

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

Amendment No. 3 to

**FORM 10**

**GENERAL FORM FOR REGISTRATION OF SECURITIES  
PURSUANT TO SECTION 12(b) OR 12(g)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**ALTISOURCE ASSET MANAGEMENT CORPORATION**

(Exact name of registrant as specified in its charter)

**United States Virgin Islands**  
(State or other jurisdiction of  
incorporation or organization)

**66-0783125**  
(I.R.S. employer  
identification number)

**402 Strand St.**  
**Frederiksted, United States Virgin Islands 00840-3531**  
(Address of principal executive offices)

Registrant's telephone number, including area code:  
**(340) 692-1055**

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

<u>Title of each class</u>	<u>Name of each exchange on which each class is to be registered</u>
Common Stock, \$0.01 par value per share	N/A

Securities to be registered pursuant to Section 12(b) of the Act: **None**

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

**ALTISOURCE ASSET MANAGEMENT CORPORATION**

**Cross-Reference Sheet Between the Information Statement and Item of Form 10**

Our information statement may be found as Exhibit 99.1 to this Form 10. For your convenience, we have provided below a cross-reference sheet identifying where the items required by Form 10 can be found in the information statement.

<u>Item No.</u>	<u>Caption</u>	<u>Location in Information Statement</u>
1.	Business	See "Summary," "Forward-Looking Statements," "The Separation," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business"
1A.	Risk Factors	See "Risk Factors" and "Forward-Looking Statements"
2.	Financial Information	See "Summary," "Risk Factors" and "Management's Discussion and Analysis"

3.	Properties	See “Business—Properties and Facilities”
4.	Security Ownership of Certain Beneficial Owners and Management	See “Security Ownership of Certain Beneficial Owners and Management”
5.	Directors and Executive Officers	See “Management”
6.	Executive Compensation	See “Management”
7.	Certain Relationships and Related Transactions, and Director Independence	See “Summary,” “Risk Factors,” “Relationship Between Altisource and Us Following the Separation,” “Management” and “Certain Relationships and Related Party Transactions”
8.	Legal Proceedings	See “Business—Legal Proceedings”
9.	Market Price of and Dividends on the Registrant’s Common Equity and Related Stockholder Matters	See “The Separation,” “Description of Capital Stock” and “Security Ownership of Certain Beneficial Owners”
10.	Recent Sales of Unregistered Securities	None
11.	Description of Registrant’s Securities to be Registered	See “Description of Capital Stock” and “Certain Provisions of our Articles of Incorporation and Bylaws”
12.	Indemnification of Directors and Officers	See “Indemnification of Directors and Officers”
13.	Financial Statements and Supplementary Data	See “Summary,” and “Index to Financial Statements” and the financial statements referenced therein
14.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	None
15.	Financial Statements and Exhibits	See “Index to Financial Statements” and the financial statements referenced therein

## (a) List of Financial Statements and Schedules.

The following financial statements are included in the information statement and filed as part of this registration statement on Form 10:

- (1) Financial Statements of Altisource Asset Management Corporation including Report of Independent Registered Certified Public Accounting Firm.

## (b) Exhibits. The following documents are filed as exhibits hereto.

Exhibit Number	Exhibit Description
2.1*	Form of Separation Agreement between Altisource Asset Management Corporation and Altisource Portfolio Solutions S.A.
3.1**	Amended and Restated Articles of Incorporation of Altisource Asset Management Corporation.
3.2**	First Amended and Restated Bylaws of Altisource Asset Management Corporation.
10.1*	Form of Support Services Agreement between Altisource Asset Management Corporation and Altisource Solutions S.à r.l.
10.2*	Form of Tax Matters Agreement between Altisource Asset Management Corporation and Altisource Solutions S.à r.l.
10.3*	Form of Asset Management Agreement between Altisource Asset Management Corporation and Altisource Residential Corporation.
10.4*	Form of Trademark License Agreement between Altisource Asset Management Corporation and Altisource Solutions S.à r.l.
10.5*	Form of Asset Management Agreement between Altisource Asset Management Corporation and NewSource Reinsurance Company Ltd.
10.6*	Form of Shareholders’ Agreement among Altisource Asset Management Corporation, Altisource Residential Corporation and NewSource Reinsurance Company Ltd.
10.7*	Form of Title Services Agreement between NewSource Reinsurance Company Ltd. and Altisource Solutions S.à r.l.
10.8*	Form of Management Agreement between NewSource Reinsurance Company Ltd. and Marsh IAS Management Services (Bermuda) Ltd.
10.9*	Form of Technology Products and Services Agreement between Altisource Asset Management Corporation and Altisource Solutions S.à

r.l.

10.10\*\* Altisource Asset Management Corporation 2012 Equity Incentive Plan.

10.11\*\* Altisource Asset Management Corporation 2012 Special Equity Incentive Plan.

99.1\*\* Preliminary Information Statement of Altisource Asset Management Corporation, subject to completion, dated [ ], 2012.

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\* Previously filed.

\*\* Filed herewith.

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### SIGNATURE

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement on Form 10 to be signed on its behalf by the undersigned, thereunto duly authorized.

Altisource Asset Management Corporation

By: /s/ William C. Erbey

Name: William C. Erbey

Title: Chairman

Dated: December 5, 2012

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**AMENDED AND RESTATED  
ARTICLES OF INCORPORATION  
OF  
ALTISOURCE ASSET MANAGEMENT CORPORATION**

I, the undersigned, Vice President of ALTISOURCE ASSET MANAGEMENT CORPORATION (the "Corporation"), for the purpose of amending and restating the Articles of Incorporation of the Corporation pursuant to Section 222, Chapter 1, Title 13, of the United States Virgin Islands Code, hereby file these Amended and Restated Articles of Incorporation and do certify:

**ARTICLE I**

The name of the Corporation (hereinafter referred to as the "Corporation") is **Altisource Asset Management Corporation**.

**ARTICLE II**

The principal office of the Corporation in the Virgin Islands is located at 402 Strand Street, Frederiksted, St. Croix, U.S. Virgin Islands 00840-3531, and the name of the resident agent of the Corporation is Marjorie Rawls Roberts, P.C., whose mailing address is P.O. Box 6347, St. Thomas, U.S. Virgin Islands 00804, and whose physical address is One Hibiscus Alley, 5093 Dronningens Gade, Ste. 1, Charlotte Amalie, St. Thomas, U.S. Virgin Islands.

**ARTICLE III**

Without limiting in any manner the scope and generality of the allowable functions of the Corporation, it is hereby provided that the Corporation shall have the following purposes, objects and powers:

- (1) To engage in any lawful business in the United States Virgin Islands.
- (2) To enter into and carry out any contracts for or in relation to the foregoing business with any person, firm, association, corporation, or government or governmental agency.
- (3) To conduct its business in the United States Virgin Islands and to have offices within the United States Virgin Islands.
- (4) To borrow or raise money to any amount permitted by law by the sale or issuance of obligations of any kind, to guarantee loans, other types of indebtedness and financing obligations, and to secure the foregoing by mortgages or other liens upon any and all of the property of every kind of the Corporation.
- (5) To do all and everything necessary, suitable and proper for the accomplishment of any of the purposes or the attainment of any of the objects or the exercise of any of the powers herein set

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forth, either alone or in connection with other firms, individuals, associations or corporations in the Virgin Islands and elsewhere in the United States and foreign countries, and to do any other acts or things incidental or appurtenant to or growing out of or connected with the said business, purposes, objects and powers of any part thereof not inconsistent with the laws of the Virgin Islands, and to exercise any and all powers now or hereafter conferred by law on business corporations whether expressly enumerated herein or not.

The purposes, objects and powers specified in this Article shall not be limited or restricted by reference to the terms of any other subdivision or of any other article of these Articles of Incorporation.

**ARTICLE IV**

The total number of shares of stock that the Corporation is authorized to issue is Six Million (6,000,000), of which Five Million (5,000,000) are shares of common stock at \$0.01 par value per share the ("Common Stock"), and One Million (1,000,000) are shares of preferred stock at \$0.01 par value per share (the "Preferred Stock").

The Corporation is authorized to issue multiple classes of stock, or one or more series of stock within any class thereof, with such voting powers, full or limited, or without voting powers and with such designations, preferences or other special rights, and qualifications, limitations or restrictions thereof as shall be stated and expressed by resolutions providing for the issue of such stock as determined, and adopted, by the Board of Directors of the Corporation.

The minimum amount of capital with which the Corporation will commence business is One Thousand Dollars (\$1,000).

**ARTICLE V**

As set forth in the Corporation's original Articles of Incorporation, filed with the Office of the Lieutenant Governor of the United States Virgin Islands on March 15, 2012, the names and places of residence of each of the incorporators that formed the Corporation are as follows:

<u>NAME</u>	<u>RESIDENCE</u>
Laura Lee Berry	173-230 Estate Tutu, St. Thomas, USVI
Denise Bukle	148-154 Estate Tutu, St. Thomas, USVI
Ethy Brazier	Hospital Ground; 303A-11; St. Thomas USVI

**ARTICLE VI**

The Corporation is to have perpetual existence.

**ARTICLE VII**

The number of directors of the Corporation shall be fixed from time to time by, or in the manner provided in, the bylaws of the Corporation; but except as otherwise provided for herein, the number of directors may not be less than three. Notwithstanding the foregoing, at all times in which the Corporation has fewer than three stockholders, the number of directors may be equal to, or greater than, the number of stockholders. The directors need not be stockholders.

These Amended and Restated Articles of Incorporation have been duly adopted in accordance with the provisions of Section 222, Chapter 1, Title 13, of the United States Virgin Islands Code.

**In witness whereof**, the undersigned has hereunto set her hand as Vice President of the Corporation this 3rd day of December, 2012.

/s/ Rachel Ridley

Rachel Ridley  
Vice President

ATTEST:

/s/ Ryan N, Folger

Ryan N, Folger  
Assistant Secretary

TERRITORY OF THE UNITED STATES VIRGIN ISLANDS                     )  
DISTRICT OF ST. CROIX   )

Before me, the undersigned authority on this 3rd day of December, 2012 personally appeared Rachel Ridley, who, being by me first duly sworn, declared that she is the person who signed the foregoing Amended and Restated Articles of Incorporation as the Vice President of the Corporation and that the statements contained in these Amended and Restated Articles of Incorporation are true and correct.

/s/ Notary

Notary Public

My Commission Expires:

**FIRST AMENDED AND RESTATED BYLAWS  
OF  
ALTISOURCE ASSET MANAGEMENT CORPORATION**

**ARTICLE I — OFFICES**

The principal office of ALTISOURCE ASSET MANAGEMENT CORPORATION (the “Corporation”) in the U.S. Virgin Islands shall be located and maintained in St. Croix, U.S. Virgin Islands, or at such location in the U.S. Virgin Islands as may be changed from time to time at the discretion of the Board of Directors. The Corporation may also maintain an additional office or offices at such other places within the U.S. Virgin Islands as the Board of Directors may from time to time designate.

**ARTICLE II — MEETING OF SHAREHOLDERS**

**Section 1 — Annual Meetings:**

Annual meetings of shareholders of the Corporation shall be held on such date as determined by the Board of Directors, and at such time and place as designated in the notice of the meeting, for the purpose of electing Directors and transacting such other business as may properly come before the meeting. A complete list of all shareholders entitled to vote at annual shareholders meetings shall be prepared by the Secretary and made available for inspection at said meetings.

**Section 2 — Special Meetings:**

Special meetings of shareholders may be called at any time by the Board of Directors or by the President, and shall be called by the President or the Secretary at the written request of the holders of a majority of the shares then outstanding and entitled to vote thereat, or as otherwise required under the provisions of Title 13 of the Virgin Islands Code, Sections 1-453, as they may be from time to time amended.

**Section 3 — Place of Meetings:**

All meetings of shareholders shall be held in the U.S. Virgin Islands at the principal office of the Corporation, or at such other places as shall be designated in the notices or waivers of notice of such meetings and may be held telephonically.

**Section 4 — Notice of Meetings:**

- (a) Except as otherwise provided by Statute, written notice of each meeting of shareholders, whether annual or special, stating the time when and place where it is to be held, shall be served either personally or by mail, not less than ten (10) or more than fifty (50) days before the meeting, upon each shareholder of record entitled to vote at such meeting, or the shareholder’s designated agent, and to any other shareholder to whom the giving of notice may be required by law. Notice of a special meeting shall also state the purpose or purposes for which the meeting is called, and shall indicate that it is being

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issued by, or at the direction of, the person or persons calling the meeting. If, at any meeting, action is proposed to be taken that would, if taken, entitle shareholders to receive payment for their shares pursuant to the applicable provisions of Virgin Islands Code, the notice of such meeting shall include a statement of that purpose and to that effect. If mailed, such notice shall be directed to each such shareholder at the shareholder’s address, as it appears on the records of the shareholders of the Corporation, unless he or she shall have previously filed with the Secretary of the Corporation a written request that notices intended for the shareholder be mailed to the shareholders’ agent and/or some other address, in which case, it shall be mailed to the person and address designated in such request.

- (b) Notice of any meeting need not be given to any person who may become a shareholder of record after the mailing of such notice and prior to the meeting, or to any shareholder who attends such meeting in person or by proxy, or to any shareholder who, in person or by proxy, submits a signed waiver of notice either before or after such meeting. Notice of any adjourned meeting of shareholders need not be given, unless otherwise required by statute.

**Section 5 — Quorum:**

Except as otherwise provided herein, or by the applicable provisions of the Virgin Islands Code, or in the Articles of Incorporation (such Articles and any amendments thereof being herein collectively referred to as the “Articles”) at all meetings of shareholders of the Corporation, the presence at the commencement of such meetings in person or by proxy of any number of shareholders holding of record a majority of the total number of shares of the Corporation then issued and outstanding and entitled to vote shall be necessary and sufficient to constitute a quorum for the transaction of any business. The withdrawal of any shareholder after the commencement of a meeting shall have no effect on the existence of a quorum, after a quorum has been established at such meeting.

**Section 6 — Voting:**

- (a) Except as otherwise provided by applicable provision of the Virgin Islands Code or by the Articles, any corporate action to be taken by vote of the shareholders shall be authorized by a majority of votes cast at a meeting of shareholders by the holders of shares entitled to vote thereon.
- (b) Except as otherwise provided by applicable provision of the Virgin Islands Code or by the Articles, at each meeting of shareholders, each holder of record of stock of the Corporation entitled to vote thereat shall be entitled to one vote for each share of stock registered in his or her name on the books of the Corporation.

(c) Each shareholder entitled to vote or to express consent or dissent without a meeting, may do so by proxy; provided, however, that the instrument authorizing such proxy to act shall have been executed in writing by the shareholder or the shareholder's attorney in fact thereunto duly authorized in writing. No proxy shall be valid after expiration of eleven (11) months from the date of its execution, unless the person

executing same directs in said proxy that it shall continue in force for a longer period of time. Such instrument shall be exhibited to the Secretary at the meeting and shall be filed with the records of the Corporation.

(d) Shares registered in the name of another corporation, if entitled to be voted, may be voted by the President or a proxy appointed by the President of such other corporation, unless some other person has been appointed to vote such shares pursuant to a by-law or a resolution of the board of directors of such other corporation, in which case such person may vote such shares. Any fiduciary may vote shares registered in the name of such corporation as such fiduciary, either in person or by proxy.

(e) Any resolution in writing, signed by all the shareholders entitled to vote thereon, shall be and constitute action by such shareholders to the effect therein expressed, with the same force and effect as if the same had been duly passed by unanimous vote at a duly called meeting of shareholders of such resolution so signed and shall be inserted in the Minute Book of the Corporation under its proper date.

### **ARTICLE III — BOARD OF DIRECTORS**

#### **Section 1 — Number, Qualification, Election and Term of Office:**

(a) The number of Directors of the Corporation shall be four (4) unless and until otherwise determined by vote of a majority of the entire Board of Directors, but shall not be less than three (3). Notwithstanding the foregoing, at all times in which the Corporation has fewer than three (3) shareholders, the number of Directors may be equal to, or greater than, the number of shareholders.

(b) Except as may otherwise be provided herein or in the Articles, the members of the Board of Directors of the Corporation, who need not be shareholders, shall be elected by a majority of the votes cast at a meeting of shareholders, by the holders of shares, present in person or by proxy, entitled to vote in the election.

(c) Each Director shall hold office until the annual meeting of shareholders next succeeding his or her election, and until his or her successor is elected and qualified, or until his or her prior death, resignation or removal.

#### **Section 2 — Duties and Powers:**

The Board of Directors shall be responsible for the control and management of the affairs, property and interests of the Corporation, and may exercise all powers of the Corporation, except as are in the Articles or by applicable provisions of the Virgin Islands Code expressly conferred upon or reserved to the shareholders.

#### **Section 3 — Annual and Regular Meetings; Notices:**

(a) A regular annual meeting of the Board of Directors shall be held immediately following the annual meeting of shareholders, at a place of such annual meeting of shareholders.

(b) The Board of Directors may from time to time provide for the holding of other regular meetings of the Board of Directors and may fix the time and place thereof.

(c) Notice of any regular meeting of the Board of Directors shall not be required to be given and, if given, need not specify the purpose of the meeting; provided, however, that in case the Board of Directors shall fix or change the time or place of any regular meeting, notice of such action shall be given to each Director who shall not have been present at the meeting at which such action was taken within the time limit, and in the manner set forth in paragraph (b), Section 4 of this Article III, with respect to the special meetings, unless such notice shall be waived in the manner set forth in paragraph (c) of such Section 4.

#### **Section 4 — Special Meetings; Notices:**

(a) Special meetings of the Board of Directors shall be called by the President or by one of the Directors, at such time and place as may be specified in the respective notices or waivers of notice thereof.

(b) Except as otherwise required by the applicable provisions of the Virgin Islands Code, notice of special meetings shall be mailed directly to each Director, addressed to the Director at his or her residence or usual place of business, at least seven (7) days before the day on which the meeting is to be held, or shall be sent to the Director at such place by facsimile or email, or shall be delivered to him or her personally or given to him or her orally, not later than twenty-four (24) hours before the time at which the meeting is to be held. A notice or waiver of notice need not specify the purpose of the meeting.

(c) Notice of any special meeting shall not be required to be given to any Director who shall attend such meeting without protesting the lack of notice to the Director prior thereto or at its commencement, or who submits a signed waiver of notice, whether before or after the meeting. Notice of any adjourned meeting shall not be required to be given.

#### **Section 5 — Chairman:**

At all meetings of the Board of Directors, the Chairman of the Board, if any and if present, shall preside. If there shall be no Chairman, or if the Chairman shall be absent, then the President shall preside, and in the President's absence, a Chairman chosen by the Directors shall preside.

**Section 6 — Quorum and Adjournments:**

- (a) At all meetings of the Board of Directors the presence of a majority of the entire Board shall be necessary and sufficient to constitute a quorum for the transaction of business, except as otherwise provided by law, by the Articles, or by these Bylaws.
- (b) A majority of the Directors present at the time and place of any regular or special meeting, although less than a quorum, may adjourn the same from time to time without notice, until a quorum shall be present.

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**Section 7 — Manner of Acting:**

- (a) At all meetings of the Board of Directors, each Director present shall have one vote, irrespective of the number of shares of stock, if any, which the Director may hold.
- (b) Except as otherwise provided by applicable provisions of the Virgin Islands Code, by the Articles, or by these Bylaws, the action of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof, which action is authorized, in writing, by all of the Directors entitled to vote thereon and filed with the Minutes of the proceedings of the Board or the committee shall be the act of the Board of Directors or the committee, as the case may be, with the same force and effect as if the same had been passed by unanimous vote at a duly called meeting of the Board or the committee.

**Section 8 — Vacancies:**

Any vacancy in the Board of Directors occurring by reason of any increase in the number of Directors, or by reason of the death, resignation, disqualification, removal (unless a vacancy created by the removal of a Director by the shareholders shall be filled by the shareholders at the meeting at which the removal was effected) or inability to act of any Director, or otherwise, shall be filled for the unexpired portion of the term by a majority vote of the remaining Directors present, though less than a quorum, at any regular meeting or special meeting of the Board of Directors.

**Section 9 — Resignation:**

Any Director may resign at any time by giving written notice to the Board of Directors, the President or the Secretary of the Corporation. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Board of Directors or such officer, and the acceptance of such resignation shall not be necessary to make it effective.

**Section 10 — Removal:**

Any Director may be removed with or without cause at any time by the affirmative vote of shareholders holding of record in the aggregate at least a majority of the outstanding shares of the Corporation at a special meeting of shareholders called for that purpose, and may be removed for cause by action of the Board.

**Section 11 — Salary:**

No stated salary shall be paid to Directors, as such, for their services, but by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board; provided, however, that nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor.

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**Section 12 — Certain Rights of Directors and Officers:**

- (a) No contract or other transaction between this Corporation and any other corporation shall be impaired, affected or invalidated, nor shall any Director be liable in any way by reason of the fact that any one or more of the Directors of this Corporation is or are interested in, or is a director or officer, or are directors or officers of such other corporation, provided that such facts are disclosed or made known to the Board of Directors.
- (b) Any Director, personally or individually, may be a party to or may be interested in any contract or transaction of this Corporation, and no Director shall be liable in any way by reason of such interest, provided that the fact of such interest be disclosed or made known to the Board of Directors, and provided that the Board of Directors shall authorize, approve or ratify such contract or transaction by the vote (not counting the vote of any such Director) of a majority of a quorum, notwithstanding the presence of any such Director at the meeting at which such action is taken. Such Director or Directors may be counted in determining the presence of a quorum at such meeting. This Section shall not be construed to impair or invalidate or in any way affect any contract or other transaction which would otherwise be valid under the law (common, statutory or otherwise applicable) thereto.
- (c) A Director who is not also an officer of the Corporation shall have no responsibility to devote his or her full time to the affairs of the Corporation. Any Director or officer, in his or her personal capacity or in a capacity as an affiliate, employee, or agent of any other person, or otherwise, may have business interests and engage in business activities similar to, in addition to or in competition with those of or relating to the Corporation.

**Section 13 — Committees:**



The Board of Directors, by resolution adopted by a majority of the entire Board, may from time to time to time designate from among its members an executive committee and such other committees, and alternate members thereof, as they may deem desirable, each consisting of two (2) or more members, with such powers and authority (to the extent permitted by law) as may be provided in such resolution. Each such committee shall serve at the pleasure of the Board.

## **ARTICLE IV — OFFICERS**

### **Section 1 — Number, Qualification, Election and Term of Office:**

(a) The officers of the Corporation shall consist of a Chief Executive Officer, President, Secretary, and Treasurer, and such other officers, as the Board of Directors may from time to time deem advisable. The President of the Corporation shall be and any other officer may be, a Director of the Corporation. Any two offices (but not more than two) other than President and Secretary may be held by the same person.

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(b) The officers of the Corporation shall be elected by the Board of Directors at the regular annual meeting of the Board following the annual meeting of shareholders. The salaries of all officers shall be fixed by the Board of Directors.

(c) Each officer shall hold office until the annual meeting of the Board of Directors next succeeding his election, and until his or her successor shall have been elected and qualified, or until his or her death, resignation or removal.

### **Section 2 — Resignation:**

Any officer may resign at any time by giving written notice of such resignation to the Board of Directors, or to the President or the Secretary of the Corporation. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Board of Directors or by such officer, and the acceptance of such resignation shall not be necessary to make it effective.

### **Section 3 — Removal:**

Any officer may be removed, either with or without cause, and a successor elected by a majority vote of the Board of Directors at any time.

### **Section 4 — Vacancies:**

A vacancy in any office by reason of death, resignation, inability to act, disqualification, or any other cause, may at any time be filled for the unexpired portion of the term by a majority vote of the Board of Directors.

### **Section 5 — Duties of Officers:**

Officers of the Corporation shall, unless otherwise provided by the Board of Directors, each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may be set forth in these Bylaws, or may from time to time be specifically conferred or imposed by the Board of Directors.

(a) The Chief Executive Officer shall be responsible for strategic planning and integration of corporate policies into day-to-day operations, and shall also act as the Chairman of the Board.

(b) The President shall be responsible for the day-to-day operations of the Corporation and shall report directly to the Chief Executive Officer.

(c) The Treasurer shall have the custody of all books of account and the funds and securities of the Corporation. He or she shall disburse the funds of the Corporation in payment of just demands against the proper vouchers for such disbursements. He or she shall render an annual report to the Board of Directors for the benefit of shareholders concerning the finances of the Corporation. The Treasurer shall perform such other duties as are incidental to his or her office and such as are required by the President or the Board of Directors. The Treasurer shall hold office at the pleasure of the Board.

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(d) The Secretary shall have custody of the seal of the Corporation; shall conduct such correspondence on behalf of the Corporation as shall be required by the President; and shall discharge such additional duties from time to time as may be required by the President or the Board of Directors. The Secretary shall issue all notices required for the holding of meetings of the Board of Directors and of shareholders; shall keep minutes of all meetings of shareholders; shall perform such additional duties as are incidental to the Secretary's office; and shall hold office at the pleasure of the Board.

### **Section 6 — Sureties and Bonds:**

In case the Board of Directors shall so require, any officer, employee or agent of the Corporation shall execute to the Corporation a bond in such sum, and with such surety or sureties as the Board of Directors may direct, conditioned upon the faithful performance of his or her duties to the Corporation, including responsibility for negligence and for the accounting for all property, funds or securities of the Corporation which may come into his or her hands.

### **Section 7 — Shares of Other Corporations:**

Whenever the Corporation is the holder of shares of any other corporation, any right or power of the Corporation as such shareholder (including the attendance, acting and voting at shareholders' meetings and execution of waivers, consents, proxies or other instruments) may be exercised on behalf of the

Corporation by the President or such other person as the Board of Directors may authorize.

### **Section 8 — Compensation of Officers:**

The officers shall receive such salary or compensation as may be fixed and determined by the Board of Directors. Any payments made to an officer of the Corporation such as a salary, commission, bonus, interest, rent or entertainment expense incurred by him or her, which shall be disallowed in whole or in part as a deductible expense pursuant to the Internal Revenue Code of 1986, as amended, as applicable to the U.S. Virgin Islands, shall be reimbursed by such officer of the Corporation to the full extent of such disallowance. It shall be the duty of the Directors, as a Board, to enforce payment of each such amount disallowed. In lieu of payment by the officer, subject to the determination of the Directors, proportionate amounts may be withheld from future compensation payments until the amount owed to the Corporation has been recovered.

## **ARTICLE V — SHARES OF STOCK**

### **Section 1 — Certificates of Stock:**

(a) The Corporation may have certificated or uncertificated shares, or both, as designated by resolution of the Board of Directors. Every owner of certificated shares of the Corporation shall be entitled to a certificate, to be in such form as shall be prescribed by the Board of Directors, certifying the number of shares of the Corporation owned by such shareholder. Within a reasonable time after the issuance or transfer of uncertificated shares, the Corporation shall send to the new shareholder the information required to be stated on certificates. Every owner of uncertificated shares shall, upon written request to

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the Corporation, be entitled to certificated shares in place of uncertificated shares, in the same form as that prescribed by the Board of Directors for owners of certificated shares.

(b) The certificates representing shares of the Corporation shall be in such form as shall be adopted by the Board of Directors, and shall be numbered and registered in the order issued. They shall bear the holder's name and the number of shares, and shall be signed by (i) the Chairman of the Board or the President, and (ii) the Secretary or Treasurer, or any Assistant Secretary or Assistant Treasurer, and shall bear the corporate seal.

(c) No certificate representing shares shall be issued, nor shall any person be registered in the books of the Corporation as a shareholder, until the full amount of consideration therefor has been paid, except as otherwise permitted by law.

(d) To the extent permitted by law, the Board of Directors may authorize the issuance of fractional shares which shall entitle the holder to exercise voting rights, receive dividends and participate in liquidating distributions, in proportion to the fractional holdings; or it may authorize the payment in cash of the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined; or it may authorize the issuance, subject to such conditions as may be permitted by law, of scrip in registered or bearer form over the signature of an officer or agent of the Corporation, exchangeable as therein provided for full shares, but such scrip shall not entitle the holder to any rights of a shareholder, except as therein provided.

### **Section 2 — Lost or Destroyed Certificates:**

The holder of any certificate representing shares of the Corporation shall immediately notify the Corporation of any loss or destruction of the certificate representing the same. The Corporation may issue a new certificate in the place of any certificate theretofore issued by it, alleged to have been lost or destroyed. On production of such evidence of loss or destruction as the Board of Directors in its discretion may require, the Board of Directors may require the owner of the lost or destroyed certificate, or such owner's legal representatives, to give the Corporation a bond in such sum as the Board may direct, and with such surety or sureties as may be satisfactory to the Board, to indemnify the Corporation against any claim, loss, liability or damage it may suffer on account of the issuance of the new certificate. A new certificate may be issued without requiring any such evidence or bond when, in the judgment of the Board of Directors, it is proper so to do.

### **Section 3 — Transfer of Shares:**

(a) Transfers of shares of the Corporation shall be made on the share records of the Corporation only by the holder of the record thereof, in person or by his or her duly authorized attorney, in such a manner as the Board of Directors or any officer of the Corporation may prescribe or upon surrender of the certificate or certificates representing such shares if certificated, with an assignment or power of transfer endorsed thereon or delivered therewith, duly executed, with such proof of the authenticity of the signature and of authority to transfer and of payment of transfer taxes as the Corporation or its

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agents may require. Transfer of uncertificated shares of the Corporation shall occur upon providing the Corporation a duly executed assignment covering such shares along with proof of the authenticity of the signature and of authority to transfer and of payment of transfer taxes as the Corporation or its agents may require.

(b) The Corporation may treat, as the absolute owner of shares of the Corporation, the person or persons in whose name shares are registered on the books of the Corporation and, accordingly, shall not be bound to recognize any legal, equitable or other claim to or interest in, such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by law.

### **Section 4 — Record Date:**

In lieu of closing the share records of the Corporation, the Board of Directors may fix, in advance, a date not exceeding fifty (50) days, nor fewer than (10) days, as the record date for the determination of shareholders entitled to receive notice of, or to vote at, any meeting of shareholders, or to consent to

any proposal without a meeting, or for the purpose of determining the shareholders entitled to receive payment of any dividends, or allotment of any rights, or for the purpose of any other action. If no record date is fixed, the record date for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day next preceding the day on which notice is given, or, if no notice is given, the day on which the meeting is held, except that the record date for determining the eligibility of shares to be voted on at any election for Directors, shall be no fewer than twenty (20) days next preceding such election of Directors; the record date for determining shareholders for any other purpose shall be at the close of business on the day on which the resolution of the Directors relating thereto is adopted. When a determination of shareholders of record entitled to notice of or to vote at any meeting of shareholders has been made as provided for herein, such determination shall apply to any adjournment thereof unless the Directors fix a new record date for the adjourned meeting.

#### **ARTICLE VI — DIVIDENDS**

Subject to applicable law, dividends may be declared and paid out of any funds available therefor, as often, in such amounts, and at such time or times as the Board of Directors may determine.

#### **ARTICLE VII — FISCAL YEAR**

The fiscal year of the Corporation shall be fixed by the Board of Directors from time to time, subject to applicable law.

#### **ARTICLE VIII — CORPORATE SEAL**

##### **Section 1 — Seal:**

The Corporate seal shall be in such form as shall be approved from time to time by the Board of Directors. The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof.

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##### **Section 2 — Affixing Seal:**

Whenever the Corporation is required to place its corporate seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a corporate seal to impress, affix or reproduce a facsimile thereof adjacent to the signature of the authorized officer.

#### **ARTICLE IX — AMENDMENTS**

##### **Section 1 — By Shareholders:**

All Bylaws of the Corporation shall be subject to alteration or repeal, and new Bylaws may be made, by the affirmative vote of shareholders holding of record in the aggregate at least a majority of the outstanding shares entitled to vote in the election of Directors at any annual or special meeting of shareholders, provided that the notice or waiver of notice of such meeting shall have summarized or set forth in full therein the proposed amendment.

##### **Section 2 — By Directors:**

The Board of Directors shall have power to make and adopt Bylaws of the Corporation, except that the Board of Directors shall have no power effectively to change the quorum for meetings of shareholders or of the Board of Directors, or to effectively change any provisions of the Bylaws with respect to the removal of Directors or the filling of vacancies in the Board resulting from removal by the shareholders; provided, however, that the shareholders entitled to vote with respect thereto as in this Article IX above-provided may alter, amend or repeal Bylaws made by the Board of Directors. If any Bylaw regulating an impending election of Directors is adopted by the Board of Directors, that effectively amends or repeals a regulation concerning the method, notice, quorum necessary or otherwise substantially affecting the means for conducting an impending election of the Board of Directors, there shall be set forth in the notice of the next meeting of shareholders for the election of Directors, the Bylaw so made and adopted together with a concise statement of the changes made.

#### **ARTICLE X — INDEMNITY**

Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, may be indemnified by the Corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful.

The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably

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believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Any indemnification under the foregoing provisions shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of a director, officer, employee or agent is proper in the circumstances because he or she had met the applicable standard of conduct set forth above. Such determination shall be made by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such

action, suit or proceedings, or if such a quorum is not obtainable, or even if obtainable and the quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or by the shareholders.

Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the Director, officer, employee or agent to repay such amounts unless it shall ultimately be determined that he or she is entitled to be indemnified by the Corporation as herein authorized.

The indemnification herein provided by this Section shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of shareholders or disinterested Directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions above set forth.

For purposes of this Article, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture trust or other enterprise, shall stand in the same position under the provisions of this Section with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued.

The amount of indemnity to which any officer or Director may be entitled shall be fixed by majority vote of the Board of Directors. In any case in which there is less than a quorum of disinterested Directors, then said amount of indemnity shall be fixed by the vote of a majority of the disinterested Directors although less than a quorum; provided, however, in any case where there is no disinterested majority available, the amount shall be fixed by independent legal counsel selected by the disinterested Director(s).

The undersigned hereby certifies that he is the duly elected, qualified, and acting President of the Corporation, and that the foregoing bylaws, comprising 14 pages, were amended and restated on October 2, 2012.

/s/

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**William B. Shepro, President**

Acknowledged by:

/s/

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**David P. Durm, Secretary**

**ALTISOURCE ASSET MANAGEMENT CORPORATION  
2012 EQUITY INCENTIVE PLAN**

**SECTION 1. PURPOSE**

1.01 The purpose of the 2012 Equity Incentive Plan (the “Plan”) is to assist Altisource Asset Management Corporation (the “Corporation”) in attracting, retaining and motivating directors and employees of outstanding ability and to align their interests with those of the shareholders of the Corporation.

**SECTION 2. DEFINITIONS; CONSTRUCTION**

2.01 **Definitions.** In addition to the terms defined elsewhere in the Plan, the following terms as used in the Plan shall have the following meanings when used with initial capital letters:

2.01.1 “*Award*” means any Option, Restricted Stock, Performance Award or Other Stock-Based Award, or any other right or interest relating to Shares granted under the Plan.

2.01.2 “*Award Agreement*” means any written agreement, contract or other instrument or document evidencing an Award.

2.01.3 “*Board*” means the Corporation’s Board of Directors.

2.01.4 “*Cause*” means the definition provided in any employment, severance or other agreement governing the relationship between a Participant and the Corporation, and if no such definition exists, then

- (i) the Participant’s willful and intentional repeated failure or refusal, continuing after notice that specifically identifies the breach(es) complained of, to perform substantially his or her material duties, responsibilities and obligations (other than a failure resulting from grantee’s incapacity due to physical or mental illness or other reasons beyond the control of grantee), and which failure or refusal results in demonstrable direct and material injury to the Corporation;
- (ii) the Participant’s willful and intentional act or failure to act involving fraud, misrepresentation, theft, embezzlement, dishonesty or moral turpitude (collectively, “*Fraud*”) which results in demonstrable direct and material injury to the Corporation;
- (iii) the Participant’s conviction of (or a plea of nolo contendere to) an offense which is a felony in the jurisdiction involved or which is a misdemeanor in the jurisdiction involved but which involves *Fraud*; and
- (iv) the Participant’s material breach of a written policy of the applicable Employer Entity or the rules of any governmental or regulatory body applicable to the Corporation.

2.01.5 “*Code*” means the Internal Revenue Code of 1986, as amended from time to time, together with rules, regulations and interpretations promulgated thereunder. References to particular sections of the Code shall include any successor provisions.

2.01.6 “*Change of Control*” shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), whether or not the Corporation is then subject to such reporting requirement.

2.01.7 “*Committee*” means, (a) with respect to Participants who are employees and other service providers, the Compensation Committee or such other committee of the Board as may be designated by the Board to administer the Plan, consisting of at least three members of the Board; provided however, that any member of the Committee participating in the taking of any action under the Plan shall qualify as (1) an “outside director” as then defined under Section 162(m) of the Code or any successor provision, (2) a “non-employee director” as then defined under Rule 16b-3 or any successor rule and (3) an “independent” director under the rules of any stock exchange on which shares of Common Stock may be listed, or (b) with respect to Participants who are non-employee directors, the Board.

2.01.8 “*Common Stock*” means shares of the common stock, par value \$0.01 per share, and such other securities of the Corporation or other corporation or entity as may be substituted for Shares pursuant to Section 8.01 hereof.

2.01.9 “*Covered Employee*” shall have the meaning provided in Section 162(m)(3) of the Code.

2.01.10 “*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

2.01.11 “*Fair Market Value*” of shares of any stock, including but not limited to Common Stock, or units of any other securities (herein “shares”), shall be the mean between the highest and lowest sales prices per share for the date(s) as established by the Board as of which Fair Market Value is to be determined in the principal market in which such shares are traded, as quoted in *The Wall Street Journal* (or in such other reliable publication as the Committee, in its discretion, may determine to rely upon). If the Fair Market Value of shares on any date(s) cannot be determined on the basis set forth in the preceding sentence, or if a determination is required as to the Fair Market Value on any date of property other than shares, the Committee shall in good faith determine the Fair Market Value of such shares or other property on such date(s). Fair Market Value shall be determined without regard to any restriction other than a restriction which, by its terms, will never lapse.

2.01.12 “*Option*” means a right, granted under Section 6.02 hereof, to purchase Shares at a specified price during specified time periods.

2.01.13 “*Other Stock-Based Award*” means an Award, granted under Section 6.05 hereof, that is denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares.

2.01.14 “Participant” means (a) an employee of the Corporation, parent entity of the Corporation, or any Subsidiary or affiliate, including, but not limited to, a Covered Employee, or (b) a member of the Board, who, in the case of either clause (a) or (b), is granted an Award under the Plan.

2.01.15 “Performance Award,” “Performance Goal” and “Performance Period” shall have the meanings provided in Section 6.04.

2.01.16 “Person” shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, and shall include a “group” as defined in Section 13(d) thereof.

2.01.17 “Restricted Stock” means Shares, granted under Section 6.03 hereof, that are subject to certain restrictions.

2.01.18 “Rule 16b-3” means Rule 16b-3 under the Exchange Act, as amended from time to time, or any successor to such Rule promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act.

2.01.19 “Shares” means the common stock of the Corporation, par value \$0.01 per share, and such other securities of the Corporation as may be substituted for Shares pursuant to Section 8.01 hereof.

2.01.20 “Subsidiary” means any corporation in an unbroken chain of corporations beginning with the Corporation, if each of the corporations other than the last corporation in the chain owns stock possessing at least 50% of the total combined voting power of all classes of stock in one of the other corporations in the chain.

2.02 **Construction.** For purposes of the Plan, the following rules of construction shall apply:

2.02.1 The word “or” is disjunctive but not necessarily exclusive.

2.02.2 Words in the singular include the plural; words in the plural include the singular; words in the neuter gender include the masculine and feminine genders, and words in the masculine or feminine gender include the other and neuter genders.

### SECTION 3. ADMINISTRATION

3.01 The Plan shall be administered by the Committee. The Committee shall have complete, full and final authority to take the following actions, in each case subject to and consistent with the provisions of the Plan:

- (i) to designate Participants;
- (ii) to determine the type or types of Awards to be granted to each Participant;
- (iii) to determine the number of Awards to be granted, the number of Shares or amount of cash or other property to which an Award will relate, the terms

and conditions of any Award (including, but not limited to, any exercise price, grant price or purchase price, any limitation or restriction, any schedule for lapse of limitations, forfeiture restrictions or restrictions on exercisability or transferability, and accelerations or waivers thereof, including in the case of a Change of Control based in each case on such considerations as the Committee shall determine), and all other matters to be determined in connection with an Award;

- (iv) to determine whether, to what extent and under what circumstances an Award may be settled in, or the exercise price of an Award may be paid in cash, Shares, other Awards or other property, or an Award may be accelerated, vested, canceled, forfeited, exchanged or surrendered;
- (v) to interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan;
- (vi) to prescribe the form of each Award Agreement, which need not be identical for each Participant;
- (vii) to adopt, amend, suspend, waive and rescind such rules and regulations as the Committee may deem necessary or advisable to administer the Plan;
- (viii) to correct any defect or supply any omission or reconcile any inconsistency, and to construe and interpret the Plan, the rules and regulations, any Award Agreement or other instrument entered into or Award made under the Plan;
- (ix) to make all other decisions and determinations as may be required under the terms of the Plan or as the Committee may deem necessary or advisable for the administration of the Plan; and
- (x) to make such filings and take such actions as may be required from time to time by appropriate state, regulatory and governmental agencies. Any action of the Committee with respect to the Plan shall be final, conclusive and binding on all Persons, including the Corporation, Subsidiaries, Participants and any Person claiming any rights under the Plan from or through any Participants. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. The Committee may delegate to officers, managers and/or agents of the Corporation or any Subsidiary the authority, subject to such terms as the Committee shall determine, to perform administrative and other functions under the Plan. Each member of the Committee shall be entitled to, in good faith, rely or act upon any report or

the Corporation and/or Committee to assist in the administration of the Plan.

#### SECTION 4. SHARES SUBJECT TO THE PLAN

4.01 The maximum net number of Shares which may be issued and in respect of which Awards may be granted under the Plan shall be limited to [276,000 plus a number of shares for options granted in connection with the Separation] shares of Common Stock, subject to adjustment as provided in Section 8.01, which may be used for all forms of Awards. Each Share issued under the Plan pursuant to an Award shall reduce the number of available Shares by 1.00.

For purposes of this Section 4.01, the number of Shares to which an Award relates shall be counted against the number of Shares available under the Plan at the time of grant of the Award, unless such number of Shares cannot be determined at that time, in which case the number of Shares actually distributed pursuant to the Award shall be counted against the number of Shares available under the Plan at the time of distribution; provided, however, that Awards related to or retroactively added to, or granted in tandem with, substituted for or converted into, other Awards shall be counted or not counted against the number of Shares reserved and available under the Plan in accordance with procedures adopted by the Committee so as to ensure appropriate counting but avoid double counting.

If any Shares to which an Award relates are forfeited or the Award otherwise terminates without payment being made to the Participant in the form of Shares or if payment is made to the Participant in the form of cash, cash equivalents or other property other than Shares, any Shares counted against the number of Shares available under the Plan with respect to such Award shall, to the extent of any such forfeiture or termination or alternative payment, again be available for Awards under the Plan. If the exercise price of an Award is paid by delivering to the Corporation Shares previously owned by the Participant or if Shares are delivered or withheld for purposes of satisfying a tax withholding obligation, the number of Shares covered by the Award equal to the number of Shares so delivered or withheld shall, however, be counted against the number of Shares granted and shall not again be available for Awards under the Plan. Any Shares distributed pursuant to an Award may consist, in whole or part, of authorized and unissued Shares, including Shares repurchased by the Corporation for purposes of the Plan.

#### SECTION 5. ELIGIBILITY

5.01 Awards may be granted only to individuals who are employees of the Corporation, the parent entity of the Corporation or any Subsidiary or affiliate or to members of the Board.

#### SECTION 6. SPECIFIC TERMS OF AWARDS

6.01 **General.** Subject to the terms of the Plan and any applicable Award Agreement, Awards may be granted as set forth in this Section 6. In addition, the Committee may impose on

any Award or the exercise thereof, at the date of grant or thereafter (subject to the terms of Section 9.01), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine, including separate escrow provisions and terms requiring forfeiture of Awards in the event of termination of employment or service by the Participant. Except as required by applicable law, Awards may be granted for no consideration other than prior and/or future services.

6.02 **Options.** The Committee is authorized to grant Options to Participants on the following terms and conditions:

- (i) *Exercise Price.* The criteria for determining the exercise price per Share of an Option shall be determined and such price shall be established by the Committee prior to each grant;
- (ii) *Option Term.* The term of each Option shall be determined by the Committee, except that no Option shall be exercisable after the expiration of ten years from the date of grant. The Option shall be evidenced by a form of written Award Agreement, and subject to the terms thereof;
- (iii) *Times and Methods of Exercise.* The Committee shall determine the time or times at which an Option may be exercised in whole or in part, the methods by which the exercise price may be paid or deemed to be paid, and the form of such payment, including, without limitation, cash, Shares, or other property or any combination thereof, having a Fair Market Value on the date of exercise equal to the exercise price, provided, however, that (1) in the case of a Participant who is at the time of exercise subject to Section 16 of the Exchange Act, any portion of the exercise price representing a fraction of a Share shall in any event be paid in cash or in property other than any equity security (as defined by the Exchange Act) of the Corporation and (2) except as otherwise determined by the Committee, in its discretion, no shares which have been held for less than six months may be delivered in payment of the exercise price of an Option. Delivery of Shares in payment of the exercise price of an Option, if authorized by the Committee, may be accomplished through the effective transfer to the Corporation of Shares held by a broker or other agent; and

Unless otherwise determined by the Committee, the Corporation will also cooperate with any person exercising an Option who participates in a cashless exercise program of a broker or other agent under which all or part of the Shares received upon exercise of the Option are sold through the broker or other agent, for the purpose of paying the exercise price of an Option.

Notwithstanding the preceding sentence, unless the Committee, in its discretion, shall otherwise determine, the exercise of the Option shall not be deemed to occur, and no Shares will be issued by the Corporation upon exercise of an Option, until the Corporation has received payment in full of the exercise price.

- (iv) *Termination of Employment.* In the case of Participants, unless otherwise determined by the Committee and reflected in the Award Agreement or award program:
- (A) if a Participant shall die while employed or engaged by the Corporation or a Subsidiary or affiliate or during a period following termination of employment or engagement during which an Option otherwise remains exercisable under this Section 6.02(iv), Options granted to the Participant, to the extent exercisable at the time of the Participant's death, may be exercised within two years after the date of the Participant's death, but not later than the expiration date of the Options, by the executor or administrator of the Participant's estate or by the Person or Persons to whom the Participant shall have transferred such right by will or by the laws of descent and distribution;
  - (B) if the Participant must terminate employment due to disability, the Options may be exercised within three years after the date of termination, but not later than the expiration date of the Options;
  - (C) if the Participant has attained the age of 60 and has been an employee of the Corporation, its Subsidiary, or affiliate for not less than three (3) years as of or on the date of termination of employment by reason of retirement, the Options shall vest and shall become immediately exercisable in full on the date of termination and may be exercised within three years after the date of retirement, but not later than the expiration date of the Options;
  - (D) if the employment or engagement of a Participant with the Corporation and its Subsidiaries and affiliates shall be involuntarily terminated under circumstances which would qualify the Participant for benefits under a severance plan of the Corporation or shall terminate his or her employment or engagement with the written consent of the Corporation or a Subsidiary, the Committee may elect to vest the Options immediately. Options granted to the Participant, to the extent exercisable at the date of the Participant's termination of employment or engagement, may be exercised within six months after the date of termination of employment or engagement, but not later than the expiration date of the Options; and
  - (E) if the employment of a Participant with the Corporation shall be involuntarily terminated for Cause, any outstanding Options granted to such Participant, whether or not vested, shall terminate on the date of such termination; and

- (F) except to the extent an Option remains exercisable under paragraphs (A) through (D) above, any Option granted to a Participant shall terminate six months after the date of termination of employment or engagement of the Participant with the Corporation or a Subsidiary or affiliate.
- (v) *Individual Option Limit.* The aggregate number of Shares for which Options may be granted under the Plan to any single Participant in any calendar year shall not exceed 79,000 Shares. The limitation in the preceding sentence shall be interpreted and applied in a manner consistent with Section 162(m) of the Code.

6.03 **Restricted Stock.** The Committee is authorized to grant Restricted Stock to Participants on the following terms and conditions:

- (i) *Issuance and Restrictions.* Restricted Stock shall be subject to such restrictions on transferability and other restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive dividends thereon), which restrictions may lapse separately or in combination at such times, under such circumstances, in such installments or otherwise, as the Committee shall determine at the time of grant or thereafter. The restriction period applicable to Restricted Stock shall, in the case of a time-based restriction, be not less than three years, with ratable vesting over such period or, in the case of a performance-based restriction period, be not less than one year;
- (ii) *Forfeiture.* Except as otherwise determined by the Committee at the time of grant or thereafter, upon termination of employment, engagement or other service (as determined under criteria established by the Committee) during the applicable restriction period, Restricted Stock that is at that time subject to restrictions shall be forfeited and reacquired by the Corporation; provided, however, that the Committee may provide, by rule or regulation or in any Award Agreement, that restrictions on Restricted Stock shall be waived in whole or in part in the event of terminations resulting from specified causes, and the Committee may in other cases waive in whole or in part restrictions on Restricted Stock; and
- (iii) *Certificates for Shares.* Restricted Stock granted under the Plan may be evidenced in such manner as the Committee shall determine, including, without limitation, issuance of certificates representing Shares, which may be held in escrow. Certificates representing Shares of Restricted Stock shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock.

6.04 **Performance Awards.** The Committee is authorized to grant Performance Awards to Participants on the following terms and conditions:

- (i) *Right to Payment.* A Performance Award shall represent a right to receive Shares based on the achievement, or the level of achievement, during a specified Performance Period of one or more Performance Goals established by the Committee at the time of the Award;



- (ii) *Terms of Performance Awards.* At or prior to the time a Performance Award is granted, the Committee shall cause to be set forth in the Award Agreement or otherwise in writing (1) the Performance Goals applicable to the Award and the Performance Period during which the achievement of the Performance Goals shall be measured, (2) the amount which may be earned by the Participant based on the achievement, or the level of achievement, of the Performance Goals or the formula by which such amount shall be determined and (3) such other terms and conditions applicable to the Award as the Committee may, in its discretion, determine to include therein. The terms so established by the Committee shall be objective such that a third party having knowledge of the relevant facts could determine whether or not any Performance Goal has been achieved, or the extent of such achievement, and the amount, if any, which has been earned by the Participant based on such performance. The Committee may retain the discretion to reduce (but not to increase) the amount of a Performance Award which will be earned based on the achievement of Performance Goals. When the Performance Goals are established, the Committee shall also specify the manner in which the level of achievement of such Performance Goals shall be calculated and the weighting assigned to such Performance Goals. The Committee may determine that unusual items or certain specified events or occurrences, including changes in accounting standards or tax laws and the effects of non-operational items or extraordinary items as defined by generally accepted accounting principles, shall be excluded from the calculation to the extent permitted in Section 162(m);
- (iii) *Performance Goals.* "Performance Goals" shall mean one or more pre-established, objective measures of performance during a specified "Performance Period", selected by the Committee in its discretion.

Performance Goals may be based upon one or more of the following objective performance measures and expressed in either, or a combination of, absolute or relative values: earnings per share, earnings per share growth, return on capital employed, costs, net income, net income growth, operating margin, revenues, revenue growth, revenue from operations, expenses, income from operations as a percent of capital employed, income from operations, cash flow, market share, return on equity, return on assets, earnings (including EBITDA and EBIT), operating cash flow, operating cash flow as a percent of capital employed, economic value added, gross margin, total shareholder return, workforce diversity, number of accounts, workers' compensation claims, budgeted amounts, cost per hire, turnover rate, and/or training costs and expenses. Performance Goals

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based on such performance measures may be based either on the performance of the Corporation, a Subsidiary or Subsidiaries, affiliate, any branch, department, business unit or other portion thereof under such measure for the Performance Period and/or upon a comparison of such performance with the performance of a peer group of corporations, prior Performance Periods or other measure selected or defined by the Committee at the time of making a Performance Award. The Committee may in its discretion also determine to use other objective performance measures as Performance Goals;

- (iv) *Committee Certification.* Following completion of the applicable Performance Period, and prior to any payment of a Performance Award to the Participant, the Committee shall determine in accordance with the terms of the Performance Award and shall certify in writing whether the applicable Performance Goal or Goals were achieved, or the level of such achievement, and the amount, if any, earned by the Participant based upon such performance. For this purpose, approved minutes of the meeting of the Committee at which certification is made shall be sufficient to satisfy the requirement of a written certification;

Performance Awards are not intended to provide for the deferral of compensation, such that payment of Performance Awards shall be paid within two and one-half months following the end of the calendar year in which the Performance Period ends or such other time period if and to the extent as may be required to avoid characterization of such Awards as deferred compensation; and

- (v) *Maximum Individual Performance Award Payments.* In any one calendar year, the maximum amount which may be earned by any single Participant under Performance Awards granted under the Plan shall be limited to 79,000 Shares. In the case of multi-year Performance Periods, the amount which is earned in any one calendar year is the amount paid for the Performance Period divided by the number of calendar years in the period. In applying this limit, the number of Shares earned by a Participant shall be measured as of the close of the applicable calendar year which ends the Performance Period, regardless of the fact that certification by the Committee and actual payment to the Participant may occur in a subsequent calendar year or years. The foregoing limitation shall be interpreted and applied in a manner consistent with Section 162(m) of the Code.

6.05 **Other Stock-Based Awards.** The Committee is authorized, subject to limitations under applicable law, to grant to Participants, in lieu of salary, cash bonus, fees or other payments, such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares, as deemed by the Committee to be consistent with the purposes of the Plan, including, without limitation, purchase rights, appreciation rights, Shares awarded which are not subject to any

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restrictions or conditions, convertible securities, exchangeable securities or other rights convertible or exchangeable into Shares, as the Committee in its discretion may determine. In the discretion of the Committee, such Other Stock-Based Awards, including Shares, or other types of Awards authorized under the Plan, may be used in connection with, or to satisfy obligations of the Corporation or a Subsidiary under, other compensation or incentive plans, programs or arrangements of the Corporation or any Subsidiary for eligible Participants.

The Committee shall determine the terms and conditions of Other Stock-Based Awards. Shares or securities delivered pursuant to a purchase right granted under this Section 6.05 shall be purchased for such consideration, paid for by such methods and in such forms, including, without limitation, cash, Shares, or other property or any combination thereof, as the Committee shall determine, but the value of such consideration shall not be less than the Fair Market Value of such Shares or other securities on the date of grant of such purchase right.

Appreciation rights may not be granted at a price less than the fair market value of the underlying Shares on the date of grant. Delivery of Shares or other securities in payment of a purchase right or appreciation right, if authorized by the Committee, may be accomplished through the effective

transfer to the Corporation of Shares or other securities held by a broker or other agent. Unless otherwise determined by the Committee, the Corporation will also cooperate with any person exercising a purchase right who participates in a cashless exercise program of a broker or other agent under which all or part of the Shares or securities received upon exercise of a purchase right are sold through the broker or other agent, or under which the broker or other agent makes a loan to such person, for the purpose of paying the exercise price of a purchase right.

Notwithstanding the preceding sentence, unless the Committee, in its discretion, shall otherwise determine, the exercise of the purchase right shall not be deemed to occur, and no Shares or other securities will be issued by the Corporation upon exercise of a purchase right, until the Corporation has received payment in full of the exercise price.

## SECTION 7. GENERAL TERMS OF AWARDS

7.01 **Stand-Alone, Tandem and Substitute Awards.** Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, or in tandem with, any other Award granted under the Plan or any award granted under any other plan, program or arrangement of the Corporation or any Subsidiary (subject to the terms of Section 9.01) or any business entity acquired or to be acquired by the Corporation or a Subsidiary.

Awards granted in addition to or in tandem with other Awards or awards may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

7.02 **Decisions Required to be Made by the Committee.** Other provisions of the Plan and any Award Agreement notwithstanding, if any decision regarding an Award or the

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exercise of any right by a Participant, at any time such Participant is subject to Section 16 of the Exchange Act, is required to be made or approved by the Committee or the Board in order that a transaction by such Participant will be exempt under Rule 16b-3, then the Committee or the Board shall retain full and exclusive power and authority to make such decision or to approve or disapprove any such decision by the Participant.

7.03 **Term of Awards.** The term of each Award shall be for such period as may be determined by the Committee; provided, however, that in no event shall the term of any Option exceed a period of ten years from the date of its grant.

7.04 **Form of Payment of Awards.** Subject to the terms of the Plan and any applicable Award Agreement, payments or substitutions to be made by the Corporation upon the grant, exercise or other payment or distribution of an Award may be made in such forms as the Committee shall determine at the time of grant or thereafter (subject to the terms of Section 9.01), including, without limitation, cash, Shares, or other property or any combination thereof, in each case in accordance with rules and procedures established, or as otherwise determined, by the Committee.

7.05 **Limits on Transfer of Awards; Beneficiaries.** No right or interest of a Participant in any Award shall be pledged, encumbered or hypothecated to or in favor of any Person other than the Corporation, or shall be subject to any lien, obligation or liability of such Participant to any Person other than the Corporation or a Subsidiary except as otherwise established by the Committee at the time of grant or thereafter. No Award and no rights or interests therein shall be assignable or transferable by a Participant otherwise than by will or the laws of descent and distribution, and any Option or other right to purchase or acquire Shares granted to a Participant under the Plan shall be exercisable during the Participant's lifetime only by such Participant. A beneficiary, guardian, legal representative or other Person claiming any rights under the Plan from or through any Participant shall be subject to all the terms and conditions of the Plan and any Award Agreement applicable to such Participant as well as any additional restrictions or limitations deemed necessary or appropriate by the Committee.

7.06 **Registration and Listing Compliance.** No Award shall be paid and no Shares or other securities shall be distributed with respect to any Award in a transaction subject to the registration requirements of the Securities Act of 1933, as amended, or any state securities law or subject to a listing requirement under any listing agreement between the Corporation and any national securities exchange, and no Award shall confer upon any Participant rights to such payment or distribution until such laws and contractual obligations of the Corporation have been complied with in all material respects. Except to the extent required by the terms of an Award Agreement or another contract between the Corporation and the Participant, neither the grant of any Award nor anything else contained herein shall obligate the Corporation to take any action to comply with any requirements of any such securities laws or contractual obligations relating to the registration (or exemption therefrom) or listing of any Shares or other securities, whether or not necessary in order to permit any such payment or distribution.

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7.07 **Stock Certificates.** Awards representing Shares under the Plan may be recorded in book entry form until the lapse of restrictions or limitations thereon, or issued in the form of certificates. All certificates for Shares delivered under the terms of the Plan shall be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under federal or state securities laws, rules and regulations thereunder, and the rules of any national securities exchange or automated quotation system on which Shares are listed or quoted. The Committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions or any other restrictions or limitations that may be applicable to Shares. In addition, during any period in which Awards or Shares are subject to restrictions or limitations under the terms of the Plan or any Award Agreement, the Committee may require any Participant to enter into an agreement providing that certificates representing Shares issuable or issued pursuant to an Award shall remain in the physical custody of the Corporation or such other Person as the Committee may designate.

## SECTION 8. ADJUSTMENT PROVISIONS

8.01 If a dividend or other distribution shall be declared upon the Common Stock payable in shares of the Common Stock, the number of shares of Common Stock then subject to any outstanding Options, Performance Awards or Other Stock Based Awards, the number of shares of Common Stock which may be issued under the Plan but are not then subject to outstanding Options, Performance Awards or Other Stock Based Awards and the maximum number of shares as to which Options or Performance Awards may be granted and as to which shares may be awarded under Sections 6.02(vi) and 6.04(v), shall be adjusted by adding thereto the number of shares of Common Stock which would have been distributable

thereon if such shares had been outstanding on the date fixed for determining the shareholders entitled to receive such stock dividend or distribution. Shares of Common Stock so distributed with respect to any Restricted Stock held in escrow shall also be held by the Corporation in escrow and shall be subject to the same restrictions as are applicable to the Restricted Stock on which they were distributed.

If the outstanding shares of Common Stock shall be changed into or exchangeable for a different number or kind of shares of stock or other securities of the Corporation or another corporation, or cash or other property, whether through reorganization, reclassification, recapitalization, stock split-up, combination of shares, merger or consolidation, then there shall be substituted for each share of Common Stock subject to any then outstanding Option, Performance Award or Other Stock Based Award, and for each share of Common Stock which may be issued under the Plan but which is not then subject to any outstanding Option, Performance Award or Other Stock Based Award, the number and kind of shares of stock or other securities (and in the case of outstanding Options, Performance Awards or Other Stock Based Awards, the cash or other property) into which each outstanding share of the Common Stock shall be so changed or for which each such share shall be exchangeable. Unless otherwise determined by the Committee in its discretion, any such stock or securities, as well as any cash or other property, into or for which any Restricted Stock held in escrow shall be changed or exchangeable in any such transaction shall also be held by the Corporation in escrow and shall be subject to

the same restrictions as are applicable to the Restricted Stock in respect of which such stock, securities, cash or other property was issued or distributed.

In case of any adjustment or substitution as provided for in this Section 8.01, the aggregate option price for all Shares subject to each then outstanding Option, Performance Award or Other Stock Based Award, prior to such adjustment or substitution shall be the aggregate option price for all shares of stock or other securities (including any fraction), cash or other property to which such Shares shall have been adjusted or which shall have been substituted for such Shares. Any new option price per share or other unit shall be carried to at least three decimal places with the last decimal place rounded upwards to the nearest whole number.

If the outstanding shares of the Common Stock shall be changed in value by reason of any spin-off, split-off or split-up, or dividend in partial liquidation, dividend in property other than cash, or extraordinary distribution to shareholders of the Common Stock, (a) the Committee shall make any adjustments to any then outstanding Option, Performance Award or Other Stock Based Award, which it determines are equitably required to prevent dilution or enlargement of the rights of optionees and awardees which would otherwise result from any such transaction, and (b) unless otherwise determined by the Committee in its discretion, any stock, securities, cash or other property distributed with respect to any Restricted Stock held in escrow or for which any Restricted Stock held in escrow shall be exchanged in any such transaction shall also be held by the Corporation in escrow and shall be subject to the same restrictions as are applicable to the Restricted Stock in respect of which such stock, securities, cash or other property was distributed or exchanged.

No adjustment or substitution provided for in this Section 8.01 shall require the Corporation to issue or sell a fraction of a Share or other security. Accordingly, all fractional Shares or other securities which result from any such adjustment or substitution shall be eliminated and not carried forward to any subsequent adjustment or substitution. Owners of Restricted Stock held in escrow shall be treated in the same manner as owners of Common Stock not held in escrow with respect to fractional Shares created by an adjustment or substitution of Shares, except that, unless otherwise determined by the Committee in its discretion, any cash or other property paid in lieu of a fractional Share shall be subject to restrictions similar to those applicable to the Restricted Stock exchanged therefor.

In the event of any other change in or conversion of the Common Stock, the Committee may in its discretion adjust the outstanding Awards and other amounts provided in the Plan in order to prevent the dilution or enlargement of rights of Participants.

## **SECTION 9. AMENDMENTS TO AND TERMINATION OF THE PLAN**

9.01 The Board may amend, alter, suspend, discontinue or terminate the Plan without the consent of shareholders or Participants, except that, without the approval of the shareholders of the Corporation, no amendment, alteration, suspension, discontinuation or termination shall be made if shareholder approval is required by any federal or state

law or regulation or by the rules of any stock exchange on which the Shares may then be listed, or if the amendment, alteration or other change materially increases the benefits accruing to Participants, increases the number of Shares available under the Plan or modifies the requirements for participation under the Plan, or if the Board in its discretion determines that obtaining such shareholder approval is for any reason advisable; provided, however, that without the written consent of the Participant, no amendment, alteration, suspension, discontinuation or termination of the Plan may materially and adversely affect the rights of such Participant under any Award theretofore granted to him. The Committee may, consistent with the terms of the Plan, waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue or terminate, any Award theretofore granted, prospectively or retrospectively; provided, however, that without the consent of a Participant, no amendment, alteration, suspension, discontinuation or termination of any Award may materially and adversely affect the rights of such Participant under any Award theretofore granted to him; and provided further that, except as provided in Section 8.01 of the Plan, the exercise price of any outstanding Option may not be reduced, whether through amendment, cancellation or replacement, unless such reduction is approved by the shareholders of the Corporation.

## **SECTION 10. GENERAL PROVISIONS**

10.01 **No Right to Awards; No Shareholder Rights.** No Participant shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Participants, except as provided in any other compensation, fee or other arrangement. No Award shall confer on any Participant any of the rights of a shareholder of the Corporation unless and until Shares are in fact issued to such Participant in connection with such Award.

- 10.02 **Withholding.** To the extent required by applicable Federal, state, local or foreign law, the Participant or his successor shall make arrangements satisfactory to the Corporation, in its discretion, for the satisfaction of any withholding tax obligations that arise in connection with an Award. The Corporation shall not be required to issue any Shares or make any other payment under the Plan until such obligations are satisfied. The Corporation is authorized to withhold from any Award granted or any payment due under the Plan, including from a distribution of Shares, amounts of withholding taxes due with respect to an Award, its exercise or any payment thereunder, and to take such other action as the Committee may deem necessary or advisable to enable the Corporation and Participants to satisfy obligations for the payment of such taxes. This authority shall include authority to withhold or receive Shares, Awards or other property and to make cash payments in respect thereof in satisfaction of such tax obligations.
- 10.03 **No Right to Employment or Continuation of Service.** Nothing contained in the Plan or any Award Agreement shall confer, and no grant of an Award shall be construed as conferring, upon any Participant any right to continue in the employ or service of the Corporation or to interfere in any way with the right of the Corporation or shareholders to terminate his employment or service at any time or increase or decrease his compensation, fees, or other payments from the rate in existence at the time of granting

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of an Award, except as provided in any Award Agreement or other compensation, fee or other arrangement.

- 10.04 **Unfunded Status of Awards; Creation of Trusts.** The Plan is intended to constitute an “unfunded” plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give any such Participant any rights that are greater than those of a general unsecured creditor of the Corporation; provided, however, that the Committee may authorize the creation of trusts or make other arrangements to meet the Corporation’s obligations under the Plan to deliver Shares or other property pursuant to any Award, which trusts or other arrangements shall be consistent with the “unfunded” status of the Plan unless the Committee otherwise determines.
- 10.05 **No Limit on Other Compensatory Arrangements.** Nothing contained in the Plan shall prevent the Corporation from adopting other or additional compensation, fee or other arrangements (which may include, without limitation, employment agreements with executives and arrangements which relate to Awards under the Plan), and such arrangements may be either generally applicable or applicable only in specific cases. Notwithstanding anything in the Plan to the contrary, the terms of each Award shall be construed so as to be consistent with such other arrangements in effect at the time of the Award.
- 10.06 **No Fractional Shares.** No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, other Awards or other property shall be issued or paid in lieu of fractional Shares or whether such fractional Shares or any rights thereto shall be forfeited or otherwise eliminated.
- 10.07 **Governing Law.** The validity, interpretation, construction and effect of the Plan and any rules and regulations relating to the Plan shall be governed by the laws of the United States Virgin Islands (without regard to the conflicts of laws thereof).
- 10.08 **Severability.** If any provision of the Plan or any Award is or becomes or is deemed invalid, illegal or unenforceable in any jurisdiction, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or Award, it shall be deleted and the remainder of the Plan or Award shall remain in full force and effect; provided, however, that, unless otherwise determined by the Committee, the provision shall not be construed or deemed amended or deleted with respect to any Participant whose rights and obligations under the Plan are not subject to the law of such jurisdiction or the law deemed applicable by the Committee.

#### SECTION 11. EFFECTIVE DATE AND TERM OF THE PLAN

- 11.01 The effective date and date of adoption of the Plan shall be [ ], 2012, the date of adoption of the Plan by the Board, provided that such adoption of the Plan is approved by

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a majority of the votes cast at a duly held meeting of shareholders at which a quorum representing a majority of the outstanding voting stock of the Corporation is, either in person or by proxy, present and voting. Notwithstanding anything else contained in the Plan or in any Award Agreement, no Option or other purchase right granted under the Plan may be exercised, and no Shares may be distributed pursuant to any Award granted under the Plan, prior to such shareholder approval. In the event such shareholder approval is not obtained, all Awards granted under the Plan shall automatically be deemed void and of no effect.

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**ALTISOURCE ASSET MANAGEMENT CORPORATION  
2012 SPECIAL EQUITY INCENTIVE PLAN**

**SECTION 1. PURPOSE**

1.01 The purpose of the 2012 Special Equity Incentive Plan (the “Plan”) is to assist Altisource Asset Management Corporation (the “Corporation”) by incentivizing individuals who are providing services to the Corporation through their service for entities that have service relationships with the Corporation.

**SECTION 2. DEFINITIONS; CONSTRUCTION**

2.01 **Definitions.** In addition to the terms defined elsewhere in the Plan, the following terms as used in the Plan shall have the following meanings when used with initial capital letters:

2.01.1 “*Administrator*” means the Board or such committee of the Board as may be designated by the Board to administer the Plan.

2.01.2 “*Award*” means any Option, Restricted Stock, Performance Award or Other Stock-Based Award, or any other right or interest relating to Shares granted under the Plan.

2.01.3 “*Award Agreement*” means any written agreement, contract or other instrument or document evidencing an Award.

2.01.4 “*Board*” means the Corporation’s Board of Directors.

2.01.5 “*Cause*” means the definition provided in any employment, severance or other agreement governing the relationship between a Participant and the applicable Employer Entity, and if no such definition exists, then

- (i) the Participant’s willful and intentional repeated failure or refusal, continuing after notice that specifically identifies the breach(es) complained of, to perform substantially his or her material duties, responsibilities and obligations (other than a failure resulting from grantee’s incapacity due to physical or mental illness or other reasons beyond the control of grantee), and which failure or refusal results in demonstrable direct and material injury to the applicable Employer Entity;
- (ii) the Participant’s willful and intentional act or failure to act involving fraud, misrepresentation, theft, embezzlement, dishonesty or moral turpitude (collectively, “*Fraud*”) which results in demonstrable direct and material injury to the applicable Employer Entity;
- (iii) the Participant’s conviction of (or a plea of nolo contendere to) an offense which is a felony in the jurisdiction involved or which is a misdemeanor in the jurisdiction involved but which involves *Fraud*; and

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(iv) the Participant’s material breach of a written policy of the applicable Employer Entity or the rules of any governmental or regulatory body applicable to the applicable Employer Entity.

2.01.6 “*Code*” means the Internal Revenue Code of 1986, as amended from time to time, together with rules, regulations and interpretations promulgated thereunder. References to particular sections of the Code shall include any successor provisions.

2.01.7 “*Change of Control*” shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), whether or not the Corporation is then subject to such reporting requirement.

2.01.8 “*Common Stock*” means shares of the common stock, par value \$1.00 per share, and such other securities of the Corporation or other corporation or entity as may be substituted for Shares pursuant to Section 8.01 hereof.

2.01.9 “*Employer Entity*” means Ocwen Financial Corporation, Altisource Portfolio Solutions S.A. or another entity with a service relationship with the Corporation.

2.01.10 “*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

2.01.11 “*Fair Market Value*” of shares of any stock, including but not limited to Common Stock, or units of any other securities (herein “*shares*”), shall be the mean between the highest and lowest sales prices per share for the date(s) as established by the Board as of which Fair Market Value is to be determined in the principal market in which such shares are traded, as quoted in *The Wall Street Journal* (or in such other reliable publication as the Administrator, in its discretion, may determine to rely upon). If the Fair Market Value of shares on any date(s) cannot be determined on the basis set forth in the preceding sentence, or if a determination is required as to the Fair Market Value on any date of property other than shares, the Administrator shall in good faith determine the Fair Market Value of such shares or other property on such date(s). Fair Market Value shall be determined without regard to any restriction other than a restriction which, by its terms, will never lapse.

2.01.12 “*Option*” means a right, granted under Section 6.02 hereof, to purchase Shares at a specified price during specified time periods.

2.01.13 “*Other Stock-Based Award*” means an Award, granted under Section 6.05 hereof, that is denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares.

2.01.14 “*Participant*” means (a) an individual who is not an employee of the Corporation but is employed by Ocwen Financial Corporation, Altisource Portfolio Solutions S.A. or another entity with a service relationship with the Corporation.

2.01.16 “Person” shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, and shall include a “group” as defined in Section 13(d) thereof.

2.01.17 “Restricted Stock” means Shares, granted under Section 6.03 hereof, that are subject to certain restrictions.

2.01.18 “Shares” means the common stock of the Corporation, par value \$0.01 per share, and such other securities of the Corporation as may be substituted for Shares pursuant to Section 8.01 hereof.

2.01.19 “Subsidiary” means any corporation in an unbroken chain of corporations beginning with the Corporation, if each of the corporations other than the last corporation in the chain owns stock possessing at least 50% of the total combined voting power of all classes of stock in one of the other corporations in the chain.

2.02 **Construction.** For purposes of the Plan, the following rules of construction shall apply:

2.02.1 The word “or” is disjunctive but not necessarily exclusive.

2.02.2 Words in the singular include the plural; words in the plural include the singular; words in the neuter gender include the masculine and feminine genders, and words in the masculine or feminine gender include the other and neuter genders.

### SECTION 3. ADMINISTRATION

3.01 The Plan shall be administered by the Administrator. The Administrator shall have complete, full and final authority to take the following actions, in each case subject to and consistent with the provisions of the Plan:

- (i) to designate Participants;
- (ii) to determine the type or types of Awards to be granted to each Participant;
- (iii) to determine the number of Awards to be granted, the number of Shares or amount of cash or other property to which an Award will relate, the terms and conditions of any Award (including, but not limited to, any exercise price, grant price or purchase price, any limitation or restriction, any schedule for lapse of limitations, forfeiture restrictions or restrictions on exercisability or transferability, and accelerations or waivers thereof, including in the case of a Change of Control based in each case on such considerations as the Administrator shall determine), and all other matters to be determined in connection with an Award;
- (iv) to determine whether, to what extent and under what circumstances an Award may be settled in, or the exercise price of an Award may be paid in cash, Shares, other Awards or other property, or an Award may be accelerated, vested, canceled, forfeited, exchanged or surrendered;

- (v) to interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan;
- (vi) to prescribe the form of each Award Agreement, which need not be identical for each Participant;
- (vii) to adopt, amend, suspend, waive and rescind such rules and regulations as the Administrator may deem necessary or advisable to administer the Plan;
- (viii) to correct any defect or supply any omission or reconcile any inconsistency, and to construe and interpret the Plan, the rules and regulations, any Award Agreement or other instrument entered into or Award made under the Plan;
- (ix) to make all other decisions and determinations as may be required under the terms of the Plan or as the Administrator may deem necessary or advisable for the administration of the Plan; and
- (x) to make such filings and take such actions as may be required from time to time by appropriate state, regulatory and governmental agencies. Any action of the Administrator with respect to the Plan shall be final, conclusive and binding on all Persons, including the Corporation, Subsidiaries, Participants and any Person claiming any rights under the Plan from or through any Participants. The express grant of any specific power to the Administrator, and the taking of any action by the Administrator, shall not be construed as limiting any power or authority of the Administrator. The Administrator may delegate to officers, managers and/or agents of the Corporation or any Subsidiary the authority, subject to such terms as the Administrator shall determine, to perform administrative and other functions under the Plan. Each member of the Administrator shall be entitled to, in good faith, rely or act upon any report or other information furnished to him by an officer, manager or other employee of the Corporation or a Subsidiary, the Corporation’s independent certified public accountants, or any executive compensation consultant or other professional retained by the Corporation and/or Administrator to assist in the administration of the Plan.

### SECTION 4. SHARES SUBJECT TO THE PLAN

4.01 The maximum net number of Shares which may be issued and in respect of which Awards may be granted under the Plan shall be limited to [84,000 plus a number of shares for options granted in connection with the Separation] shares of Common Stock, subject to adjustment as provided in

For purposes of this Section 4.01, the number of Shares to which an Award relates shall be counted against the number of Shares available under the Plan at the time of grant of the Award, unless such number of Shares cannot be determined at that time, in which case the number of Shares actually distributed pursuant to the Award shall be counted against the number of Shares available under the Plan at the time of distribution; provided, however, that Awards related to or retroactively added to, or granted in tandem with, substituted for or converted into, other Awards shall be counted or not counted against the number of Shares reserved and available under the Plan in accordance with procedures adopted by the Administrator so as to ensure appropriate counting but avoid double counting.

If any Shares to which an Award relates are forfeited or the Award otherwise terminates without payment being made to the Participant in the form of Shares or if payment is made to the Participant in the form of cash, cash equivalents or other property other than Shares, any Shares counted against the number of Shares available under the Plan with respect to such Award shall, to the extent of any such forfeiture or termination or alternative payment, again be available for Awards under the Plan. If the exercise price of an Award is paid by delivering to the Corporation Shares previously owned by the Participant or if Shares are delivered or withheld for purposes of satisfying a tax withholding obligation, the number of Shares covered by the Award equal to the number of Shares so delivered or withheld shall, however, be counted against the number of Shares granted and shall not again be available for Awards under the Plan. Any Shares distributed pursuant to an Award may consist, in whole or part, of authorized and unissued Shares, including Shares repurchased by the Corporation for purposes of the Plan.

## SECTION 5. ELIGIBILITY

- 5.01 Awards may be granted only to individuals who are employees of Ocwen Financial Corporation, Altisource Portfolio Solutions S.A. or another entity with a service relationship with the Corporation.

## SECTION 6. SPECIFIC TERMS OF AWARDS

- 6.01 **General.** Subject to the terms of the Plan and any applicable Award Agreement, Awards may be granted as set forth in this Section 6. In addition, the Administrator may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to the terms of Section 9.01), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Administrator shall determine, including separate escrow provisions and terms requiring forfeiture of Awards in the event of termination of employment or service by the Participant. Except as required by applicable law, Awards may be granted for no consideration other than prior and/or future services.
- 6.02 **Options.** The Administrator is authorized to grant Options to Participants on the following terms and conditions:

- (i) *Exercise Price.* The criteria for determining the exercise price per Share of an Option shall be determined and such price shall be established by the Administrator prior to each grant;
- (ii) *Option Term.* The term of each Option shall be determined by the Administrator, except that no Option shall be exercisable after the expiration of ten years from the date of grant. The Option shall be evidenced by a form of written Award Agreement, and subject to the terms thereof;
- (iii) *Times and Methods of Exercise.* The Administrator shall determine the time or times at which an Option may be exercised in whole or in part, the methods by which the exercise price may be paid or deemed to be paid, and the form of such payment, including, without limitation, cash, Shares, or other property or any combination thereof, having a Fair Market Value on the date of exercise equal to the exercise price, provided, however, that except as otherwise determined by the Administrator, in its discretion, at the time the Option is granted, no shares which have been held for less than six months may be delivered in payment of the exercise price of an Option. Delivery of Shares in payment of the exercise price of an Option, if authorized by the Administrator, may be accomplished through the effective transfer to the Corporation of Shares held by a broker or other agent; and

Unless otherwise determined by the Administrator, the Corporation will also cooperate with any person exercising an Option who participates in a cashless exercise program of a broker or other agent under which all or part of the Shares received upon exercise of the Option are sold through the broker or other agent, for the purpose of paying the exercise price of an Option. Notwithstanding the preceding sentence, unless the Administrator, in its discretion, shall otherwise determine, the exercise of the Option shall not be deemed to occur, and no Shares will be issued by the Corporation upon exercise of an Option, until the Corporation has received payment in full of the exercise price.

- (iv) *Termination of Employment.* In the case of Participants, unless otherwise determined by the Administrator and reflected in the Award Agreement or award program:
  - (A) if a Participant shall die while employed by the applicable Employer Entity or during a period following termination of employment during which an Option otherwise remains exercisable under this Section 6.02(iv), Options granted to the Participant, to the extent exercisable at the time of the Participant's death, may be exercised within two years after the date of the Participant's death, but not later than the expiration date of the Options, by the executor or administrator of the Participant's estate

or by the Person or Persons to whom the Participant shall have transferred such right by will or by the laws of descent and distribution;

- (B) if the Participant must terminate employment due to disability, the Options may be exercised within three years after the date of termination, but not later than the expiration date of the Options;
- (C) if the Participant has attained the age of 60 and has been an employee of the applicable Employer Entity for not less than three (3) years as of or on the date of termination of employment by reason of retirement, the Options shall vest and shall become immediately exercisable in full on the date of termination and may be exercised within three years after the date of retirement, but not later than the expiration date of the Options;
- (D) if the employment of a Participant with the applicable Employer Entity shall be involuntarily terminated under circumstances which would qualify the Participant for benefits under a severance plan of the applicable Employer Entity or shall terminate his or her employment with the written consent of the applicable Employer Entity, the Administrator may elect to vest the Options immediately. Options granted to the Participant, to the extent exercisable at the date of the Participant's termination of employment, may be exercised within six months after the date of termination of employment, but not later than the expiration date of the Options;
- (E) if the employment of a Participant with the applicable Employer Entity shall be involuntarily terminated for Cause, any outstanding Options granted to such Participant, whether or not vested, shall terminate on the date of such termination; and
- (F) except to the extent an Option remains exercisable under paragraphs (A) through (D) above, any Option granted to a Participant shall terminate six months after the date of termination of employment or engagement of the Participant with the applicable Employer Entity.

6.03 **Restricted Stock.** The Administrator is authorized to grant Restricted Stock to Participants on the following terms and conditions:

- (i) *Issuance and Restrictions.* Restricted Stock shall be subject to such restrictions on transferability and other restrictions as the Administrator may impose (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive dividends thereon), which restrictions may lapse separately or in combination at such times, under

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such circumstances, in such installments or otherwise, as the Administrator shall determine at the time of grant or thereafter. The restriction period applicable to Restricted Stock shall, in the case of a time-based restriction, be not less than three years, with ratable vesting over such period or, in the case of a performance-based restriction period, be not less than one year;

- (ii) *Forfeiture.* Except as otherwise determined by the Administrator at the time of grant or thereafter, upon termination of employment during the applicable restriction period, Restricted Stock that is at that time subject to restrictions shall be forfeited and reacquired by the Corporation; provided, however, that the Administrator may provide, by rule or regulation or in any Award Agreement, that restrictions on Restricted Stock shall be waived in whole or in part in the event of terminations resulting from specified causes, and the Administrator may in other cases waive in whole or in part restrictions on Restricted Stock; and
- (iii) *Certificates for Shares.* Restricted Stock granted under the Plan may be evidenced in such manner as the Administrator shall determine, including, without limitation, issuance of certificates representing Shares, which may be held in escrow. Certificates representing Shares of Restricted Stock shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock.

6.04 **Performance Awards.** The Administrator is authorized to grant Performance Awards to Participants on the following terms and conditions:

- (i) *Right to Payment.* A Performance Award shall represent a right to receive Shares based on the achievement, or the level of achievement, during a specified Performance Period of one or more Performance Goals established by the Administrator at the time of the Award;
- (ii) *Terms of Performance Awards.* At or prior to the time a Performance Award is granted, the Administrator shall cause to be set forth in the Award Agreement or otherwise in writing (1) the Performance Goals applicable to the Award and the Performance Period during which the achievement of the Performance Goals shall be measured, (2) the amount which may be earned by the Participant based on the achievement, or the level of achievement, of the Performance Goals or the formula by which such amount shall be determined and (3) such other terms and conditions applicable to the Award as the Administrator may, in its discretion, determine to include therein. The terms so established by the Administrator shall be objective such that a third party having knowledge of the relevant facts could determine whether or not any Performance Goal has been achieved, or the extent of such achievement, and the amount, if any, which has been earned by the Participant based on such performance.

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The Administrator may retain the discretion to reduce (but not to increase) the amount of a Performance Award which will be earned based on the achievement of Performance Goals. When the Performance Goals are established, the Administrator shall also specify the manner in which the level of achievement of such Performance Goals shall be calculated and the weighting assigned to



such Performance Goals. The Administrator may determine that unusual items or certain specified events or occurrences, including changes in accounting standards or tax laws and the effects of non-operational items or extraordinary items as defined by generally accepted accounting principles, shall be excluded from the calculation;

- (iii) *Performance Goals.* “Performance Goals” shall mean one or more pre-established, objective measures of performance during a specified “Performance Period”, selected by the Administrator in its discretion.

Performance Goals may be based upon one or more of the following objective performance measures and expressed in either, or a combination of, absolute or relative values: earnings per share, earnings per share growth, return on capital employed, costs, net income, net income growth, operating margin, revenues, revenue growth, revenue from operations, expenses, income from operations as a percent of capital employed, income from operations, cash flow, market share, return on equity, return on assets, earnings (including EBITDA and EBIT), operating cash flow, operating cash flow as a percent of capital employed, economic value added, gross margin, total shareholder return, workforce diversity, number of accounts, workers’ compensation claims, budgeted amounts, cost per hire, turnover rate, and/or training costs and expenses. Performance Goals based on such performance measures may be based either on the performance of the Corporation, a Subsidiary or Subsidiaries, affiliate, any branch, department, business unit or other portion thereof under such measure for the Performance Period and/or upon a comparison of such performance with the performance of a peer group of corporations, prior Performance Periods or other measure selected or defined by the Administrator at the time of making a Performance Award. The Administrator may in its discretion also determine to use other objective performance measures as Performance Goals;

- (iv) *Administrator Certification.* Following completion of the applicable Performance Period, and prior to any payment of a Performance Award to the Participant, the Administrator shall determine in accordance with the terms of the Performance Award and shall certify in writing whether the applicable Performance Goal or Goals were achieved, or the level of such achievement, and the amount, if any, earned by the Participant based upon such performance. For this purpose, approved minutes of the meeting of the Administrator at which certification is made shall be sufficient to satisfy the requirement of a written certification; and

Performance Awards are not intended to provide for the deferral of compensation, such that payment of Performance Awards shall be paid within two and one-half months following the end of the calendar year in which the Performance Period ends or such other earlier time period if and to the extent as may be required to avoid characterization of such Awards as deferred compensation.

- 6.05 **Other Stock-Based Awards.** The Administrator is authorized, subject to limitations under applicable law, to grant to Participants, in lieu of salary, cash bonus, fees or other payments, such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares, as deemed by the Administrator to be consistent with the purposes of the Plan, including, without limitation, purchase rights, appreciation rights, Shares awarded which are not subject to any restrictions or conditions, convertible securities, exchangeable securities or other rights convertible or exchangeable into Shares, as the Administrator in its discretion may determine. In the discretion of the Administrator, such Other Stock-Based Awards, including Shares, or other types of Awards authorized under the Plan, may be used in connection with, or to satisfy obligations of the Corporation or a Subsidiary under, other compensation or incentive plans, programs or arrangements of the Corporation or any Subsidiary for eligible Participants.

The Administrator shall determine the terms and conditions of Other Stock-Based Awards. Shares or securities delivered pursuant to a purchase right granted under this Section 6.05 shall be purchased for such consideration, paid for by such methods and in such forms, including, without limitation, cash, Shares, or other property or any combination thereof, as the Administrator shall determine, but the value of such consideration shall not be less than the Fair Market Value of such Shares or other securities on the date of grant of such purchase right.

Appreciation rights may not be granted at a price less than the fair market value of the underlying Shares on the date of grant. Delivery of Shares or other securities in payment of a purchase right or appreciation right, if authorized by the Administrator, may be accomplished through the effective transfer to the Corporation of Shares or other securities held by a broker or other agent. Unless otherwise determined by the Administrator, the Corporation will also cooperate with any person exercising a purchase right who participates in a cashless exercise program of a broker or other agent under which all or part of the Shares or securities received upon exercise of a purchase right are sold through the broker or other agent, or under which the broker or other agent makes a loan to such person, for the purpose of paying the exercise price of a purchase right.

Notwithstanding the preceding sentence, unless the Administrator, in its discretion, shall otherwise determine, the exercise of the purchase right shall not be deemed to occur, and no Shares or other securities will be issued by the Corporation upon exercise of a purchase right, until the Corporation has received payment in full of the exercise price.

## SECTION 7. GENERAL TERMS OF AWARDS

- 7.01 **Stand-Alone, Tandem and Substitute Awards.** Awards granted under the Plan may, in the discretion of the Administrator, be granted either alone or in addition to, or in tandem with, any other Award granted under the Plan or any award granted under any other plan, program or arrangement of the Corporation or any Subsidiary (subject to the terms of Section 9.01) or any business entity acquired or to be acquired by the Corporation or a Subsidiary.

Awards granted in addition to or in tandem with other Awards or awards may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

- 7.02 **Term of Awards.** The term of each Award shall be for such period as may be determined by the Administrator; provided, however, that in no event shall the term of any Option exceed a period of ten years from the date of its grant.

- 7.03 **Form of Payment of Awards.** Subject to the terms of the Plan and any applicable Award Agreement, payments or substitutions to be made by the Corporation upon the grant, exercise or other payment or distribution of an Award may be made in such forms as the Administrator shall determine at the time of grant or thereafter (subject to the terms of Section 9.01), including, without limitation, cash, Shares, or other property or any combination thereof, in each case in accordance with rules and procedures established, or as otherwise determined, by the Administrator.
- 7.04 **Limits on Transfer of Awards; Beneficiaries.** No right or interest of a Participant in any Award shall be pledged, encumbered or hypothecated to or in favor of any Person other than the Corporation, or shall be subject to any lien, obligation or liability of such Participant to any Person other than the Corporation or a Subsidiary except as otherwise established by the Administrator at the time of grant or thereafter. No Award and no rights or interests therein shall be assignable or transferable by a Participant otherwise than by will or the laws of descent and distribution, and any Option or other right to purchase or acquire Shares granted to a Participant under the Plan shall be exercisable during the Participant's lifetime only by such Participant. A beneficiary, guardian, legal representative or other Person claiming any rights under the Plan from or through any Participant shall be subject to all the terms and conditions of the Plan and any Award Agreement applicable to such Participant as well as any additional restrictions or limitations deemed necessary or appropriate by the Administrator.
- 7.05 **Registration and Listing Compliance.** No Award shall be paid and no Shares or other securities shall be distributed with respect to any Award in a transaction subject to the registration requirements of the Securities Act of 1933, as amended, or any state securities law or subject to a listing requirement under any listing agreement between the Corporation and any national securities exchange, and no Award shall confer upon any Participant rights to such payment or distribution until such laws and contractual obligations of the Corporation have been complied with in all material respects. Except to the extent required by the terms of an Award Agreement or another contract between

the Corporation and the Participant, neither the grant of any Award nor anything else contained herein shall obligate the Corporation to take any action to comply with any requirements of any such securities laws or contractual obligations relating to the registration (or exemption therefrom) or listing of any Shares or other securities, whether or not necessary in order to permit any such payment or distribution.

- 7.06 **Stock Certificates.** Awards representing Shares under the Plan may be recorded in book entry form until the lapse of restrictions or limitations thereon, or issued in the form of certificates. All certificates for Shares delivered under the terms of the Plan shall be subject to such stop-transfer orders and other restrictions as the Administrator may deem advisable under federal or state securities laws, rules and regulations thereunder, and the rules of any national securities exchange or automated quotation system on which Shares are listed or quoted. The Administrator may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions or any other restrictions or limitations that may be applicable to Shares. In addition, during any period in which Awards or Shares are subject to restrictions or limitations under the terms of the Plan or any Award Agreement, the Administrator may require any Participant to enter into an agreement providing that certificates representing Shares issuable or issued pursuant to an Award shall remain in the physical custody of the Corporation or such other Person as the Administrator may designate.
- 7.07 **Payment for Awards.** To the extent required by applicable law or as otherwise may be determined by the Administrator, the Administrator may require a Participant to pay the fair market value of an Award in exchange for the receipt of the Award. Fair market value of an Award shall be determined by the Administrator in good faith.

## SECTION 8. ADJUSTMENT PROVISIONS

- 8.01 If a dividend or other distribution shall be declared upon the Common Stock payable in shares of the Common Stock, the number of shares of Common Stock then subject to any outstanding Options, Performance Awards or Other Stock Based Awards, the number of shares of Common Stock which may be issued under the Plan but are not then subject to outstanding Options, Performance Awards or Other Stock Based Awards and the maximum number of shares as to which Options or Performance Awards may be granted and as to which shares may be awarded under Sections 6.02(vi) and 6.04(v), shall be adjusted by adding thereto the number of shares of Common Stock which would have been distributable thereon if such shares had been outstanding on the date fixed for determining the shareholders entitled to receive such stock dividend or distribution. Shares of Common Stock so distributed with respect to any Restricted Stock held in escrow shall also be held by the Corporation in escrow and shall be subject to the same restrictions as are applicable to the Restricted Stock on which they were distributed.

If the outstanding shares of Common Stock shall be changed into or exchangeable for a different number or kind of shares of stock or other securities of the Corporation or another corporation, or cash or other property, whether through reorganization, reclassification, recapitalization, stock split-up, combination of shares, merger or consolidation, then there shall be substituted for each share of Common Stock subject to

any then outstanding Option, Performance Award or Other Stock Based Award, and for each share of Common Stock which may be issued under the Plan but which is not then subject to any outstanding Option, Performance Award or Other Stock Based Award, the number and kind of shares of stock or other securities (and in the case of outstanding Options, Performance Awards or Other Stock Based Awards, the cash or other property) into which each outstanding share of the Common Stock shall be so changed or for which each such share shall be exchangeable. Unless otherwise determined by the Administrator in its discretion, any such stock or securities, as well as any cash or other property, into or for which any Restricted Stock held in escrow shall be changed or exchangeable in any such transaction shall also be held by the Corporation in escrow and shall be subject to the same restrictions as are applicable to the Restricted Stock in respect of which such stock, securities, cash or other property was issued or distributed.

In case of any adjustment or substitution as provided for in this Section 8.01, the aggregate option price for all Shares subject to each then outstanding Option, Performance Award or Other Stock Based Award, prior to such adjustment or substitution shall be the aggregate option price for all shares of stock or other securities (including any fraction), cash or other property to which such Shares shall have been adjusted or which shall have been substituted for such Shares. Any new option price per share or other unit shall be carried to at least three decimal places with the last decimal place rounded upwards to the nearest whole number.

If the outstanding shares of the Common Stock shall be changed in value by reason of any spin-off, split-off or split-up, or dividend in partial liquidation, dividend in property other than cash, or extraordinary distribution to shareholders of the Common Stock, (a) the Administrator shall make any adjustments to any then outstanding Option, Performance Award or Other Stock Based Award, which it determines are equitably required to prevent dilution or enlargement of the rights of optionees and awardees which would otherwise result from any such transaction, and (b) unless otherwise determined by the Administrator in its discretion, any stock, securities, cash or other property distributed with respect to any Restricted Stock held in escrow or for which any Restricted Stock held in escrow shall be exchanged in any such transaction shall also be held by the Corporation in escrow and shall be subject to the same restrictions as are applicable to the Restricted Stock in respect of which such stock, securities, cash or other property was distributed or exchanged.

No adjustment or substitution provided for in this Section 8.01 shall require the Corporation to issue or sell a fraction of a Share or other security. Accordingly, all fractional Shares or other securities which result from any such adjustment or substitution shall be eliminated and not carried forward to any subsequent adjustment or substitution. Owners of Restricted Stock held in escrow shall be treated in the same manner as owners of Common Stock not held in escrow with respect to fractional Shares created by an adjustment or substitution of Shares, except that, unless otherwise determined by the Administrator in its discretion, any cash or other property paid in lieu of a fractional Share shall be subject to restrictions similar to those applicable to the Restricted Stock exchanged therefor.

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In the event of any other change in or conversion of the Common Stock, the Administrator may in its discretion adjust the outstanding Awards and other amounts provided in the Plan in order to prevent the dilution or enlargement of rights of Participants.

## SECTION 9. AMENDMENTS TO AND TERMINATION OF THE PLAN

9.01 The Board may amend, alter, suspend, discontinue or terminate the Plan without the consent of shareholders or Participants, except that, without the approval of the shareholders of the Corporation, no amendment, alteration, suspension, discontinuation or termination shall be made if shareholder approval is required by any federal or state law or regulation or by the rules of any stock exchange on which the Shares may then be listed, or if the amendment, alteration or other change materially increases the benefits accruing to Participants, increases the number of Shares available under the Plan or modifies the requirements for participation under the Plan, or if the Board in its discretion determines that obtaining such shareholder approval is for any reason advisable; provided, however, that without the written consent of the Participant, no amendment, alteration, suspension, discontinuation or termination of the Plan may materially and adversely affect the rights of such Participant under any Award theretofore granted to him. The Administrator may, consistent with the terms of the Plan, waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue or terminate, any Award theretofore granted, prospectively or retrospectively; provided, however, that without the consent of a Participant, no amendment, alteration, suspension, discontinuation or termination of any Award may materially and adversely affect the rights of such Participant under any Award theretofore granted to him; and provided further that, except as provided in Section 8.01 of the Plan, the exercise price of any outstanding Option may not be reduced, whether through amendment, cancellation or replacement, unless such reduction is approved by the shareholders of the Corporation.

## SECTION 10. GENERAL PROVISIONS

10.01 **No Right to Awards; No Shareholder Rights.** No Participant shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Participants, except as provided in any other compensation, fee or other arrangement. No Award shall confer on any Participant any of the rights of a shareholder of the Corporation unless and until Shares are in fact issued to such Participant in connection with such Award.

10.02 **Withholding.** To the extent required by applicable Federal, state, local or foreign law, the Participant or his successor shall make arrangements satisfactory to the Corporation, in its discretion, for the satisfaction of any withholding tax obligations that arise in connection with an Award. The Corporation shall not be required to issue any Shares or make any other payment under the Plan until such obligations are satisfied. The Corporation is authorized to withhold from any Award granted or any payment due under the Plan, including from a distribution of Shares, amounts of withholding taxes due with respect to an Award, its exercise or any payment thereunder, and to take such other action as the Administrator may deem necessary or advisable to enable the Corporation and

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Participants to satisfy obligations for the payment of such taxes. This authority shall include authority to withhold or receive Shares, Awards or other property and to make cash payments in respect thereof in satisfaction of such tax obligations.

10.03 **No Right to Employment or Continuation of Service.** Nothing contained in the Plan or any Award Agreement shall confer, and no grant of an Award shall be construed as conferring, upon any Participant any right to come into or to continue in the employ or service of the Employer Entity or the Corporation or to interfere in any way with the right of the Employer Entity, the Corporation or shareholders to terminate his employment or service at any time or increase or decrease his compensation, fees, or other payments from the rate in existence at the time of granting of an Award, except as provided in any Award Agreement or other compensation, fee or other arrangement.

10.04 **Unfunded Status of Awards; Creation of Trusts.** The Plan is intended to constitute an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give any such Participant any rights that are greater than those of a general unsecured creditor of the Corporation; provided, however, that the Administrator may authorize the creation of trusts or make other arrangements to meet the Corporation's obligations under the Plan to deliver Shares or other property pursuant to any Award, which trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Administrator otherwise determines.

10.05 **No Limit on Other Compensatory Arrangements.** Nothing contained in the Plan shall prevent the Corporation from adopting other or additional compensation, fee or other arrangements (which may include, without limitation, employment agreements with executives and arrangements which relate to Awards under the Plan), and such arrangements may be either generally applicable or applicable only in specific cases. Notwithstanding

anything in the Plan to the contrary, the terms of each Award shall be construed so as to be consistent with such other arrangements in effect at the time of the Award.

- 10.06 **No Fractional Shares.** No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Administrator shall determine whether cash, other Awards or other property shall be issued or paid in lieu of fractional Shares or whether such fractional Shares or any rights thereto shall be forfeited or otherwise eliminated.
- 10.07 **Governing Law.** The validity, interpretation, construction and effect of the Plan and any rules and regulations relating to the Plan shall be governed by the laws of the United States Virgin Islands (without regard to the conflicts of laws thereof).
- 10.08 **Severability.** If any provision of the Plan or any Award is or becomes or is deemed invalid, illegal or unenforceable in any jurisdiction, or would disqualify the Plan or any Award under any law deemed applicable by the Administrator, such provision shall be construed or deemed amended to conform to applicable laws or if it cannot be construed or deemed amended without, in the determination of the Administrator, materially altering the intent of the Plan or Award, it shall be deleted and the remainder of the Plan

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or Award shall remain in full force and effect; provided, however, that, unless otherwise determined by the Administrator, the provision shall not be construed or deemed amended or deleted with respect to any Participant whose rights and obligations under the Plan are not subject to the law of such jurisdiction or the law deemed applicable by the Administrator.

#### **SECTION 11. EFFECTIVE DATE AND TERM OF THE PLAN**

- 11.01 The effective date and date of adoption of the Plan shall be [ ], 2012, the date of adoption of the Plan by the Board, provided that such adoption of the Plan is approved by a majority of the votes cast at a duly held meeting of shareholders at which a quorum representing a majority of the outstanding voting stock of the Corporation is, either in person or by proxy, present and voting. Notwithstanding anything else contained in the Plan or in any Award Agreement, no Option or other purchase right granted under the Plan may be exercised, and no Shares may be distributed pursuant to any Award granted under the Plan, prior to such shareholder approval. In the event such shareholder approval is not obtained, all Awards granted under the Plan shall automatically be deemed void and of no effect.

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[ ], 2012

Dear Shareholders of Altisource Portfolio Solutions S.A.:

In April 2012, Altisource Portfolio Solutions S.A., which we refer to as Altisource, announced a plan to separate two closely-related development stage companies. Upon the separation, both companies will become separate public companies. The enclosed information statement specifically addresses one of the two new companies that will, following the separation from Altisource, conduct its operations as Altisource Asset Management Corporation (“AAMC”).

AAMC will provide asset management and corporate governance services from its headquarters in Frederiksted, St. Croix, in the United States Virgin Islands to Altisource Residential Corporation, a Maryland corporation recently formed to acquire and own single-family rental assets. AAMC will also invest in and provide similar services to NewSource Title Reinsurance Company Ltd., a title insurance and reinsurance company domiciled in Bermuda that will be formed following the separation.

The separation of AAMC is expected to occur in the fourth quarter of 2012, subject to certain customary closing conditions, by way of a taxable pro rata stock distribution of AAMC common stock to Altisource shareholders. Each Altisource shareholder will receive 1 share of AAMC common stock for every 10 shares of Altisource common stock held by such shareholder as of [ ], 2012, the record date for the Separation.

As an Altisource shareholder, you will automatically receive AAMC common stock unless you sell your Altisource shares before the separation date in the “regular way” market as described in the enclosed information statement. If the number of shares of Altisource common stock that you own is not a multiple of 10, you will receive a cash payment in lieu of any fractional share that you otherwise are entitled to receive. The number of shares of Altisource common stock that you currently own will not change as a result of the separation. You do not need to take any action or pay any consideration to receive the shares of AAMC common stock in the separation.

AAMC has applied to have its common stock quoted on the OTCQX market tier operated by OTC Markets Group, Inc. under the symbol “AAMC.” The common stock of Altisource will continue to trade on the NASDAQ Global Select Market under the symbol “ASPS.”

The enclosed information statement, which is being mailed to all Altisource shareholders, describes the separation in detail and contains important information about AAMC. We encourage you to carefully read this information statement.

We believe the separation will enable Altisource and AAMC management to maximize the strengths of their respective core businesses. We are proud of what we have built at Altisource and want to ensure you that we will continue to capitalize on innovative ideas and business opportunities. This is an exciting time for Altisource and AAMC, and we believe this separation is in the best interest of Altisource shareholders. We remain committed to working on behalf of you, our shareholders, to build long-term value.

Sincerely,

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William B. Shepro  
*Chief Executive Officer and Director*  
 Altisource Portfolio Solutions S.A.

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[ ], 2012

Dear Prospective Shareholders of Altisource Asset Management Corporation:

We look forward to welcoming you as a shareholder of Altisource Asset Management Corporation (“AAMC”). We believe that our independence will allow us to focus on establishing our core business of providing asset management and corporate governance services to Altisource Residential Corporation, a Maryland corporation (“Residential”). Residential was recently formed to acquire and own single-family rental assets. We intend to support Residential, and other future customers, in developing and executing their business strategies.

We expect AAMC to become a stand-alone public company on or about [ ], 2012, upon receipt of all required approvals and the satisfaction of any other conditions. We anticipate that our shares of common stock will be quoted on the OTCQX market tier operated by OTC Markets Group, Inc. under the symbol “AAMC.”

I encourage you to learn more about AAMC and the objectives we will pursue as a stand-alone public company by reading the enclosed information statement. It describes the separation in detail, including the conditions to the separation.

We look forward to creating long-term value for you, our shareholders.

Sincerely,

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William C. Erbey  
Chairman  
Altisource Asset Management Corporation

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**Information contained herein is subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been filed with the Securities and Exchange Commission.**

**Subject to Completion, Dated December 5, 2012**

**INFORMATION STATEMENT RELATING TO THE DISTRIBUTION OF COMMON STOCK OF**

**ALTISOURCE ASSET MANAGEMENT CORPORATION**

**by**

**ALTISOURCE PORTFOLIO SOLUTIONS S.A.**

**to Shareholders of Altisource Portfolio Solutions S.A.**

This information statement is being furnished in connection with the spin-off (the “Spin-Off”) of Altisource Asset Management Corporation (“AAMC”) from Altisource Portfolio Solutions S.A. (“Altisource”) by way of a taxable pro-rata distribution of all of the common stock of AAMC to the Altisource shareholders (the “Distribution”). We refer to the Spin-Off and the Distribution collectively as the “Separation.” Immediately after the Separation is completed, AAMC will be a stand-alone public company.

For every 10 shares of Altisource common stock, par value \$1.00 per share, which we refer to as Altisource common stock, that you hold as of 5:00 p.m. Eastern Time on [ ], 2012, the record date for the Distribution (the “Record Date”), you will receive 1 share of AAMC common stock, par value \$0.01 per share, which we refer to as AAMC common stock or our common stock. We expect Altisource to distribute shares of our common stock to Altisource’s shareholders at 5:00 p.m. Eastern Time on or about [ ], 2012 (the “Separation Date”). As discussed more fully in this information statement, if you sell shares of Altisource common stock in the “regular way” market, and the sale of the shares settles before the Separation Date, you will be selling your right to receive shares of AAMC common stock in the Separation. For additional information, see “The Separation.”

You will not be required to pay any consideration for the AAMC common stock or to surrender any of your Altisource common stock. We are not asking you for a proxy and request that you do not send us one.

All of the outstanding shares of our common stock are currently owned by Altisource. Accordingly, there is no current trading market for our common stock. We expect, however, that a limited trading market for our common stock, known as a “when-issued” trading market, will develop [ ] days prior to the Separation Date, and we expect that “regular way” trading of our common stock will begin on the first trading day after the Separation Date. We expect the AAMC common stock to be quoted on the OTCQX market tier operated by OTC Markets Group, Inc. (“OTCQX”) under the symbol “AAMC.”

**In reviewing this information statement, you should carefully consider the matters described under the caption “Risk Factors” beginning on page 11.**

**We are an Emerging Growth Company as defined in the Jumpstart Our Business Startups Act. See “Risk Factors—Risks Related to our Business in General,” “Business—Emerging Growth Company Status” and “Critical Accounting Policies and Estimates—Emerging Growth Company Status.”**

**Neither the Securities and Exchange Commission nor any state or territory securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.**

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**This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.**

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The date of this information statement is [ ], 2012.

This information statement was first mailed to Altisource shareholders on or about [ ], 2012.

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*We are furnishing this information statement solely to provide information to Altisource shareholders who will receive shares of our common stock in the Separation. It is not and should not be construed as an inducement or encouragement to buy or sell any of our securities or any securities of Altisource. This information statement describes our business, the relationship between Altisource and AAMC, and how the Separation affects Altisource and its shareholders, and it also provides other information to assist you in evaluating the benefits and risks of holding or disposing of our common stock that you will receive in the Separation. You should be aware of certain risks relating to the Separation, our business and ownership of our common stock, which are described under the heading “Risk Factors.”*

*You should not assume that the information contained in this information statement is accurate as of any date other than the date on the cover. Changes to the information contained in this information statement may occur after that date, and we undertake no obligation to update the information except in the normal course of our public disclosure obligations and practices.*

## QUESTIONS AND ANSWERS ABOUT ALTISOURCE ASSET MANAGEMENT CORPORATION AND THE SEPARATION

***What assets, liabilities and operations will comprise AAMC in connection with the Separation?***

In connection with the Separation, we expect to enter into a “Separation Agreement” with Altisource that will contain the key provisions relating to the transaction including identification of the assets to be transferred, and that will describe the material terms of when and how this transfer will occur. We anticipate the only significant assets to be transferred will be cash, property and equipment. We do not anticipate the transfer of significant liabilities, and there are no operations included in the transfer. In addition, we expect to enter into a “Tax Matters Agreement” with Altisource setting out each party’s rights and obligations with respect to Luxembourg and United States (“U.S.”) federal, state, territorial and local taxes for tax periods before the Separation and related matters, certain indemnification rights and obligations with respect to taxes for tax periods before the Separation and for any taxes and associated adverse consequences resulting from the Separation. See “Risk Factors—Risks Related to the Separation,” “Relationship Between Altisource and Us Following the Separation” and “Certain Relationships and Related Party Transactions.”

***What will AAMC’s Relationship with Altisource be after the Separation?***

In connection with the Separation, we expect to enter into a two year “Support Services Agreement” under which Altisource will provide certain services to us. There are other arrangements between us and Altisource that will continue following the Separation. See “Relationship Between Altisource and Us Following the Separation” for additional details of these agreements.

Although Altisource is a separate company, Altisource and AAMC have the same Chairman, William C. Erbey. Mr. Erbey currently owns 27.71% of Altisource and will own the same percentage of our common stock as he holds of Altisource immediately following the Separation. This arrangement with Altisource may involve, or may appear to involve, conflicts of interest. See “Certain Relationships and Related Party Transactions” and “Risk Factors—Risks related to Conflicts of Interest.”

***Do AAMC’s organizational documents contain any anti-takeover provisions?***

Our formation and governance documents (including our Articles of Incorporation) and United States Virgin Islands law do not include many of the typical provisions that would be considered to have an anti-takeover effect (e.g., staggered board of directors, poison pill or shareholder rights plan, etc.). However, approximately [ ]% of the voting power of our outstanding voting stock will be held by our directors and executive officers as of the Record Date. This concentration of voting power could encourage or discourage third parties from making proposals involving an acquisition or change in control of AAMC since it could be easier or more difficult for third parties to obtain any requisite shareholder approval for acquisition or change in control.

See “Description of Capital Stock” and “Certain Provisions of our Articles of Incorporation and Bylaws.”

***What are the U.S. federal income tax consequences of the Separation?***

The Separation will be a taxable distribution for U.S. shareholders for U.S. federal income tax purposes. The taxable distribution will be equal to the fair market value of the AAMC common stock you receive in the Distribution. That amount will be taxable as a dividend to the extent of Altisource’s current and accumulated earnings and profits, calculated

under U.S. tax law. If the Distribution is in excess of your allocable share of Altisource's earnings and profits, it will be treated as a tax-free return of capital to the extent of the tax-basis in your Altisource shares, and then as a capital gain.

***What are the U.S. federal withholding tax consequences of the Separation?***

The Distribution by Altisource to its shareholders will not be subject to U.S. federal withholding taxes.

***What are the Luxembourg income tax consequences of the Separation?***

A non-Luxembourg resident holder will not be subject to Luxembourg income taxes on the Distribution received from Altisource unless the shares are attributable to a permanent establishment or a fixed place of business maintained in Luxembourg by such non-Luxembourg shareholder. A Luxembourg resident individual shareholder will be subject to Luxembourg income taxes on dividend income and similar distributions with respect to shares in Altisource. A Luxembourg resident corporation may benefit from the Luxembourg participation exemption with respect to the receipt of the Distribution, if certain conditions are met. See "The Separation—Certain Luxembourg Tax Consequences of the Separation."

***What are the Luxembourg withholding tax consequences of the Separation?***

The Distribution by Altisource to its shareholders will not be subject to Luxembourg withholding taxes. See "The Separation—Certain Luxembourg Tax Consequences of the Separation."

***What are the United States Virgin Islands income tax consequences of the Separation?***

Non-United States Virgin Islands resident individual U.S. shareholders and Non-United States Virgin Islands resident corporate shareholders will not be subject to United States Virgin Islands income taxes on the Distribution. See "The Separation—Taxation of AAMC Under the United States Virgin Islands and U.S. Tax Laws Subsequent to the Separation."

***What are the United States Virgin Islands withholding tax consequences of the Separation?***

U.S. shareholders will not be subject to United States Virgin Islands withholding tax on the Distribution. Corporate U.S. shareholders are exempt from withholding on the Distribution. U.S. shareholders who are U.S. citizens are also not subject to United States Virgin Islands withholding tax on the Distribution. All other U.S. shareholders will not be subject to United States Virgin Islands withholding tax so long as the shareholders' beneficial owners are U.S. citizens. See "The Separation—Taxation of AAMC Under the United States Virgin Islands and U.S. Tax Laws Subsequent to the Separation."

**Each shareholder is urged to consult a tax advisor as to the specific tax consequences of the Distribution to that shareholder, including the effect of any Luxembourg, United States Virgin Islands, U.S. federal, state, local, or other territorial and foreign tax laws and of changes in applicable tax laws.**

***What are the risks associated with AAMC and the Separation?***

You should review the risks relating to the Separation, our business and ownership of our common stock described in "Risk Factors."

***What will I receive as a result of the Separation?***

For every 10 shares of Altisource common stock that you own on the Record Date, you will receive 1 share of AAMC common stock, which is referred to as the "Separation Ratio." If you would be entitled to a fractional share of AAMC common stock, you will instead receive a cash payment in lieu of the fractional share. See "The Separation—Treatment of Fractional Shares." If your shares of Altisource common stock are subject to forfeiture and restrictions on transfer until they vest, the shares of AAMC common stock that you receive will be subject to the same restrictions and vesting provisions.

***When will the Separation occur?***

Altisource currently anticipates completing the Separation at 5:00 p.m. Eastern Time on or about [ ], 2012, which we refer to as the "Separation Date." When we refer to the "Separation Date," we are referring to that date and time.

***What is the Record Date for the Separation?***

The Record Date is [ ], 2012, and ownership of Altisource common stock is determined as of 5:00 p.m. Eastern Time on that date. When we refer to the "Record Date," we are referring to that date and time.

***Is shareholder approval required for the Separation?***

Shareholder approval is not required for the Separation. Subsequent to final approval by the Altisource Board of Directors and regulatory approval, Altisource will distribute its ownership interest in AMMC to its existing shareholders as of the Record Date.

***What do I have to do to receive my shares of AAMC common stock?***

Nothing. Your shares of AAMC common stock will be either reflected in an account statement that our transfer agent, American Stock Transfer & Trust Company, will send to you shortly after [ ], 2012 or credited to your account with your broker or nominee on or about [ ], 2012.

***When will I receive my shares of AAMC common stock?***

If you hold your shares of Altisource common stock through your broker or other nominee, you are probably not a shareholder of record, and your receipt of shares of AAMC common stock will depend on your arrangements with the nominee that holds your shares of Altisource common



stock for you. Altisource anticipates that brokers and other nominees generally will credit their customers' accounts with shares of AAMC common stock on or about [ ], 2012, but you should check with your broker or other nominee. See "The Separation—When and How You Will Receive AAMC Common Stock."

***How will shares of AAMC common stock be distributed to me?***

Altisource will distribute the shares of AAMC common stock by book entry. If you were a record holder of Altisource common stock on the Record Date, then you will receive from our transfer agent shortly after [ ], 2012 a statement of your book entry account for the shares of AAMC common stock that are distributed to you. You will not receive physical stock certificates for your shares of AAMC common stock. If you were not a record holder of Altisource common stock on the Record Date because your shares are held on your behalf by your broker or other nominee, then your shares of AAMC common stock should be credited to your account with your broker or nominee on or about [ ], 2012.

***Will Altisource distribute fractional shares of AAMC common stock?***

Fractional shares of AAMC common stock will not be issued in the Separation. If you would be entitled to receive a fractional share in the Separation, then you will instead receive a cash payment in lieu of the fractional share, which such cash payment may be taxable to you. See "The Separation—Treatment of Fractional Shares."

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***Will the Separation affect the market price of my shares of Altisource common stock?***

Following the Separation, Altisource common stock will continue to be listed and traded on the NASDAQ Global Select Market under the symbol "ASPS." As a result of the Separation, the trading price of Altisource shares immediately following the Separation may be lower than immediately prior to the Separation. Until the market has fully analyzed the operations of Altisource without AAMC, the price of Altisource shares may fluctuate significantly. See "The Separation—Listing and Trading of the Shares of AAMC Common Stock."

***Where will my shares of AAMC trade?***

We expect that the shares of AAMC common stock will be quoted on OTCQX under the trading symbol "AAMC" following completion of the Separation. Trading of AAMC common stock will begin on a "when-issued" basis on [ ], 2012. See "The Separation—Listing and Trading of the Shares of AAMC Common Stock."

***When will I be able to trade shares of AAMC common stock?***

Trading of AAMC common stock will begin on a "when-issued" basis on [ ], 2012. "Regular-way" trading will begin on the first trading day after the Separation Date. In the context of a spin-off, when-issued trading refers to securities transactions made on or before the Separation Date and made conditionally because the securities of the distributed entity have not yet been distributed. When-issued trades generally settle within three trading days after the Separation Date. On the first trading day following the Separation Date, all when-issued trading, if any, will end and regular-way trading in shares of Altisource common stock will begin. Regular-way trading refers to trading after the security has been distributed and typically involves a trade that settles on the third full trading day following the date of the transaction. Shares of AAMC common stock generally will be freely tradable after the Separation Date although the share price may be subject to greater trading volatility than Altisource shares historically have experienced. See "The Separation—Listing and Trading of the Shares of AAMC Common Stock."

***What is AAMC's dividend policy?***

We have no current plans to pay dividends. All decisions regarding the declaration and payment of dividends will be at the discretion of our Board of Directors and will be evaluated from time to time in light of our financial condition, earnings, growth prospects, funding requirements, financing arrangements, applicable law and other factors our Board of Directors deems relevant.

***How will AAMC be managed?***

After the Separation, AAMC will have an initial Board of Directors consisting of seven directors. William C. Erbey is the Chairman of our Board of Directors. See "Management—Board of Directors and Corporate Governance."

Our Chief Executive Officer will be Ashish Pandey, currently the Chief Executive Officer of Correspondent One S.A. ("Correspondent One"), a company affiliated with Altisource. Our Chief Financial Officer is Rachel M. Ridley. Stephen H. Gray serves as General Counsel and Secretary. See "Management—Directors and Executive Officers."

***How will existing stock options be treated in the Separation?***

Currently, stock options are outstanding under Altisource's 2009 Equity Incentive Plan and other equity incentive plans. The exercise price of each outstanding stock option of Altisource will be adjusted to reflect the value of AAMC stock distributed to Altisource shareholders. At the Separation

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Date, all holders of Altisource stock options will receive the following:

- stock options (issued by AAMC) to acquire the number of shares of AAMC common stock equal to the product of (a) the number of Altisource stock options held on the

Separation Date and (b) the distribution ratio of 1 share of AAMC common stock for every 10 shares of Altisource common stock and

- an adjusted Altisource stock option, replacing the original Altisource option, for the same number of shares of Altisource common stock with a reduced exercise price per stock option.

We will determine the exercise price of the new AAMC stock option and the adjusted Altisource stock option in a manner so that the intrinsic value of the stock option to its holder will be the same as of the Separation Date.

**Do I have appraisal rights in connection with the Separation?**

No. Shareholders of Altisource common stock have no appraisal rights in connection with the Separation. See “The Separation—No Appraisal Rights.”

**Who is the transfer agent for AAMC’s common stock?**

The transfer agent for AAMC’s common stock is American Stock Transfer & Trust Company. You can contact the transfer agent at the following address and telephone number:

American Stock Transfer & Trust Company  
59 Maiden Lane  
New York, New York 10038  
Telephone: 718-921-8200  
Fax: 718-259-1144

Please contact the transfer agent with any questions about the Separation or if you need any additional information.

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## SUMMARY

*This summary highlights selected information contained elsewhere in this information statement relating to the separation of AAMC from Altisource and the distribution of AAMC common stock by Altisource to Altisource’s shareholders. This summary may not contain all of the information that is important to you. To better understand the Separation and AAMC, you should carefully read this entire information statement including the risks described in “Risk Factors” and the financial statements and the notes thereto beginning on page F-1.*

*Except as otherwise indicated or unless the context otherwise requires, “Altisource Asset Management Corporation,” “AAMC,” “we,” “us,” “our” and “the Company” refer to Altisource Asset Management Corporation, a United States Virgin Islands corporation; all references to “Altisource” are to Altisource Portfolio Solutions S.A., a Luxembourg société anonyme and its subsidiaries.*

### Our Business

We are organized as a United States Virgin Islands corporation and were formed by Altisource on March 15, 2012 to provide asset management and corporate governance services (the “Services”) to Altisource Residential Corporation (including Altisource Residential, L.P., its operating partnership through which it will acquire and hold its assets, “Residential”) under a 15-year asset management agreement (the “Residential Asset Management Agreement”). Residential was recently formed to acquire and own single-family rental assets. In addition, we intend to make an investment in NewSource Reinsurance Company Ltd., a title insurance and reinsurance company that will be formed following the Separation and domiciled in Bermuda (“NewSource”).

Ours is a capital light strategy with profits available for share repurchases and dividends, although we have no current plans to pay dividends or repurchase shares. Initially, Residential will be our primary source of revenue and will drive our potential future growth. The Residential Asset Management Agreement will entitle us to incentive fees that will give us an increasing share of Residential’s cash flow as distributions to its shareholders increase as well as reimbursement for certain overhead and operating expenses. Accordingly, our operating results will be highly dependent on our ability to help Residential achieve positive operating results.

### AAMC’s Business Strategy

Our business strategy is to:

- assist Residential in generating a growing stream of dividends to Residential’s shareholders, thereby growing our earnings;
- assist Residential in generating a steady, stable cash flow stream from NewSource’s title insurance and reinsurance business and
- develop other scalable investment strategies and vehicles by leveraging the expertise of our management team.

### Residential’s Business Strategy

Residential’s business strategy is to provide a growing stream of dividends to its shareholders by:

- Acquiring single-family rental assets at an attractive cost relative to the market for acquiring residential real estate at or following the foreclosure sale (“REO” or “REO Properties”) through the purchase of non-performing loan portfolios. Residential’s goal will be to capture what it views as the positive arbitrage in today’s market between the price of non-performing loans, adjusted for carrying costs, and the value of the underlying real estate assets when sold as REO and
- Managing single-family rental assets nationwide at a lower cost than that of its competitors.

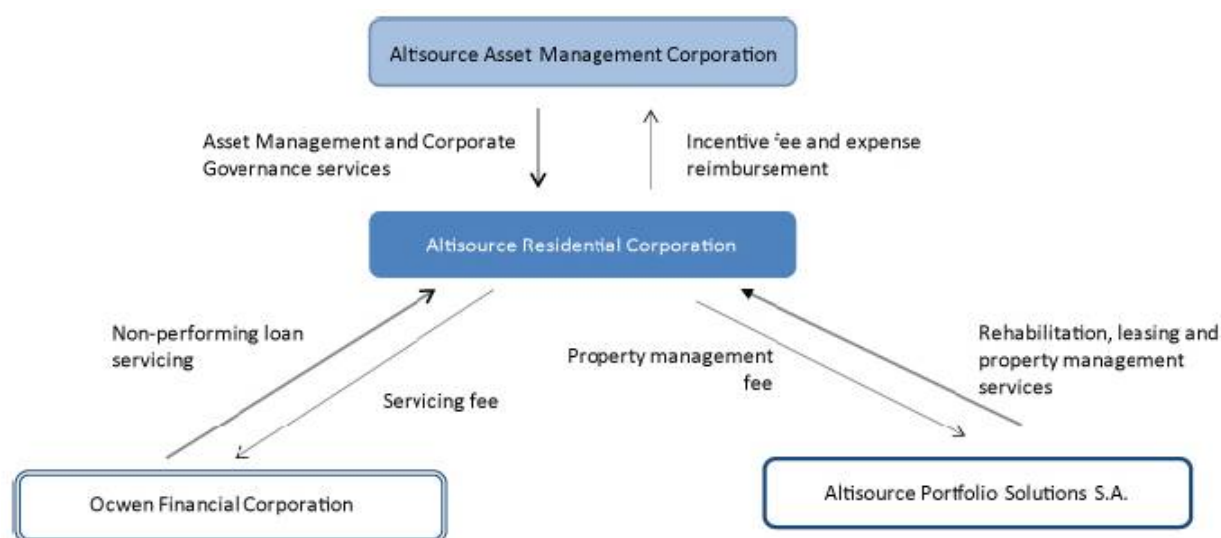
To help Residential achieve this strategy, we have leveraged our strategic relationships with Altisource and Ocwen Financial Corporation (“Ocwen”). These relationships will provide Residential with what we believe are two significant competitive advantages.

First, we have arranged for Residential’s 15-year servicing agreement with Ocwen (the “Ocwen Servicing Agreement”), which we expect will enable Residential to obtain single-family rental assets at a discount to the typical REO acquisition price by acquiring sub-performing and non-performing loans. This arbitrage exists because there are extended timelines, complexities and uncertainties in managing non-performing and sub-performing loans resulting from the loan modification, foreclosure and REO sale processes. We believe that Ocwen’s extensive mortgage servicing experience will enable Residential to shorten non-performing loan resolution timelines by effectively and efficiently (1) converting a portion of the non-performing loan portfolio to performing status and (2) managing the foreclosure process and timelines with respect to the remainder of the portfolio.

Based on the industry experience of our management team, we believe non-performing loans often sell for as low as 55% of the estimated value of the underlying property securing the loan. We expect that a portion of the non-performing loans will be returned to performing status primarily through loan modifications. After the loans are modified, and following a short seasoning period, we expect the borrowers to refinance these loans near the estimated value of the underlying property — generating very attractive returns for Residential.

We expect that, despite efforts to modify or return the mortgage loans to a performing status, a portion of these mortgage loans will enter into foreclosure, ultimately becoming REO that can be converted into single-family rental assets. Even after considering the foreclosure expenses and the time value of money, Residential should be able to acquire REO through the mortgage loan default process at a discount to the typical REO acquisition price. Additionally, as Residential intends to retain the majority of the underlying real estate assets, it will avoid some of the typical REO costs (such as real estate brokerage commissions).

Second, we have arranged for Residential’s 15-year Master Services Agreement with Altisource for Altisource to provide construction management, leasing and property management services (the “Altisource Master Services Agreement”). We believe that Altisource’s real property management experience and centralized vendor management model will allow Residential to operate single-family rental assets at a lower cost than its competitors. Residential’s goal is to minimize its property management expenses for a single-family rental asset so that those expenses will be similar to that for an apartment unit managed by a multi-family REIT. Further, because of Altisource’s distributed vendor model, Residential can acquire assets without regard to their location or density. This allows Residential to competitively bid on large sub-performing or non-performing mortgage portfolios with assets dispersed throughout the United States. Altisource has extensive property management operational experience, managing and maintaining over 90,000 REO Properties for others over the last three years, which represents approximately \$9 billion of estimated value in such properties.



While the Ocwen Servicing Agreement and Altisource Master Services Agreements are not exclusive arrangements, we believe that these relationships will provide Residential with significant competitive advantages with respect to acquiring and maintaining single-family rental assets, which represent a \$3 trillion growth market. We intend for Residential to acquire single-family rental assets with the intention to hold these assets over the long-term with a focus on developing brand and franchise value. We also believe that the forecasted growth for the single-family rental marketplace, in combination with Residential’s projected asset management and acquisition costs and its ability to acquire assets without concern as to their location or density provide us with a significant opportunity to establish Residential as a leading, externally-managed residential REIT.

### AAMC’s Competitive Strengths

To enable Residential to execute on its business strategy, we will leverage the following competitive strengths:

- *Experienced Management Team.* We have a cohesive management team with extensive industry experience in real estate, non-performing loan portfolios and mortgage loan servicing. The management team also has strong relationships in the mortgage industry to help source single-family residential rental assets and mortgage loans. Our team possesses years of experience in negotiating complex real estate and loan portfolio acquisition and disposition transactions and a history of success overseeing service providers on behalf of institutional and other sophisticated investors;

- *Strategic Relationships.* We have strategic relationships with Ocwen and Altisource which we expect will provide us with significant competitive advantages with respect to the servicing of non-performing and sub-performing loans and the management of REO properties;
- *Proprietary Valuation Models and Data.* We have significant experience developing and applying complex proprietary valuation models that leverage an extensive historical database. Our knowledge and understanding of diverse real estate related investment assets and their complexities and inter-relationships allows us to develop appropriate strategies to assist Residential in maximizing returns and

· *Tax Efficient Structure.* AAMC is headquartered in Frederiksted, St. Croix, in the United States Virgin Islands. The United States Virgin Islands has an economic development program that provides significant tax benefits, including, but not limited to, a 30-year credit against our corporate income tax equal to 90 percent of the otherwise applicable tax on eligible income (“EDC Benefits”) for certain qualified businesses located in Frederiksted. We applied for the EDC Benefits from the United States Virgin Islands Economic Development Commission (“EDC”) and received final approval of our application from the Governor of the United States Virgin Islands on August 10, 2012. As a result of our approval, our eligible income will be subject to income tax at an effective rate of 3.85%, and we will be exempt from (i) the United States Virgin Islands gross receipts tax which would otherwise be imposed at the rate of 5%, (ii) taxes on AAMC’s real property and (iii) certain territorial excise taxes.

## **The Separation**

We describe in this information statement the assets of AAMC that will be contributed by Altisource in connection with the Spin-Off as if AAMC were a separate business. As AAMC is a development stage company and has not commenced operations, no historical results of operations are presented. For additional information, see “The Separation—Introduction.”

Altisource sent this document to you because you are the holder of Altisource common stock on the Record Date for the distribution of shares of AAMC common stock. On April 26, 2012, Altisource announced its intention to spin-off a development stage company specializing in providing asset management and corporate governance services into a stand-alone public company. Accordingly, upon consummation of the Separation, you will be entitled to receive 1 share of AAMC common stock for every 10 shares of Altisource common stock that you held on the Record Date. We expect the Separation to occur at 5:00 p.m. Eastern Time on or about [ ], 2012.

You do not have to surrender or exchange your shares of Altisource common stock or pay cash or any other consideration to receive your shares of AAMC common stock. The number of shares of Altisource common stock that you currently own will not change as a result of the Separation.

This information statement describes our business, our relationship with Altisource and how this transaction affects Altisource and its shareholders. In addition, it provides other information to assist you in evaluating the benefits and risks of holding or disposing of our common stock that you will receive in the Distribution.

References in this information statement to our historical assets generally refer to the historical assets of Altisource and its subsidiaries before the Separation. As we are a development stage company and have not commenced operations, there are no historical financial results of operations contained in this information statement. We cannot predict what our financial results will be in the future as a stand-alone public company.

## **Reasons for the Separation**

Altisource’s Board of Directors determined that separating the AAMC asset management and corporate governance services business from Altisource is in the best interests of Altisource’s shareholders. In arriving at its decision, the Board considered, among other factors, the following:

### *Differing Business Strategies*

The Company will specialize in providing asset management and corporate governance services to its clients and will be focused on developing scalable investment strategies and vehicles for its clients by leveraging the expertise of its management team. By contrast, Altisource does not engage in the business of asset management and corporate governance services. Altisource is primarily a provider of fee based services focused on high value, technology-enabled, knowledge-based functions principally related to real estate and mortgage portfolio management, asset recovery and customer relationship management.

### *Greater Strategic Focus of Financial Resources and Management’s Efforts*

The Company will have different financial and operating characteristics than Altisource’s other businesses. Owing to these and other factors, we and Altisource will employ different capital structures and financing strategies. Consequently, Altisource has determined that its current structure may not be optimized to design and implement the distinct strategies necessary to operate its businesses in a manner that maximizes the long-term value of each business. We and Altisource believe that our respective management resources would be more efficiently utilized if Altisource’s management concentrates solely on its success as a provider of services focused on high value, technology-enabled, knowledge-based functions and our management concentrates solely on our business. The dilution of attention involved in managing these businesses with competing goals and needs will thus be eliminated.

### *Enhanced Investor Choices by Offering Investment Opportunities in Separate Entities*

We believe investors in the Company will be better positioned to evaluate our financial performance and strategy within the context of our particular field of operations and peer groups, and that this will enhance the likelihood that we achieve an appropriate market valuation. Both we and Altisource believe that our investment characteristics may appeal to types of investors who differ from Altisource’s current investors. Both we and Altisource expect that, as a result of the Separation, our management will be better positioned to implement goals and evaluate strategic opportunities in light of investor expectations within the context of our particular field of operation.

### *Improved Management Incentive Tools*

Where appropriate, we expect to use equity to compensate current and future employees. It is more difficult for multi-business companies such as Altisource to structure equity incentives that reward managers in a manner directly related to the performance of their respective business units. By granting equity compensation linked to the performance of AAMC’s business, we will be able to offer our managers equity compensation that is linked more directly to their work product.

In determining whether to effect the Separation, Altisource’s Board of Directors also considered the costs and risks associated with the transaction, including:

- the potential costs and disruptions as a result of the Separation;

- the risks of being unable to achieve the benefits expected from the Separation;
- the increased significance to the Company of certain costs and liabilities;
- the risk that the Separation might not be completed and the one-time and ongoing costs of the Separation; and
- certain other risks associated with the Separation and the operation of our business following the Separation, as described under the heading “Risk Factors” of this information statement.

## Regulatory Approval

Apart from the registration under U.S. federal securities laws of the AAMC common stock that will be issued in the Separation, we do not believe that any other material governmental or regulatory filings or approvals will be necessary to consummate the Separation.

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## No Appraisal Rights

Altisource shareholders will not have appraisal rights in connection with the Separation.

## Risk Factors

You should carefully consider the matters discussed under the heading “Risk Factors” of this information statement.

## Corporate Information

AAMC is incorporated and conducts its operations in the United States Virgin Islands. Our principal executive offices are located at 402 Strand St., Frederiksted, United States Virgin Islands 00840-3531, and our main telephone number is (340) 692-1055. Our corporate website is located at [www.altisourceamc.com](http://www.altisourceamc.com). The information contained in, or that can be accessed through, our website is not part of this information statement.

## Emerging Growth Company Status

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and we are eligible to avail ourselves of certain exemptions from various reporting requirements of public companies that are not “emerging growth companies,” including, but not limited to, an exemption from complying with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We have not made a decision whether to avail ourselves of certain of these exemptions.

In addition, the JOBS Act provides that an “emerging growth company” can utilize an extended transition period for complying with new or revised accounting standards, allowing it to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. However, we are choosing to “opt out” of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for all public companies which are not emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

We could remain an “emerging growth company” for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed \$1 billion, (ii) the date that we become a “large accelerated filer” as defined in Rule 12b-2 under the Securities Exchange Act of 1934, which would occur if the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter, or (iii) the date on which we have issued more than \$1 billion in non-convertible debt during the preceding three year period.

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## RISK FACTORS

### RISKS RELATED TO OUR BUSINESS IN GENERAL

***We are a development stage company and have generated no revenue since our inception. If we are unable to implement our business strategy or operate our business as we currently expect to do, our operating results may be adversely affected.***

We are a development stage company and our business model is untested. Businesses like ours, which are starting up or in their initial stages of development, present substantial business and financial risks and may suffer significant losses. We cannot predict what our results of operations, financial condition and cash flows will be once we commence operations and operate as a stand-alone public company. We have generated no revenue to date and may not have sufficient capital to implement our business model. In addition, there are increased costs associated with being a stand-alone public company, including maintaining a separate Board of Directors and obtaining a separate audit, in addition to accounting, tax, legal, insurance and compliance costs and other professional fees. Currently, we are unable to estimate the amount of such expenses. As a result of these circumstances, we cannot assure you that the business will become profitable, or, if we become profitable, that it will be sustainable. The income potential of our proposed business is unproven, and the absence of an operating history makes it difficult to evaluate our prospects. We may not be able to execute our business strategy as planned which may adversely impact our financial performance.

***We are initially dependent on Residential, another development stage company, as our only customer, the loss of which, or Residential’s inability to pay for our Services, could reduce our revenues.***

On the Separation Date, Residential will be our sole customer. The loss or failure of this key customer, its failure to pay us or its termination of the Residential Asset Management Agreement would adversely affect our revenues, results of operations and financial condition. Residential is also a development stage company and has not generated any revenue to date.

Residential may not have sufficient working capital to implement its investment strategies. Residential may need to utilize a variety of funding sources to provide sufficient capital to effectively carry out its business plan over the long term. Our success is dependent on Residential's ability to obtain such capital. Currently, the primary source of Residential's liquidity will be the cash on hand subsequent to its Separation from Altisource. In the future, Residential may need to utilize various secondary sources of liquidity, including without limitation accessing the capital markets to issue debt or equity securities, or engaging in collateralized or other borrowings from third party banks, all or any of which may not be available or have terms that are not cost-effective, therefore having an adverse impact on our financial performance.

***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 will compete 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;

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- 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 regards 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.

***The risks associated with Residential's business that could adversely affect its ability to generate revenue and pay distributions to its shareholders are risks to our business.***

Initially, Residential will be our primary source of revenue and will drive our potential future growth. Any risk associated with Residential's business that would adversely affect its ability to generate revenue and pay distributions to its shareholders is a risk to our business, as our revenues, results of operations and financial condition significantly depend upon incentive fees paid to us as a percentage of cash distributions made by Residential to its shareholders.

***The risks associated with NewSource's business that could adversely affect its ability to generate revenue and pay our asset management fee are risks to our business and the value of our investment in NewSource.***

Shortly after the Separation Date, we intend to invest in the voting common stock of NewSource. In conjunction with our investment in NewSource, we intend to provide our Services to NewSource in exchange for an annual asset management fee pursuant to an asset management agreement (the "NewSource Asset Management Agreement"). Any risk associated with NewSource's business that would adversely affect its ability to generate revenue and pay our asset management fee is a risk to our business, as our revenues, results of operations and financial condition will depend upon our investment in NewSource and our ability to generate fee revenue.

***Failure of Residential to qualify as a REIT would have significant adverse consequences to us.***

Residential intends to elect and qualify to be taxed as a REIT for U.S. federal income tax purposes. Residential's qualification as a REIT will depend upon its ability to meet, on an ongoing basis, requirements regarding its organization and ownership, distributions of its income, and the nature and diversification of its income and assets as well as other tests imposed by the U.S. Internal Revenue Code of 1986, as amended (the "Code"). Residential may fail to satisfy the REIT requirements in the future. If the U.S. Internal Revenue Service ("IRS") determines that Residential does not qualify as a REIT or if it qualifies as a REIT and subsequently loses its REIT qualification, either circumstance may adversely affect Residential's ability to make incentive fee payments to us.

***If Residential is deemed to be an investment company under the Investment Company Act, it would have significant adverse consequences to us.***

Residential does not intend or expect to be an investment company under the Investment Company Act of 1940 (the "Investment Company Act"), since it will not engage primarily or hold itself out as being engaged primarily in the business of investing, reinvesting or trading in securities. Rather, Residential will be primarily engaged in the business of purchasing or otherwise acquiring real estate and mortgages on real estate, specifically single-family rental assets and sub-performing and non-performing loans.

To the extent that the Securities and Exchange Commission (the "SEC") determines that Residential is in fact an investment company, Residential intends to rely on the exception from the Investment Company Act set forth in Section 3(c)(5)(C) of the Investment Company Act, which excludes from the definition of investment company

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and interests in real estate.” The SEC has historically taken the position that an issuer may rely on the exception provided by Section 3(c)(5)(C) as long as at least 55% of its assets consist of “qualifying interests,” such as mortgage loans which are secured by real estate and other liens on and interests in real estate, and an additional 25% consists of real estate-type interests. The SEC has also historically indicated that up to 20% of an issuer’s total assets may be invested in miscellaneous investments. Other than Residential’s investment in NewSource, Residential believes that all of its assets will fall within the definition of “qualifying assets.” Additionally, Residential does not currently expect to issue redeemable securities, face-amount certificates of the installment type or periodic payment plan certificates, as those terms are defined by the Investment Company Act. Consequently, Residential believes that it will not be required to register under the Investment Company Act.

If Residential is deemed to be an investment company and its investment in NewSource accounts for more than 20% of its assets, it could be required to dispose of its NewSource investment (or a portion thereof) in order to qualify for the 3(c)(5)(C) exception. We expect that Residential’s investment in NewSource will constitute less than 20% of its assets shortly after the Separation Date. Consequently, we do not believe that Residential’s investment in NewSource will impact its ability to continue to rely on the Section 3(c)(5)(C) exemption.

In August 2011, the SEC issued a concept release which indicated that the SEC is reviewing whether certain mortgage related pools which rely (like Residential) on the exception from registration under Section 3(c)(5)(C), should continue to be allowed to rely on such exception from registration. Since Residential’s primary investment strategy is to directly invest in REO Properties and mortgages secured by real estate, Residential does not believe that the SEC’s review will have a material impact on its status as a non-investment company business or its ability to continue to rely on the Section 3(c)(5)(C) exception; however, Residential cannot provide any assurance that the outcome of the SEC’s review will not require Residential to register under the Investment Company Act. If Residential is determined to be an investment company or it fails to qualify for this exception from registration as an investment company, or the SEC determines that companies that engage in businesses similar to Residential’s are no longer able to rely on this exception, Residential may be required to register as an investment company under the Investment Company Act.

Registration under the Investment Company Act would require Residential to comply with a variety of substantive requirements that impose, among other things:

- limitations on capital structure;
- restrictions on specified investments;
- restrictions on retaining earnings;
- restrictions on leverage or senior securities;
- restrictions on unsecured borrowings;
- requirements that Residential’s income be derived from certain types of assets;
- prohibitions on transactions with affiliates; and
- compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly increase Residential’s operating expenses.

If Residential were required to register as an investment company but failed to do so, it would be prohibited from engaging in its business, and criminal and civil actions could be brought against it.

Registration with the SEC as an investment company would be costly, would subject Residential to a host of complex regulations and would divert attention from the conduct of Residential’s business. In addition, if Residential purchases or sells any real estate assets to avoid becoming an investment company under the Investment Company Act, it could materially adversely affect its net asset value, the amount of funds available for investment and its ability to pay distributions to Residential’s shareholders. Any such occurrences would adversely impact our revenues from incentive fees paid by Residential.

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***The reduced disclosure requirements applicable to us as an “emerging growth company” or a “smaller reporting company” may make our common stock less attractive to investors.***

We are an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and we may avail ourselves of certain exemptions from various reporting requirements of public companies that are not “emerging growth companies,” including, but not limited to, an exemption from complying with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and, like smaller reporting companies, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirement of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We may remain an “emerging growth company” for up to five full fiscal years following our initial public offering. We would cease to be an emerging growth company, and, therefore, become ineligible to rely on the above exemptions, if we have more than \$1 billion in annual revenue in a fiscal year, if we issue more than \$1 billion of non-convertible debt over a three-year period, or on the date that we become a “large accelerated filer” as defined in Rule 12b-2 under the Securities Exchange Act of 1934, which would occur if the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions.

Additionally, we are a “smaller reporting company” as defined in Rule 12b-2 of the Exchange Act. As a smaller reporting company we prepare and file SEC forms similar to other SEC reporting companies; however the information disclosed may differ and be less comprehensive. For example, smaller reporting companies are not required to make risk factor disclosures in Item 1A of Form 10-K.

If some investors find our common stock less attractive as a result of the exemptions available to us as a smaller reporting company or an emerging growth company, there may be a less active trading market for our common stock (assuming a market ever develops) and our stock price may be more volatile than that of an otherwise comparable company that does not avail itself of the same or similar exemptions.

***Our success depends on our senior management team, and if we are not able to retain them, it could have a material adverse effect on us.***

We are highly dependent upon the continued services and experience of our senior management team. We will depend on the services of members of our senior management team to, among other things, continue the development and implementation of our growth strategies and maintain and develop our client relationships. In the event that, for any reason, we are unable to retain our key personnel, it may be difficult for us to secure suitable replacements on acceptable terms. This would adversely impact the development and implementation of our growth strategies.

***The continuing unpredictability of the credit markets may restrict 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 continue to 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 would have an adverse impact on our financial performance.

***Our business could be significantly impacted if we suffer failure or disruptions of our information systems.***

We will rely heavily on communications, data processing and other information processing systems to conduct our business and support our day-to-day activities, most services of which are provided through Altisource. Thus, our business requires the continued operation of Altisource's sophisticated information technology systems and network infrastructure. These systems are vulnerable to interruption by fire, loss, system malfunction and other events, which are beyond our control. Systems interruptions could reduce our ability to provide our Services and could have an adverse effect on our operations and financial performance.

***Failure of Altisource to effectively perform its obligations under various agreements with Residential and us, including the Altisource Master Services Agreement, could have an adverse effect on Residential's and our business and performance.***

Both Residential and we will engage Altisource to provide services subsequent to the Separation. We believe that this relationship will provide Residential with significant competitive advantages. If for any reason Altisource is unable to perform the services described under these agreements at the level and/or the cost that the Company anticipates, alternate service providers may not be readily available on acceptable terms or at all, which could adversely affect Residential's and our operating results as well as our ability to execute our business plan.

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In addition, Residential will be required to pay Altisource for the services it provides pursuant to the Altisource Master Services Agreement. If Residential fails to pay Altisource or otherwise defaults under the Altisource Master Services Agreement, Altisource may cease to act under the Altisource Master Services Agreement which would adversely affect Residential's operating results, thereby decreasing our revenues from incentive fees paid by Residential and adversely affecting our ability to execute our business plan.

Any diminishment in Altisource's performance under, or termination of, the Altisource Master Services Agreement or any of Altisource's other agreements with Residential or us would negatively impact, or potentially eliminate, the competitive advantage provided by such agreements.

***Failure of Ocwen to effectively perform its servicing obligations under the Ocwen Servicing Agreement could have an adverse effect on Residential's and our business and performance.***

Residential will be contractually obligated to service the residential mortgage loans that it ultimately acquires. Residential will not have any employees, servicing platform, licenses or technical resources necessary to service its acquired loans. Consequently, Residential will engage Ocwen to service the loans it acquires. We believe that this relationship will provide Residential with significant competitive advantages. If for any reason Ocwen is unable to service the acquired loans at the level and/or the cost that the Company anticipates, an alternate servicer may not be readily available on acceptable terms or at all, which could adversely affect Residential's operating results, thereby decreasing our revenues from incentive fees paid by Residential.

In addition, under the Ocwen Servicing Agreement, Residential will be required to pay Ocwen fees for servicing Residential's acquired mortgage loans. If Residential fails to pay Ocwen or otherwise defaults under the Ocwen Servicing Agreement, Ocwen may cease to act as the servicer under the Ocwen Servicing Agreement which would adversely affect Residential's operating results, thereby decreasing our revenues from incentive fees paid by Residential.

Any diminishment in Ocwen's performance under, or termination of, the Ocwen Servicing Agreement would negatively impact, or potentially eliminate, the competitive advantage provided by such agreement.

***Failure to obtain or retain the tax benefits provided by the United States Virgin Islands would adversely affect our financial performance.***

AAMC is headquartered in Frederiksted, St. Croix, in the United States Virgin Islands. The United States Virgin Islands has an economic development program that provides EDC Benefits to certain qualified businesses in Frederiksted. We applied for the EDC Benefits from the EDC and received approval of our application by the Governor of the United States Virgin Islands on August 10, 2012. 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, territorial or United States Virgin Islands 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 performance.

## **RISKS RELATED TO THE ACQUISITION AND OWNERSHIP OF REAL ESTATE AND REAL ESTATE RELATED ASSETS**

***Residential's supply of REO Properties may be reduced by uncertainty in the lending industry and governmental sector.***

Residential's business model is dependent on the acquisition of a steady supply of REO Properties. The number of REO Properties may be reduced by uncertainty in the lending industry and the governmental sector. Lenders may choose to delay foreclosure proceedings, renegotiate interest rates or refinance mortgages for holders who face foreclosure. In recent years, the federal government has instituted a number of programs aimed at assisting at-risk mortgage holders and reducing the number of properties going into foreclosure. In the future, the federal government could institute additional programs to provide financial relief and assistance to mortgage holders at risk of foreclosure. Decisions by lenders and government programs that reduce the number of REO Properties could adversely affect Residential's business opportunities and impact its overall financial performance, thereby impacting our revenues from incentive fees paid by Residential.

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***Residential's supply of REO Properties and financial performance may be impacted by federal, state and/or local action to increase timelines associated with foreclosure proceedings and/or the imposition of a moratorium on foreclosure proceedings or initial foreclosure filings.***

The number of REO Properties available and/or obtained by Residential may be reduced by federal, state and/or local action to increase timelines associated with foreclosure proceedings and/or the imposition of a moratorium on foreclosure proceedings or initial foreclosure filings. As in recent years, federal, state and/or local governing bodies or agencies may pass laws, regulations or take other legislative action that may delay or stop existing foreclosure proceedings and/or the commencement of foreclosure actions. Any such actions would reduce the number of REO Properties available and/or obtained by Residential and therefore could adversely affect Residential's business opportunities. Any such actions would also increase the carrying cost of non-performing loans that Residential expects to become REO and impact its overall financial performance. These occurrences could adversely impact our revenues from incentive fees paid by Residential.

***Residential's supply of sub-performing and non-performing loans may decline over time as a result of higher credit standards for new loans and/or general economic improvement.***

Residential's business model is also dependent on the acquisition of a steady supply of sub-performing and non-performing mortgage loans. As a result of the economic crisis in 2008, there is currently a large supply of sub-performing and non-performing loans available for Residential to acquire. However, in response to the economic crisis, the origination of jumbo, subprime, Alt-A and second lien mortgage loans has dramatically declined. In addition, lenders have increased their standards of credit-worthiness in originating new loans. For these reasons along with the general economic improvement in the economy, the supply of sub-performing and non-performing residential mortgage loans that Residential may acquire may decline over time and could adversely affect its business opportunities and result in a reduction of Residential's operating income, thereby decreasing our revenues from incentive fees paid by Residential.

***Competition in identifying and acquiring REO Properties and sub-performing and non-performing loans in a timely manner may adversely affect Residential's financial results.***

Residential will face competition from various companies for investment opportunities in REO Properties and sub-performing and non-performing loans, including REITs, pension funds, insurance companies, hedge funds, other investment funds and companies, partnerships and developers. Some third party competitors have substantially greater financial resources than Residential and may be able to accept more risk than Residential. Competition from these companies may reduce the number of suitable REO Properties and sub-performing and non-performing loan investment opportunities offered to Residential or may increase the bargaining power of asset owners seeking to sell. If such events occur, Residential's financial performance may be adversely impacted and therefore have adverse consequences to us.

Residential's operating results will depend on the availability of, and our ability to quickly identify, assist in acquiring and managing, appropriate REO Properties and sub-performing and non-performing loan investment opportunities. It may take considerable time for us to identify and for Residential to acquire appropriate REO Properties and sub-performing and non-performing loan investments. Given the existing competition, complexity of the market, and requisite time needed to make such investments, no assurance can be given that we will be successful in identifying, underwriting and then advising Residential on acquiring investments that satisfy Residential's return objectives. Furthermore, there is no assurance that such investments, once acquired, will perform as intended.

***Continued disruptions in the credit markets may adversely impact Residential's business opportunities and financial results.***

Disruptions and dislocations in the credit markets have materially impacted the cost and availability of debt to finance real estate acquisitions. This lack of available credit could result in a further reduction of suitable investment opportunities and create a competitive advantage for other companies that have greater financial resources than Residential. In addition, as the economy recovers, the number of companies and the amount of funds competing for suitable investments may increase. If Residential acquires single-family rental assets or REO Properties and other

investments at higher prices or by using less than ideal capital structures, its returns will be lower and the value of its assets may not appreciate or may decrease significantly below the amount it paid for such assets. If such events occur, our revenues from incentive fees may be significantly affected.

***Changes in global economic and capital markets conditions, including periods of generally deteriorating real estate industry fundamentals, may significantly impact Residential's financial performance and therefore have adverse consequences to us.***

Residential will be, and therefore we will be, subject to risks generally incident to the ownership of real estate and real estate related assets, including decreases in residential property values, changes in global, national, regional or local economic, demographic and real estate market conditions, as well as other factors particular to the locations of our investments. A prolonged recession, such as the one experienced over the past few years, and a prolonged recovery period could adversely impact Residential's business as a result of, among other items, increased tenant defaults under Residential's leases, lower demand for residential rentals, as well as a potential oversupply of residential rental units, each of which could lead to increased concessions or reduced rental rates to maintain occupancies. These conditions could also adversely impact the financial condition of the tenants that occupy Residential's single-family rental assets and, as a result, their ability to pay rent to Residential, thereby decreasing our revenue from incentive fees paid by Residential.

In addition, we intend to invest in the voting common stock of NewSource, a title insurance company and reinsurance company. The demand for title insurance-related services depends in large part on the volume of real estate transactions. The volume of these transactions historically has been influenced by such factors as mortgage interest rates, availability of financing and the overall state of the economy. When market conditions cause real estate activity to decline, the title insurance industry tends to experience decreased revenues and earnings. Thus, a decline of activity in the real estate market could adversely impact both Residential's business and the value of our investment in NewSource.

***Unfavorable changes in market and economic conditions could adversely affect occupancy, rental rates, operating expenses and the overall market value of Residential's assets.***

Local conditions will significantly affect occupancy, rental rates and the operating performance of Residential's single-family rental assets. The risks that may adversely affect conditions in those markets include, amongst others, the following:

- joblessness or unemployment rates that adversely affect the local economy;
- an oversupply of, or a reduced demand for, single-family homes for rent;
- a decline in household formation or employment or lack of employment growth;
- the inability or unwillingness of residents to pay rent increases;
- rent control or rent stabilization laws, or other laws regulating housing, that could prevent Residential from raising rents to offset increases in operating costs and
- economic conditions that could cause an increase in Residential's operating expenses, such as increases in property taxes, utilities and routine maintenance.

Any such occurrence or similar occurrence may adversely affect Residential's financial condition and results of operations, thereby adversely affecting our revenues from incentive fees.

***Changes in applicable laws, or noncompliance with applicable laws, could adversely affect Residential's operations or expose Residential to liability.***

As an owner of real estate, Residential will be required to comply with numerous federal, state and local laws and regulations, some of which may conflict with one another or be subject to limited judicial or regulatory interpretations. These laws and regulations may include zoning laws, building codes, landlord-tenant laws and other laws generally applicable to business operations. Noncompliance with laws or regulations could expose Residential to liability.

Lower revenue growth or significant unanticipated expenditures may result from Residential's need to comply with changes in (i) laws imposing remediation requirements and the potential liability for environmental conditions existing on properties or the restrictions on discharges or other conditions, (ii) rent control or rent stabilization laws or other residential landlord-tenant laws, or (iii) other governmental rules and regulations or enforcement policies affecting the rehabilitation, use and operation of Residential's single-family rental assets, including changes to building codes and fire and life-safety codes. The occurrence of either of both of such events may adversely affect Residential's financial condition and results of operations, thereby adversely affecting our revenues from incentive fees.

In addition, we expect NewSource, the title insurance and reinsurance company in which we intend to invest, to register as a Class 3A Bermuda insurance company and be subject to regulation and supervision in Bermuda by the Bermuda Monetary Authority. Changes in Bermuda insurance statutes, regulations and policies could result in restrictions on NewSource's ability to pursue its business plans, issue reinsurance policies, distribute funds and execute its investment strategy. In addition, NewSource may become subject to regulation and supervision by insurance authorities in any other jurisdictions in which it operates. Failure to comply with or to obtain appropriate authorizations and/or exemptions under any applicable laws could result in restrictions on NewSource's ability to do business or certain activities that are regulated in one or more of the jurisdictions in which it operates and could subject NewSource to fines and other sanctions, which could have a material adverse effect on NewSource's business and adversely impact the value of our investment in NewSource.

***Short-term leases will expose Residential to the effects of declining market rents.***

Substantially all of Residential's leases will be for a term of two years or less. Because these leases will generally permit the residents to leave at the end of the lease term without penalty, Residential's rental revenues will be impacted by declines in market rents more quickly than if its leases were for longer terms. The effects of declining market rents may adversely affect Residential's financial condition and results of operations, thereby adversely affecting our revenues from incentive fees.

***Competition could limit Residential's ability to lease single-family rental assets or increase or maintain rents.***

Residential's single-family rental assets will compete with other housing alternatives to attract residents, including rental apartments, condominiums and other single-family homes available for rent, as well as new and existing condominiums and single-family homes for sale. Competitive residential housing in a particular area could adversely affect Residential's ability to lease its single-family rental assets and to increase or maintain rental rates. This may adversely affect Residential's financial condition and results of operations, thereby adversely affecting our revenues from incentive fees.

***Difficulties in selling single-family rental assets could limit Residential's flexibility.***

Federal tax laws may limit Residential's ability to earn a gain on the sale of a single-family rental asset or group of rental assets if Residential is found to have held or acquired the single-family rental asset or group of assets with the intent to resell, and this limitation may affect Residential's ability to sell single-family rental assets without adversely affecting returns to its shareholders. In addition, real estate can at times be difficult to sell quickly at prices Residential finds acceptable. These potential difficulties in selling real estate in Residential's markets may limit its ability to change or reduce the single-family rental assets in its portfolio promptly in response to changes in economic or other conditions. Any of the above-described occurrences may adversely affect Residential's financial condition and results of operations, thereby adversely affecting our revenues from incentive fees.

***A significant uninsured property or liability loss could have a material adverse effect on Residential's financial condition and results of operations.***

Residential will carry commercial general liability insurance and property insurance with respect to its single-family rental assets on terms it considers commercially reasonable. There are, however, certain types of losses (such as losses arising from acts of war) that are not insured, in full or in part, because they are either uninsurable or the

cost of insurance makes it economically impractical. If an uninsured property loss or a property loss in excess of insured limits were to occur, Residential could lose its capital invested in a single-family rental asset or group of assets as well as the anticipated future revenues from such asset or group of assets. Residential would also continue to be obligated to repay any mortgage indebtedness or other obligations related to the asset or group of assets, if any. If an uninsured liability to a third party were to occur, Residential would incur the cost of defense and settlement with, or court ordered damages to, that third party.

A significant uninsured property or liability loss could materially and adversely affect Residential's business and its financial condition and results of operations, thereby adversely affecting our revenues from incentive fees.

***A significant number of Residential's single-family rental assets will be part of home owners' associations ("HOAs"). Residential and its tenants will be subject to the rules and regulations of such HOAs which may be arbitrary or restrictive, and violations of such rules may subject Residential to additional fees and penalties and litigation with such HOAs which may be costly.***

A significant number of Residential's single-family rental assets will be subject to HOAs, which are private entities that regulate the activities of and levy assessments on properties in a residential subdivision. Some of the HOAs that will govern Residential's single-family assets may enact onerous or arbitrary rules that restrict Residential's ability to renovate, market or lease its single-family rental assets or require Residential to renovate or maintain such assets at standards or costs that are in excess of Residential's planned operating budgets. Such rules may include requirements for landscaping, limitations on signage promoting a property for lease or sale, or the use of specific construction materials to be used in renovations. Some HOAs also impose limits on the number of property owners who may rent their homes, which if met or exceeded, may cause Residential to incur additional costs to sell the affected single family rental asset and opportunity costs of lost rental income. Furthermore, many HOAs impose restrictions on the conduct of occupants of homes and the use of common areas, and Residential may have tenants who violate these HOA rules for which Residential may be liable as the property owner. Additionally, the boards of directors of the HOAs that will govern Residential's single-family rental assets may not make important disclosures or may block Residential's access to HOA records, initiate litigation, restrict Residential's ability to sell, impose assessments or arbitrarily change the HOA rules. Residential may be unaware of or unable to review or comply with certain HOA rules before acquiring a single-family rental asset, and any such excessively restrictive or arbitrary regulations may cause Residential to sell such asset, prevent Residential from renting such asset or otherwise reduce Residential's cash flow from such asset. Any of the above-described occurrences may adversely affect Residential's financial condition and results of operations, thereby adversely affecting our revenues from incentive fees.

***Residential may incur costs due to class actions and/or tenant rights and consumer demands or litigation.***

There are numerous tenants' rights and consumer rights organizations throughout the country. As Residential grows in scale, it may attract attention from some of these organizations and become a target of legal demands or litigation. Many such consumer organizations have become more active and better funded in connection with mortgage foreclosure-related issues and the increased market for single-family rentals arising from displaced home ownership. Some of these organizations may shift their litigation, lobbying, fundraising and grass roots organizing activities to focus on landlord-tenant issues. While Residential intends to conduct its business lawfully and in compliance with applicable landlord-tenant and consumer laws, such organizations might work in conjunction with trial and pro bono lawyers in one state or multiple states to attempt to bring claims against Residential on a class action basis for damages or injunctive relief. Residential cannot anticipate what form such legal actions might take, or what remedies they may seek. Additionally, these organizations may lobby local county and municipal attorneys or state attorneys general to pursue enforcement or litigation against Residential, or may lobby state and local legislatures to pass new laws and regulations to constrain Residential's business operations. If they are successful in any such endeavors, they could directly limit and constrain Residential's business operations and impose on Residential significant litigation expenses, including settlements to avoid continued litigation or judgments for damages or injunctions. Any of the above-described occurrences may adversely affect Residential's financial condition and results of operations, thereby adversely affecting our revenues from incentive fees.

***Residential will likely be involved in a variety of litigation.***

Residential anticipates involvement in a wide range of court actions in the ordinary course of its business. These actions may include eviction proceedings and other landlord-tenant disputes, challenges to title and ownership rights (including actions brought by prior owners alleging wrongful foreclosure by their lender or servicer) and issues with local housing officials arising from the condition or maintenance of a single-family rental asset. While Residential intends to vigorously defend any claim, no assurance can be given that Residential will not be subject to material losses related to such litigation. Such losses may adversely affect Residential's financial condition and results of operations, thereby adversely affecting our revenues from incentive fees.

***Residential may incur costs due to environmental contamination or non-compliance.***

Under various federal, state and local environmental and public health laws, regulations and ordinances, Residential may be required, regardless of knowledge or responsibility, to investigate and remediate the effects of hazardous or toxic substances or petroleum product releases at its single-family rental assets (including in some cases natural substances such as methane and radon gas) and may be held liable under these laws or common law to a governmental entity or to third parties for property, personal injury or natural resources damages and for investigation and remediation costs incurred as a result of the contamination. These damages and costs may be substantial and may exceed any insurance coverage Residential has for such events. The presence of such substances, or the failure to properly remediate the contamination, may adversely affect Residential's ability to borrow against, sell or rent the affected single-family rental asset. In addition, some environmental laws create or allow a government agency to impose a lien on the contaminated site in favor of the government for damages and costs it incurs as a result of the contamination. Any of the above-described occurrences may adversely affect Residential's financial condition and results of operations, thereby adversely affecting our revenues from incentive fees.

***The interest rate environment impacts Residential's financial results.***

Residential intends to focus primarily on investing in, financing, managing and renting single-family rental assets. Some of these assets will generally decline in value if long-term interest rates increase, while lower interest rates will generally result in an increase in value. Declines in the value of Residential's single family rental assets and sub-performing and non-performing loans may ultimately reduce earnings or result in losses to Residential or cause some or all of its assets to become illiquid, thereby decreasing our revenues from incentive fees paid by Residential.

Residential's operating results will depend in part on the difference between the operating income from its assets, credit losses, and financing costs. Increases in these rates will tend to decrease Residential's net income and the value of its assets, thereby decreasing our revenues from incentive fees paid by Residential.

***Residential's financial condition and results of operations may be adversely affected by inflation or deflation.***

Increased inflation could have an adverse impact on interest rates, property management expenses and general and administrative expenses, as these costs could increase at a rate higher than Residential's rental and other revenue. Conversely, deflation could lead to downward pressure on rents and other sources

of income. Accordingly, a change in inflation or deflation could adversely affect either or both of Residential's financial condition and results of operations, thereby adversely affecting our revenues from incentive fees.

***Residential's real properties will be subject to property and other taxes that may increase over time.***

Residential will be responsible for the property taxes for its single-family rental assets and REO Properties which may increase as tax rates change and as properties are reassessed by taxing authorities. If Residential fails to pay any such taxes, the applicable taxing authorities may place a lien on the property, and the property may be subject to a tax sale. Any such occurrence may adversely affect Residential's financial condition and results of operations, thereby adversely affecting our revenues from incentive fees.

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## RISKS RELATED TO THE SEPARATION

***We have never operated on a stand-alone basis, and our transition to a stand-alone company may adversely affect our ability to conduct business.***

We will need to establish certain facilities, systems, infrastructure and personnel after the Separation. We will incur capital and other costs associated with developing and implementing our own support functions in these areas. Additionally, after the Separation, we may be unable to obtain goods, services and technologies at prices or on terms as favorable to us as those obtained by Altisource prior to the Separation. This transition may constrain or otherwise adversely affect our ability to conduct business.

***Our accounting and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which we will be subject following the Separation.***

As a result of the Separation, we will be directly subject to reporting and other obligations under the Exchange Act. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. Under the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), we are required to maintain effective disclosure controls and procedures. To comply with these requirements, we may need to implement additional financial and management controls, reporting systems and procedures and hire additional accounting and finance staff. We expect to incur annual expenses for the purpose of addressing these requirements, and these expenses may be significant. If we are unable to implement additional controls, reporting systems, information technology systems and procedures in a timely and effective fashion, our ability to comply with our financial reporting requirements and other rules that apply to reporting companies under the Exchange Act could be impaired. Any failure to achieve and maintain effective internal controls could have a material adverse effect on our financial condition, results of operations or cash flows.

In the future, we may also be required to comply with Section 404 of the Sarbanes-Oxley Act which will require annual management assessments of the effectiveness of our internal controls over financial reporting and a report by our independent registered public accounting firm addressing these assessments. These reporting and other obligations may place significant demands on our management, administrative and operational resources, including accounting systems and resources.

## RISKS RELATED TO THE TAX CONSEQUENCES OF THE SEPARATION

***Since the Distribution will be taxable, the IRS, the Luxembourg taxing authority and/or the United States Virgin Islands Bureau of Internal Revenue may disagree with our valuation of the common stock which could result in a higher tax cost to both Altisource and its shareholders.***

The Distribution will be taxable to Altisource shareholders based on the fair market value of the shares of our common stock that are received. In addition, for Altisource, the Separation will be a realization event, which could cause Altisource to have to recognize capital gains on our common stock, which would have to be included in its tax base and would be subject to 28.8% Luxembourg corporate income and municipal business tax. Because we are a development stage company, we do not expect the value of the shares of our common stock received by Altisource shareholders to be significantly higher than the book value of the Company. However, the IRS, the Luxembourg taxing authority and/or the United States Virgin Islands Bureau of Internal Revenue could disagree with our valuation of the shares of our common stock received by you which could result in a higher tax cost for both your receipt of the shares of common stock and for Altisource.

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## RISKS RELATED TO OUR COMMON STOCK

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

Prior to the Separation, our common stock had no trading market. We expect our common stock to be quoted on OTCQX and expect trading in our common stock to commence on a "when-issued" basis on or about [ ], 2012.

Neither we nor Altisource can assure you as to the trading prices of our common stock after the Separation. Unless and until our common stock is fully distributed and an orderly market develops, the prices at which our common stock trades may fluctuate significantly. In addition, the combined trading prices of Altisource common stock and our common stock after the Separation may, in the aggregate, be less than, equal to or greater than the trading prices of Altisource common stock prior to the Separation. The market price of our common stock may fluctuate in response to many things, including but not limited to:

- quarterly variations in actual or anticipated results of our operations;
- changes in financial estimates by securities analysts;
- actions or announcements by our competitors;
- regulatory actions;
- lack of liquidity;
- changes in the financial condition or stock price of Residential;

- changes in the market outlook for the real estate and lending industries;
- technology changes in our business 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 price of our shares of common stock.

Furthermore, our small size and different investment characteristics, including our headquarters based in the United States Virgin Islands, may not appeal to the current investor base of Altisource that may seek to dispose of large amounts of our common stock following the Separation. There is no assurance that there will be sufficient buying interest to offset those sales, and, accordingly, the price of our common stock could be depressed and/or experience periods of high volatility.

***An active trading market for our common stock may never develop.***

We have applied to have our common stock quoted on OTCQX. However, an active trading market for our common stock may not develop, and if an active trading market does develop, it may not be sustained. Accordingly, your ability to sell our common stock when desired, or the prices that may be obtained for such common stock, will depend on the existence and liquidity of an active trading market of our common stock.

***Our common stock may be subject to significant restriction on resale due to federal penny stock restrictions.***

The SEC has adopted rules that regulate broker or dealer practices in connection with transactions in penny stocks. Penny stocks generally are equity securities with a price of less than \$5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange system). The penny stock rules require a broker or dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document prepared by the SEC that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker or dealer also must provide the customer with bid and offer quotations for the penny stock, the compensation of the broker or dealer, and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. The penny stock rules also require that prior to a transaction in a penny stock not otherwise exempt from such rules, the broker or dealer must make a special written determination that a penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements

may have the effect of reducing the level of trading activity in any secondary market for our common stock that becomes subject to the penny stock rules, and accordingly, shareholders of our common stock may find it difficult or impossible to sell their securities.

***The continuing unpredictability of the credit markets may restrict our liquidity and may make it difficult or impossible for us to obtain additional financing.***

The domestic and international credit markets continue to experience significant unpredictability. Currently, the primary source of our capital will be the cash on hand subsequent to our Separation from Altisource. In the future, we may need to utilize various secondary sources of liquidity by accessing the capital markets to issue debt or equity securities or engaging in collateralized or other borrowings from third party banks.

If we issue debt or obtain bank loans, the financing will likely be governed by certain provisions that may restrict our operating flexibility. Additionally, an issuance of equity securities or convertible or exchangeable securities may have rights, preferences and privileges more favorable than those of our common stock. Furthermore, we and, indirectly, our shareholders, will bear the cost of issuing and servicing such securities. Because our decision to issue securities through accessing the capital markets or entering into credit agreements will depend on market conditions and other factors beyond our control, we cannot predict or estimate our future capital structure. Our shareholders bear the risk of changes to our future capital structure which may not be cost effective and may have a dilutive impact on our shareholders.

***The value we attribute to the Altisource and AAMC common stock for the purpose of determining the revised exercise price of the Altisource stock options and the exercise price of the new AAMC stock options might not be equivalent to the market price of the Altisource and AAMC common stock following the Separation.***

In connection with the Separation, all holders of Altisource stock options will receive: (1) a new AAMC stock option to acquire the number of shares of AAMC common stock equal to the product of (a) the number of Altisource stock options held on the Separation Date and (b) the distribution ratio of 1 share of AAMC common stock for every 10 shares of Altisource common stock; and (2) an adjusted Altisource option, replacing the original Altisource option, for the same number of shares of Altisource common stock with a reduced exercise price per stock option. We will determine the exercise price of the new stock option and the adjusted Altisource option in a manner so that the intrinsic value of the stock option to its holder will be the same as of the Separation Date. However, fluctuations in the market price of the Altisource and AAMC common stock may cause this ratio to vary greatly following the Separation. In addition, although the intrinsic value will be the same, the fair value of the option may be different due to potential changes in the expected stock price volatility, option life and other factors we use to determine fair value using the Black-Scholes and binomial options pricing models.

**RISKS RELATED TO CONFLICTS OF INTEREST**

***We could have conflicts with Altisource, Ocwen, Home Loan Servicing Solutions, Ltd. ("HLSS") and Residential, and the Chairman of our Board of Directors could have conflicts of interest due to his relationship with Altisource, Ocwen, HLSS and Residential, which may be resolved in a manner adverse to us.***

Conflicts may arise between Altisource and us as a result of our ongoing agreements, the agreements we have negotiated on behalf of Residential with Altisource and the nature of each of our respective businesses. Altisource will provide Residential with residential property management, leasing and construction management services for single-family rental assets acquired by Residential. In addition, we will become a party to a variety of agreements with Altisource in connection with the Separation, and we may enter into further agreements with Altisource after the Separation. Certain of our directors may be subject to conflicts of interest with respect to such agreements and other matters due to their relationships with Altisource.

Conflicts may arise between Ocwen and us as a result of our ongoing agreements and the nature of our respective businesses. Ocwen will perform substantially all of the mortgage loan servicing functions relating to

Residential's acquisition and ownership of mortgage loans. Certain of our directors may be subject to conflicts of interest with respect to such agreements and other matters due to their concurrent roles as directors of Ocwen.

The Chairman of our Board of Directors is the Chairman of the Board of Directors of Altisource, Ocwen, HLSS, and Residential. As a result, he will have obligations to us as well as to Altisource, Ocwen, HLSS and Residential and may have conflicts of interest with respect to matters potentially or actually involving or affecting us and Altisource, Ocwen, HLSS or Residential, as the case may be.

Our Chairman currently owns a substantial amount of Altisource, Ocwen and HLSS common stock and Altisource and Ocwen stock options, and, subsequent to the Separation, will own a substantial amount of our common stock and Residential's common stock. In addition, certain of our directors also may own Altisource and/or Ocwen common stock and stock options due to similar relationships with Altisource and Ocwen. Such ownership could create or appear to create potential conflicts of interest when the Chairman of our Board of Directors and our directors are faced with decisions that involve us, Altisource, Ocwen, HLSS, Residential or any of their respective subsidiaries.

Altisource, Ocwen, and HLSS are not limited in their ability to compete with us. We will seek to manage these potential conflicts through dispute resolution and other provisions of our agreements with them and through oversight by independent members of our Board of Directors. However, there can be no assurance that such measures will be effective, that we will be able to resolve all conflicts with Altisource, Ocwen, and HLSS or that the resolution of any such conflicts will be no less favorable to us than if we were dealing with third parties.

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

Certain of our directors have other investments and business activities in addition to their interest in AAMC. Under the provisions of our Articles of Incorporation, 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 our directors. If any of our directors who are also directors, officers or employees of Altisource, Ocwen, Residential, HLSS or any other company acquires knowledge of a corporate opportunity or is offered a corporate opportunity outside of his capacity as one of our directors, then our by-laws provide that such a director will be permitted to pursue that corporate opportunity independently of us, so long as the director has acted in good faith. Our by-laws 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 actual or potential conflicts of interest between us and certain of our directors and result in less than favorable treatment of us and our shareholders. 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.

## FORWARD-LOOKING STATEMENTS

This information statement contains forward-looking statements that relate to, among other things, our future financial and operating results. In many cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "potential" or "continue," or the negative of these terms, and other comparable terminology. Any forward-looking statements contained in this information statement are based upon our historical performance and on current plan estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated by us will be enacted.

Forward-looking statements are not guarantees of future performance and involve a number of assumptions, risks and uncertainties that could cause actual results to differ materially. Important factors that could cause actual results to differ materially from those suggested by the forward-looking statements include, but are not limited to, the risks discussed in "Risk Factors," "The Separation," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the following:

- Residential's profitability and our ability to retain Residential as a customer;
- value of strategic relationships;
- general economic and market conditions;
- governmental regulations, taxes and policies;
- risks inherent in spin-offs, including those related to the capital resources required to protect against business risks, legal risks and risks associated with the tax and accounting treatment of spin-off transactions;
- risks associated with operating as an independent, stand-alone public company and loss of certain benefits associated with being owned as part of a larger company;
- availability of adequate and timely sources of capital needed to finance our business;
- risks associated with our business and of Residential's business;
- delayed, partial-realization or non-realization of the expected benefits of the Spin-Off;
- absence of a trading market for our common stock;
- the competitive nature of the asset management industry;
- our loss of key management and personnel;
- our status as an emerging growth company;
- our investment in NewSource and
- risks associated with various conflicts of interest.

Further information on the risks specific to our business are detailed within this information statement. Forward-looking statements speak only as of the date they are made and should not be relied upon. We undertake no obligation to update or revise forward-looking statements.

## THE SEPARATION

### Introduction

On April 26, 2012, Altisource announced its intention to spin-off AAMC, a development stage company specializing in providing asset management and corporate governance services into a stand-alone public company for the reasons discussed below. After considering many factors, management and the Board of Directors of Altisource concluded that the most effective way to maximize the success and operational efficiencies of both companies was to spin off AAMC as a separate public company.

Subsequent to final approval by the Altisource Board of Directors and regulatory approval, Altisource will distribute its ownership interest in AAMC to its existing shareholders as of the Record Date. Altisource's shareholders will receive 1 share of AAMC common stock for every 10 shares of Altisource common stock they hold on the Record Date, as described below. We expect the Distribution to be effected on or about [ ], 2012 to holders of outstanding Altisource common stock as of 5:00 p.m. Eastern Time on [ ], 2012, the Record Date. Altisource shareholders will not be required to pay any cash or other consideration or to surrender or exchange their shares of Altisource common stock to receive shares of AAMC common stock.

Concurrently with the Separation of AAMC, Altisource is also pursuing a separation of Residential pursuant to a similar spin-off transaction to be completed on or about the same date as ours. Residential intends to acquire and own single-family rental assets. Residential intends to elect and qualify to be treated as a REIT for U.S. federal income tax purposes. Residential will enter into the Residential Asset Management Agreement pursuant to which AAMC will provide the Services in exchange for incentive fees and the reimbursement of certain overhead and operating expenses.

Additionally, we intend to invest in the voting common stock of NewSource. In conjunction with our investment in NewSource, we will provide our Services to NewSource pursuant to the NewSource Asset Management Agreement. Residential intends to simultaneously invest in the non-voting preferred stock of NewSource. Residential and AAMC will be the only owners of NewSource. NewSource will retain Altisource under a long-term Title Insurance Services Agreement to provide a wide range of technical underwriting services that will allow NewSource to evaluate title risk in a timely and cost effective manner. Altisource will receive a performance fee of 90% of NewSource's annual net income after NewSource pays Residential a 12% preferred dividend (the "Performance Fee").

### Business Reasons for the Separation

The Company will specialize in providing asset management and corporate governance services to its clients and will be focused on developing scalable investment strategies and vehicles for its clients by leveraging the expertise of its management team. By contrast, Altisource does not engage in the business of asset management and corporate governance services. Altisource is a provider of services focused on high value, technology-enabled, knowledge-based functions principally related to real estate and mortgage portfolio management, asset recovery and customer relationship management.

Altisource's Board of Directors determined that separating our business from Altisource is in the best interests of Altisource shareholders. In arriving at its decision, the Board of Directors considered, among other factors, the different business models and that the Separation will allow Altisource and AAMC to focus on their core businesses and be better positioned to respond to initiatives and market challenges.

### The Number of AAMC's Shares of Common Stock Shareholders of Altisource Will Receive

The Separation will be made on the basis of 1 share of AAMC common stock for every 10 shares of Altisource common stock. As such, for every 10 shares of Altisource common stock that you own as of 5:00 p.m. Eastern Time on [ ], 2012, the Record Date, you will receive 1 share of our common stock on the Separation Date. Based on the number of Altisource shares outstanding on the Record Date and the Separation Ratio, approximately 2,336,300 shares of AAMC common stock will be distributed to Altisource shareholders. As a result of the Separation, 100% of the outstanding AAMC common stock will be distributed to Altisource shareholders on a pro rata basis.

### When and How You Will Receive AAMC Common Stock

Altisource will use a book entry system to distribute shares of AAMC common stock. No physical stock certificates will be issued for AAMC common stock. Following the Separation, each record holder of Altisource common stock on the Record Date will receive from the transfer agent a statement of the amount of shares of AAMC common stock credited to his or her account. If you were not a record holder of Altisource common stock on the Record Date because your shares are held on your behalf by your broker or other nominee, your shares of AAMC common stock should be credited to your broker or other nominee on or about [ ], 2012.

No action is required by you in order to receive AAMC shares in the Separation, and you do not have to surrender or exchange your shares of Altisource common stock or pay cash or any other consideration to receive your shares of AAMC common stock. The number of shares of Altisource common stock that you currently own will not change as a result of the Separation.

We anticipate that on or about [ ], 2012, Altisource will deliver to our transfer agent all of the shares of our common stock to be distributed. On that day, the transfer agent will credit the accounts of registered holders of Altisource common stock entitled to the Distribution. For those holders of Altisource common stock who hold their shares through a broker, bank or other nominee, the transfer agent will credit the shares of our common stock to the accounts of those nominees who are registered shareholders, and they in turn will credit their customers' accounts with our common stock. We anticipate that brokers, banks and other nominees will generally credit their customers' accounts with our common stock on the same day that their accounts are credited which is expected to be the Separation Date.

### Restricted Shares

Some individuals hold shares of Altisource common stock that is subject to forfeiture and restrictions on transfer. These shares generally were granted under the Altisource 2009 Equity Incentive Plan and vest over a period of time. Any AAMC shares issued in the Separation in respect of restricted shares of Altisource common stock will be subject to the same restrictions as the Altisource shares and will vest at the same time that the Altisource shares vest.

### **Treatment of Fractional Shares**

The transfer agent will not deliver any fractional shares of AAMC common stock in connection with the delivery of AAMC shares pursuant to the Separation. Instead, we intend for the transfer agent to aggregate all fractional shares and sell them on behalf of those shareholders who otherwise would be entitled to receive a fractional share. These sales will occur as soon as practicable after the Separation Date. Those shareholders will then receive a cash payment in an amount equal to their pro rata share of the total proceeds of those sales. Any applicable expenses, including brokerage fees, will be paid by us.

We expect that all fractional shares held in street name will be aggregated and sold by brokers or other nominees according to their standard procedures, and that the brokers or other nominees may request the transfer agent to sell the fractional shares on their behalf. You should contact your broker or other nominee for additional details. Neither Altisource, AAMC nor our transfer agent will guarantee any minimum sale price for the fractional shares of our common stock or pay any interest on the proceeds from the sale of fractional shares. The receipt of cash in lieu of fractional shares will be generally taxable to the recipient shareholders. See “The Separation—Certain U.S. Federal Income Tax Consequences of the Separation.”

### **Listing and Trading of the Shares of AAMC Common Stock**

The following information may be helpful in discussions with your broker or other nominee. AAMC has applied to have its common stock quoted on OTCQX. You should consult and discuss with your own financial advisors, such as your broker or tax advisor, regarding the retention, sale or purchase of, or other transactions involving shares of, Altisource common stock or AAMC common stock. Altisource and AAMC do not make recommendations on the retention, sale or purchase of, or other transactions involving shares of Altisource common stock or shares of AAMC common stock. If you do decide to sell any shares, you should make sure your broker or other nominee understands whether you want to sell your shares of Altisource common stock, your shares of AAMC common stock or both.

“When-issued” trading of the shares of AAMC common stock is expected to begin on or about [ ], 2012. In the context of a spin-off, when-issued trading refers to securities transactions made on or before the Separation Date and made conditionally because the securities of the distributed entity have not yet been distributed. When-issued trades generally settle within three trading days after the Separation Date. On the first trading day following the Separation Date, all when-issued trading, if any, will end, and “regular-way” trading in shares of AAMC common stock will

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begin. Regular-way trading refers to trading after the security has been distributed and typically involves a trade that settles on the third full trading day following the date of the transaction. If the Separation does not occur, all when-issued trading will be null and void.

On or about [ ], 2012, Altisource’s common stock will begin to trade in two markets on the NASDAQ Global Select Market: a “regular way” market and an “ex-distribution” market. Between the Record Date and consummation of the Separation, shares of Altisource common stock that are sold on the regular way market will include an entitlement to receive shares of AAMC common stock distributable in the Separation. Conversely, shares sold in the ex-distribution market will not include an entitlement to receive shares of AAMC common stock distributable in the Separation, as the entitlement will remain with the original shareholder. Therefore, if you own shares of Altisource common stock on the Record Date and thereafter sell those shares in the regular way market on or prior to the Separation Date, you will also be selling the shares of AAMC common stock that would have been distributed to you with respect to the shares of Altisource common stock you sell. If you own shares of Altisource common stock on the Record Date and thereafter sell those shares in the ex-distribution market on or prior to the Separation Date, you will still receive the shares of AAMC common stock in the Separation. On the first trading day following the Separation Date, all shares of Altisource common stock will trade without any entitlement to receive shares of AAMC common stock.

Shares of AAMC common stock distributed to Altisource shareholders will be freely transferable except for such shares that are distributed to persons who are “affiliates” under the Securities Act of 1933, as amended (the “Securities Act”). Individuals or entities may be deemed to be AAMC affiliates if they control, are controlled by, or are under common control with, AAMC; such persons may include certain of our directors, officers and significant shareholders. In addition, individuals who are affiliates of Altisource on the Separation Date may be deemed to be affiliates of AAMC. Persons who are affiliates of AAMC will be permitted to sell their shares of AAMC common stock only pursuant to an effective registration statement under the Securities Act, an exemption from the registration requirements of the Securities Act or pursuant to Rule 144 under the Securities Act. In general, under Rule 144, an affiliate who receives shares of AAMC common stock in the Separation may, after a holding period of six months, sell, within any three-month period, a number of shares that does not exceed the greater of:

- one percent (1%) of the then-outstanding shares of common stock and
- the average weekly trading volume of the shares of AAMC common stock during the four calendar weeks preceding the date on which the notice of the sale is filed with the SEC.

Sales under Rule 144 are also subject to provisions relating to notice, manner of sale and the availability of current public information about us.

There can be no assurance as to whether the shares of our common stock will be actively traded or as to the prices at which the shares of our common stock will trade. Until the shares of Altisource common stock are fully distributed and an orderly regular-way market develops, the prices at which shares trade may fluctuate significantly and may be lower than the price that may be expected for a fully distributed issue. Prices for shares of our common stock in the marketplace will be influenced by many factors. For a detailed discussion of these and other risks, please refer to “Risk Factors.”

Following the Separation, Altisource common stock will continue to be listed and traded on the NASDAQ Global Select Market under the symbol “ASPS.” As a result of the Separation, the trading price of Altisource common stock immediately following the Separation may be lower than the trading price of Altisource common stock immediately prior to the Separation. Further, the combined trading prices of Altisource common stock, Residential and our common stock after the Separation may be less than the trading prices of Altisource common stock immediately prior to the Separation.

Although Altisource is currently a publicly-traded company, there can be no assurance as to the prices at which the Altisource common stock will trade following the Separation. The nature of the trading market and prices for Altisource common stock after the Separation will be influenced by many factors. Altisource shareholders and potential investors may consider, among other things that Altisource has contributed cash to AAMC and Residential and



others may delay or hinder the return to an orderly trading market in the Altisource common stock following the Separation. For a detailed discussion of these and other risks, please refer to “Risk Factors.”

### **Treatment of Outstanding Altisource Stock Options**

Altisource stock options currently outstanding under Altisource’s 2009 Equity Incentive Plan and other equity incentive plans will be adjusted. The exercise price will be reduced to reflect the value of the shares of AAMC common stock distributed to Altisource shareholders, and holders of outstanding Altisource options will be granted an option, to purchase shares of AAMC common stock reflecting the shares of Altisource common stock subject to the Altisource options.

### **Interests of certain Altisource Officers and Directors in the Separation**

To the extent that Altisource officers and directors hold shares of Altisource common stock, they will receive shares of AAMC common stock in the Separation on the same terms as other Altisource shareholders.

William C. Erbey is the Chairman of each of the Board of Directors of Altisource, AAMC and Residential. He currently owns 27.71% of Altisource and will own the same percentage of each company as he holds of Altisource immediately following the Separation. See “Risk Factors,” “Relationship Between Altisource and Us Following the Separation” and “Certain Relationships and Related Transactions.”

**THE FOLLOWING SUMMARY OF TAX CONSIDERATIONS IS FOR GENERAL INFORMATION PURPOSES ONLY, AND IT IS NOT INTENDED TO BE, AND IT SHOULD NOT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR SHAREHOLDER.**

**ALTISOURCE SHAREHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE, LOCAL, TERRITORIAL AND FOREIGN TAX CONSEQUENCES OF THE SEPARATION TO THEM IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.**

### **Certain U.S. Federal Income Tax Consequences of the Separation**

The following is a summary of the material U.S. federal income tax consequences of the Separation. This summary is based on the U.S. Treasury Regulations, the Code, regulations promulgated under the Code and judicial and administrative interpretations of the U.S. Treasury Regulations and the Code. This summary is based on the rules, regulations and interpretations in effect on the date of this summary and is subject to change (possibly on a retroactive basis).

This summary does not address tax consequences for any shareholder other than a U.S. shareholder. A U.S. shareholder, for U.S. federal income tax purposes, is defined as a beneficial owner of Altisource common stock that is one of the following:

- an individual who is a citizen or a resident of the U.S.;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the U.S. or any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source or
- a trust, if (i) a court within the U.S. is able to exercise primary jurisdiction over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or (ii) it has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

Further, this summary does not discuss all of the tax considerations that may be relevant to U.S. shareholders in light of their particular circumstances and does not address the tax consequences applicable to certain persons subject to special provisions of the U.S. federal income tax law including:

- insurance companies;

- dealers in securities or currencies;
- traders in securities that have elected the mark-to-market method of accounting for securities;
- tax-exempt organizations;
- financial institutions;
- regulated investment companies and REITs;
- qualified retirement plans;
- partnerships, other entities classified as partnerships, or other pass-through entities for U.S. federal income tax purposes and investors in these entities;
- shareholders who hold shares as part of a hedging, integrated, conversion or constructive sale transaction or a straddle;
- shareholders who hold their shares as a synthetic security, integrated investment or other risk-reduction transaction;
- shareholders who are subject to the alternative minimum tax;
- shareholders who acquired their shares upon the exercise of employee stock options or otherwise as compensation;
- a controlled foreign corporation;
- a passive foreign investment company;
- a foreign government or related entity or
- shareholders whose functional currency is other than the U.S. dollar.

In addition, this summary is limited to shareholders that hold their shares of Altisource common stock as a capital asset. Finally, this summary does not address any estate, gift or other non-income tax consequences or any state, local, territorial or foreign tax consequences.

The Distribution is a taxable distribution for U.S. federal income tax purposes. Shareholders who receive shares of AAMC common stock with respect to their shares of Altisource common stock will be treated as receiving a taxable distribution equal to the fair market value of the shares of AAMC common stock received. This amount will be treated as a dividend to the extent of Altisource's current and accumulated earnings and profits, calculated pursuant to U.S. federal tax law. To the extent this amount is in excess of the recipient's ratable portion of Altisource's current and accumulated earnings and profits, it will be treated as a return of capital (to the extent of the recipient's tax basis in such Altisource shares) and then as a capital gain.

### **State, Local and Other Tax Considerations**

We and our shareholders may be subject to state, local or foreign taxation in various jurisdictions, including those in which we or they transact business, own property or reside. The state, local or foreign tax treatment of us and our shareholders may not conform to the U.S. federal income tax treatment discussed above. Any foreign taxes incurred by us would not pass through to shareholders as a credit against their U.S. federal income tax liability. Prospective shareholders should consult their tax advisors regarding the application and effect of state, local and foreign income and other tax laws on an investment in our common stock.

### **Certain U.S. Federal Withholding Tax Consequences of the Separation**

The Distribution of the common stock of AAMC by Altisource to its shareholders will be made in a manner such that no U.S. federal withholding tax will be due.

### **Certain Luxembourg Tax Consequences of the Separation**

The following is a summary of the material Luxembourg income tax consequences of the Separation. This summary is based on the laws of the Grand-Duchy of Luxembourg, including the Income Tax Act of December 4, 1967, as amended, and the Municipal Business Tax Act of December 1, 1936, as amended, to which we jointly refer as the "Luxembourg tax law," existing and proposed regulations promulgated thereunder, and published judicial decisions and administrative pronouncements, each as in effect on the date of this information statement or with a known future effective date.

This discussion does not generally address any aspects of Luxembourg taxation other than income tax, corporate income tax, municipal business tax and withholding tax. This discussion is not a complete analysis or listing of all of the possible tax consequences of the Distribution and does not address all tax considerations that may be relevant to you. Special rules that are not discussed in the general descriptions below may also apply to you.

For purposes of this discussion, a "Luxembourg shareholder" is any beneficial owner of Altisource shares that for Luxembourg income tax purposes is:

- an individual resident of Luxembourg under article 2 of the Luxembourg Income Tax Act, as amended, or
- a corporation or other entity taxable as a corporation that is organized under the laws of Luxembourg under article 159 of the Luxembourg Income Tax Act, as amended.

A "non-Luxembourg shareholder" is any beneficial owner of Altisource common stock that is not a Luxembourg shareholder. For purposes of this summary, "holder" means either a Luxembourg shareholder or a non-Luxembourg shareholder or both, as the context may require.

A non-Luxembourg shareholder will not be subject to Luxembourg income taxes on the Distribution received from Altisource unless the shares of common stock are attributable to a permanent establishment or a fixed place of business maintained in Luxembourg by such non-Luxembourg shareholder.

A Luxembourg shareholder, who is a resident individual, will be subject to Luxembourg income taxes on dividend income and similar distributions in respect of shares in Altisource. Luxembourg income tax will be levied on 50% of the gross amount of the Distribution, under certain conditions, at progressive rates.

A Luxembourg shareholder that is a resident corporation may benefit from the Luxembourg participation exemption with respect to the receipt of the Distribution if certain conditions are met. If the conditions with respect to the Luxembourg participation exemption are not met, the aforementioned 50% tax exemption may also apply to the receipt of the Distribution by a Luxembourg resident corporation.

The Distribution of the common stock of AAMC by Altisource to its shareholders will be made in a manner that no Luxembourg withholding tax will be due.

As Altisource is a Luxembourg société anonyme, Altisource will be subject to tax by the Luxembourg taxing authority to the extent the value of the AAMC common stock exceeds the book value of AAMC. The excess will be included in Altisource's tax base and would be subject to 28.8% Luxembourg corporate income and municipal business tax. Because AAMC is a development stage company, it is not expected that the value of the shares of AAMC common stock received by Altisource shareholders will be significantly higher than their book value. Therefore, any Luxembourg income tax liability arising at the level of Altisource as a result of the Separation is not expected to be material.

This summary is based on the laws and regulations in effect in the Grand-Duchy of Luxembourg on the date hereof, all of which are subject to change, possibly with retroactive effect.

### **Taxation of AAMC Under the United States Virgin Islands and U.S. Tax Laws Subsequent to the Separation**

The following is a summary of the tax laws of the United States Virgin Islands as they apply to AAMC (which is a corporation taxable under United States Virgin Islands laws) and shareholders of AAMC. The following is intended as an overview of the principal United States Virgin Islands tax consequences of the holding and the disposal of AAMC common stock and should be treated with appropriate caution. This summary does not purport to be a complete analysis of all material tax considerations that may be relevant to a shareholder or prospective shareholder of AAMC common stock. This summary

also does not take into account the specific circumstances of particular shareholders (and in particular shareholders who may reside in the United States Virgin Islands) and is not intended as a substitute for professional tax advice that takes into account the particular circumstances relevant to a specific shareholder.

This summary is based on the laws and regulations in effect in the United States Virgin Islands on the date hereof, all of which are subject to change, possibly with retroactive effect.

### ***Corporate Income Tax***

The U.S. Internal Revenue Code of 1986 applies in the United States Virgin Islands as the United States Virgin Islands tax code through use of a substitution scheme known as the “mirror” system. Pursuant to the mirror system, the words “United States Virgin Islands” are substituted for the words “United States” wherever they appear in the Code. Income taxes imposed under this system are payable to the United States Virgin Islands Bureau of Internal Revenue rather than to the IRS. Under the Code as applicable in the United States Virgin Islands, AAMC will be taxable in the United States Virgin Islands on its worldwide income. As stated previously, we received approval of our application for EDC Benefits from the Governor of the United States Virgin Islands on August 10, 2012. As a result, our eligible income will be subject to income tax at an effective rate of 3.85%, and we will be exempt from (i) the United States Virgin Islands gross receipts tax which would otherwise be imposed at the rate of 5%, (ii) taxes on AAMC’s real property and (iii) certain territorial excise taxes.

### ***United States Virgin Islands Income Tax on Dividends and Similar Distributions***

Non-United States Virgin Islands Resident individual U.S. shareholders will not be subject to United States Virgin Islands withholding or income tax on dividends and/or similar distributions. Non-Resident United States Virgin Islands corporate U.S. shareholders will not be subject to United States Virgin Islands withholding pursuant to Treasury Regulation § 1.881-5(g) or income tax on dividends and/or similar distributions. United States Virgin Islands residents should consult their tax advisors on the tax treatment of ownership of our shares.

### ***United States Virgin Islands Capital Gains Tax Upon Disposal of Shares***

Non-United States Virgin Islands Resident individuals and corporations that are U.S. shareholders generally will not be subject to United States Virgin Islands capital gains tax upon disposal of the shares of AAMC common stock. United States Virgin Islands residents should consult their tax advisors on the tax treatment of ownership of our shares.

### ***Stamp Duties in Relation to the Transfer of Shares***

Although the United States Virgin Islands does impose a stamp tax on certain transfers, the stamp tax is not applied on the transfer of the shares of AAMC common stock.

### ***United States Virgin Islands Withholding Tax on Distributions***

U.S. shareholders will not be subject to United States Virgin Islands withholding tax on distributions from AAMC. Corporate U.S. shareholders are exempt from withholding pursuant to Treasury Regulation § 1.881-5(g)(2) as applicable in the United States Virgin Islands. U.S. shareholders who are U.S. citizens (or green card holders) are also not subject to United States Virgin Islands withholding tax because they are not foreign persons for purposes of the Code, as applicable in the United States Virgin Islands. Finally, all other U.S. shareholders will not be subject to United States Virgin Islands withholding tax so long as the shareholders’ beneficial owners are U.S. citizens.

### ***Certain Ongoing U.S. Federal Income Tax Matters Subsequent to the Separation***

In general, U.S. federal income tax applies to a United States Virgin Islands corporation’s net taxable income that is effectively connected with the conduct of a U.S. trade or business. In addition, the U.S. branch profits tax will apply to a foreign corporation’s earnings and profits from such a business, with some adjustments, deemed repatriated out of the U.S. The U.S. may tax the business profits earned by a United States Virgin Islands corporation if those are attributable to business activities conducted in the U.S.

There are no definitive standards provided by the Code for Treasury Regulations or court decisions as to those activities that constitute business activities conducted in the U.S. As the determination is essentially factual in nature, the IRS may contend successfully that AAMC conducts business in the U.S. Any such business activities

will be subject to the federal income taxation. Taxes paid to the U.S. should be creditable against AAMC’s United States Virgin Islands income tax liability.

### ***Regulatory Approval***

Apart from the registration under U.S. federal securities laws of the AAMC common stock that will be issued in the Separation, we do not believe that any other material governmental or regulatory filings or approvals will be necessary to consummate the Separation.

### ***No Appraisal Rights***

Under Luxembourg Law, Altisource shareholders will not have appraisal rights in connection with the Separation.

## RELATIONSHIP BETWEEN ALTISOURCE AND US FOLLOWING THE SEPARATION

For purposes of governing certain of the ongoing relationships between Altisource and us after the Separation, and to provide for an orderly transition to the status of two independent companies, we have entered or will enter into the agreements with Altisource described in this section. The forms of agreements summarized in this section are, or will be, included as exhibits to the registration statement on Form 10 that we have filed with the SEC, and the following summaries are qualified in their entirety by reference to the agreements, as filed. See “Where You Can Find More Information” on page 72.

### Separation Agreement

On the Separation Date, we will enter into a Separation Agreement with Altisource, which will provide for, among other things, the principal corporate transactions required to effect the Separation and certain other agreements related to the continuing relationship between Altisource and us after the Separation.

We are a development stage company recently created by Altisource. The Separation Agreement with Altisource identifies assets and liabilities that will be transferred to us in connection with the Separation, provided that certain conditions precedent to the transfer are met, such as the effectiveness of our registration statement on Form 10 and the receipt of necessary governmental approvals. The assets that will be transferred to us are comprised primarily of cash, property and equipment. There are no other significant liabilities that will be transferred to us at Separation.

Under the Separation Agreement, and effective as of the Separation Date, we will assume, and will agree to indemnify Altisource against, all liabilities, litigation and claims, including related insurance costs, arising out of our business, and Altisource will retain, and will agree to indemnify us against, all liabilities, litigation and claims, including related insurance costs arising out of Altisource’s businesses. The foregoing obligations will not entitle an indemnified party to recovery to the extent any such liability is covered by proceeds received by such party from any third party insurance policy.

The Separation Agreement will also provide that both parties will be granted access to certain records and information in the possession of the other and will require the retention by each of Altisource and us, for a period of six years following the Separation Date, of all such information in its possession.

### Support Services Agreement

On the Separation Date, we will enter into a Support Services Agreement with Altisource. Under the Support Services Agreement, Altisource may provide services to us in such areas as human resources, vendor management operations, corporate services, risk management and six sigma, quality assurance, consumer psychology, treasury, finance and accounting, legal, tax, compliance and other support services where we may need assistance and support following the Separation (collectively, the “Support Services”). The Support Services Agreement will provide generally that Altisource will undertake to provide the Support Services in a manner generally consistent with the manner and level of care with which such service, if any, was performed or provided prior to the Separation. The Support Services Agreement will extend for two years after the Separation but may be terminated earlier under certain circumstances including a default. “Fully-allocated cost” means, with respect to the provision of a “Service”, the all-in cost of providing such Service, including direct charges and allocable amounts reflecting compensation and benefits, technology expenses, occupancy and equipment expense and third-party payments (but not taxes incurred in connection therewith). Altisource will be required to submit statements of account on a monthly basis with respect to all amounts payable by us, setting out the Support Services provided and the amount billed as a result of providing such Support Services. We believe that the terms and conditions of the Support Services Agreement are no less favorable to us than those available from unrelated parties for a comparable arrangement.

The total fees incurred by us under this agreement will be dependent upon our business activity and the level of services required in connection therewith. While market conditions will drive our business activity, we do not anticipate incurring fees under this agreement in excess of \$200,000 in the first year of our operations.

### Tax Matters Agreement

On the Separation Date, we will enter into a Tax Matters Agreement with Altisource which sets out each party’s rights and obligations with respect to deficiencies and refunds, if any, of Luxembourg, U.S. federal, state, local or other foreign taxes for periods before and after the Separation and related matters such as the filing of tax returns and the conduct of IRS and other audits. In general, under this agreement, we will be responsible for taxes attributable to our business incurred after the Separation, and Altisource will be responsible for taxes attributable to our business incurred prior to the Separation.

### Trademark License Agreement

On the Separation Date, we will enter into a Trademark License Agreement with Altisource. Under this agreement, Altisource will grant us a non-exclusive, non-transferable, non-sublicensable, royalty free license to use the name “Altisource.” The agreement has no specified term and may be terminated by either party upon 30 days written notice, with or without cause. In the event that this agreement is terminated, all rights and licenses granted thereunder, including, but not limited to, the right to use “Altisource” in our name will terminate.

### Technology Products and Services Agreement

On the Separation Date, we will enter into a Technology Products and Services Agreement with Altisource, pursuant to which Altisource will provide us with certain technology products services in accordance with the performance standards identified in the agreement or respective statement of work.

On the Separation Date, we will enter into a Technology Products and Services Agreement with Altisource. Under this agreement, Altisource will provide us with the use of certain technology systems and services. The Technology Products and Services Agreement will provide generally that Altisource will undertake to provide the technology systems and services in a manner generally consistent with the manner and level of care with which such technology systems and services, if any, were performed or provided prior to the Separation. The Technology Products and Services Agreement will extend for 15 years after the Separation but may be terminated earlier under certain circumstances including a default. We expect that all services provided pursuant to the Technology Products and Services Agreement will be based on the fully-allocated cost of providing the service. We believe that the terms and conditions of the Technology Products and Services Agreement are no less favorable to us than those available from unrelated parties for a comparable arrangement.

The total fees incurred by us under this agreement will be dependent upon our business activity and the level of services required in connection therewith. While market conditions will drive our business activity, we do not anticipate incurring fees under this agreement in excess of \$50,000 in the first year of our operations.

## DIVIDEND POLICY

We have no current plans to pay dividends. All decisions regarding the declaration and payment of dividends will be at the discretion of our Board of Directors and will be evaluated from time to time in light of our financial condition, earnings, growth prospects, funding requirements, financing arrangements, applicable law and other factors our Board of Directors deems relevant.

## CAPITALIZATION

The following table describes our cash and cash equivalents and capitalization as of September 30, 2012, on an actual, pro forma and as-adjusted basis to give effect to the Separation, the Residential Asset Management Agreement and our contemplated investment in the voting common stock of NewSource. The information presented below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and our "Financial Statements" and the related notes included elsewhere in this information statement.

	As of September 30, 2012			
	Actual	Pro Forma Impact Of The Separation(1)	Pro Forma Impact Of The Residential Asset Management Agreement(2)	Pro Forma As Adjusted(3)
Cash	\$ 380,999	\$ 5,000,000	\$ 5,500,000	\$ 105,000,000
Shareholder's equity				
Common stock (\$0.01 par value)	1,000	23,363	23,363	23,363
Additional paid-in capital	499,000	4,976,637	5,476,637	104,976,637
Total shareholder's equity	500,000	5,000,000	5,500,000	105,000,000
Total capitalization	\$ 500,000	\$ 5,000,000	\$ 5,500,000	\$ 105,000,000

(1) As of November 15, 2012, there was a total of \$500,000 funded by Altisource. Prior to the Separation, Altisource intends to contribute an additional \$4.5 million in cash to AAMC to provide what Altisource management believes to be sufficient operating capital for AAMC to operate separately for at least 12 months and for a contemplated investment in the voting common stock of NewSource described in more detail in footnote (3) below.

Based on the number of Altisource shares outstanding on September 30, 2012, approximately 2,336,300 shares of AAMC common stock will be issued to shareholders of Altisource on the Separation Date. The actual number of shares of AAMC common stock to be issued will be determined as of the Record Date.

- (2) Upon the effectiveness of the Residential Asset Management Agreement at the Separation Date, we believe we will be required to consolidate the financial results of Residential. We evaluated the terms of the Residential Asset Management Agreement under the requirements of FASB ASC 810, *Consolidation*, and concluded that Residential is a variable interest entity and we will be required to consolidate as we are the primary beneficiary.
- (3) Prior to the Separation, Altisource will contribute the limited partner interests in the Altisource Residential, L.P. to Residential, formed July 19, 2012. On October 1, 2012, Altisource Residential GP Member, LLC assigned the ownership of Altisource Residential GP, LLC, the general partner of Altisource Residential, L.P., to Residential. Altisource Residential GP, LLC has assets of \$1, no liabilities and no operations. As of September 30, 2012, Altisource Residential, L.P. was capitalized with a \$500,000 cash contribution. The financial statements of Altisource Residential L.P. are included elsewhere in this information statement. Residential's financial position at the Separation Date will also include an additional cash contribution of \$99.5 million to provide what Altisource management believes to be sufficient capital for Residential to begin to execute on their strategy and operate separately.

Immediately following the Separation, we intend to invest in the voting common stock of NewSource. Residential intends to simultaneously invest in the non-voting preferred stock of NewSource. Residential and AAMC will be the only owners of NewSource. NewSource will retain Altisource under a long-term Title Insurance Services Agreement to provide a wide range of technical underwriting services that will allow NewSource to evaluate title risk in a timely and cost effective manner. As we will be the holder of the voting

common stock of NewSource upon effectiveness of the Shareholders' Agreement, we may be required to consolidate the financial results of NewSource.

The following discussion should be read in conjunction with other sections of this information statement including “Business,” “Risk Factors,” and the financial statements and the related notes thereto. The discussion below contains forward-looking statements that are based upon our current expectations which are subject to uncertainty and changes in circumstances. Our actual results may differ materially from the expectations due to changes in global, political, economic, business, competitive and market factors, many of which are beyond our control. See “Forward-Looking Statements” included elsewhere herein.

Significant components of the Management’s Discussion and Analysis of Financial Condition and Results of Operations include:

	<u>Page</u>
<i>Executive Summary</i> — This section provides a summary of AAMC and the principal factors affecting anticipated operations. In addition, we provide a brief description of our Separation from Altisource and the basis of presentation of our financial information.	40
<i>Results of Operations and Known Trends or Future Events</i> — This section provides an overview of our activities since inception and planned future events.	41
<i>Liquidity and Capital Resources</i> — The liquidity and capital resources section provides a discussion of our cash flows for the period from March 15, 2012 (date of inception) to September 30, 2012 and our expected ability to meet near-term cash requirements.	41
<i>Critical Accounting Policies and Estimates</i> — The critical accounting policies and estimates section provides details with respect to accounting policies that are considered by management to require significant judgment and use of estimates that could have a significant impact on our financial statements.	41
<i>Recent Pronouncements</i> — The recent pronouncements section provides a discussion of the impact or potential impact of recently issued accounting pronouncements on our financial statements where applicable.	43
<i>Other Matters</i> — The other matters section provides a discussion of related party transactions and provisions of the various Separation related agreements with Altisource.	43

## EXECUTIVE SUMMARY

### Separation from Altisource

On April 26, 2012, Altisource announced its intention to spin-off a development stage company specializing in providing asset management and corporate governance services into a stand-alone public company. On the Separation Date, Altisource will distribute all of the shares of AAMC common stock to Altisource’s shareholders. Altisource’s shareholders will receive 1 share of AAMC common stock for every 10 shares of Altisource common stock they hold on the Record Date. Upon the Separation, AAMC will no longer be a part of Altisource.

In connection with the Separation, AAMC and Altisource will enter into the Separation Agreement and certain other agreements to govern the terms of the Separation and certain ongoing relationships between Altisource and us subsequent to the Separation. These agreements include a Support Services Agreement, a Tax Matters Agreement, a Trademark License Agreement and a Technology Products and Services Agreement. These related party agreements are more fully described below. Also see “Relationship Between Altisource and Us Following the Separation.”

### General Description of Our Business

AAMC is a development stage company with no operating history. Since its inception on March 15, 2012, AAMC has generated no revenue.

We are a development stage company. We will provide our Services to Residential, a development stage Maryland corporation recently formed to acquire and own single-family rental assets, and eventually to others. In addition, we intend to invest in the voting common stock of NewSource. In conjunction with our investment in NewSource, we will also provide our Services to NewSource. We expect to commence providing the Services immediately following the Separation Date.

Ours is a capital light strategy with profits generally available for share repurchases and dividends. Initially, Residential will be our primary source of revenue and will drive our potential future growth. The Residential Asset Management Agreement will entitle us to incentive fees that will give us an increasing share of Residential’s cash flow as distributions to its shareholders increase as well as reimbursement for certain overhead and operating expenses. Additionally, the NewSource Asset Management Agreement will entitle us to a management fee.

AAMC is headquartered in Frederiksted, St. Croix, in the United States Virgin Islands. The United States Virgin Islands has an economic development program that provides EDC Benefits for certain qualified businesses located in Frederiksted. We applied for EDC Benefits from the EDC and received final approval of our application from the Governor of the United States Virgin Islands on August 10, 2012. As a result of our approval, our eligible income will be subject to income tax at an effective rate of 3.85%, and we will be exempt from (i) the United States Virgin Islands gross receipts tax which would otherwise be imposed at the rate of 5%, (ii) taxes on AAMC’s real property and (iii) certain territorial excise taxes.

For additional information regarding AAMC’s business, please refer to the discussion under the “Business” section of this information statement.

### Basis of Presentation

The financial statements included in this information statement reflect total assets of \$500,000 as of September 30, 2012. We cannot predict what our results of operations, financial condition and cash flows will be once we commence operations and operate as a stand-alone public company.

The assets assigned to us pursuant to the Separation Agreement are accounted for at the historical book values of such assets.

## RESULTS OF OPERATIONS AND KNOWN TRENDS OR FUTURE EVENTS

We have not engaged in any operations or generated any revenues to date. We will not generate any management or incentive fee revenue from Residential or NewSource until after completion of the Separation when Residential and NewSource begin generating income. We expect to generate non-operating income in the form of interest income on cash and cash equivalents after this Separation. After the Separation, in addition to our operating expenses, we expect to incur expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance). Unless we commence our revenue-generating business operations in the near term, we anticipate we will generate a net loss in the current fiscal year.

## LIQUIDITY AND CAPITAL RESOURCES

During the period from inception through September 30, 2012, we were capitalized with a \$500,000 cash contribution by Altisource which is reflected in the cash provided by financing activities in the accompanying statement of cash flows. During the same period we made related party advances to Altisource of \$119,001. As of November 15, 2012, all related party advances were paid off and the Company has \$500,000 of cash. Immediately prior to the Separation, Altisource intends to make an additional cash contribution of approximately \$4.5 million to us. This contribution provides the necessary funding for our \$2 million contemplated investment in the voting common stock of NewSource. Residential intends to invest in the non-voting preferred stock of NewSource. AAMC and Residential will be the only owners of NewSource.

Management believes that our ability to generate cash flow from the management fee from NewSource and incentive fees and the reimbursement of certain overhead and operating expenses from Residential, coupled with cash on hand, is adequate to meet anticipated near-term cash requirements which principally include the capital investment in NewSource, operational expenditures not reimbursed by Residential, working capital and capital spending.

As a separate company, we intend to employ a disciplined cash policy that seeks to maintain adequate amounts of cash and cash equivalents. However, if our estimates of costs are less than the actual amount of such costs and cash on hand becomes insufficient to operate our business, we may need to obtain additional equity financing, debt financing or both in order to meet our obligations.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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 financial statements are prepared. These estimates and assumptions affect the amounts we report for our assets and liabilities, our revenues and expenses during the reporting period and our disclosure of contingent assets and liabilities at the date of our financial statements. We will routinely evaluate these estimates utilizing historical experience, consultation with experts and other methods we consider reasonable in the particular circumstances. Nevertheless, 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.

In preparing our financial statements and related disclosures in accordance with GAAP, examples of certain areas that require more judgment relative to others will be our use of estimates in evaluating the provision for income taxes, revenue recognition matters and accounting for contingencies.

We believe that the assumptions, judgments and estimates involved in the accounting policies described below have the greatest potential impact on our financial statements in the future. These areas are key components of our future results of operations and are based on complex rules that require us to make assumptions, judgments and estimates, so we consider these to be our critical accounting policies.

### *Emerging Growth Company Status*

We are an “emerging growth company” under the federal securities laws and will be subject to reduced public company reporting requirements. In addition, Section 107 of the JOBS Act also provides that an “emerging growth company” can avail ourselves of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We are choosing to “opt out” of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for all public companies which are not emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

### *Revenue recognition*

We will recognize revenue from the services we provide in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standard Codification (“ASC”) 605. According to ASC 605, revenue is realized or realizable and earned when all of the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been performed; (3) the seller’s price to the buyer is fixed or determinable and (4) collectability is reasonably assured.

### *Management Fees*

Management fees will be recognized in the periods during which the related services are performed and the amounts have been contractually earned.

### *Expense Reimbursements*

We will be entitled to certain overhead and operating expense reimbursements pursuant to the Residential Asset Management Agreement. Expense reimbursements will be recognized in the periods during which the related expenses are incurred and the reimbursements are contractually earned.

### *Incentive Income*

Incentive income will be calculated as a percentage of the cash flows available to be distributed by Residential pursuant to the Residential Asset Management Agreement. Incentive income will not be subject to contingent repayment and will be recognized as contractually earned.

### **Income Taxes**

We will account for certain income and expense items differently for financial reporting purposes and income tax purposes. We will recognize deferred income tax assets and liabilities for these differences between the financial reporting basis and the tax basis of our assets and liabilities. We will measure deferred income tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which we expect to recover or settle those temporary differences. The effect on deferred tax assets and liabilities of a change in tax rates will be recognized in income in the period in which the change is enacted. Deferred tax assets will be reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax asset will not be realized. We will account for uncertain tax positions in accordance with ASC 740, *Income Taxes*. AAMC is headquartered in Frederiksted, St. Croix, in the United States Virgin Islands. The United States Virgin Islands has an economic development program that provides EDC Benefits for certain qualified businesses located in Frederiksted. We applied for EDC Benefits from the EDC and received final approval of our application from the Governor of the United States Virgin Islands on August 10, 2012. As a result of our approval, our eligible income will be subject to income tax at an effective rate of 3.85%, and we will be exempt from (i) the United States Virgin Islands gross receipts tax which would otherwise be imposed at the rate of 5%, (ii) taxes on AAMC's real property and (iii) certain territorial excise taxes.

### **Commitments, contingencies and indemnifications**

Loss contingencies, including claims and legal actions arising in the ordinary course of business, will be recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. We are not aware of any litigation or other contingencies that would have an adverse impact on our financial statements.

We will enter into contracts with Altisource in connection with the Separation that contain a variety of indemnifications. We currently expect the risk of loss related to these indemnifications to be remote.

### **RECENT ACCOUNTING PRONOUNCEMENTS**

We do not anticipate that any recently issued accounting pronouncements will have a significant impact on our financial statements upon adoption.

### **OTHER MATTERS**

#### **Off-balance sheet arrangements**

We do not have any material off-balance sheet arrangements.

#### **Contractual obligations**

Our long-term contractual obligations will primarily include (i) the Residential Asset Management Agreement (ii) the NewSource Asset Management Agreement, (iii) our sublease agreement with Ocwen Mortgage Servicing, Inc. ("OMS") for office space for our headquarters in the United States Virgin Islands through June 30, 2017 (the "Sublease"), (iv) our Support Services Agreement with Altisource and (v) our Trademark License Agreement with Altisource. See "Relationship Between Altisource and Us Following the Separation." As of September 30, 2012, we had not entered into any of these arrangements.

#### ***Asset Management Agreements with Residential and NewSource***

We will enter into separate asset management agreements with Residential and NewSource (collectively, the "Asset Management Agreements"). Pursuant to the terms of the Asset Management Agreements, we will provide Residential and NewSource with our Services, including providing Residential and NewSource with a management team and appropriate support personnel.

The Asset Management Agreements will each have an initial term of 15 years, and will be automatically renewed for a one-year term on each anniversary date thereafter unless terminated in accordance with their terms. During the term of the Residential Asset Management Agreement and subject to the terms thereof, we will not provide any other person or entity that invests in non-performing loans or REO Properties the same or substantially similar services without Residential's prior written consent.

Residential and NewSource will not have any employees. Under the NewSource Asset Management Agreement, NewSource will be obligated to pay us an annual management fee of \$840,000 for the Services; provided that such fee shall be increased each year in an amount equal to the product of (i) \$840,000 and (ii) the percentage increase, if any, in the "CPI" over the immediately preceding 12-month period, where "CPI" means the Consumer Price Index, All Urban Consumers, United States, All Items (1982 - 1984 = 100), as published by the Bureau of Labor Statistics of the United States Department of Labor, or any successor index thereto. The Residential Asset Management Agreement will provide us with the incentive fees and expense reimbursement described below.

#### ***Incentive fee***

As compensation for the Services, Residential will pay us a quarterly incentive fee as follows: (i) 2% of all cash available for distribution by Residential to its shareholders until the aggregate amount of such cash dividends paid during the quarter divided by the average number of shares of Residential common stock outstanding during the quarter (the "Quarterly Per Share Distribution Amount") exceeds \$0.161, then (ii) 15% of all additional cash available for



distribution by Residential to its shareholders until the Quarterly Per Share Distribution Amount exceeds \$0.193, then (iii) 25% of all additional cash available for distribution by Residential to its shareholders until the Quarterly Per Share Distribution Amount exceeds \$0.257, and thereafter (iv) 50% of all additional cash available for distribution by Residential to its shareholders (in each case as such amounts may be appropriately adjusted from time to time to take into account the

effect of any stock split, reverse stock split or stock dividend). The foregoing thresholds will be reduced to the extent that Residential pays or is deemed to pay dividends of cash from capital transactions and in the event that Residential pays or is deemed to pay dividends of cash from capital transactions so that a hypothetical holder of one share of Residential's Class B common stock acquired on the Separation Date has received with respect to such share of Class B common stock, since the Separation Date, distributions of cash that are deemed to be cash from capital transactions in an aggregate amount equal to \$12.74 (the approximate book value of single share of Residential's Class B common stock as of the Separation Date), then all of the foregoing thresholds will be reduced to zero and Residential will pay us a quarterly incentive fee equal to 50% of all additional cash available for distribution by Residential to its shareholders. For the purpose of this calculation, any Class A common stock dividend priority will be disregarded.

In the event that Residential pays or is deemed to pay its shareholders dividends of cash from capital transactions, we will not receive an incentive fee with respect to such capital transactions dividends until a hypothetical holder of one share of Residential's Class B Common stock acquired on the Separation Date has received with respect to such share of Class B common stock, since the Separation Date, distributions of cash that are deemed to be cash from capital transactions in an aggregate amount equal to \$12.74. For the purpose of this calculation, any Class A common stock dividend priority will be disregarded. Thereafter, we will be entitled to an incentive fee with respect to any dividends of cash from capital transactions in accordance with the calculation in the preceding paragraph.

#### *Expense reimbursement*

Residential will be required to reimburse us on a monthly basis for the reasonable operating and overhead expenses we incur related to the Services.

#### *Termination*

Residential may not terminate the Residential Asset Management Agreement without cause during the first 24 months of its term. Following such 24-month period, Residential may terminate the Residential Asset Management Agreement without cause upon the determination of at least two-thirds of Residential's independent directors that (i) there has been unsatisfactory performance by us that is materially detrimental to Residential, or (ii) the compensation payable to us under the Residential Asset Management Agreement is unreasonable, unless we agree to compensation that at least two-thirds of Residential's independent directors determine is reasonable.

We may terminate the Residential Asset Management Agreement without cause by providing written notice to Residential no later than 180 days prior to the anniversary date of the Residential Asset Management Agreement of any year during the initial term or a renewal term, and the Residential Asset Management Agreement will terminate effective on the anniversary date of the Residential Asset Management Agreement next following the delivery of such notice.

Residential will be required to pay us a termination fee in the event that the Residential Asset Management Agreement is terminated as a result of (i) a termination by Residential without cause, (ii) a termination by us as a result of Residential becoming regulated as an "investment company" under the Investment Company Act, or (iii) a termination by us if Residential defaults in the performance of any material term of the Residential Asset Management Agreement (subject to a notice and cure period).

The termination fee will be equal to three times the average annual incentive fee earned by us during the prior 24-month period immediately preceding the date of termination, calculated as of the end of the most recently completed fiscal quarter prior to the date of termination. In the event the Residential Asset Management Agreement is terminated without cause by Residential or for cause by us, the Altisource Master Services Agreement may be terminated and the Ocwen Servicing Agreement, the Support Services Agreement, Trademark License Agreement and the Tax Matters Agreement will terminate simultaneously with the Residential Asset Management Agreement.

#### *Office Space Sublease*

We intend to enter into the Sublease with OMS for certain office space for our corporate offices in Frederiksted, St. Croix in the United States Virgin Islands. The Sublease requires that we pay \$3,333.33 per month for the first [ ] months of the Sublease and \$3,750 per month for the remaining three years of the initial term of the Sublease plus one-half of all operating and build-out expenses. The Sublease is coterminous with OMS' master lease which

will expire as of June 30, 2017, with one five year extension option. The Sublease contains a matching five year extension option.

#### **Agreements with Altisource**

Provided below is a brief description of the arrangements we expect to enter into with Altisource. These arrangements may involve, or may appear to involve, conflicts of interest. See the detailed discussion in the "Risk Factors" and "Certain Relationships and Related Party Transactions" sections of this document.

##### *Support Services Agreement*

See "Relationship Between Altisource and Us Following the Separation—Support Services Agreement."

##### *Tax Matters Agreement*

See “Relationship Between Altisource and Us Following the Separation—Tax Matters Agreement.”

#### *Trademark License Agreement*

See “Relationship Between Altisource and Us Following the Separation—Trademark License Agreement.”

#### *Technology Products and Services Agreement*

See “Relationship Between Altisource and Us Following the Separation—Technology Products and Services Agreement.”

For additional information see “Relationship Between Altisource and Us Following the Separation.”

## **BUSINESS**

### **Overview**

We are organized as a United States Virgin Islands corporation and were formed on March 15, 2012 by Altisource to provide the Services to Residential under the Residential Asset Management Agreement. Residential was recently formed to acquire and own single-family rental assets. In addition, we intend to make an investment in NewSource.

Ours is a capital light strategy with profits available for share repurchases and dividends. Initially, Residential will be our primary source of revenue and will drive our potential future growth. The Residential Asset Management Agreement will entitle us to incentive fees that will give us an increasing share of Residential’s cash flow as distributions to its shareholders increase as well as reimbursement for certain overhead and operating expenses. Accordingly, our operating results will be highly dependent on our ability to help Residential achieve positive operating results.

### **AAMC’s Business Strategy**

Our business strategy is to:

- assist Residential in generating a growing stream of dividends to Residential’s shareholders, thereby growing our earnings;
- assist Residential in generating a steady, stable cash flow stream from NewSource’s title insurance and reinsurance business and
- develop other scalable investment strategies and vehicles by leveraging the expertise of our management team.

### **Residential’s Business Strategy**

Residential’s business strategy is to provide a growing stream of dividends to its shareholders by:

- Acquiring single-family rental assets at an attractive cost relative to the market for REO through the purchase of non-performing loan portfolios. Residential’s goal will be to capture what it views as the positive arbitrage in today’s market between the price of non-performing loans, adjusted for carrying costs, and the value of the underlying real estate assets when sold as REO and
- Managing single-family rental assets nationwide at a lower cost than that of its competitors.

To help Residential achieve this strategy, we have leveraged our strategic relationships with Altisource and Ocwen. These relationships will provide Residential with what we believe are two significant competitive advantages.

First, we have arranged for the Ocwen Servicing Agreement, which we expect will enable Residential to obtain single-family rental assets at a discount to the typical REO acquisition price by acquiring sub-performing and non-performing loans. This arbitrage exists because there are extended timelines, complexities and uncertainties in managing non-performing and sub-performing loans resulting from the loan modification, foreclosure and REO sale processes. We believe that Ocwen’s extensive mortgage servicing experience will enable Residential to shorten non-performing loan resolution timelines by effectively and efficiently (1) converting a portion of the non-performing loan portfolio to performing status and (2) managing the foreclosure process and timelines with respect to the remainder of the portfolio.

Based on the industry experience of our management team, we believe non-performing loans often sell at a discount to the market value of the underlying property securing the loan. We expect that a portion of the non-performing loans will be returned to performing status primarily through loan modifications. After the loans are modified, and following a short seasoning period, we expect the borrowers to refinance these loans near the estimated value of the underlying property — generating very attractive returns for Residential.

We expect that, despite efforts to modify or return the mortgage loans to a performing status, a portion of these mortgage loans will enter into foreclosure, ultimately becoming REO that can be converted into single-family rental assets. Even after considering the foreclosure expenses and the time value of money, Residential should be able to acquire REO through the mortgage loan default process at a discount to the typical REO acquisition price. Additionally, as Residential intends to retain the majority of the underlying real estate assets, it will avoid some of the typical REO costs (such as real estate brokerage commissions).

Second, we have arranged for the Altisource Master Services Agreement. We believe that Altisource’s real property management experience and centralized vendor management model will allow Residential to operate single-family rental assets at a lower cost than its competitors. Residential’s goal is to minimize its property management expenses for a single-family rental asset so that those expenses will be similar to that for an apartment unit managed by a multi-family REIT. Further, because of Altisource’s distributed vendor model, Residential can acquire assets without regard to their location and density. This allows Residential to competitively bid on large sub-performing or non-performing mortgage portfolios with assets dispersed throughout the United

States. Altisource has extensive property management operational experience, managing and maintaining over 90,000 REO Properties for others over the last three years, which represents approximately \$9 billion of estimated value in such properties.

While the Ocwen Servicing Agreement and Altisource Master Services Agreements are not exclusive arrangements, we believe that these relationships will provide Residential with significant competitive advantages with respect to acquiring and maintaining single-family rental assets, which represent a \$3 trillion growth market. We expect to acquire single-family rental assets with the intention to hold these assets over the long-term with a focus on developing brand and franchise value. We also believe that the forecasted growth for the single-family rental marketplace, in combination with Residential's projected asset management and acquisition costs and its ability to acquire assets without regard to their location or density provide us with a significant opportunity to establish Residential as a leading, externally-managed residential REIT.

### AAMC's Competitive Strengths

To enable Residential to execute on its business strategy, we will leverage the following competitive strengths:

- *Experienced Management Team.* We have a cohesive management team with extensive industry experience in real estate, non-performing loan portfolios and mortgage loan servicing. The management team also has strong relationships in the mortgage industry to help source single-family residential rental assets and mortgage loans. Our team possesses years of experience in negotiating complex real estate and loan portfolio acquisition and disposition transactions and a history of success overseeing service providers on behalf of institutional and other sophisticated investors;
- *Strategic Relationships.* We have strategic relationships with Ocwen and Altisource which we expect will provide us with significant competitive advantages with respect to the servicing of non-performing and sub-performing loans and the management of REO properties;
- *Proprietary Valuation Models and Data.* We have significant experience developing and applying complex proprietary valuation models that leverage an extensive historical database. Our knowledge and understanding of diverse real estate related investment assets and their complexities and inter-relationships allows us to develop appropriate strategies to assist Residential in maximizing returns and
- *Tax Efficient Structure.* AAMC is headquartered in Frederiksted, St. Croix, in the United States Virgin Islands. The United States Virgin Islands has an economic development program that provides significant tax benefits, including, but not limited to the EDC Benefits for certain qualified businesses located in Frederiksted. We applied for the EDC Benefits from the EDC and received final approval of our application from the Governor of the United States Virgin Islands on August 10, 2012. As a result of our approval, our eligible income will be subject to income tax

at an effective rate of 3.85%, and we will be exempt from (i) the United States Virgin Islands gross receipts tax which would otherwise be imposed at the rate of 5%, (ii) taxes on AAMC's real property and (iii) certain territorial excise taxes.

### Dividend Policy

We have no current plans to pay dividends. All decisions regarding the declaration and payment of dividends will be at the discretion of our Board of Directors and will be evaluated from time to time in light of our financial condition, earnings, growth prospects, funding requirements, financing arrangements, applicable law and other factors our Board of Directors deems relevant.

### Key Investment Strategies for Residential

**Single-Family Rental Assets.** Studies estimate the single-family residential rental market in the U.S. is a \$3 trillion industry, accounting for approximately 52% of all residential rental units. With the continued displacement of homeowners related to foreclosures and other adverse economic circumstances, we believe the demand for single-family homes for rent will significantly increase. In addition, studies estimate that over four million distressed loans and REO Properties will be converted to rental homes by 2015. Despite the size of the single-family residential rental market, in our experience, the industry is generally fragmented, localized and decentralized. We believe, on the other hand, that there are significant opportunities to consolidate the market by leveraging purchasing, technology and centralized operations and management.

Our primary sourcing strategy for Residential to obtain single-family rental assets includes acquiring sub-performing and non-performing loans as well as REO Properties.

We have developed certain acquisition strategies for sub-performing and non-performing loans and structured the necessary supplier relationships to execute them. One such strategy is to acquire sub-performing and non-performing residential mortgage loans and use an aggressive loan modification strategy, which we expect will result in re-performing loans that will be primarily refinanced by the borrowers as well as loans that will ultimately become REO Properties incorporated into Residential's portfolio of single-family rental assets through the foreclosure process. This strategy requires the expertise to value mortgage loans, REO Properties and residential mortgage backed securities, as well as an understanding of statistically significant collateral characteristics that are key drivers behind residential loan modifications.

To execute this strategy, we have facilitated the Ocwen Servicing Agreement to provide for the servicing of the mortgage loans Residential acquires and the maximization of the value of those mortgage loans through Ocwen's loan modification, assisted deed-in-lieu, assisted deed-for-lease and other loss mitigation programs. As a subprime and Alt-A mortgage loan servicer, Ocwen has a significant amount of experience with special servicing. Ocwen's collection strategies seek to identify payment problems at the early stage of delinquency and, if necessary, to address the delinquency in order to preserve the equity in a pre-foreclosure mortgage property. Based on its in-depth experience as a leading mortgage servicer, Ocwen has developed a number of strategies to improve the collection process, including, a proactive consulting approach, defined call strategies, a variety of loan modification strategies and enhanced payment methods.

Ocwen is licensed to service mortgage loans in all 50 states, the District of Columbia and two U.S. territories. Ocwen is a leading provider of residential and commercial mortgage loan servicing, special servicing and asset management services. As of September 30, 2012, Ocwen serviced 805,427 residential loans with an aggregate unpaid principal balance of \$127.1 billion. Ocwen and its predecessors have been servicing mortgage loans since 1988. Ocwen has been a leader in developing and implementing mortgage servicing industry best practices and utilizes advanced modeling of loan and consumer-specific resolution alternatives to reduce losses.

As the mortgage loans are modified and refinanced or become REO Properties, we expect that the value of these residential assets will increase. For re-performing mortgage loans, we expect Residential to monetize those loans as the borrowers refinance these loans near the estimated value of the underlying property. This should result in attractive returns to Residential, given that we believe the same mortgage loans will often sell, in our management's experience, for as low as 55% of the estimated value of the underlying property securing the loan.

For those loans which remain non-performing, Residential has a low cost of capital and can effectively and efficiently transition the loans through the default process. As a result, we believe that Residential can acquire mortgage loans that become REO Properties at a lower cost than the cost to directly acquire REO Properties.

We also have a strategy for Residential to make targeted investments in the single-family residential market. With our Services, Residential will acquire REO Properties, renovate them, lease them and earn rental income. Based on the industry experience of our management team, we believe that the entry point for investment in single-family residential real estate is at a generational low, offering the potential for attractive returns.

To address the operational challenges of managing single family residential real estate on a nationwide basis, we have facilitated the Altisource Master Services Agreement, whereby Altisource will provide Residential with property management, leasing and construction management services. Altisource is one of the few nationwide single-family REO management and property inspection and preservation companies. Altisource has existing nationwide single-family asset management, property inspection and preservation, real estate brokerage and settlement services operations, primarily performed from centralized lower cost locations. We believe that Altisource's strong real property management experience and centralized vendor management model will allow Residential to operate single-family rental assets at a lower cost than its competitors. Residential's goal is to minimize its property management expenses for a single-family rental asset so that those expenses will be similar to that for an apartment unit managed by a multi-family REIT.

While investing in REO Properties and residential mortgage loans offers a variety of opportunities, it is also a socially responsible initiative. The long-term hold strategy of investors like Residential will assist in stabilizing the housing market by reducing for-sale inventory levels. It will also provide affordable access to housing for families that cannot otherwise buy a home and create jobs to refurbish and maintain housing. Our loan modification strategy keeps more homeowners in their homes and avoids the economically inefficient costs of foreclosure.

**Title Insurance and Reinsurance.** The acquisition of REO Properties and mortgage loans requires a detailed analysis of the chain of title and typically involves the purchase of title insurance to ensure clear and marketable title to each property. We intend to invest in the voting common stock of NewSource for \$2 million. In conjunction with our investment in NewSource, we will provide our Services to NewSource pursuant to the NewSource Asset Management Agreement. Residential intends to simultaneously invest in the non-voting preferred stock of NewSource for \$18 million. Residential and AAMC will be the only owners of NewSource, and we do not anticipate that NewSource will require any additional equity capital beyond the initial capitalization. NewSource will retain Altisource under a long-term Title Insurance Services Agreement to provide a wide range of technical underwriting services that will allow NewSource to evaluate title risk in a timely and cost effective manner. Altisource will receive the Performance Fee after NewSource pays the 12% preferred dividend to Residential. Additionally, NewSource intends to enter into a Management Agreement with Marsh IAS Management Services (Bermuda) Ltd., which will allow it to avoid the cost of having any permanent employees in Bermuda or otherwise. AAMC will be eligible to receive the management fee under the NewSource Asset Management Agreement and all retained earnings of NewSource.

We believe NewSource will provide stable earnings to us by insuring and reinsuring title insurance on Residential's mortgage loans and single-family rental assets as well as the mortgage loans and real estate sourced by Altisource through its relationships with Ocwen and Lenders One, a national alliance of leading community mortgage bankers, correspondent lenders and suppliers of mortgage products and services. By directly writing policies for Residential and Altisource, we expect that NewSource will retain 100% of the premium for the title insurance or reinsurance it provides. This materially reduces NewSource's exposure from title insurance claim-related losses since it retains a significant portion of the revenue normally paid as commissions to unaffiliated title agents to absorb any such claims.

## Customers

Initially, Residential will be our only client. The loss or failure of this key customer, its failure to pay us or its termination of the Residential Asset Management Agreement would adversely affect our revenues, results of operations and financial condition. In the future, we intend to provide our Services to NewSource and to a variety of companies who invest in other asset classes and who are generally not Residential's competitors.

## Competition

The asset management business is an intensely competitive business. Competition is driven by a number of factors, including asset performance, the quality of service provided to clients, brand recognition and business reputation. For additional information, please refer to the discussion in this section, "Risk Factors—Risks Related to Our Business in General" and "Risk Factors—Risks Related to the Acquisition and Ownership of Real Estate and Real Estate Related Assets."

## Government Approval

Outside of routine business filings, we do not believe that it is necessary to obtain any government approval in order to operate its business.

## Governmental Regulations

We do not believe that there are any governmental regulations that will affect the conduct of our business.

## Emerging Growth Company Status

We are an “emerging growth company,” as defined in the JOBS Act, and we are eligible to avail ourselves of certain exemptions from various reporting requirements of public companies that are not “emerging growth companies,” including, but not limited to, an exemption from complying with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We have not made a decision whether to avail ourselves of certain of these exemptions.

In addition, the JOBS Act provides that an “emerging growth company” can utilize an extended transition period for complying with new or revised accounting standards, allowing it to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. However, we are choosing to “opt out” of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for all public companies which are not emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

We could remain an “emerging growth company” for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed \$1 billion, (ii) the date that we become a “large accelerated filer” as defined in Rule 12b-2 under the Securities Exchange Act of 1934, which would occur if the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter, or (iii) the date on which we have issued more than \$1 billion in non-convertible debt during the preceding three year period.

## Employees

As of September 30, 2012, we had no employees. The employees of AAMC will commence their employment on or around the Separation Date. We believe that our future success will depend, in part, on our ability to continue to attract, hire and retain skilled and experienced personnel.

## Properties and Facilities

Our corporate headquarters are located in Frederiksted, St. Croix, United States Virgin Islands, in a facility leased by OMS and subleased to us. The following table sets forth information relating to our primary facilities at December 1, 2012:

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Location	Owned / Leased	Square Footage
<b>Executive office and headquarters:</b>		
402 Strand St., Frederiksted, United States Virgin Islands 00840-3531	Leased	2,150

We believe our properties are suitable and adequate with sufficient capacity to meet our current needs.

## Legal Proceedings

We are not subject to any pending legal proceedings.

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## MANAGEMENT

### Directors and Executive Officers

Set forth below is information concerning those persons that will serve as executive officers and directors of AAMC:

Name	Age	Position(s) with the Company
William C. Erbey	63	Chairman of the Board of Directors
Ashish Pandey	37	Chief Executive Officer and Director
Rachel M. Ridley	34	Chief Financial Officer
Stephen H. Gray	42	General Counsel and Secretary
Paul T. Bossidy	52	Director
Cindy Gertz	57	Director
Dale Kurland	68	Director
Salah Saabneh	44	Director
Robert C. Schweitzer	66	Director

**William C. Erbey.** Mr. Erbey is the Chairman of the Board of Directors. He has served as the Chairman of the Board of Directors of Ocwen since September 1996, Chairman of the Board of Altisource since July 2009 and Chairman of the Board of HLSS since December 2010. Additionally, he served as Chief Executive Officer of Ocwen from January 1988 to October 2010 and as the President of Ocwen from January 1988 to May 1998. From 1983 to 1995, Mr. Erbey served as a Managing General Partner of The Oxford Financial Group, a private investment partnership that was the predecessor of Ocwen. From 1975 to 1983, Mr. Erbey served at General Electric Capital Corporation in various capacities including as the President and Chief Operating Officer of General Electric Mortgage Insurance Corporation. He holds a Bachelor of Arts in Economics from Allegheny College and a Masters of Business Administration from Harvard University.

Mr. Erbey’s experience in the financial services and mortgage services industries provides the Board of Directors with a perspective and insight into strategic and operational opportunities as well as economic and industry trends of relevance to the competitive positioning of the Company. In addition, his experience as the Chairman of the boards of directors of Ocwen, HLSS and Altisource demonstrates his leadership capability and business acumen.

**Ashish Pandey.** Mr. Pandey was appointed to the Board of Directors of AAMC in December 2012. Mr. Pandey will serve as the Chief Executive Officer of AAMC. He will be responsible for the overall strategic direction of the company. Mr. Pandey currently serves as the Chief Executive Officer of Correspondent One, an affiliate of Altisource engaged in the acquisition and secondary marketing of government loans, and he will resign from that position on the Separation Date. He previously served as Executive Vice President of Ocwen from July 2008 to August 2011 and was responsible for the oversight of asset management vehicles and capital deployment for mortgage servicing portfolio acquisitions for Ocwen. He served as Treasurer and Director of Corporate Strategy from February 2005 to July 2008 for Ocwen. From May 2002 to October 2003, Mr. Pandey served as an Associate Consultant with Tata Strategic Management Group. He holds a Bachelor's of Science in Engineering from the S.G.S. Institute of Technology and Science and a Masters of Business Administration from the Indian Institute of Management.

Mr. Pandey's experience in the mortgage industry, particularly with respect to the acquisition and management of mortgage-backed assets, provides the Board of Directors with subject matter expertise. In addition, through his various roles within Ocwen and his position as Chief Executive Officer of Correspondent One, Mr.

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Pandey has acquired an knowledge of our business and is well-positioned to offer the Board of Directors insight into Company-specific issues.

**Rachel M. Ridley.** Ms. Ridley serves as the Chief Financial Officer of AAMC. Prior to joining AAMC, she served as Senior Manager in Assurance Services, Asset Management for PricewaterhouseCoopers LLC, an accounting firm, since 2008 and various positions within PwC from 2000 to 2008. Ms. Ridley is a Certified Public Accountant (Maryland). She holds a Bachelor of Business Administration from Emory University and a Master in Professional Accounting from the University of Texas at Austin.

**Stephen H. Gray.** Mr. Gray serves as the General Counsel and Secretary of AAMC. Prior to joining AAMC, Mr. Gray was General Counsel and Secretary of LaBranche & Co Inc., a publicly traded financial services company in New York, New York, from May 2004 to December 2011, and was a consulting attorney for The Nielsen Company, a global information and measurement company, during 2012. From June 1998 to May 2004, Mr. Gray was a corporate and securities attorney at the law firm Fulbright & Jaworski L.L.P. in New York, New York, specializing in, among other things, securities offerings, mergers and acquisitions and general corporate reporting for public and private companies. From January 1996 to June 1998, he was a corporate and securities attorney at the law firm Brock, Silverstein & McAuliffe, LLC, in New York, New York. He holds a Bachelor of Arts in History from Hobart College and a Juris Doctorate from Widener University School of Law.

**Paul T. Bossidy.** Mr. Bossidy was appointed to the Board of Directors of AAMC in December 2012. Mr. Bossidy has served as President and Chief Executive Officer of Clayton Holdings LLC ("Clayton") since October 2008 and is responsible for the overall strategic direction and operating results of the business. Clayton is a privately-held provider of risk management services to the mortgage industry. Mr. Bossidy also serves on the Board of Directors of Infinia Corporation, a solar energy technology company and the developer of a proprietary solar power generation product that converts solar energy into electricity. Prior to joining Clayton, Mr. Bossidy was a Senior Operations Executive and Operations Partner at Cerberus Capital Management LP, a real estate investment fund, from 2006 to 2008. Prior to that, Mr. Bossidy served in various executive appointments for General Electric Company from 1993 to 2006, including General Manager of Corporate Business Development, President of the Refrigerator Product Line within GE Appliances Division, President and Chief Executive Officer of GE Lighting (North America), President and Chief Executive Officer of GE Vendor Financial Services, President and Chief Executive Officer of GE Commercial Equipment Financing and President and Chief Executive Officer of GE Capital Solutions Group. He is a Certified Public Accountant and a Certified Six Sigma Black Belt. Mr. Bossidy holds a Bachelor of Arts from Williams College in Williamstown, Massachusetts, a Master in Accounting from New York University in New York, New York and a Master of Business Administration with concentrations in Finance and Marketing from Columbia University Graduate School of Business in New York, New York.

Mr. Bossidy's experience providing risk management services to the mortgage industry, along with his prior management and board of directors experience, provides the Board of Directors with strategic and industry-specific expertise. In addition, his knowledge and background in accounting allow him to provide guidance to the Board of Directors in overseeing financial and accounting aspects of our operations.

**Cindy Gertz.** Ms. Gertz was appointed to the Board of Directors of AAMC in December 2012. Ms. Gertz has served as a consultant since 2011 for clients involved with the development of housing policy regulations, as well as for large lenders impacted by proposed regulations and potential changes to the housing finance system. Previously, Ms. Gertz served as Director of Operations, Homeownership Preservation Office from 2009 to 2011 for the Department of the Treasury, Office of Financial Stability. From 2000 to 2002, Ms. Gertz served as Chief Financial Officer and Treasurer of Public Broadcasting Service (PBS) in Alexandria, Virginia. Ms. Gertz served in various executive appointments for Freddie Mac in McLean, Virginia from 1984 to 1999, including Vice President, Shareholder Relations, Vice President, Division Controller and Vice President, Corporate Planning. Before joining Freddie Mac, Ms. Gertz served in financial management posts at Texas Instruments in Houston, Texas. Ms. Gertz holds a Bachelor of Arts with Distinction from the University of Colorado in Boulder, Colorado and a Master of Business Administration from the University of Michigan in Ann Arbor, Michigan.

Ms. Gertz's experience in the real estate financing industry, which includes experience with operational risk oversight, loan modifications and loss mitigation programs, allows her to offer guidance to the Board of Directors from both an operational and a strategic perspective. In addition, her prior management experience and knowledge of the financial services industry bring insights to the Board of Directors, particularly in the areas of finance and strategic planning.

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**Dale Kurland.** Ms. Kurland was appointed to the Board of Directors of AAMC in December 2012. Ms. Kurland is the founder and President of Classic Strategies Group, LLC ("CSG"), a private company founded in 2004 which provides mergers and acquisition consulting services to mortgage banking executives. Prior to forming CSG, Ms. Kurland served as President of DK Advisory Services, Inc. where she was involved in the sales of JI Kislak Mortgage Corporation, James Madison Mortgage Corporation, First Town Mortgage Corporation and HomeSouth Mortgage. Prior to joining DK Advisory Services, Ms. Kurland was the head of Bear Stearns' Mortgage Banking Mergers and Acquisitions Group where she advised clients on the purchase and sale of mortgage companies and mortgage servicing portfolios. Ms. Kurland served on the Board of Directors of Lender Services, Inc. until the sale of the company to Fidelity National Financial in February 2003. Ms. Kurland holds a Bachelor of Arts from Skidmore College in Saratoga Springs, New York.

Ms. Kurland's background in real estate financing and advisory experience in the mortgage and real estate industries, along with her prior management and board of directors experience, brings industry expertise, leadership direction and guidance to the Board of Directors.

**Salah Saabneh.** Mr. Saabneh was appointed to the Board of Directors of AAMC in December 2012. Mr. Saabneh is a founding partner at Manikay Partners, LLC, an investment management firm and has served as a senior member of the Manikay Partner's event-driven and special situations investment team since 2008. Prior to joining Manikay Partners, Mr. Saabneh served from 2005 to 2008 as Director, Securitized Products and Special Situations, at Angelo, Gordon & Co, a privately held registered investment advisor. Previously, Mr. Saabneh was a senior banker at ING Financial Markets LLC and UBS Warburg LLC and was involved in structuring and underwriting a wide range of securitization transactions and asset-backed financings. Mr. Saabneh practiced corporate and finance law with Sidley & Austin in New York City and London. Mr. Saabneh holds a Bachelor of Laws from Hebrew University in Jerusalem, a Master of Laws from Georgetown University in Washington, D.C. and a Master of Business Administration from Columbia University in New York, New York.

Mr. Saabneh's legal and corporate finance background, and experience structuring and underwriting mortgage securitization transactions and other asset-backed financing transactions, brings strategic and operational insights to the Board of Directors.

**Robert C. Schweitzer.** Mr. Schweitzer was appointed to the Board of Directors of AAMC in December 2012. Mr. Schweitzer has over 35 years of experience in the financial services industry in various positions of increasing responsibility. Mr. Schweitzer also serves as Chairman of the Board of PetMeds (NASDAQ:PETS). In his financial services career, in addition to managing major line organizations, Mr. Schweitzer has successfully managed several acquisition and turnaround situations. Mr. Schweitzer served as President and Chief Operating Officer of Shay Investment Services, Inc., a registered broker-dealer, from 2007 to 2012 and was responsible for managing all aspects of the firm. Prior to joining Shay, from 2004 to 2006, Mr. Schweitzer served as the Florida Regional President of Northwest Savings Bank following its acquisition of Equinox Bank, where he was President and Chief Executive Officer. From 1999 to 2003, Mr. Schweitzer served as Regional President of Union Planters Bank for the Broward and Palm Beach counties Florida markets, and from 1993 to 1999 he served as Executive Vice President and Head of Commercial Banking for Barnett Bank/NationsBank/Bank of America in Jacksonville, Florida. Mr. Schweitzer also held the positions of Director and Head of Real Estate Consulting for Coopers & Lybrand in Washington, D.C., from 1991 to 1993, Senior Vice President/Manager of Central North America Commercial Real Estate as well as Manager of Domestic Credit Review for the First National Bank of Chicago from 1985 to 1991 and Senior Vice President/Manager of Central North America Banking for Wachovia Bank from 1975 to 1985. Mr. Schweitzer served in the United States Navy in the Submarine Force and Navy Reserve for 30 years and retired with a rank of Captain. Mr. Schweitzer holds a Bachelor of Science from the United States Naval Academy in Annapolis, Maryland and a Master of Business Administration from the University of North Carolina in Chapel Hill, North Carolina.

Mr. Schweitzer's background in real estate and experience leading financial services organizations, brings operational and leadership expertise as well as knowledge of strategic planning and public company corporate governance to the Board of Directors.

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## COMPENSATION DISCUSSION AND ANALYSIS

### Introduction, Philosophy and Objectives

This compensation discussion and analysis provides information regarding our anticipated compensation program and elements thereof for our named executive officers. Our named executive officers are:

Name	Position
Ashish Pandey	Chief Executive Officer
Rachel M. Ridley	Chief Financial Officer
Stephen H. Gray	General Counsel and Secretary

Our Compensation Committee will be responsible for the design of our executive compensation program. We believe an effective executive compensation program will align executives' interests with shareholders by rewarding performance that achieves or exceeds specific financial targets and strategic goals designed to improve shareholder value. The program will seek to promote individual service longevity and to provide our executives with long-term incentive opportunities that promote consistent, high-level financial performance. The Compensation Committee will evaluate both performance and compensation periodically to ensure that we maintain our ability to attract and retain superior employees in key positions and that compensation provided to key employees remains competitive relative to the compensation paid to similarly situated employees of our peer companies. To achieve these objectives, we generally believe executive compensation packages should include base salary, an annual incentive opportunity and equity compensation that rewards performance as measured against established goals.

We anticipate that initially the program, which is largely based on the Altisource executive compensation program, will include the elements described below.

### Role of Executive Officers in Compensation Decisions

Certain executives will be involved in the design and implementation of our executive compensation programs including the Chief Executive Officer, who will typically be present at Compensation Committee meetings. These executives will review annually the performance of each executive officer (other than the Chief Executive Officer whose performance will be reviewed by the Compensation Committee) and will present their conclusions and recommendations regarding incentive award amounts to the Compensation Committee for its consideration and approval. The Compensation Committee will be able to exercise its discretion in accepting, rejecting and/or modifying any such recommendations; however, executive compensation matters generally will be delegated to the Chief Executive Officer for development and execution.

### Elements of Compensation

The compensation program for our named executive officers will consist of base salary, an annual incentive opportunity and equity compensation. This compensation structure will provide each named executive officer with a competitive salary while emphasizing an incentive opportunity element that is tied to the achievement of corporate goals and strategic initiatives as well as individual performance. In addition, our named executive officers will participate in an

equity incentive opportunity, which will further align their interest with the creation of long-term shareholder value. We believe these elements of compensation are appropriate in light of our industry, current challenges and environment.

### **Base Salary**

Base salaries for our named executive officers will be established based on individual qualifications and job responsibilities while taking into account compensation levels at similarly situated companies for similar positions.

Base salaries of the named executive officers will be reviewed annually during the performance appraisal process with adjustments made based on market information, internal review of the executive officer's compensation in relation to other executive officers, individual performance of the executive officer and corporate

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performance. Salary levels will also be considered upon a promotion or other change in job responsibility. Salary adjustment recommendations will be based on our overall performance and an analysis of compensation levels necessary to maintain and attract quality personnel. While the Compensation Committee will set the base salary for the Chief Executive Officer, the base salaries for all other executive officers will be recommended by the Chief Executive Officer.

Base salaries of the named executive officers will be reviewed annually during the performance appraisal process with adjustments made based on market information, internal review of the executive officer's compensation in relation to other executive officers, individual performance of the executive officer, corporate performance and an analysis of compensation levels necessary to maintain and attract quality personnel. Salary levels will also be considered upon a promotion or other change in job responsibility.

### **Annual Incentive Opportunity**

Each of our named executive officers will have an annual incentive opportunity pursuant to an annual incentive plan structured to motivate executive officers to achieve pre-established key performance indicators by rewarding the executives for such achievement. This will be accomplished by utilizing a balanced scorecard methodology which incorporates multiple financial and non-financial performance indicators developed through our annual strategic planning process to enhance Company performance and long-term shareholder value. The corporate scorecard will be approved annually by the Compensation Committee and/or the full Board of Directors and will be utilized by the Compensation Committee as a factor to determine the appropriate amount of incentive compensation to be paid to the named executive officers. During the development of the corporate scorecard each year, the Compensation Committee will consider the level of difficulty associated with the attainment of each goal in the scorecard with the intent to establish the target goal at a level that is challenging.

Our anticipated corporate scorecard and corresponding achievement levels will be approved following the Separation and annually thereafter by our Compensation Committee and/or our Board of Directors. We anticipate the incentive award for our Chief Executive Officer will be structured so that compensation opportunities will be related to (i) the Company's performance versus the objectives established in the corporate scorecard (80%), and (ii) a performance appraisal (20%). The incentive awards of our other named executive officers will be structured so that compensation opportunities will be related to (i) performance within the corporate, business unit or support unit scorecard as expressly assigned in each executive's scorecard (80%) (of which typically 50% or more is weighted on corporate financial objectives), and (ii) a performance appraisal (20%).

The components in each scorecard will be weighted individually based on relevance to the ultimate financial performance of the Company and the importance of the achievement to the success of our corporate strategy. Within each component of the scorecard, there will be three established levels of achievement: threshold, target and outstanding. Each level of achievement is tied to a relative point on a percentage scale which indicates the executive officer's level of goal achievement within each component of the scorecard. Achieving the threshold level of achievement will earn the executive officer 50% of the target incentive opportunity tied to such goal; the target level of achievement will earn the executive officer 100% of the target incentive opportunity tied to such goal and the outstanding level of achievement will earn the executive officer 150% of the target incentive opportunity tied to such goal. Any achievement below the threshold level will not entitle the executive to compensation for the associated goal.

The goals and initiatives on the corporate scorecard will be further cascaded down through the organization to all of our incentive-eligible employees in their personal scorecards. The scorecards will be communicated to all incentive-eligible employees by the Human Resources Department or the employee's immediate supervisor and will be available to employees in our performance management tracking system. Performance against such scorecards is reviewed with senior management on a quarterly basis and after the end of each year. This incentive opportunity structure is intended to align the goals of our incentive-eligible employees with the overall success of the Company, while establishing clear performance standards within their respective business or support units.

Executives will have 20% of their incentive opportunity determined by their performance appraisal for the service year. Each of our executive officers will perform a self-assessment as to his or her performance against his or her goals for the applicable year. Our Chief Executive Officer will utilize these assessments, as well as his or her

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own observations, to prepare a written performance appraisal for each of the other executive officers. These performance appraisals will rate performance on objective criteria related to two key factors: (i) the executive's ability to improve and develop the organization throughout the year, and (ii) the executive's strategic contributions to the direction of the Company.

The Chief Executive Officer's scorecard performance and personal performance appraisal will be determined by the Compensation Committee in consultation with the Chairman, taking into consideration whether the Company's performance and corresponding incentive results present a fair representation of the Chief Executive Officer's performance.

For our executive officers other than the Chief Executive Officer, the Chief Executive Officer, together with any other executive officers involved in the evaluation, will present the personal scorecard performance and the performance appraisal scores to the Compensation Committee and will make recommendations as to the appropriate incentive amounts. The Compensation Committee will evaluate the recommendations in light of the Company's



overall performance and the executive's business unit or support unit's performance and will make the final compensation award determinations for each executive. Annual incentive compensation is paid to our executive officers and other annual incentive-eligible employees following this determination.

Upon the commencement of their services for the Company at the Separation, the named executive officers' annual non-equity compensation will be structured as follows:

Officer	Base Salary	Target Annual Incentive Opportunity	Maximum Annual Incentive Opportunity(1)
Ashish Pandey, Chief Executive Officer	\$ 325,000	\$ 325,000	\$ 487,500
Rachel M. Ridley, Chief Financial Officer	\$ 210,000	\$ 90,000	\$ 135,000
Stephen H. Gray, General Counsel and Secretary	\$ 248,000	\$ 152,000	\$ 228,000

### ***The 2012 Equity Incentive Plan***

Prior to the Separation, we expect our Board of Directors to approve the 2012 Equity Incentive Plan (the "2012 Plan"). The following summary of the 2012 Plan describes the expected terms of the 2012 Plan, but the precise terms cannot be determined until the 2012 Plan is approved by our Board of Directors.

#### *Administration*

The 2012 Plan will be administered by the Compensation Committee. The Compensation Committee will have full authority, in its discretion, to interpret the 2012 Plan and to determine the persons who will receive awards and the number of shares to be covered by each award. It is expected that all employees of AAMC and any subsidiaries of AAMC will be eligible for participation under the 2012 Plan. In addition, holders of Altisource options who are employees of AAMC or Altisource (which, prior to the Separation, will be the parent of AAMC) will receive options under the 2012 Plan with respect to their Altisource options. See "The Separation—Treatment of Outstanding Altisource Stock Options."

Each award granted under the 2012 Plan will be evidenced by a written award agreement between the participant and AAMC, which describes the award and states the terms and conditions to which the award is subject. If any shares subject to an award are forfeited or if any award terminates, expires or lapses without being exercised, shares of common stock subject to such award will again be available for future grant.

#### *Awards under the 2012 Plan*

The 2012 Plan will allow for the grant of stock options, restricted stock, performance awards and other equity awards. In lieu of receiving some or all of their annual incentive, our named executive officers may be granted the opportunity to purchase non-voting preferred shares in the Company, which will allow them to receive preferred distributions. The preferred distributions will be in lieu of the annual incentive and not cumulative.

The aggregate number of shares of our common stock that may be issued under the 2012 Plan is currently contemplated to be 15% of our outstanding shares, subject to proportionate adjustment in the event of stock splits and similar events.

#### *Stock Options*

The 2012 Plan will allow for the grant of stock options. The Compensation Committee will determine the option's exercise price, when the option becomes exercisable and the acceptable methods of payment. Except under limited circumstances, no stock option may be exercised after the expiration of ten years from the date of grant.

#### *Restricted Stock*

The 2012 Plan will allow for the grant of restricted shares of our common stock ("Restricted Stock"), which are subject to forfeiture before the restrictions (which may include restrictions on the right to transfer or encumber the shares while subject to restriction) lapse. The restrictions may lapse due to continued employment (of not less than three years) or the achievement of performance goals.

#### *Performance Awards*

The 2012 Plan will allow for the grant of performance awards, which entitle the recipient to receive shares of our common stock upon the achievement of specified performance goals during specified periods. The Compensation Committee will establish the terms of a performance award, including the applicable performance goals, the period in which the goals must be achieved and the number of shares of common stock to be awarded.

#### *Other Equity Awards*

The 2012 Plan will allow for our Compensation Committee, subject to limitations under applicable law, to grant to eligible employees such other awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, shares of common stock, as deemed by the Compensation Committee to be consistent with the purposes of the 2012 Plan, including, without limitation, 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.

The 2012 Plan will allow for our Compensation Committee and/or our Board of Directors to establish a preferred distribution or purchase right award pursuant to which our named executive officers will be entitled to purchase shares of the Company and receive preferred distributions in lieu of some or all of their annual incentive opportunity (the "Purchase Right").

Any shares of common stock or securities delivered pursuant to a Purchase Right granted under the 2012 Plan will be purchased for such consideration, paid for by such methods and in such forms, including, without limitation, cash, shares of common stock, or other property or any combination thereof, as the

Compensation Committee will determine. However, the value of such consideration will not be less than the fair market value of such shares of common stock or other securities on the date of grant of the Purchase Right.

#### Miscellaneous

Except to the extent otherwise determined by the Compensation Committee, no award and no rights or interests therein will be assignable or transferable by a participant otherwise than by will or the laws of descent and distribution.

Subject to and consistent with the provisions of the 2012 Plan, the Compensation Committee will determine the terms and conditions of the equity awards granted pursuant thereto, including but not limited to the number of shares awarded, vesting criteria, exercise restrictions, transferability, payment terms, cancellations and treatment upon the occurrence of various termination events.

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The Board of Directors will have the authority to amend, suspend or terminate the 2012 Plan at any time without shareholder approval except to the extent that shareholder approval is required by law or stock exchange rules or if the amendment, alteration or other change materially increases the benefits accruing to participants, increases the number of shares available under the 2012 Plan or modifies the requirements for participation under the 2012 Plan or if the Board of Directors determines that shareholder approval is advisable. Without the consent of the participant, no amendment, suspension or termination of the 2012 Plan or any award may materially and adversely affect the rights of such participant under any previously granted award.

#### The 2012 Special Equity Incentive Plan

We expect that our Board of Directors will also approve the 2012 Special Equity Incentive Plan (the "2012 Special Plan"), which will provide for equity awards to key executives of Altisource and Ocwen. The terms of the 2012 Special Plan are substantially the same as those of the 2012 Equity Plan described above, except that the 2012 Special Equity Plan will be administered by either the Board of Directors or a committee appointed by the Board of Directors.

#### 2012 Equity Award Grants

Subject to the approval of the 2012 Plan, the Altisource Board of Directors approved, on the recommendation of the Altisource Compensation Committee, grants of Restricted Stock in the amounts as a percentage of initial outstanding common stock following the Separation as set forth below to the following named executive officers of the Company:

<u>Officer</u>	<u>AAMC Restricted Stock Award (% of initial outstanding common stock)</u>
Ashish Pandey, Chief Executive Officer	2.0
Rachel M. Ridley, Chief Financial Officer	0.375
Stephen H. Gray, General Counsel and Secretary	0.375

Additionally, the following Restricted Stock awards were made to key executives of Altisource and Ocwen (as a percentage of initial outstanding common stock): 2.25% to William C. Erbey, in his capacity as the Executive Chairman of Ocwen, 1.25% to the Chief Executive Officer and President of Ocwen, 1.25% to the Chief Executive Officer of Altisource, 0.625% to the Chief Administration Officer and General Counsel of Altisource and 0.375% to the Chief Financial Officer of Altisource. Because Altisource's performance under the Altisource Master Services Agreement and Ocwen's performance under the Ocwen Servicing Agreement are instrumental to the financial performance of the Company, these Restricted Stock awards are intended to retain, motivate and align the interests of members of Altisource's and Ocwen's management with the success of the Company.

The Restricted Stock will vest in three tranches, subject to the achievement of the following performance hurdles:

- Twenty-five percent (25%) of the grant to an executive will vest in accordance with the vesting schedule set forth below if the market value of Company stock meets all three of the following conditions: (i) the market value is at least equal to \$250 million; (ii) 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 (iii) the market value is at least double the market value on the date of the grant;
- Fifty percent (50%) of the grant to an executive will vest in accordance with the vesting schedule set forth below if the market value of Company stock meets all three of the following conditions: (i) the market value is at least equal to \$500 million; (ii) 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 (iii) the market value is at least triple the market value on the date of the grant and
- Twenty-five percent (25%) of the grant to an executive will vest in accordance with the vesting schedule set forth below if the market value of Company stock meets all three of the following conditions: (i) the market value is at least equal to \$750 million; (ii) the market value has realized a compounded annual gain of at least twenty-five percent (25%) over the market value on the date

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of the grant; and (iii) the market value is at least quadruple the market value on the date of the grant.

After the performance hurdles for a tranche have been achieved, 25% of the Restricted Stock in that tranche will vest on each of the first four anniversaries of the date that the performance hurdles for that tranche were met.

If an award recipient's service with the Company or any of its affiliates is terminated prior to full vesting of the Restricted Stock, then the award recipient will forfeit all unvested Restricted Stock to the Company, except that if (i) an award recipient's service is terminated without cause or due to death or disability and (ii) the performance hurdles for a tranche have already been achieved or are achieved within 90 days of termination, unvested stock for the corresponding tranche will continue to vest according to the above vesting schedule.

Award recipients will have the right to make the election permitted under Section 83(b) of the United States Code.

### **Stock Ownership Policies**

Although we do not anticipate having stock ownership requirements, our philosophy is that equity ownership by our directors and executives is important to attract, motivate, retain and to align their interests with the interests of our shareholders. We believe that the Company's equity incentive programs will be adequate to achieve this philosophy. We will also maintain a management directive detailing our insider trading policy as well as our trading window period policy for directors, executive officers and other employees.

### **Setting Compensation Levels**

In determining appropriate compensation levels and structure, we will conduct benchmarking on executive compensation among peer companies of comparable size, industry, location and similar attributes to the Company. We believe this methodology of peer group benchmarking is an effective approach to setting compensation levels to ensure that the Company's pay practices allow it to attract and retain executive employees of the highest quality. We anticipate that our executive compensation program will be effectively designed and administered to align our executives' interests with those of our shareholders and will be instrumental to achieving our business strategy.

### **Other Compensation**

The Compensation Committee's policy with respect to other employee benefit plans will be to provide benefits to our employees, including our executive officers, that are comparable to benefits offered by companies of a similar size to ours. A competitive comprehensive benefit program is essential to achieving the goal of attracting and retaining highly qualified employees.

### **Potential Payments upon Termination**

Below is a description of amounts that would be potentially payable to each named executive officer assuming their employment terminates under various scenarios.

If employment is terminated by the named executive officer's retirement or disability, the Company will pay all standard relocation costs to relocate the executive to the executive's domicile prior to being relocated to the U.S. Virgin Islands. If the Company terminates the employment of the executive other than for "cause" the Company may make a cash payment of up to six months' salary. In these instances, the Company will also pay all standard relocation costs to relocate the executive to their previous domicile prior to being relocated to the U.S. Virgin Islands. If the executive is terminated by the Company for "cause", the Company shall have no further obligation to make any further payment to the executive, other than amounts accrued and unpaid at the date of termination. If the executive resigns, the Company shall have no further obligation to make any further payment to the executive, other than amounts accrued and unpaid at the date of resignation.

As used herein, "cause" will mean, as reasonably determined by the Board of Directors, either (i) any willful or grossly negligent conduct (including but not limited to fraud or embezzlement) committed by the executive in connection with the executive's employment with the Company, which conduct in the reasonable determination of the Board of Directors has had or will have a material detrimental effect on the Company's business or (ii) the executive's conviction of, or entering into a plea of guilty or *nolo contendere* to, a felony involving fraud or embezzlement or such other crime which may bring disrepute upon the Company, whether or not committed during the course of the executive's employment with the Company.

### **Restrictive Covenants**

All of our executive officers will execute an intellectual property and non-disclosure agreement upon commencement of their employment. This agreement requires the executive officer to hold all "confidential information" in trust for us and prohibits the executive officer from using or disclosing such confidential information except as necessary in the regular course of our business or that of our affiliates. Other than these restrictive covenants, we generally will not have employment agreements with our executive officers.

### **Tax Considerations**

The timing of compensation decisions is driven by a variety of tax considerations. Under Section 162(m) of the Code, the tax deduction by corporate taxpayers is limited with respect to the compensation of certain executive officers up to \$1,000,000 per covered executive unless such compensation is based upon the attainment of performance objectives meeting certain regulatory criteria or is otherwise excluded from the limitation.

In order to satisfy the deductibility requirements under Section 162(m) of the Code, performance objectives must be established in the first 90 days of the performance period. For annual incentive awards, this means performance objectives must be established no later than the end of March. In addition, in order to avoid being considered deferred compensation under Section 409A of the Code and to be deductible for the prior tax year, our annual incentive awards with respect to the prior year must be paid out by March 15 for employees of the Company who are U.S. taxpayers.

### **HISTORICAL EXECUTIVE COMPENSATION**

For the period from March 15, 2012 (inception) through September 30, 2012, our named executive officers have not received any cash (or non-cash) compensation from the Company.

### **COMPENSATION COMMITTEE'S INTERLOCKS AND INSIDER PARTICIPATION**

No member of the Compensation Committee will have any relationship with us requiring disclosure under Item 404 of SEC Regulation S-K. Since our inception, none of our named executive officers has served on the Board of Directors or compensation committee of any other company that has or had one or more named executive officers who served as a member of our Board of Directors or will serve on our Compensation Committee.

## **BOARD OF DIRECTORS AND CORPORATE GOVERNANCE**

### **Board of Directors**

We initially intend to have a Board of Directors that consists of seven directors. William C. Erbey is the Chairman of the Board of Directors of AAMC. Mr. Erbey is also the Chairman of the Board of Directors of Residential. He will also continue to serve in his role as the Chairman of the Board of Directors of Altisource and HLSS and as the Executive Chairman of Ocwen. Other than Mr. Erbey, no directors of Altisource will become directors of AAMC. In addition to Mr. Erbey, directors of AAMC will include Paul T. Bossidy, Cindy Gertz, Dale Kurland, Ashish Pandey, Salah Saabneh and Robert C. Schweitzer.

We expect our Board of Directors will adopt Corporate Governance Guidelines that, along with the charters of our Board committees and our Code of Conduct for employees and directors, will provide the framework for the governance of our Company.

### **Meetings of the Board of Directors**

We anticipate that the Board of Directors will play an active role in overseeing management and representing the interests of the shareholders. We expect directors to attend all Board meetings, the meetings of committees on which they serve and the Annual Meeting of Shareholders. We also expect to consult directors for advice and counsel between formal meetings.

### **Director Independence**

We plan for our Corporate Governance Guidelines to provide that our Board of Directors must be comprised of a majority of directors who qualify as independent directors under the listing standards and timing of NASDAQ and applicable law.

We anticipate that our Board of Directors will review annually the direct and indirect relationships that we have with each director. Only those directors who will be determined by our Board of Directors to have no material relationship with AAMC will be considered independent directors. This determination will be based in part on analysis of categorical questionnaire responses that follow the independence standards established by NASDAQ and will be subject to additional qualifications prescribed under its listing standards and applicable law.

### **Committees of the Board of Directors**

Our Board of Directors will establish an Executive Committee, an Audit Committee, a Compensation Committee and a Nomination/Governance Committee. We provide a brief description of our expectations for these Committees below.

*Executive Committee.* Our Executive Committee of our Board of Directors generally will be responsible to act on behalf of our Board of Directors during the intervals between meetings of our Board of Directors. The Executive Committee will be authorized to approve and/or to designate in writing certain individuals to approve actions that are required to be documented by counterparties but do not require action by the Board of Directors. Such actions would include approving, signing and executing checks and electronic funds transmissions and performing such other ministerial actions on such terms, conditions and limits as the Board of Directors deems appropriate in its discretion.

*Audit Committee.* The Audit Committee of our Board of Directors will oversee the relationship with our independent registered certified public accounting firm, review and advise our Board of Directors with respect to reports by our independent registered certified public accounting firm, monitor our compliance with laws and regulations applicable to our operations including the evaluation of significant matters relating to the financial reporting process and our system of internal accounting controls and the review of the scope and results of the annual audit conducted by the independent registered certified public accounting firm. Each member of our Audit Committee will be independent as defined in regulations adopted by the SEC. Our Board of Directors also will

ensure that at least one member of the Audit Committee qualifies as an audit committee financial expert as that term is defined in SEC rules implementing requirements of the Sarbanes-Oxley Act. Our Audit Committee will operate under a written charter to be approved by our Board of Directors, a copy of which will be available on our website at [www.altisourceamc.com](http://www.altisourceamc.com) and will be available in print to any shareholder who requests it.

*Compensation Committee.* The Compensation Committee of our Board of Directors will oversee our compensation and employee benefit plans and practices. Our Compensation Committee will also evaluate and make recommendations to our Board of Directors for human resource and compensation matters relating to our executive officers. The Compensation Committee will review with the Chief Executive Officer and subsequently approve all executive officer compensation plans, any executive officer severance or termination arrangement and any equity compensation plans that are not subject to shareholder approval. The Compensation Committee also will have the power to review any other compensation plan including the goals and objectives thereof and to recommend changes to these plans to our Board of Directors. Each member of our Compensation Committee will be independent. Our Compensation Committee will operate under a written charter approved by our Board of Directors, a copy of which will be available on our website at [www.altisourceamc.com](http://www.altisourceamc.com) and will be available in print to any shareholder who requests it.

The Compensation Committee will have the authority, at our expense, to retain independent counsel or other advisers as it deems necessary in connection with its responsibilities. We expect that the Chief Executive Officer will be involved in the design and implementation of our executive compensation programs, and that the Chief Executive Officer typically will be present at Compensation Committee meetings. We expect that the Chief Executive Officer annually will review the performance of each executive officer (other than the Chief Executive Officer, whose performance and compensation are reviewed and determined by the Compensation Committee) and present his conclusions and recommendations regarding incentive award amounts to the Compensation

Committee for its consideration and approval. The Compensation Committee can exercise its discretion in accepting, rejecting and/or modifying any such executive compensation recommendations; however, we generally expect that executive compensation matters will be delegated to the Chief Executive Officer for development and execution.

*Nomination/Governance Committee.* The Nomination/Governance Committee of our Board of Directors will make recommendations to our Board of Directors of individuals qualified to serve as directors and committee members for our Board of Directors; advise our Board of Directors with respect to Board of Directors' composition, procedures and committees; develop and present our Board of Directors with a set of corporate governance principles; and oversee the evaluation of our Board of Directors and our management. Each member of our Nomination/Governance Committee will be independent. Our Nomination/Governance Committee will operate under a written charter approved by our Board of Directors, a copy of which will be available on our website at [www.altisourceamc.com](http://www.altisourceamc.com) and will be available in print to any shareholder who requests it.

It will be the policy of our Nomination/Governance Committee to consider candidates for director recommended by our shareholders. In evaluating all nominees for director, our Nomination/Governance Committee will take into account the applicable requirements for directors under the Exchange Act. In addition, our Nomination/Governance Committee will take into account our best interests as well as such factors as knowledge, experience, skills, expertise, diversity and the interplay of the candidate's experience with the background of other members of our Board of Directors. The Nomination/Governance Committee regularly will assess the appropriate size of the Board of Directors and whether any vacancies on the Board of Directors are anticipated. Various potential candidates for director then will be identified. We anticipate that candidates may come to the attention of the Nomination/Governance Committee through current members of our Board of Directors, professional search firms, executive officers, shareholders or industry sources. In evaluating the candidate, we anticipate that the Nomination/Governance Committee will consider factors other than the candidate's qualifications including the current composition of the Board of Directors, the number of independent directors, the need for Audit Committee expertise and the evaluations of other prospective nominees. In connection with this evaluation, we anticipate that the Nomination/Governance Committee will determine whether to interview the prospective nominee, and if warranted, one or more members of the Nomination/Governance Committee, and others as appropriate, will interview prospective nominees. After completing this evaluation and interview, the Nomination/Governance Committee will make a recommendation to the full Board of Directors as to the persons who should be nominated by the Board of Directors. The Board of Directors will determine the nominees after considering the recommendation and report of the

Nomination/Governance Committee. Should a shareholder recommend a candidate for director, our Nomination/Governance Committee would evaluate such candidate in the same manner that it evaluates any other nominee.

If a shareholder wants to recommend persons for consideration by our Nomination/Governance Committee as nominees for election to our Board of Directors, the shareholder will be able to do so by writing to our Secretary at Altisource Asset Management Corporation, Attention: Corporate Secretary, 402 Strand St., Frederiksted, United States Virgin Islands 00840-3531. The shareholder should provide each proposed nominee's name, biographical data and qualifications. Such recommendation should also include a written statement from the proposed nominee consenting to be named as a nominee and, if nominated and elected, to serve as a director.

### **Corporate Governance Guidelines**

The Corporate Governance Guidelines to be adopted by our Board of Directors will provide guidelines for us and our Board of Directors to ensure effective corporate governance. The Corporate Governance Guidelines will cover topics including: director qualification standards, Board and committee composition, director responsibilities, director access to management and independent advisors, director compensation, director orientation and continuing education, management succession and annual performance evaluation of the Board of Directors.

Our Nomination/Governance Committee will review our Corporate Governance Guidelines at least once a year and, if necessary, recommend changes to the Guidelines to our Board of Directors. Our Corporate Governance Guidelines will be available on our website at [www.altisourceamc.com](http://www.altisourceamc.com) and will be available in print to any shareholder who requests them.

### **Executive Sessions of Non-Management Directors**

We anticipate that non-management directors will meet in executive sessions without management approximately four times per year. The Chairman will preside at each executive session.

### **Communications with Directors**

If a shareholder desires to contact our Board of Directors or any individual director regarding AAMC, the shareholder may do so by mail addressed to our Corporate Secretary at Altisource Asset Management Corporation at 402 Strand St., Frederiksted, United States Virgin Islands 00840-3531. Communications received in writing will be distributed to our Board of Directors or to individual directors, as appropriate, depending on the facts and circumstances outlined in the communication received.

### **Code of Ethics**

We will adopt a Code of Business Conduct and Ethics that applies to our directors, officers and employees. Any waivers from the Code of Business Conduct and Ethics will need to be approved by our Board of Directors or a Board committee and will need to be promptly disclosed to our shareholders. We also will adopt a Code of Ethics that will apply to our Chief Executive Officer and our senior financial officers, including the Chief Financial Officer. The Code of Business Conduct and Ethics and the Code of Ethics for senior financial officers will be available on our website at [www.altisourceamc.com](http://www.altisourceamc.com) and will be available in print to any shareholder who requests a copy by writing to our Secretary at Altisource Asset Management Corporation, 402 Strand St., Frederiksted, United States Virgin Islands 00840-3531. Any amendments to the Code of Business Conduct and Ethics or the Code of Ethics for Senior Financial Officers, as well as any waivers that are required to be disclosed under the rules of the SEC, will be posted on our website.

**Compensation**

We will provide compensation to our non-management directors, as customary in the United States Virgin Islands and as determined by resolution of the Altisource Board of Directors prior to the Separation and ratified by our Board of Directors after the Separation. We anticipate that any director compensation may be prorated for a director serving less than a full one-year term, as in the case of a director joining the Board of Directors after an Annual Meeting of Shareholders. Directors will be reimbursed for reasonable travel and other expenses incurred in connection with attending meetings of the Board of Directors and its committees. Directors' compensation will be subject to review and may be adjusted from time to time. As of the date of this information statement, we have not provided any compensation or reimbursements to our non-management directors.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

**Beneficial Ownership of Common Stock**

The following table sets forth certain information regarding the beneficial ownership of our common stock as of November 30, 2012 giving effect to the Separation Ratio for each share of Altisource common stock held by:

- each director and named executive officer of AAMC;
- all directors and named executive officers of AAMC as a group and
- all persons known by AAMC to beneficially own 5% or more of our outstanding common stock.

The table is based upon information supplied to us by directors, executive officers and principal shareholders of Altisource and filings under the Exchange Act.

**Shares Beneficially Owned as of November 30, 2012(1)**

<u>Name and Address of Beneficial Owner:</u>	<u>Amount</u>	<u>Percent</u>
<b>Principal Shareholders (other than directors):</b>		
Leon G. Cooperman(2)	174,570	7.47%
Barry N. Wish(3)	126,838	5.43%
Wellington Management Company, LLP(4)	146,159	6.26%
<b>Directors and Named Executive Officers:</b>		
William C. Erbey(5)	668,057	27.71%
Ashish Pandey(6)	3,003	*%
Rachel M. Ridley	—	—%
Stephen H. Gray	—	—%
Paul T. Bossidy	—	—%
Cindy Gertz	—	—%
Dale Kurland	—	—%
Salah Saabneh	—	—%
Robert C. Schweitzer	—	—%
All Directors and Named Executive Officers as a Group	668,057	27.71%

\* Less than 1%

- (1) For purposes of this table, an individual is considered the beneficial owner of shares of common stock if he or she directly or indirectly has, or shares, voting power or investment power as defined in the rules promulgated under the Exchange Act. Unless otherwise indicated, an individual has sole voting power and sole investment power with respect to the indicated shares. No shares have been pledged as security by the named executive officers or directors.
- (2) Based on information contained in a Schedule 13G/A filed with the SEC on February 1, 2012 by Leon G. Cooperman. Includes 103,890 shares (giving effect to the Separation) as to which sole voting power is claimed and 103,890 shares (giving effect to the Separation) as to which sole dispositive power is claimed. Mr. Cooperman's address is 2700 North Military Trail, Suite 230, Boca Raton, FL 33431.
- (3) Based on information contained in a Schedule 13D/A filed jointly by Barry N. Wish, Wishco, Inc., a Delaware corporation ("Wishco"), and Barry Wish Family Foundation, Inc., a Florida non-profit corporation ("Foundation"), with the SEC on September 14, 2012. Includes (i) 5,046 shares (giving effect to the Separation) owned by Barry N. Wish directly, (ii) 0 shares (giving effect to the Separation) owned by Foundation, which is controlled by Mr. Wish and (iii) 121,792 shares (giving effect to the Separation) owned by Wishco, which is controlled by Mr. Wish pursuant to his ownership of 93.0% of the common stock thereto. Mr. Wish's address is 1661 Worthington Road, Suite 100, West Palm Beach, FL 33409.
- (4) Based on information contained in a Schedule 13G filed with the SEC on February 14, 2012 by Wellington Management Company, LLP ("Wellington Management"). Includes 146,159 shares (giving effect to the Separation) which are held of record by clients of Wellington Management and of which Wellington Management, in its capacity as an investment adviser, may be deemed to beneficially own. Wellington Management's address is 280 Congress Street, Boston, MA 02210.
- (5) Includes 413,029 shares (giving effect to the Separation) held by FF Plaza Partners, a Delaware partnership, of which the partners are William C. Erbey, his spouse, E. Elaine Erbey, and Delaware Permanent Corporation, a corporation wholly owned by William C. Erbey. Mr. and Mrs. William C. Erbey share voting and dispositive power with respect to the shares owned by FF Plaza Partners and to 181 shares (giving effect to the

Separation) held jointly. Also includes 180,323 shares (giving effect to the Separation) held by Erbey Holding Corporation, a corporation wholly-owned by William C. Erbey and includes

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options to acquire 74,472 shares (giving effect to the Separation) which are exercisable on or within 60 days after November 30, 2012 and 37 unvested restricted stock units (giving effect to the Separation). Mr. Erbey's address is 402 Strand St., Frederiksted, VI 00840-3531.

(6) Includes options to acquire 3,003 shares (giving effect to the Separation).

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## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

William C. Erbey, who is our Chairman of the Board of Directors, is currently, and is expected to remain, the Chairman of the Board of Altisource, Ocwen, HLSS and Residential. As a result, he will have obligations to us as well as to Altisource, Ocwen, HLSS and Residential and may have conflicts of interest with respect to matters potentially or actually involving or affecting us and Altisource, Ocwen, HLSS and Residential. Mr. Erbey will own substantial amounts of Residential and our common stock and options and owns substantial amounts of Altisource, Ocwen and HLSS common stock and Altisource and Ocwen stock options because of his relationships with Altisource, Ocwen and HLSS. As of September 30, 2012, Mr. Erbey is the beneficial owner of the following:

Entity	Common shares	% of common shares outstanding	Vested stock options	Unvested stock options
Altisource	5,936,655	25.4%	772,958	150,000
Ocwen	17,775,005	13.2%	2,318,865	2,450,000
HLSS	862,388	2.8%	—	—

As the distribution of Residential and the Company will be on a pro rata basis, Mr. Erbey's ownership percentage in Residential and the Company will be the same as his ownership percentage in Altisource at the time of the Separation.

Ashish Pandey, who will serve as our Chief Executive Officer and a director on our Board of Directors, owns Ocwen and Altisource stock options due to similar current or past relationships with Ocwen and Altisource. As of September 30, 2012, Mr. Pandey is the beneficial owner of the following:

Entity	Common shares	% of common shares outstanding	Vested stock options	Unvested stock options
Altisource	0	0%	17,223	12,812
Ocwen	0	0%	51,563	38,437
HLSS	15,700	.05%	—	—

Our officers and directors and those of Altisource, Ocwen and HLSS may acquire significant shares of our stock following the Separation.

None of our other directors or officers at the time of the Separation will have any role with or relationship to Altisource, Ocwen, HLSS or Residential.

In addition, see "Relationship Between Altisource and Us Following the Separation," "Management's Discussion and Analysis of Financial Condition and Results of Operations—Other Matters," "Business—Residential's Business Strategy" and "Business—Title Insurance and Reinsurance" for a description of the intercompany agreements that will exist between Altisource, Residential, Ocwen, NewSource and us following the Separation. We have no direct relationship with HLSS.

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## DESCRIPTION OF CAPITAL STOCK

The following summary of certain terms of AAMC capital stock describes the material provisions of our Articles of Incorporation, the form of which is or will be included as an exhibit to our registration statement on Form 10. The following summary does not purport to be complete and is subject to, and qualified in its entirety by, our Articles of Incorporation and by applicable provisions of law.

### Authorized Capital Stock

Under our Articles of Incorporation, we are authorized to issue 100,000 shares of common stock, par value \$0.01 per share. We are authorized to issue multiple classes of stock or one or more series of stock within any class thereof. We intend to increase the authorized number of shares of common stock to facilitate the Separation which capital increases must be approved by the Board of Directors. Based on the number of Altisource shares outstanding on [ ], 2012, approximately 2,336,300 shares of AAMC common stock will be issued to shareholders of Altisource on the Separation Date although the actual number of shares of AAMC common stock to be issued will be determined as of the Record Date. All of the shares of AAMC common stock to be distributed to Altisource shareholders in the Separation will be fully paid and non-assessable.

### Common Stock

The holders of AAMC common stock will be entitled to one vote for each share on all matters voted on by shareholders, and the shareholders will possess all voting power. Accordingly, the holders of the absolute majority of the shares of AAMC common stock cast (excluding any abstentions, empty or

invalid votes) at the meeting of shareholders voting for the election of directors can elect all of the directors if they choose to do so. To date, AAMC has not paid any dividends on its common stock, and we have no current plans to pay dividends.

### **Transfer Agent and Registrar**

The transfer agent and registrar for our common stock immediately following the Separation will be American Stock Transfer & Trust Company.

### **Listing**

We have applied to have the shares of AAMC common stock that you will receive in the Separation quoted on OTCQX under the symbol "AAMC."

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## **CERTAIN PROVISIONS OF OUR ARTICLES OF INCORPORATION AND BYLAWS**

### **General**

While AAMC's Articles of Incorporation and Bylaws do not contain many of the typical provisions that would be considered to have an anti-takeover effect, AAMC's directors and executive officers held [ ]% of the voting power of our outstanding voting stock as of the Record Date. Such concentration of voting power could discourage third parties from making proposals involving an acquisition of control of AAMC. See "Security Ownership of Certain Beneficial Owners and Management."

We set forth below a summary of certain provisions of AAMC's Articles of Incorporation and Bylaws that possibly could impede or delay an acquisition of control of AAMC that the Board of Directors does not approve or otherwise support. We intend this summary to be an overview only and qualify it in its entirety by reference to the documents evidencing such provisions the forms of which we include as exhibits to the registration statement on Form 10.

### **Number of Directors; Removal; Filling Vacancies**

AAMC's Bylaws provide that the number of directors on its Board of Directors shall not be less than three; provided, however, that at all times in which AAMC has fewer than three shareholders, the number of directors may be equal to, or greater than, the number of shareholders. AAMC's Bylaws further provide that directors may be elected at a meeting of shareholders by a majority of the votes cast by the shareholders present in person or by proxy at the meeting. Any newly created directorship as proposed by the Board of directors or vacancy (unless a vacancy created by the removal of a director by shareholders shall be filled by the shareholders at the meeting at which the removal was effected) may be filled by a majority vote of the remaining directors that are present at a regular meeting or special meeting of the Board of Directors.

Directors may at any time, with or without cause, be removed from office by resolution of the shareholders at a general meeting of shareholders provided that a proposal for such resolution has been put on the agenda for the meeting in accordance with the requirements of AAMC's Bylaws.

### **Shareholder Action by Written Consent; Special Meetings**

AAMC's Bylaws provide that shareholders may take action at an Annual or Special Meeting of Shareholders. A Special Meeting of Shareholders may be called only if (1) AAMC's Board of Directors deems it necessary; or (2) if shareholders holding a majority of our share capital request it. AAMC's Bylaws allow for shareholder action by unanimous written consent in lieu of a meeting.

### **Amendment of the Bylaws**

Any proposal to amend, alter, change or repeal any provision of AAMC's Bylaws requires the affirmative vote of shareholders holding, in the aggregate, at least of a majority of the outstanding shares entitled to vote in the election of directors at any Annual or Special Meeting of Shareholders.

The Board of Directors shall have the power to make and adopt Bylaws, except that the Board of Directors shall have no power to effectively change the quorum for meetings of shareholders or of the Board of Directors, or to effectively change any provisions of the Bylaws with respect to the removal of directors or filling of vacancies in the Board of Directors resulting from removal by the shareholders.

If any Bylaws regulating an impending election of directors is adopted by the Board of Directors that effectively amends or repeals a regulation concerning the method, notice, quorum necessary or otherwise substantially affecting the means for conducting an impending election of the Board of Directors, there shall be set forth in the notice of the next Annual Meeting of Shareholders for the election of directors, the Bylaws, so made and adopted, together with a concise statement of the changes.

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## **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

The following summary of material terms is qualified in its entirety by reference to the complete text of the statutes referred to below and our Bylaws.

AAMC is incorporated under the laws of the United States Virgin Islands.

AAMC's Bylaws provide for the indemnification of directors and officers in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of AAMC) by reason of the fact that such person is or was a director or officer if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of AAMC, and with respect to any criminal action or proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. Expenses may be advanced prior to the final disposition of any such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an



undertaking by or on behalf of the director or officer to repay such amounts unless it shall ultimately be determined that he or she is entitled to be indemnified by the Corporation.

The determination of whether an officer or director meets the applicable standard of conduct for indemnification is made by the Board of Directors by a majority vote of a quorum consisting of directors who were not party to such action, suit or proceedings, or if such a quorum is not obtainable, or even if obtainable and the quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or by the shareholders.

AAMC may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of AAMC or is or was serving at the request of AAMC as a director, officer, employee or agent of another company, partnership, joint venture, trust or other enterprise against any liability asserted against or incurred by that person in any such capacity or arising out of his or her status as such, whether or not AAMC would have the power to indemnify that person against such liability under the provisions set forth in the Bylaws.

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## WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form 10 with the SEC with respect to the shares of our common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to our Company and our common stock, please refer to the registration statement including its exhibits and schedules. Statements made in this information statement relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, at the SEC's public reference room, located at 100 F Street, N.E., Washington, D.C. 20549, as well as on the Internet web site maintained by the SEC at [www.sec.gov](http://www.sec.gov). Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Information contained on any web site referenced in this information statement is not incorporated by reference into this information statement or the registration statement of which this information statement is a part. Our Internet address is included in this information statement as an inactive textual reference only.

After the Separation, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, we will file periodic reports, proxy statements and other information with the SEC. Our future filings will be available from the SEC as described above.

After the Separation, we will make available free of charge most of our future SEC filings through our Internet web site [www.altisourceamc.com](http://www.altisourceamc.com) as soon as reasonably practicable after we file these materials with the SEC. You may also request a copy of our future SEC filings at no cost, by writing or telephoning us at:

Altisource Asset Management Corporation  
402 Strand St.  
Frederiksted, United States Virgin Islands 00840-3531  
Telephone: (340) 692-1055  
Attention: Corporate Secretary

We will furnish shareholders of our common stock with annual reports containing consolidated financial statements prepared in accordance with GAAP and audited and reported on, with an opinion expressed, by an independent public accounting firm.

You should rely only on the information contained in this information statement or to which we have referred you. We have not authorized any person to provide you with different information or to make any representation not contained in this information statement.

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholder of

We have audited the accompanying balance sheet of Altisource Asset Management Corporation (a development stage company) (the "Company") as of September 30, 2012, and the related statements of changes in shareholder's equity and cash flows for the period from March 15, 2012 (date of inception) to September 30, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements referred to the above present fairly, in all material respects, the financial position of Altisource Asset Management Corporation as of September 30, 2012 and its cash flows for the period from March 15, 2012 (date of inception) to September 30, 2012 in conformity with accounting principles generally accepted in the United States of America.

The Company is in the development stage at September 30, 2012. As discussed in Note 1 to the financial statements, successful completion of the Company's development program and, ultimately the attainment of profitable operations are dependent upon Altisource Residential, L.P. (the "Partnership") achieving profitable operations. The Partnership's attainment of profitable operations is dependent upon future events, including obtaining adequate capital to execute its acquisition strategy and achieving a level of revenues adequate to support the Partnership's cost structure.

/s/ Deloitte & Touche LLP

Atlanta, Georgia  
November 21, 2012

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**ALTISOURCE ASSET MANAGEMENT CORPORATION**  
**(A Development Stage Company)**  
**BALANCE SHEET**

September 30, 2012

<b>ASSETS</b>	
Cash	\$ 380,999
Due from related party	119,001
Total assets	\$ 500,000

Commitments and contingencies (Note 2)

**SHAREHOLDER'S EQUITY**

Common stock (\$0.01 par value; 100,000 shares authorized; 100,000 shares issued and outstanding)	\$ 1,000
Additional paid-in capital	499,000
Total shareholder's equity	500,000
Total liabilities and shareholder's equity	\$ 500,000

*The accompanying notes are an integral part of these financial statements.*

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**ALTISOURCE ASSET MANAGEMENT CORPORATION**  
**(A Development Stage Company)**  
**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY**  
**For the Period from March 15, 2012 (date of inception) to September 30, 2012**

	Common stock		Additional paid-in capital	Total
	Shares	Amount		
Balance, March 15, 2012	—	\$ —	\$ —	\$ —
Issuance of common stock	100,000	1,000	499,000	500,000
Balance, September 30, 2012	100,000	\$ 1,000	\$ 499,000	\$ 500,000

**ALTISOURCE ASSET MANAGEMENT CORPORATION**  
**(A Development Stage Company)**  
**STATEMENT OF CASH FLOWS**  
**For the Period from March 15, 2012 (date of inception) to September 30, 2012**

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Due from related party	\$	(119,001)
Net cash used in investing activities		(119,001)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from issuance of common stock	\$	500,000
Net cash provided by financing activities		500,000

Net change in cash		380,999
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Cash at the beginning of the period		—
Cash at the end of the period	\$	<u>380,999</u>

*The accompanying notes are an integral part of these financial statements.*

**ALTISOURCE ASSET MANAGEMENT CORPORATION**  
**(A Development Stage Company)**  
**NOTES TO FINANCIAL STATEMENTS**

**1. ORGANIZATION AND BASIS OF PRESENTATION**

**Organization and Separation from Altisource Portfolio Solutions S.A.**

On April 26, 2012, Altisource Portfolio Solutions S.A. (“Altisource”) announced a plan to separate its wholly owned subsidiary, Altisource Asset Management Corporation (the “Company” or “AAMC”) from the remainder of its businesses. The Company, formed as a United States Virgin Islands business corporation on March 15, 2012, is in the development stage and has not commenced operations. Altisource intends to distribute their common shares of AAMC to Altisource’s shareholders in the form of a dividend and create a separate public company (“the Separation”). The Separation is subject to certain conditions including, but not limited to, necessary regulatory approvals and final approval by the Altisource Board of Directors.

Unless the context otherwise requires, references in these notes to the audited Financial Statements to “we,” “us,” “our,” “the Company” and “our company” refer to AAMC. References in these notes to the audited financial statements to “Altisource” or “parent” refers to Altisource Portfolio Solutions S.A., a Luxembourg société anonyme, and its consolidated subsidiaries (other than AAMC), unless the context otherwise requires.

**Our Business**

We will provide asset management and corporate governance services (collectively, our “Services”) to Altisource Residential Corporation, a Maryland corporation (“Residential”) recently formed to acquire and own single-family rental assets. Residential has not commenced operations nor acquired real estate related assets as of September 30, 2012.

The Company has not commenced operations and does not intend to do so until immediately after the Separation Date. When it does commence operations, it will primarily operate in the asset management and corporate governance services industry and has no other reportable segments.

**Basis of presentation**

Subsequent to the Separation, we will immediately commence operations and begin to incur costs as a result of becoming an independent publicly traded company. Accordingly, these financial statements are not indicative of our future performance and do not reflect what our results of operations, financial position and cash flows would have been had we commenced our Services and operated as an independent, publicly traded company during the period from March 15, 2012 (date of inception) to September 30, 2012.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Our significant accounting policies are summarized below.

**Basis of accounting**

The financial statements are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”).

**Use of estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent liabilities in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### **Cash**

Cash includes demand deposits with financial institutions.

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**ALTISOURCE ASSET MANAGEMENT CORPORATION**  
**(A Development Stage Company)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

#### **Fair Value of Financial Instruments**

The fair value of financial instruments, which primarily include cash are carried at amounts that approximate their fair value due to the short-term nature of these amounts.

#### **Due from related party**

The related party receivable consists of cash paid by the Company for the benefit of Altisource of \$119,001 as of September 30, 2012. As of November 15, 2012, the related party receivable was paid off in full.

#### **Commitments and contingencies**

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. We are not aware of any litigation or other contingencies that would have an adverse impact on our financial statements.

### **3. SUBSEQUENT EVENTS**

We evaluated subsequent events through November 21, 2012; the date the financial statements were available to be issued.

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#### **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the General Partner of Altisource Residential, L.P.

We have audited the accompanying balance sheet of Altisource Residential, L.P. (a development stage partnership) (the "Partnership") as of September 30, 2012, and the related statements of changes in equity and cash flows for the period from June 7, 2012 (date of inception) to September 30, 2012. These financial statements are the responsibility of the Partnership's general partner. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Partnership is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements referred to the above present fairly, in all material respects, the financial position of Altisource Residential, L.P. as of September 30, 2012 and its cash flows for the period from June 7, 2012 (date of inception) to September 30, 2012 in conformity with accounting principles generally accepted in the United States of America.

The Partnership is in the development stage at September 30, 2012. As discussed in Note 1 to the financial statements, successful completion of the Partnership's development program and, ultimately the attainment of profitable operations are dependent upon future events, including obtaining adequate capital to execute its acquisition strategy and achieving a level of revenues adequate to support the Partnership's cost structure.

/s/ Deloitte & Touche LLP

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Atlanta, Georgia  
November 21, 2012

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**ALTISOURCE RESIDENTIAL, L.P.**  
**(A Development Stage Partnership)**  
**BALANCE SHEET**

September 30, 2012

<b>ASSETS</b>	
Cash	\$ 500,000
Total assets	<u>500,000</u>
Commitments and contingencies (Note 2)	
<b>EQUITY</b>	
Capital contribution	\$ 500,000
Total equity	<u>\$ 500,000</u>

*The accompanying notes are an integral part of these financial statements.*

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**ALTISOURCE RESIDENTIAL, L.P.**  
**(A Development Stage Partnership)**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the Period from June 7, 2012 (date of inception) to September 30, 2012**

	<b>Total Equity</b>
Balance, June 7, 2012	\$ —
Capital contribution	500,000
Balance, September 30, 2012	<u>\$ 500,000</u>

*The accompanying notes are an integral part of these financial statements.*

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**ALTISOURCE RESIDENTIAL, L.P.**  
**(A Development Stage Partnership)**  
**STATEMENT OF CASH FLOWS**  
**For the Period from June 7, 2012 (date of inception) to September 30, 2012**

<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Proceeds from capital contribution	\$ 500,000
Net cash provided by financing activities	<u>\$ 500,000</u>
Net change in cash	500,000
Cash at the beginning of the period	—
Cash at the end of the period	<u>\$ 500,000</u>

*The accompanying notes are an integral part of these financial statements.*

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**ALTISOURCE RESIDENTIAL, L.P.**  
**(A Development Stage Partnership)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**1. ORGANIZATION AND BASIS OF PRESENTATION**

**Organization and Separation from Altisource Portfolio Solutions S.A.**

On April 26, 2012, the Board of Directors of Altisource Portfolio Solutions S.A. (“Altisource”) authorized management to pursue a separation of its development stage single-family rental assets business. In contemplation thereof, Altisource formed Altisource Residential, L.P. (the “Partnership”) on June 7, 2012 which will serve as the operating partnership that will acquire and hold the assets on behalf of Residential (defined below). The Partnership is in the development stage and has not commenced operations. Altisource Portfolio Solutions, Inc. (“APSI”), a wholly owned subsidiary of Altisource, is the

Partnership's sole limited partner. Altisource Residential GP, LLC ("GP"), a Delaware limited liability company, is the general partner of the Partnership. GP and APSI have a 1% and 99% partnership interest, respectively, in the Partnership. On October 1, 2012, Altisource Residential GP Member, LLC assigned the ownership of Altisource Residential GP, LLC, the general partner of Altisource Residential, L.P., to Residential. Altisource Residential GP, LLC has assets of \$1, no liabilities and no operations.

Altisource intends to distribute their shares of Altisource Residential Corporation ("Residential") to Altisource's shareholders in the form of a dividend, and create a separate public company (the "Separation"). Residential, formed on July 19, 2012, has no assets or liabilities, has not commenced operations, and will conduct its operations through the Partnership beginning immediately after the Separation. In conjunction with the Separation, Altisource will also contribute the limited partner interest in the Partnership to Residential. The Separation is subject to certain conditions including, but not limited to, necessary regulatory approvals and final approval by Altisource's Board of Directors.

The Partnership's activities will be externally managed by Altisource Asset Management Corporation ("AAMC" or "the Manager"), a newly-formed development stage company incorporated in the United States Virgin Islands, established to provide asset management and corporate governance services (the "Services") to us and the Partnership, pursuant to a 15-year asset management agreement.

Unless the context otherwise requires, references in these notes to the audited Financial Statements to "we," "us," "our," and "our company" refer to Altisource Residential, L.P. References in these notes to the audited financial statements to "Altisource" or "parent" refers to Altisource Portfolio Solutions S.A., a Luxembourg société anonyme, and its consolidated subsidiaries (other than the Partnership), unless the context otherwise requires.

## **Our Business**

We are organized as a Maryland corporation and intend to elect and qualify to be taxed as a REIT for U.S. federal income tax purposes. We were formed on March 15, 2012 by Altisource to acquire and own single-family rental assets. Our sourcing strategy to obtain rental assets includes acquiring sub-performing and non-performing loans as well as single-family homes acquired at or following the foreclosure sale.

The Company has not commenced operations and does not intend to do so until immediately after the Separation. When it does commence operations, it will primarily operate in the property acquisition and management services industry and has no other reportable segments.

## **Basis of presentation**

Subsequent to the Separation, we will immediately commence operations and begin to incur costs as a result of becoming a subsidiary of an independent publicly traded company. Accordingly, these financial statements are not indicative of our future performance and do not reflect what our results of operations, financial position and cash flows would have been had we commenced our business and operated as an independent, publicly traded company during the period from June 7, 2012 (date of inception) to September 30, 2012.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Our significant accounting policies are summarized below.

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**ALTISOURCE RESIDENTIAL, L.P.**  
**(A Development Stage Partnership)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

### **Basis of accounting**

The financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP").

### **Use of estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent liabilities in the financial statements and accompanying notes. Actual results could differ from those estimates.

### **Cash**

Cash includes demand deposits with financial institutions.

### **Fair value of financial instruments**

The fair value of financial instruments, which primarily include cash are carried at amounts that approximate their fair value due to the short-term nature of these amounts.

### **Commitments and contingencies**

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. We are not aware of any litigation or other contingencies that would have an adverse impact on our financial statements.

## **3. SUBSEQUENT EVENTS**

There have been no subsequent events requiring disclosure through November 21, 2012; the date the financial statements were available to be issued.

