended December 31, 2020.

/s/ Ernst & Young LLP

Atlanta, Georgia
March 3, 2021

Exhibit 31.1

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

I, Indroneel Chatterjee, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 fourth 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: March 3, 2021

By: /s/ Indroneel Chatterjee
Indroneel Chatterjee
Chief Executive Officer

Exhibit 31.2

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

I, Christopher D. Moltke-Hansen, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 fourth 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: March 3, 2021

By: /s/ Christopher D. Moltke-Hansen
Christopher D. Moltke-Hansen
Chief Financial Officer

Exhibit 32.1

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 Annual Report on Form 10-K for the year ended December 31, 2020 (“Form 10-K”), 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-K 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:	March 3, 2021	By:	/s/	Indroneel Chatterjee
				Indroneel Chatterjee
				Chief Executive Officer

Exhibit 32.2

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 Annual Report on Form 10-K for the year ended December 31, 2020 ("Form 10-K"), 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-K 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:	March 3, 2021	By:	/s/ Christopher D. Moltke-Hansen
			Christopher D. Moltke-Hansen
			Chief Financial Officer