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

FORM 10-K

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

For the fiscal year ended December 31, 2023

OR

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

Altisource Asset Management Corporation

(Exact name of registrant as specified in its charter)

U.S. Virgin Islands	66-0783125
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5100 Tamarind Reef
Christiansted, U.S. Virgin Islands 00820
(Address of principal executive office)

(704) 275-9113
(Registrant's telephone number, including area code)

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

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

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

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

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of common stock held by non-affiliates of the registrant was $39.0 million, based on the closing share price as reported on the New York Stock Exchange on June 30, 2023 and the assumption that all Directors and executive officers of the registrant and their families and beneficial holders of 10% of the registrant's common stock are affiliates. This determination of affiliate status is not necessarily a conclusive determination for any other purpose.

As of March 25, 2024, 2,554,512 shares of our common stock were outstanding (excluding 2,129,973 shares held as treasury stock).

Portions of the Registrant's definitive proxy statement relating to its 2024 annual meeting of shareholders (the “2024 Proxy Statement”) are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. The Registrant intends to file the 2024 Proxy Statement with the U.S. Securities and Exchange Commission not later than 120 days after the end of the fiscal year to which this report relates.

Altisource Asset Management Corporation
December 31, 2023
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References in this report to “we,” “our,” “us,” “AAMC,” or the “Company” refer to Altisource Asset Management Corporation and its consolidated subsidiaries, unless otherwise indicated.

Special note on forward-looking statements

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

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

- Our ability to develop and implement new businesses or, to the extent such businesses are developed, our ability to make them successful or sustain the performance of any such businesses;
- Current inflationary economic and macro-economic and geopolitical events, and market conditions that can affect our business;
- Our ability to develop and implement a new business with respect to that certain non-exclusive patent and technology licensing agreement between the Company and System73 Limited entered into on October 6, 2023 and that the Company will achieve its expectations with respect to the patents and other intellectual property associated therewith;
- Our ability to monetize our existing loan portfolio; and
- The failure of our information technology systems, a breach thereto, and our ability to integrate and improve those systems at a pace fast enough to keep up with competitors and security threats.

While forward-looking statements reflect our good faith beliefs, assumptions, and expectations, they are not guarantees of future performance. Such forward-looking statements speak only as of their respective dates, and we assume no obligation to update them to reflect changes in underlying assumptions, new information or otherwise. For a further discussion of these and other factors that could cause our future results to differ materially from any forward-looking statements contained herein, please refer to the section “Item 1A. Risk Factors.”

Part I

Item 1. Business

Our Business

Altisource Asset Management Corporation ("we," "our," "us," "AAMC," or the "Company") was incorporated in the U. S. Virgin Islands ("USVI") on March 15, 2012 (our "inception") and commenced operations as an asset manager on December 21, 2012. As disclosed in our public filings, the Company's asset management business operations ceased in 2021.

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

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

The Company's principal line of business going forward is the development and licensing of a control system which increases the efficiency of electric vehicles. On October 6, 2023, the Company signed a Non-Exclusive Patent and Technology Licensing Agreement ("PTL Agreement") with System73 Limited ("System73"), an entity incorporated under the laws of Malta and controlled and managed by the 49.5% owners of the Company's common stock. Under the PTL Agreement, the Company acquired a non-exclusive license for a set of patents for a control system which seeks to optimize the efficiency of electric vehicles ("Alpha Controls").

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

At the time of acquisition, the technology had been under development for five years. The mathematical algorithms had been developed, patents awarded and the technology had been successfully bench tested at the University of Bath by our third party strategic partners/vendors Seabird Technologies Limited ("Seabird") and Purple Sector Limited ("Purple Sector"). These studies resulted in an 8 – 12% increase in efficiency.

There are two primary value propositions which the Company is pursuing:

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

Commencing January 1, 2024, these two strategic partners were engaged to develop and commercialize the multi-motor control system embodied in the patents, including specifically to facilitate the creation of one or more prototype electric vehicles over the next 18 months. Seabird and Purple Sector have extensive relationships with auto and equipment manufacturers and suppliers and are incentivized to sign licensing agreements over the 18-month development of the prototype and for the subsequent 24-month period:

- 10% ownership in the Company when revenue attributable to Partners' efforts exceeds $500 million per annum.
- Exclusive worldwide distributor for two years following development:
    - 10% of revenue from net sales directly attributable to Partners' efforts up to $250 million per annum.
    - 20% of revenue from net sales directly attributable to Partners' efforts over $250 million per annum.

As consideration for the patent rights grant provided in the PTL Agreement, the Company agreed to pay 6.2 million pounds sterling (approximately $8.0 million USD) in budgeted increments as they are incurred by System73 under the strategic arrangements with Seabird and Purple Sector, plus any future third-party expenses reasonably incurred in connection with the filing, prosecution and maintenance of the patents.

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

Environmental, Social and Governance

The Company’s principal line of business going forward is the development and licensing of a control system which increases the efficiency of electric vehicles.

Human Capital Resources

As of December 31, 2023, AAMC employed 13 full-time employees. At this time, our employees are primarily based in the United States Virgin Islands and Florida. The retention of our employees and the ability to attract new employees are core to the sustainability and long-term success of AAMC, and we will invest in programs that attract, retain, develop, and care for our people. Cultural priorities and values are closely intertwined with our overarching business strategy, and we believe these priorities support AAMC’s ability to fulfill our mission and contribute to our ongoing focus on having a strong, healthy culture and a capable and satisfied workforce.

Diversity, Equity, Inclusion, and Belonging

The Company believes in developing an atmosphere that fosters diversity, equity, inclusion, and belonging. This mandate starts from the top with the independent members of our Board of Directors. As of December 31, 2023, 50% of the Board of Directors and 84.6% of the workforce are female and/or racially diverse employees at all levels within the organization including two of the three highest paid employees.

Competition

Loan Assets and Operations

We are subject to intense competition in acquiring, originating, and selling loans, the potential for initiating securitization transactions, and in other aspects of our business. Dependent upon the loan product niche, our potential competitors may include in varying degrees, commercial banks, mortgage REITs, regional and community banks, other specialty finance companies, financial institutions, as well as investment funds and other investors in real estate-related assets. In addition, other companies may be formed that will compete with us. Some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more favorable relationships than we can. Some of our competitors have greater resources than us, and we may not be able to compete successfully with them.

Electric Vehicle Assets and Operations

The EV market is rapidly evolving and highly competitive. With the introduction of new technologies, increased focus and competition in the market, and the potential entry of new competitors into the market, we expect competition to increase in the future, which could harm demand for products that would utilize our intellectual property rights, and, in turn harm our business, results of operations or financial condition.

Our current and prospective competitors include major manufacturers currently supplying the industry, automotive OEMs and potential new entrants to the industry. Because of the importance of electrification, many automotive OEMs are researching and investing in battery development and production and other means and technologies intended to enhance electric vehicle efficiencies and performance.

A number of development-stage companies are also seeking to develop and improve batteries or to develop new technologies for enhancing the performance of electric vehicles. Some of these companies have established relationships with automotive OEMs and are in varying stages of development.

We believe our ability to compete, position and market our electric vehicle technologies successfully with other companies seeking to develop solid-state batteries or develop new technologies for enhancing the performance of electric vehicles will depend on a number of factors including range enhancement, charge rate, price, safety and reliability and on non-technical factors such as brand, established customer relationships and financial resources.

Many of the incumbents have, and future entrants may have, greater resources than we have and may also be able to devote greater resources to the development of their current and future technologies. They may also have greater access to larger potential customer bases and have and may continue to establish cooperative or strategic relationships amongst themselves or with third parties (including automotive OEMs) that may further enhance their resources and offerings

Federal and State Regulatory and Legislative Developments

Our existing loan business could be affected by conditions in the housing, business-purpose, multifamily, and real estate markets and the broader financial markets, as well as by the financial condition and resources of other participants in these markets. These markets and many of the participants in these markets are subject to, or regulated under, various federal and state laws and regulations. In some cases, the government or government-sponsored entities, such as Fannie Mae and Freddie Mac, directly participate in these markets. In particular, because issues relating to residential real estate and housing finance can be areas of political focus, federal, state and local governments may be more likely to take actions that affect residential real estate, the markets for financing residential real estate, and the participants in residential real estate-related industries than they would with respect to other industries. As a result of the government's statutory and regulatory oversight of the markets we participate in and the government's direct and indirect participation in these markets, federal and state governmental actions, policies, and directives can have an adverse effect on these markets and on our business and the value of, and the returns on, mortgages, mortgage-related securities, and other assets we own or may acquire in the future, which effects may be material. For additional discussion regarding federal and state legislative and regulatory developments, see the risk factor below under the heading "*Federal and state legislative and regulatory developments and the actions of governmental authorities and entities may adversely affect our business and the value of, and the returns on, mortgages, mortgage-related securities, and other assets we own or may acquire in the future*" in Item 1A. Risk Factors of this Annual Report on Form 10-K.

The Company itself does not manufacture, develop, produce or sell electric vehicles, systems or components used in electric vehicles. Instead, the Company owns certain intellectual property rights related to electric vehicles under the PTL Agreement that it hopes to sell or license to manufactures (or other third parties). As such, the Company is not directly subject to the governmental regulations and industry standards applicable to manufacturers or sellers of electric vehicles. However, such regulations and standards apply to third parties who manufacture and sell electric vehicles that may utilize our intellectual property assets, and therefore the Company and its partners need to stay abreast of the regulatory landscape and industry standards in this space to ensure that the Company's intellectual property rights and assets may be desirable to manufacturers in the electric vehicle industry. As a result, governmental regulations and industry standards applicable to electric vehicle manufacturers and sellers may impact the Company and the electric vehicle component of its business plan.

Electric vehicles are designed to comply with required government regulations and industry standards. The operations and products of electronic vehicle manufacturers are subject to stringent and comprehensive federal, state and local laws and regulations, including, but not limited to, governing matters related to environmental protection, occupational health and safety, and the release or discharge of materials into the environment, including air emissions and wastewater discharges. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of investigatory and remedial obligations and the issuance of orders enjoining some or all of our operations in affected areas.

Government regulations regarding the manufacture, sale and implementation of products and systems used in, and a part of, electric vehicles are subject to future change. We cannot predict what impact, if any, such changes may have on our intellectual property assets, or our business and prospects.

Available Information

Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934, as amended, are available free of charge on or through our website, www.altisourceamc.com as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (the "SEC"). The SEC's website, http://www.sec.gov, contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Our website and the information on it or connected to it is not incorporated by reference and should not be considered a part of this Annual Report on Form 10-K or any other filings with the SEC.

Item 1A. Risk Factors

The following risk factors and other information included in this Annual Report on Form 10-K should be carefully considered. These risk factors are not exhaustive. Many of these risks relate to our new businesses and will be increasingly critical as we invest additional funds in these businesses. If any of the following risks actually occur, our business, operating results and financial condition could be materially adversely affected. The Company may face additional risks and uncertainties that are not presently known to it, or that AAMC currently deems immaterial, which may also impair the Company's business or financial condition.

We face a variety of risks that are substantial and inherent in our businesses. The following is a summary of some of the more important factors that could affect our businesses:

Operational Electric Vehicle Intellectual Property Assets

- There is no guarantee that we will be able to further develop or monetize our intellectual property rights related to components and technology used, or useful, in electric vehicles, or, if we are able to further advance and develop those rights that we will ultimately realize the revenues and other benefits we expect.
- The value of our intellectual property assets, and our future growth, is largely dependent on the demand for, and upon consumers' willingness to adopt, electric vehicles.
- If we, or our partners, are unable to design, develop, and market products and technologies that utilize our intellectual property assets in the electric vehicle space, or other product offerings that address other market opportunities, our business, prospects and operating results will suffer.
- If we, or our partners, are unable to keep up with advances in electric vehicle technology, we may suffer an inability to obtain a competitive position in the market or suffer a decline in our competitive position.
- The demand for electric vehicles depends, in part, on the continuation of current trends resulting from historical dependence on fossil fuels. Extended periods of low petroleum-based fuel prices could adversely affect demand for vehicles that would utilize our technology and intellectual property rights, which could adversely affect our business, prospects, financial condition and operating results.
- Developments in alternative technologies or improvements in the internal combustion engine may materially adversely affect the demand for electric vehicles and components that would utilize our intellectual property assets.
- The unavailability, reduction or elimination of government and economic incentives could have a material adverse effect on our business, prospects, financial condition and operating results.
- Our business success will depend in part on the success of our, and our partners, strategic relationships with third parties. We may not be able to identify adequate strategic relationship opportunities, or form strategic relationships, in the future.
- If electric vehicles and components that utilize our technology fail to perform as expected, our ability to further develop, market and license our technology and intellectual property rights could be harmed.
- Our intellectual property and electric vehicle focused business model has yet to be tested and any failure to commercialize our strategic plans would have an adverse effect on our operating results and business, harm our reputation and could result in substantial liabilities that exceed our resources.
- Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology.

General Operational

- Information technology failures or data security breaches could harm our business and result in substantial costs.
- If we fail to develop, enhance and implement strategies to adapt to changing conditions in the real estate and capital markets, our business, results of operations and financial condition may be materially and adversely affected.

Alternative Private Credit Loan Operations and Assets

- The nature of the assets we hold and the investments we make expose us to credit risk that could negatively impact the value of those assets and investments, our earnings, dividends, cash flows, and access to liquidity, or otherwise negatively affect our business.
- We may have concentrated credit risk in certain geographical regions and may be disproportionately affected by an economic or housing downturn, natural disaster, terrorist event, climate change, or any other adverse event specific to those regions.
- The timing of credit losses can harm our economic returns.
- Our efforts to manage credit risks may fail.
- Multifamily and business purpose mortgage loan borrowers that have been negatively impacted by the pandemic may not make payments of principal and interest relating to their mortgage loans on a timely basis, or at all, which could negatively impact our business.
- The performance of the assets we own will vary and may not meet our earnings or cash flow expectations. In addition, the cash flows and earnings from, and market values of loans, we own may be volatile.
- Our results could be adversely affected by counterparty credit risk.
- General economic developments and trends and the performance of the housing, real estate, mortgage finance, and broader financial markets may adversely affect our existing mortgage business and the value of, and returns on, real estate-related and other assets we own or may acquire and could also negatively impact our business and financial results.
- Federal and state legislative and regulatory developments and the actions of governmental authorities and entities may adversely affect our business and the value of, and the returns on, mortgages, mortgage-related securities, and other assets we own or may acquire in the future.

Internal

- We are subject to the risks of securities laws liability and related civil litigation.
- Failure to retain the tax benefits provided by the USVI would adversely affect our financial performance.
- Our USVI operations may become subject to United States federal income taxation.
- Our cash balances are held at a number of financial institutions that expose us to their credit risk.
- Our failure to meet the continued listing requirements of the New York Stock Exchange ("NYSE") could result in a delisting or a halt in the trading of 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.

RISKS RELATED TO OUR ELECTRIC VEHICLES INTELLECTUAL PROPERTY OPERATIONS

There is no guarantee that we will be able to further develop or monetize our intellectual property rights related to components and technology used, or useful, in electric vehicles, or, if we are able to further advance and develop those rights that we will ultimately realize the revenues and other benefits we expect.

Our intellectual property rights relate primarily to technology and components that are intended to be integrated into electric vehicles and used by electric vehicle manufacturers. Our intellectual property assets are not yet in a commercial state and are not generating any revenue for the Company. We believe our technology will be an important component to improve and maximize utility and value from electric vehicles. However, if we, or our partners, are unable to successfully develop, promote, market and eventually monetize our intellectual property rights, or, if third party manufacturers customers do not consider it valuable or do not use it as intended, we may not achieve the benefits we expect from our intellectual property assets, and our revenues may never materialize or may be lower than expected, all of which could adversely affect our business, prospects, financial condition, results of operations and cash flows.

The value of our intellectual property assets, and our future growth, is largely dependent on the demand for, and upon consumers' willingness to adopt, electric vehicles.

Our future growth is largely dependent on the demand for, and upon consumers' willingness to adopt electric vehicles, and even if electric vehicles become more mainstream, consumers choosing electric vehicles that incorporate and utilize our intellectual property rights and assets. Demand for electric vehicles may be affected by factors directly impacting automobile prices or the cost of purchasing and operating automobiles such as sales and financing incentives, prices of raw materials and parts and components, cost of fuel and governmental regulations, including tariffs, import regulation and other taxes. Volatility in demand may lead to lower vehicle unit sales, which may result in downward price pressure and adversely affect our business, prospects, financial condition and operating results.

In addition, the demand for vehicles that utilize our technology and intellectual property rights will depend upon the adoption by consumers of new energy vehicles in general and electric vehicles in particular. The market for new energy vehicles is still rapidly evolving, characterized by rapidly changing technologies, competitive pricing and competitive factors, evolving government regulation and industry standards, and changing consumer demands and behaviors.

Other factors that may influence the adoption of alternative fuel vehicles, and specifically electric vehicles, include:

- perceptions about electric vehicle quality, safety, design, performance and cost, especially if adverse events or accidents occur that are linked to the quality or safety of electric vehicles, whether or not such vehicles are produced by us or other manufacturers;
- range anxiety;
- the availability of new energy vehicles, including plug-in hybrid electric vehicles;
- the environmental consciousness of consumers, and their adoption of electric vehicles;
- changes in the cost of oil and gasoline;
- government regulations and economic incentives, including a change in the administrations and legislations of federal and state governments, promoting fuel efficiency and alternate forms of energy;
- perceptions about and the actual cost of alternative fuel; and
- macroeconomic factors.

Any of the factors described above may cause current or potential customers not to purchase electric vehicles in general. If the market for electric vehicles does not develop as we hope or develops more slowly than we anticipate, our business, prospects, financial condition and operating results will likely be affected.

If we, or our partners, are unable to design, develop, and market products and technologies that utilize our intellectual property assets in the electric vehicle space, or other product offerings that address other market opportunities, our business, prospects and operating results will suffer.

We, and our partners, may not be able to successfully develop products or otherwise advance or utilize our intellectual property assets. We will need to develop and market our technology such that it is deemed attractive and useful in the electric vehicle marketplace. Successfully developing technologies for, or useful in, the electric vehicle market requires delivering a technology or product that is deemed superior (whether due to price, characteristics, or otherwise) or otherwise competitive with other similar technologies. Because the electric vehicle market is relatively new and is developing, acceptance of our technologies and products utilizing our technologies, it is difficult to project demand and market acceptance and our ability to monetize our intellectual property assets in a volume or manner we currently intend. Our failure to address existing or additional market opportunities would harm our business, financial condition, operating results and prospects.

If we, or our partners, are unable to keep up with advances in electric vehicle technology, we may suffer an inability to obtain a competitive position in the market or suffer a decline in our competitive position.

There are companies in the electric vehicle industry that have developed or are developing technologies that compete, or will compete, with our technology and vehicles that may utilize and incorporate technologies and vehicles manufactured, in part, using our intellectual property assets. These competitors could be able to provide products and services similar to those that would utilize our technologies more efficiently or at greater scale. We may be unable to keep up with changes in the electric vehicle technology sector and, as a result, may suffer a decline in our current or prospective competitive position. Any failure to keep up with advances in electric vehicle technology would result in a decline in our competitive position, which would materially and adversely affect our business, prospects, operating results and financial condition.

Our, and our partners', research and development efforts may not be sufficient to adapt to changes in electric vehicle technology. As technologies change, we anticipate that our intellectual property assets and rights can be applied to upgraded or adopted vehicle models, or new vehicle models in order to continue to provide vehicles with the latest technology. However, components and vehicles utilizing our intellectual property assets may not compete effectively with alternatives if we, or our partners, are unable to modify, and integrate the latest technology into products utilizing our intellectual property assets.

The demand for electric vehicles depends, in part, on the continuation of current trends resulting from historical dependence on fossil fuels. Extended periods of low petroleum-based fuel prices could adversely affect demand for vehicles that would utilize our technology and intellectual property rights, which could adversely affect our business, prospects, financial condition and operating results.

We believe that much of the present and projected demand for electric vehicles results from concerns about volatility in the cost of petroleum-based fuel, the dependency of the United States on oil from unstable or hostile countries, government regulations and economic incentives promoting fuel efficiency and alternative forms of energy, as well as the belief that poor air quality and climate change results in part from the burning of fossil fuels. If the cost of petroleum-based fuel decreased significantly, or the long-term supply of oil in the United States improved, the government may eliminate or modify its regulations or economic incentives related to fuel efficiency and alternative forms of energy. If there is a change in the perception that the burning of fossil fuels does not negatively impact the environment, the demand for commercial zero-emission electric vehicles could be reduced, and our business and revenue may be harmed. Diesel and other petroleum- based fuel prices have been extremely volatile, and we believe this continuing volatility will persist. Lower diesel or other petroleum-based fuel prices over extended periods of time may lower the current perception in government and the private sector that cheaper, more readily available energy alternatives should be developed and produced. If diesel or other petroleum-based fuel prices remain at deflated levels for extended periods of time, the demand for electric vehicles may decrease, which could have an adverse effect on our business, prospects, financial condition and operating results.

Developments in alternative technologies or improvements in the internal combustion engine may materially adversely affect the demand for electric vehicles and components that would utilize our intellectual property assets.

Significant developments in alternative technologies, such as advanced diesel, ethanol and other renewable fuels, fuel cells or compressed natural gas, or improvements in the fuel economy of the internal combustion engine, may materially and adversely affect our business and prospects in ways we do not currently anticipate. For example, compressed natural gas or propane, which are abundant and relatively inexpensive in North America, may emerge as consumers' preference. Any failure by us to develop or acquire new or enhanced intellectual property rights, technologies or processes, or an inability to react to changes in existing technologies, could materially decrease demand for our intellectual property assets or delay our ability to monetize our intellectual property assets, which would likely decrease the value of our intellectual property assets and adversely affect our financial performance and results of operations.

The unavailability, reduction or elimination of government and economic incentives could have a material adverse effect on our business, prospects, financial condition and operating results.

Any reduction, elimination or discriminatory application of government subsidies and economic incentives because of policy changes, or the reduced need for such subsidies and incentives due to the perceived success of the electric vehicle or for other reasons, may result in the diminished competitiveness of the alternative fuel and electric vehicle industry generally and, in turn, demand for our intellectual property rights and assets. This could materially and adversely affect the growth of the alternative fuel automobile markets and our business, prospects, financial condition and operating results. While certain tax credits and other incentives for alternative energy production, alternative fuel and electric vehicles have been available in the past, there is no guarantee these programs will be available in the future. If current tax incentives are not available in the future, our financial position could be harmed.

Our business success will depend in part on the success of our, and our partners, strategic relationships with third parties. We may not be able to identify adequate strategic relationship opportunities, or form strategic relationships, in the future.

Our business success will depend in part on our ability to successfully manage and enter into productive strategic relationships with third parties. We do not expect to directly manufacture control systems to be utilized in electric vehicles. Instead, we expect to attempt to license or sell our intellectual property assets to third party manufacturers. Therefore, we will depend on various third parties to manufacture, market and sell products that utilize our intellectual property assets. We have not yet entered into any formal relationships with third parties, or manufacturers of components or vehicles that would utilize and integrate our technology. Identifying, entering, maintaining and expanding strategic relationships with third parties is critical to our success. Further, relationships we enter with third parties may ultimately be non-exclusive and in such a case would not prohibit the other party from working with our competitors. These relationships also may not result in additional customers or enable us to generate significant revenue. Identifying suitable business partners and negotiating and documenting relationships with them require significant time and resources. If we are unsuccessful in establishing or maintaining our relationships with these third parties, our ability to successfully monetize our intellectual property assets, compete in the marketplace or to establish and grow our revenue could be impaired and our operating results would suffer.

If electric vehicles and components that utilize our technology fail to perform as expected, our ability to further develop, market and license our technology and intellectual property rights could be harmed.

Vehicles or components that utilize our technology and intellectual property rights may not perform in a manner that is consistent with our customers' expectations for a variety of reasons. If electric vehicles that utilize or integrate our technologies were to contain defects in design and manufacture that cause them not to perform as expected or that require repair, or experience any other failure to perform as expected, it could harm our reputation and result in delivery delays, product recalls, product liability claims, significant warranty and other expenses, which could, in part, be blamed on or attributed to our Company and, in turn, have a material adverse impact on our ability to develop, market and license our technology to electric vehicle manufacturers. While we expect that we, or our partners, will perform extensive internal testing, there currently is no frame of reference by which to evaluate the long-term performance of vehicles that will utilize or integrate our technologies.

There can be no assurance that we will be able to detect and fix any defects in our technology prior to their integration into vehicles that are ultimately sold to customers. Further, the performance of our electronic vehicles may be negatively impacted by other factors, such as limitations inherent in existing battery technology and extreme weather conditions.

Any vehicle product defects or any other failure of our technology and products / vehicles utilizing our technology to perform as expected could harm our reputation and result in development delays, product recalls, product liability claims, significant warranty and other expenses, customer losses and lost revenue, any of which could have a material adverse impact on our business, financial condition, operating results and prospects.

Our intellectual property and electric vehicle focused business model has yet to be tested and any failure to commercialize our strategic plans would have an adverse effect on our operating results and business, harm our reputation and could result in substantial liabilities that exceed our resources.

Investors should be aware of the difficulties normally encountered when an enterprise enters into a new business line or industry, many of which are beyond our control, including substantial risks and expenses while establishing or entering new markets, setting up operations and undertaking marketing activities. When we entered into the PTL Agreement with System73 in October 2023, we essentially began to operate and focus on an entirely new line of business as it relates to the Company. The likelihood of our success in monetizing our intellectual property rights and assets must be considered in light of these risks, expenses, complications, delays and the competitive environment in which we operate. There is, therefore, nothing at this time upon which to base an assumption that our new business model will prove successful, and we may not be able to generate significant revenue (or any revenue), raise additional capital or operate profitably. We will continue to encounter risks and difficulties frequently experienced by early commercial stage companies, including scaling up our infrastructure, and may encounter unforeseen expenses, difficulties or delays in connection with implementing our new business plan. In addition, we can be expected to continue to sustain substantial operating expenses without generating sufficient (or any) revenues to cover expenditure. Any investment in our company is therefore highly speculative and could result in the loss of your entire investment.

Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology.

Our success and ability to compete depend in part upon our intellectual property. We primarily rely on intellectual property laws, including trade secret, copyright, trademark and patent laws in the United States and abroad, and use contracts, confidentiality procedures, non-disclosure agreements, employee disclosure and invention assignment agreements and other contractual rights to protect our intellectual property. However, the steps we take to protect our intellectual property rights may be inadequate, or we may be unable to secure intellectual property protection for all of our products and services.

If we are unable to protect our intellectual property, our competitors could use our intellectual property to market products, services or products and services similar to ours and our ability to compete effectively would be impaired. Moreover, others may independently develop technologies that are competitive to ours or infringe our intellectual property. Any of our intellectual property rights may be challenged by others or invalidated through administrative processes or litigation. The enforcement of our intellectual property rights depends on our legal actions against these infringers being successful, but these actions may not be successful, even when our rights have been infringed. In addition, we might be required to spend significant resources to monitor and protect our intellectual property rights, and our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Litigation to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management, whether or not it is resolved in our favor, and could ultimately result in the impairment or loss of portions of our intellectual property. Any patents issued in the future may not provide us with competitive advantages or may be successfully challenged by third parties.

Furthermore, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective protection of our intellectual property may not be available to us in every country in which our products and services are available. The laws of some foreign countries may not be as protective of intellectual property rights as those in the U.S., and mechanisms for enforcement of intellectual property rights may be inadequate. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property.

RISKS RELATED TO OUR GENERAL OPERATIONS

Information technology failures or data security breaches could harm our business and result in substantial costs.

We use information technology and other computer resources to carry out important operational activities and to maintain our business records. Our computer systems, including our back-up systems, are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches (through cyber-attacks from computer hackers and sophisticated organizations), catastrophic events such as fires, tornadoes and hurricanes, usage errors by our employees, or cyber-attacks or errors by third party vendors who have access to our confidential data or that of our customers. While to our knowledge we have not experienced a significant cyber-attack, we are continuously working to improve our information technology systems and provide employee awareness training around phishing, malware, and other cyber risks to enhance our levels of protection, to the extent possible, against cyber risks and security breaches, and monitor to prevent, detect, address and mitigate the risk of unauthorized access, misuse, computer viruses and other events that could have an impact on our business, there is no assurance that advances in computer capabilities, new technologies, methods or other developments will detect or prevent security breaches and safeguard access to proprietary or confidential information.

The frequency and sophistication of cyber-attacks on companies has increased in recent years, including significant ransomware attacks and foreign attacks on prominent companies and computer software programs. If our computer systems and our back-up systems are damaged, breached, or cease to function properly, or if there are intrusions or failures of critical infrastructure such as the power grid or communications systems, we could suffer extended interruptions in our operations. Any such disruption could damage our reputation, result in lost customers, lost revenue and market value declines, lead to legal proceedings against us by affected third parties resulting in penalties or fines and require us to incur significant costs to remediate or otherwise resolve these issues. In addition, the costs of maintaining adequate protection and insurance against such threats, as they develop in the future (or as legal requirements related to data security increase) could be material.

Breaches of our computer or data systems, including those operated by third parties on our behalf, could result in the unintended public disclosure or the misappropriation of our proprietary information or personal and confidential information, about our employees, customers and business partners, requiring us to incur significant expense to address and resolve. The misappropriation and/or release of confidential information may also lead to legal or regulatory proceedings against us by affected individuals and the outcome of such proceedings could include penalties or fines and require us to incur significant costs to remediate or otherwise resolve. Depending on its nature, a particular breach or series of breaches of our systems may result in the unauthorized use, appropriation or loss of confidential or proprietary information on a one-time or continuing basis, which may not be detected for a period of time.

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

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

RISKS RELATED TO OUR ALTERNATIVE PRIVATE CREDIT LOAN OPERATIONS AND ASSETS STRATEGY

The nature of the assets we hold and the investments we make expose us to credit risk that could negatively impact the value of those assets and investments, our earnings, dividends, cash flows, and access to liquidity, or otherwise negatively affect our business.

We assume credit risk primarily through the ownership of business purpose and multifamily real estate loans. Credit losses on these types of real estate loans can occur for many reasons, including: fraud; poor underwriting; poor servicing practices; weak economic conditions; increases in payments required to be made by borrowers; declines in the value of real estate; declining rents and/or elevated delinquencies associated with single- and multifamily rental housing; the outbreak of highly infectious or contagious diseases; natural disasters, the effects of climate change (including flooding, drought, wildfires, and severe weather) and other natural events; uninsured property loss; over-leveraging of the borrower; costs of remediation of environmental conditions, such as indoor mold; changes in zoning or building codes and the related costs of compliance; acts of war or terrorism; changes in legal protections for lenders and other changes in law or regulation; and personal events affecting borrowers, such as reduction in income, job loss, divorce, or health problems. In addition, the amount and timing of credit losses could be affected by loan modifications, delays in the liquidation process, documentation errors, and other actions by servicers. Weakness in the U.S. economy or the housing market could cause our credit losses to increase beyond levels that we currently anticipate.

Credit losses on business purpose and multifamily real estate loans can occur for many of the reasons noted above. Moreover, these types of real estate loans may not be fully amortizing, and therefore, the borrower's ability to repay the principal when due may depend upon the ability of the borrower to refinance or sell the property at maturity. Business purpose and multifamily real estate loans and real estate loans collateralizing business purpose and multifamily securities are particularly sensitive to conditions in the rental housing market and to demand for residential rental properties.

For loans we own directly, we will most likely be in a position to incur credit losses - should they occur - only after losses are borne by the owner of the property (e.g., by a reduction in the owner's equity stake in the property). We may take actions available to us in an attempt to protect our position and mitigate the amount of credit losses, but these actions may not prove to be successful and could result in our increasing the amount of credit losses we ultimately incur on a loan.

Additionally, loans to small, privately owned businesses such as borrowers from our business purpose loan origination platforms involve a high degree of business and financial risk. Often, there is little or no publicly available information about these businesses. Accordingly, we must rely on our own due diligence to obtain information in connection with our investment decisions. A borrower's ability to repay its loan may be adversely impacted by numerous factors, including a downturn in its industry or other negative local or more general economic conditions. Deterioration in a borrower's financial condition and prospects may be accompanied by deterioration in the collateral for the loan. These factors may have an impact on loans involving such businesses, and can result in substantial losses, which in turn could have a material and adverse effect on our business, results of operations and financial condition.

We may have concentrated credit risk in certain geographical regions and may be disproportionately affected by an economic or housing downturn, natural disaster, terrorist event, climate change, or any other adverse event specific to those regions.

A decline in the economy or difficulties in certain real estate markets, such as a high level of foreclosures in a particular area, are likely to cause a decline in the value of multifamily properties in that market. This, in turn, will increase the risk of delinquency, default, and foreclosure on real estate loans we may hold with properties in those regions. This may then adversely affect our credit loss experience and other aspects of our business, including our ability to securitize (or otherwise sell) real estate loans and securities.

The occurrence of a natural disaster (such as an earthquake, tornado, hurricane, flood, landslide, or wildfire), or the effects of climate change (including flooding, drought, and severe weather), may cause decreases in the value of real estate (including sudden or abrupt changes) and would likely reduce the value of the properties collateralizing real estate loans we own. For example, in recent years, hurricanes have caused widespread flooding in Florida and Texas and wildfires and mudslides in northern and southern California have destroyed or damaged thousands of homes. Since certain natural disasters may not typically be covered by the standard hazard insurance policies maintained by borrowers, the borrowers may have to pay for repairs due to the disasters. Borrowers may not repair their property or may stop paying their mortgage loans under those circumstances, especially if the property is damaged. This would likely cause foreclosures to increase and lead to higher credit losses on our loans.

The timing of credit losses can harm our economic returns.

The timing of credit losses can be a material factor in our economic returns from real estate loans, investments, and securities. If unanticipated losses occur within the first few years after a loan is originated, those losses could have a greater negative impact on our investment returns than unanticipated losses on more seasoned loans. The timing of credit losses could be affected by the creditworthiness of the borrower, the borrower's willingness and ability to continue to make payments, and new legislation, legal actions, or programs that allow for the modification of loans or rental obligations, or ability for borrowers or tenants to get relief through forbearance, bankruptcy or other avenues.

Our efforts to manage credit risks may fail.

We will attempt to manage risks of credit losses by continually evaluating our investments for impairment indicators and establishing reserves under GAAP for credit and other risks based upon our assessment of these risks. We cannot establish credit reserves for tax accounting purposes. The amount of reserves that we establish may prove to be insufficient, which would negatively impact our financial results and would result in decreased earnings. In addition, cash and other capital we hold to help us manage credit and other risks and liquidity issues may prove to be insufficient. If these increased credit losses are greater than we anticipated, and we need to increase our credit reserves, our GAAP earnings might be reduced. Increased credit losses may also adversely affect our cash flows, ability to invest, asset fair values, access to short-term borrowings, and ability to finance assets.

Changes in consumer behavior, bankruptcy laws, tax laws, regulation of the mortgage industry, and other laws may exacerbate loan or investment losses. In most cases, the value of the underlying property will be the sole effective source of funds for any recoveries. Other changes or actions by judges or legislators regarding mortgage loans and contracts, including the voiding of certain portions of these agreements, may reduce our earnings, impair our ability to mitigate losses, or increase the probability and severity of losses. Any expansion of our loss mitigation efforts could increase our operating costs and the expanded loss mitigation efforts may not reduce our future credit losses.

Multifamily and business purpose mortgage loan borrowers that have been negatively impacted by the pandemic, macro-economic conditions, or by other events may not make payments of principal and interest relating to their mortgage loans on a timely basis, or at all, which could negatively impact our business.

Multifamily and business purpose loans could be subject to similar risks as those described above and could likely be impaired, potentially materially to the extent multifamily and business purpose loan borrowers have been negatively impacted by the pandemic, economic events or other conditions affecting their liquidity and do not timely remit payments of principal and interest relating to their mortgage loans. In addition, if tenants who rent their residence from a multifamily or business purpose loan borrower are unable to make rental payments, are unwilling to make rental payments, or a waiver of the requirement to make rental payments on a timely basis, or at all, is available under the terms of any applicable forbearance or waiver agreement or program (which rental payment forbearance or waiver program may be available as a result of a government-sponsored or -imposed program or under any such agreement or program a landlord may otherwise offer to tenants), then the value of multifamily and business purpose loans we own will likely be impaired, potentially materially. Moreover, to the extent the economic impact of any such pandemic impacts local, regional or national economic conditions, the value of multifamily and residential real estate that secures multifamily and business purpose loans is likely to decline, which would also likely negatively impact the value of mortgage loans we own, potentially materially.

Additionally, a significant amount of the business purpose loans that we own are short-term bridge loans that are secured by residential properties that are undergoing rehabilitation or construction and not occupied by tenants. Because these properties are generally not income producing (e.g., from rental revenue), in order to fund principal and interest payments, these borrowers may seek to renegotiate the terms of their mortgage loan, including by seeking payment forbearance, waivers, or maturity extensions as a result of being negatively impacted by the pandemic. Moreover, planned construction or rehabilitation of these properties may not be able to proceed on a timely basis or at all due to operating disruptions or government mandated moratoriums on construction, development or redevelopment. All of the foregoing factors would also likely negatively impact the value of mortgage loans we own, potentially materially.

The performance of the assets we own will vary and may not meet our earnings or cash flow expectations. In addition, the cash flows and earnings from, and market values of loans, we own may be volatile.

We seek to manage certain of the risks associated with acquiring, originating, holding, selling, and managing real estate loans. No amount of risk management or mitigation; however, can change the variable nature of the cash flows of, fair values of, and financial results generated by these loans. Changes in the credit performance of, or the prepayments on, these real estate loans, and changes in interest rates impact the cash flows on these loans, and the impact could be significant for our loans with concentrated risks. Changes in cash flows lead to changes in our return on investment and also to potential variability in and level of reported income. The revenue recognized on some of our assets is based on an estimate of the yield over the remaining life of the asset. Thus, changes in our estimates of expected cash flow from an asset will result in changes in our reported earnings on that asset in the current reporting period. We may be forced to recognize adverse changes in expected future cash flows as a current expense, further adding to earnings volatility.

Our results could be adversely affected by counterparty credit risk.

We have credit risks that are generally related to the counterparties with which we do business. There is a risk that counterparties will fail to perform under their contractual arrangements with us, and this risk is usually more pronounced during an economic downturn. The economic impact of the pandemic and the associated volatility in the financial markets has at times triggered, and is likely to trigger additional periods of economic slowdown or recession, and such conditions could jeopardize the solvency of counterparties with which we do business. Those risks of non-performance may differ materially from the risks entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily mark-to-market and settlement of positions, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between parties generally do not benefit from those protections, and expose the parties to the risk of counterparty default. Furthermore, there may be practical and timing problems associated with enforcing our rights to assets in the case of an insolvency of a counterparty.

In the event a counterparty to our borrowings becomes insolvent, we may fail to recover the full value of our pledged collateral, thus reducing our earnings and liquidity. In addition, the insolvency of one or more of our financing counterparties could reduce the amount of financing available to us, which would make it more difficult for us to leverage the value of our assets and obtain substitute financing on attractive terms or at all. A material reduction in our financing sources or an adverse change in the terms of our financings could have a material adverse effect on our financial condition and results of operations. In the event a counterparty to our interest rate agreements or other derivatives becomes insolvent or interprets our agreements with it in a manner unfavorable to us, our ability to realize benefits from the hedge transaction may be diminished, any cash or collateral we pledged to the counterparty may be unrecoverable, and we may be forced to unwind these agreements at a loss. In the event a counterparty that sells us mortgage loans becomes insolvent or is acquired by a third party, we may be unable to enforce our loan repurchase rights in connection with a breach of loan representations and warranties and we may suffer losses if we must repurchase delinquent loans. In the event that one of our sub-servicers becomes insolvent or fails to perform, loan delinquencies and credit losses may increase, and we may not receive the funds to which we are entitled. We will attempt to diversify our counterparty exposure, although we may not always be able to do so. Our counterparty risk management strategy may prove ineffective and, accordingly, our earnings and cash flows could be adversely affected.

General economic developments and trends and the performance of the housing, real estate, mortgage finance, and broader financial markets may adversely affect our existing mortgage business and the value of, and returns on, real estate-related and other assets we own or may acquire and could also negatively impact our business and financial results.

Our level of business activity and the profitability of our business, as well as the values of, and the cash flows from, the assets we own, are affected by developments in the U.S. economy and the broader global economy. As a result, negative economic developments are likely to negatively impact our business and financial results. There are a number of factors that could contribute to negative economic developments, including, but not limited to, U.S. fiscal and monetary policy changes, including Federal Reserve policy shifts and changes in benchmark interest rates, changing U.S. consumer spending patterns, negative developments in the housing, single-family rental (“SFR”), multifamily, and real estate markets, rising unemployment, rising government debt levels, changing expectations for, or the occurrence of, inflation and deflation, or adverse global political and economic events, such as the outbreak of pandemic, epidemic disease, or warfare.

Rising inflation and elevated U.S. budget deficits and overall debt levels, including as a result of federal pandemic relief and stimulus legislation and/or economic or market and supply chain conditions, can put upward pressure on interest rates and could be among the factors that could lead to higher interest rates in the future. Higher interest rates could adversely affect our overall business, income, including by reducing the fair value of many of our assets. This may affect our earnings results, reduce our ability to securitize, re-securitize, or sell our assets, or reduce our liquidity. Higher interest rates could also reduce the ability of borrowers to make interest payments or to refinance their loans.

Real estate values, and the ability to generate returns by owning or taking credit risk on loans secured by real estate, are important to our business.

Federal and state legislative and regulatory developments and the actions of governmental authorities and entities may adversely affect our existing mortgage business and the value of, and the returns on, mortgages, mortgage-related securities, and other assets we own or may acquire in the future.

As noted above, our existing mortgage business is affected by conditions in the housing, business purpose, multifamily, and real estate markets and the broader financial markets, as well as by the financial condition and resources of other participants in these markets. These markets and many of the participants in these markets are subject to, or regulated under, various federal and state laws and regulations. In some cases, the government or government-sponsored entities, such as Fannie Mae and Freddie Mac, directly participate in these markets. In particular, because issues relating to residential housing and real estate finance can be areas of political focus, federal, state and local governments may be more likely to take actions that affect residential housing, the markets for financing residential housing, and the participants in residential housing-related industries than they would with respect to other industries. As a result of the government’s statutory and regulatory oversight of the markets we participate in and the government’s direct and indirect participation in these markets, federal and state governmental actions, policies, and directives can have an adverse effect on these markets and on our business and the value of, and the returns on, mortgages, mortgage-related securities, and other assets we own or may acquire in the future, which effects may be material.

Ultimately, we cannot assure you of the impact that governmental actions may have on our business or the financial markets and, in fact, they may adversely affect us, possibly materially. We cannot predict whether or when such actions may occur or what unintended or unanticipated impacts, if any, such actions could have on our business and financial results. Even after governmental actions have been taken and we believe we understand the impacts of those actions, prevailing interpretations may shift, or we may not be able to effectively respond to them so as to avoid a negative impact on our business or financial results.

SPECIFIC RISKS RELATING TO US

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

We may be subject to risk of securities litigation and derivative actions from time to time as a result of being publicly traded, including the actions set forth in Note 6 - Commitments and Contingencies. There can be no assurance that any settlement or liabilities in any future lawsuits or claims against us would be covered or partially covered by our insurance policies, which could have a material adverse effect on our earnings in one or more periods. The range of possible resolutions for any potential legal actions could include determinations and judgments against us or settlements that could require substantial payments by us, including the costs of defending such suits, which could have a material adverse effect on our financial condition, results of operations and cash flows.

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

We are incorporated under the laws of the USVI and are headquartered in the USVI. The USVI has an Economic Development Commission (the "EDC") that provides benefits ("EDC Benefits") to certain qualified businesses in the USVI that enable us to avail ourselves of significant tax benefits for a 30-year period. We received our certificate to operate as a company that qualifies for EDC Benefits as of February 1, 2013, which provides us with a 90% tax credit on USVI-source income so long as we comply with the requirements of the EDC and our certificate of benefits. It is possible that we may not be able to retain our qualifications for the EDC Benefits or that changes in U.S. federal, state, local or USVI taxation statutes or applicable regulations may cause a reduction in or an elimination of the EDC Benefits, all of which could result in a significant increase to our tax expense and, therefore, adversely affect our financial condition and results of operations.

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

Our parent company is incorporated under the laws of the USVI and intends to operate in a manner that will cause us to be treated as not engaging in a trade or business within the United States, which will cause us to be exempt from current United States federal income taxation on our net income. However, because there are no definitive standards provided by the U.S. Internal Revenue Code, regulations or court decisions as to the specific activities that constitute being engaged in the conduct of a trade or business within the United States, and as any such determination is essentially factual in nature, we cannot assure you that the Internal Revenue Service ("IRS") will not successfully assert that we are engaged in a trade or business within the United States.

If the IRS were to successfully assert that we have been engaged in a trade or business within the United States in any taxable year, various adverse tax consequences could result, including the following:

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

Our cash balances are held at a number of financial institutions that expose us to their credit risk

We maintain our cash and cash equivalents at financial or other intermediary institutions. The combined account balances at each institution typically exceed FDIC insurance coverage of $250,000 per depositor, and, as a result, there is a concentration of credit risk related to amounts on deposit in excess of FDIC insurance coverage. At December 31, 2023, substantially all of our cash and cash equivalent balances held at financial institutions exceeded FDIC insured limits. On March 10, 2023, the FDIC took control and was appointed receiver of Silicon Valley Bank ("SVB"), and on March 12, 2023, the FDIC took control and was appointed receiver of Signature Bank, and on March 16, 2023, First Republic Bank received a commitment for a $30 billion deposit infusion, each case due primarily to liquidity concerns. As of March 13, 2023, the Company did not have any direct exposure to SVB, Signature Bank, or First Republic. However, if other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability, and the ability of our customers, clients and vendors, to access existing cash, cash equivalents and investments, or to access existing or enter into new banking arrangements or facilities, may be threatened and could have a material adverse effect on our business and financial condition.

Our failure to meet the continued listing requirements of the NYSE could result in a delisting or a halt in the trading of our common stock.

We must continue to satisfy the NYSE's continued listing requirements. If we fail to satisfy the continued listing requirements of the NYSE, the NYSE may take steps to delist our common stock or halt the trading of our common stock. Such a delisting or trading halt would likely have a negative effect on the price of our common stock and would impair a shareholder's ability to sell or purchase our common stock when they wish to do so. We cannot assure the shareholders that we will continue to meet the existing listing requirements of the NYSE because some of the requirements, like the number of shareholders and the trading price of our common stock, are outside of our control.

On November 30, 2021, the NYSE halted trading in our common stock. Although the NYSE allowed trading to resume on March 21, 2022, shareholders were unable to trade our common stock while the trading halt was in place. Any further trading halt would prevent shareholders from selling the stock until the trading halt is lifted and the trading price may be adversely affected if trading in the stock begins again.

On November 30, 2023, the Company received a written notice (the "Notice") from the NYSE that the NYSE would delist the Company's shares of common stock (the "Securities") from the Exchange. NYSE Regulation staff had determined that the Company was no longer qualified for listing pursuant to Section 1009(a) of the NYSE American Company Guide, citing non-compliance with the Stockholders' Equity requirements provided in Sections 1003(a)(i), (ii) and (iii) thereof.

As a result of the transactions provided in the Settlement Agreement (see Note 11 - Subsequent Events), including the surrender of the Preferred Shares, which transactions have the effect of increasing the Company's Stockholders' Equity, the NYSE informed the Company on January 192, 2024 that it had rescinded the Notice and that the Company's Securities would not be delisted from the Exchange pursuant to such Notice. A similar issue could occur in the future.

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

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

- Variations in actual or anticipated results of our operations, liquidity or financial condition;
- Changes in, or the failure to meet, our financial estimates or those of by securities analysts;
- Actions or announcements by our competitors;
- Potential conflicts of interest, or the discontinuance of our strategic relationships;
- Actual or anticipated accounting problems;
- Regulatory actions;
- Lack of liquidity;
- An inability to develop or obtain new businesses or client relationships, respectively;
- Changes in the market outlook for the real estate, mortgage or housing markets;
- Technology changes in our business;
- Changes in interest rates that lead purchasers of our common stock to demand a higher yield;
- Actions by our stockholders;
- Speculation in the press or investment community;
- General market, economic and political conditions, including an economic slowdown or dislocation in the global credit markets;
- Failure to maintain the listing of our common stock on the NYSE;
- Changes in accounting principles;
- Passage of legislation or other regulatory developments that adversely affect us or our industry; and
- Departure of our key personnel.

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

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

RISKS RELATED TO OUR MANAGEMENT AND OUR RELATIONSHIPS

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

Our Directors may have other investments and business activities in addition to their interest in, and responsibilities to, us. Under the provisions of our Charter and our bylaws (the “Bylaws”), our Directors have no duty to abstain from exercising the right to engage or invest in the same or similar businesses as ours or employ or otherwise engage any of the other Directors. If any of our Directors who are also directors, officers or employees of any company acquires knowledge of a corporate opportunity or is offered a corporate opportunity outside of his capacity as one of our Directors, then our Bylaws provide that such Director will be permitted to pursue that corporate opportunity independently of us, so long as the Director has acted in good faith. Our Bylaws provide that, to the fullest extent permitted by law, such a Director will be deemed to have satisfied his fiduciary duties to us and will not be liable to us for pursuing such a corporate opportunity independently of us. This may create conflicts of interest between us and certain of our Directors and result in less than favorable treatment of us and our stockholders. As of this date, none of our Directors is directly involved as a director, officer or employee of a business that competes with us, but there can be no assurance that will remain unchanged in the future.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

While we take cybersecurity seriously, we mitigate the common cybersecurity risks that many companies face by greatly limiting the accessibility of and web-based activities. Of our 13 employees, only one employee plus one third-party information-technology consultant (our “IT Consultant”) that we contract with have access to our cyber system. No vendors or customers have access to our system, which greatly minimizes the risk of unauthorized access. No part of our business entails third-party members of the public accessing our accounts, making purchases, or ordering products or services, which greatly reduces our risks of cyber-attack and minimizes the potential consequences if such an attack were to occur. In addition, although we do have a website, it is maintained offsite.

Despite our relatively low risk cybersecurity profile and the minimal threat of cybersecurity incidents that we face, we contract with one IT Consultant to assist us in identifying any potential cybersecurity risks and in implementing and maintaining effective measures to reduce our cybersecurity risks. Our IT Consultant helps ensure that our system is updated with the latest cybersecurity patches and configurations and monitors our system and accounts for suspicious activity.

Additionally, we invest in firewall protection through Symantec Corporation, which is a provider of Internet-security technology and business-management solutions. Our Symantec firewall protection is designed to monitor and secure our computers from malicious inbound and outbound traffic and to provide an additional layer of protection to our network and data, which helps mitigate the risks of unauthorized access and cybersecurity threats.

In the event our IT Consultant becomes aware of any suspicious activity in our accounts or system, our IT Consultant would contact our Chief Executive Officer. Our Chief Executive Officer would consult with our IT Consultant to assess and determine the materiality of the risk presented by the suspicious activity and to determine what steps should be taken to protect the limited data we maintain online. Depending on the materiality of the risk, our IT Consultant and Chief Executive Officer would consult with our Board of Directors to determine an appropriate notification and risk-management plan.

Despite the low accessibility of our server and system and the resultant low cybersecurity risks that we face, we recognize that no system is completely protected from cyber threats, that cybersecurity risks are increasingly difficult to detect, and that the increasingly digitalized landscape that businesses operate in increase the pervasiveness and severity of cyber-attack risks. While we do not believe our business strategy, results of operations, or financial condition have been materially adversely affected by any cybersecurity threats or incidents, there is no assurance that we will not be materially affected by such threats or incidents in the future. We will continue to monitor cybersecurity risks with our IT Consultant and stay apprised of changes in the cyber environment.

Item 2. Properties

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

Item 3. Legal proceedings

We are involved in a number of judicial and legal proceedings concerning matters arising in connection with the conduct of our businesses. Given the range of litigations and arbitrations presently in process, our litigation expenses may remain high. Refer to Note 1 - Organization and Basis of Presentation and Note 6 - Commitments and Contingencies to our consolidated financial statements.

Item 4. Mine safety disclosures

Not applicable.

Part II

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

Market Information

Our common stock has been listed on the NYSE under the symbol "AAMC" since December 13, 2013.

Holders

The number of holders of record of our common stock as of March 25, 2024 was 47 and 2,554,512 shares of our common stock were outstanding (excluding 2,129,973 shares held as treasury stock). The number of beneficial stockholders is substantially greater than the number of holders as a large portion of our stock is held through brokerage firms. Information regarding securities authorized for issuance under equity compensation plans is set forth in Note 7 - Incentive Compensation and Share-Based Payments of the consolidated financial statements.

The information under the heading "Equity Compensation Plan Information" in our definitive proxy statement for the 2024 Annual Meeting of Stockholders to be filed with the SEC not later than 120 days after December 31, 2023 is incorporated herein by reference.

Dividends

We will pay dividends at the sole and absolute discretion of our Board of Directors in the light of conditions then existing, including our earnings, financial condition, liquidity, capital requirements, the availability of capital, general overall economic conditions and other factors. We paid no dividends from inception through December 31, 2023.

Securities Authorized for Issuance under Equity Compensation Plans

The information required by this item is incorporated by reference to the 2024 Proxy Statement.

Issuer Purchases of Equity Securities

In March 2014, the Board of Directors authorized total repurchases of up to $300 million of common stock. On July 18, 2022, the Company entered into an agreement with Putnam Equity Spectrum Fund and Putnam Capital Spectrum Fund (collectively, "Putnam") in which the Company repurchased 286,873 shares of common stock of the Company owned by Putnam. The aggregate purchase price of the Putnam shares was $2,868,730 or $10 per share. At December 31, 2023, we have approximately $24.8 million remaining that is authorized by our Board of Directors for share repurchases. Repurchased shares are held as treasury stock and available for general corporate purposes. No repurchase plan has expired during the year ended December 31, 2023.

The following table summarizes the common stock reacquired to satisfy the tax withholding on equity awards:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
January 1, 2023 through December 31, 2023 (1)	2,930	80	—	—
Total	2,930	$ 80	—	$ —

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

The following table provides information about repurchases by us of shares of our common stock for the period January 1, 2023 through December 31, 2023:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
January 1, 2023 - January 31, 2023	—	$ —	—	—
February 1, 2023 - February 28, 2023	5,381	37	1,549,843	—
March 1, 2023 - March 31, 2023	22,060	59	1,571,903	—
Total for the quarter ended March 31, 2023	27,441	55	1,571,903	$ 26,900,931
April 1, 2023 - April 30, 2023	—	—	1,571,903	—
May 1, 2023 - May 31, 2023	2,930	80	1,574,833	—
June 1, 2023 - June 30, 2023	—	—	1,574,833	—
Total for the quarter ended June 30, year	2,930	80	1,574,833	$ 26,665,137
July 1, 2023 - July 31, 2023	—	—	1,574,833	—
August 1, 2023 - August 31, 2023	—	—	1,574,833	—
September 1, 2023 - September 30, 2023	66,349	7	1,641,182	—
September 1, 2023 - September 30, 2023 (Stock Dividend)	46,444	—	1,687,626	—
Total for the quarter ended September 30,	112,793	4	1,687,626	$ 26,199,193
October 1, 2023 - October 31, 2023	66,802	7	1,754,428	—
October 1, 2023 - October 31, 2023 (Stock Dividend)	46,761	—	1,801,189	—
November 1, 2023 - November 30, 2023	92,120	3	1,893,309	—
December 1, 2023 - December 31, 2023	132,694	5	2,026,003	—
Total for the quarter ended December 31, 2023	338,377	$ 4	2,026,003	$ 24,841,192

Item 6. Reserved

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

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

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

The results of operations, cash flows, and assets and liabilities of our operations, for all periods presented in the accompanying financial statements, have been reclassified to conform to the current year presentation.

Management Overview and New Business

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

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

The Company's principal line of business going forward is the development and licensing of a control system which increases the efficiency of electric vehicles. On October 6, 2023, the Company signed a PTL Agreement with System73, an entity incorporated under the laws of Malta and controlled and managed by the 49.5% owners of the Company's common stock. Under the PTL Agreement, the Company acquired a non-exclusive license for a set of patents for a control system which seeks to optimize the efficiency of electric vehicles ("Alpha Controls").

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

At the time of acquisition, the technology had been under development for 5 years. The mathematical algorithms had been developed, patents awarded and the technology had been successfully bench tested at the University of Bath by our third party strategic partners/vendors Seabird and Purple Sector. These studies resulted in an 8 – 12% increase in efficiency.

There are two primary value propositions which the Company is pursuing:

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

Commencing January 1, 2024, these two strategic partners were engaged to develop and commercialize the multi-motor control system embodied in the patents, including specifically to facilitate the creation of one or more prototype electric vehicles over the next 18 months. Seabird and Purple Sector have extensive relationships with auto and equipment manufacturers and suppliers and are incentivized to sign licensing agreements over the 18-month development of the prototype and for the subsequent 24-month period:

- 10% ownership in the Company when revenue attributable to Partners' efforts exceeds $500 million per annum.
- Exclusive worldwide distributor for two years following development:
  - 10% of revenue from net sales directly attributable to Partners' efforts up to $250 million per annum.
  - 20% of revenue from net sales directly attributable to Partners' efforts over $250 million per annum.

As consideration for the patent rights grant provided in the PTL Agreement, the Company agreed to pay 6.2 million pounds sterling (approximately $ 8.0 million USD) in budgeted increments as they are incurred by System73 under the strategic arrangements with Seabird and Purple Sector, plus any future third-party expenses reasonably incurred in connection with the filing, prosecution and maintenance of the patents.

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

Metrics Affecting Our Consolidated Results

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

Revenues

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

Expenses

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

Other Income (Expense)

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

Results of Operations

The following discussion compares our results of operations for the years ended December 31, 2023 and 2022. Our results of operations for the periods presented are not indicative of our expected results in future periods.

For discussion that compares our results of operations for the years ended December 31, 2022 and 2021, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations" included within our Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC on March 27, 2023.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Loan Interest Income

Loan interest income increased to $4.9 million from $4.6 million for the years ended December 31, 2023 and 2022, respectively.

Loan Fee Income

Loan fee income increased to $0.5 million from $0.4 million for the years ended December 31, 2023 and 2022, respectively.

Realized Losses on Loans Held for Sale, net

Realized losses on loans held for sale, net, were $2.2 million for the year ended December 31, 2023, driven by the liquidation of our loan portfolio. No losses were recognized on loans held for sale, net, for the year ended December 31, 2022.

Salaries and Employee Benefits

Salaries and employee benefits decreased to $5.7 million from $5.8 million for the years ended December 31, 2023 and 2022, respectively. The 2023 decrease is due to higher salaries in 2023 offset by higher restricted stock expense in 2022.

Legal, Acquisition and Professional Fees

Legal fees decreased to $3.1 million from $4.3 million for the years ended December 31, 2023 and 2022, respectively. This decrease is primarily due to higher costs in 2022 related to the Luxor litigation and employment issues. Acquisition costs decreased to $0 from $0.5 million for the years ended December 31, 2023 and 2022, respectively. The decrease in acquisition costs in 2023 is primarily due higher expenses and the associated legal support for the assessment and development of merger and acquisition candidates in 2022. Professional fees of $1.9 million were flat year-over-year.

General and Administrative Expenses

General and administrative expenses decreased to $3.3 million from $3.5 million for the years ended December 31, 2023 and 2022, respectively, attributable to an increase in higher insurance, telecom, software license fees, and travel costs. Additionally, we recognized $0.4 million expense related to writing off a receivable for our former CEO’s signing bonus that we do not anticipate recovering.

Servicing and Asset Management Expense

Servicing and asset management expenses decreased to $0.6 million from $0.7 million for years ended December 31, 2023 and 2022, respectively.

Interest Expense

Interest expense includes interest incurred on our margin account, line of credit and amortized commitment fees. Interest expenses were $2.8 million during the year ended December 31, 2023. Interest expense of $1.3 million was recorded for the year ended December 31, 2022, as we only had a margin account and had not developed the ALG line of business at that time.

Direct Loan Expense

Direct loan expenses increased to $0.7 million from $0.1 million for the years ended December 31, 2023 and 2022, respectively. Direct loan expenses include loan broker fees, inspection fees, title search and other fees.

Loan Sales and Marketing Expense

Loan sales and marketing expenses increased to $3.2 million from $0.3 million for the years ended December 31, 2023 and 2022, respectively, as we focused on growing the lending business in early 2023. Loan sales and marketing expenses include expenses related to the promotion and exposure to leads which may result in originations of loans.

Change in Fair Value of Loans

We recognized a $1.6 million in income for the change in the fair value of loans during the year ended December 31, 2023. We recognized $2.0 million in expense for the change in the fair value of loans during the year ended December 31, 2022.

Realized Losses on Loans Held for Investment, net

Realized losses on loans held for investment, net, were $14.9 million for the year ended December 31, 2023, driven by the liquidation of our loan portfolio. No losses were recognized on loans held for investment, net, for the year ended December 31, 2022.

Liquidity and Capital Resources

As of December 31, 2023, we had cash and cash equivalents of $8.7 million compared to $10.7 million as of December 31, 2022. The decrease in cash and cash equivalents as of December 31, 2023 was primarily due to the purchase of loans by ALG. As of December 31, 2023, we had no restricted cash. We believe these sources of liquidity are sufficient to enable us to meet anticipated short-term (one-year) liquidity requirements. Our ongoing cash expenditures consist of: salaries and employee benefits, legal and professional fees, lease obligations, other general and administrative expenses and investment in electric vehicle intellectual property. Certain account balances exceed FDIC insurance coverage and, as a result, there is a concentration of credit risk related to amounts on deposit in excess of FDIC insurance coverage. To mitigate this risk, we maintain our cash and cash equivalents at large national or international banking institutions.

Loans Held for Sale, at fair value

On December 31, 2023, our loans held for sale, at fair value, was $4.5 million, compared to $11.6 million at December 31, 2022. The reduction was driven by our decision to liquidate our loan portfolio. These loans primarily relate to loans originated by ALG and are included net of loan holdbacks, deferred fees, accrued interest, payments and advances in process, interest reserve in process and market valuation amounts.

Loans Held for Investment, at fair value

On December 31, 2023, our loans held for investment, at fair value, was $5.6 million, compared to $83.1 million at December 31, 2022. The reduction was driven by our decision to liquidate our loan portfolio. These loans primarily relate to business purpose bridge loans for the transitioning of real estate properties and are included net of loan holdbacks, accrued interest, in process and market valuation amounts.

Credit Facilities

As of December 31, 2023, we had no repurchase agreements, compared to $51.7 million at December 31, 2022. See Note 4 - Borrowings for more detail.

Treasury Shares

As of December 31, 2023, a total of $275.2 million in shares of our common stock have been repurchased under the authorization by our Board of Directors to repurchase up to $300.0 million in shares of our common stock. Repurchased shares are held as treasury stock and are available for general corporate purposes. As of December 31, 2023, we had an aggregate of $24.8 million shares remaining available for repurchase under our Board-approved repurchase plan.

The Company repurchased 481,541 shares for $3.6 million during the year ended December 31, 2023, compared to 286,873 shares for $2.9 million during the year ended December 31, 2022.

Cash Flows

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

	Year ended December 31,	
	2023	2022
Net cash used in operating activities	$ (11,773)	$ (27,064)
Net cash provided by (used in) investing activities	62,894	(85,249)
Net cash (used in) provided by financing activities	(55,180)	46,779
Total cash flows	$ (4,059)	$ (65,534)

Operating Activities

Net cash used in operating activities for the year ended December 31, 2023, consisted primarily of originations and additional fundings of held for sale loans, interest receivable, payment of ongoing salaries and benefits, annual incentive compensation, dividends on preferred stock issued under the 2016 Employee Preferred Stock Program and general corporate expenses in excess of revenues. Net cash used in operating activities for the year ended December 31, 2022, consisted primarily of payment of ongoing salaries and benefits, annual incentive compensation, and general corporate expenses in excess of revenues, dividend income and gain on securities.

Investing Activities

Net cash provided by investing activities for the year ended December 31, 2023, consisted primarily of website development, the purchase and additional fundings of loans held for investment, offset by principal payments on loans held for investment. Net cash used in investing activities for the year ended December 31, 2022, consisted primarily of the dividends received on equity securities, proceeds received from the sale of Front Yard common stock and sale of equity securities offset by the purchase of equity securities.

Financing Activities

Net cash used in financing activities during the year ended December 31, 2023, consisted primarily of funds borrowed and repaid under the Company's lines of credit and cash used in the conversion of preferred stock. Net cash provided by financing activities for the year ended December 31, 2022, consisted primarily of funds borrowed and repaid under the Company's margin loan, conversion of preferred stock and from shares withheld for taxes upon vesting of restricted stock.

Off-balance Sheet Arrangements

We had no off-balance sheet arrangements as of December 31, 2023 or 2022.

Recent accounting pronouncements

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

Critical Accounting Judgments

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

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

Series A Preferred Shares

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

Fair Market Value

The Company has elected the fair value option for its business purpose loans held for sale and investment. As such, these loans are carried on our Consolidated Balance Sheets at their estimated fair value and changes in the fair values of these loans are recorded on our Consolidated Statements of Operations in the period in which the valuation change occurs. The majority of the loans utilize Level 3 valuation inputs, which include certain unobservable inputs (e.g., those requiring our own data or assumptions) that require significant judgment to develop, and changes in these estimates have had and are reasonably likely to have a material effect on our reported earnings and financial condition. See Note 3 - Loans Held for Sale or Investment at Fair Value in Part II, Item 8 of this Annual Report on Form 10-K, for additional information on the loans accounted for at fair value at December 31, 2023, including the significant inputs used to estimate their fair values and the impact the changes in their fair values had to our financial condition and results of operations. Periodic fluctuations in the values of these loans are inherently volatile and thus can lead to significant period-to-period GAAP earnings volatility.

Income taxes

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

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

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

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

Item 8. Consolidated Financial Statements and Supplementary Data

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

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

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation required by the Exchange Act, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a-15(e) of the Exchange Act, as of December 31, 2023. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2023, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and to provide reasonable assurance that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) of the Exchange Act. Management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2023 based on criteria established in Internal Control-Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission. As a result of this assessment, management concluded that, as of December 31, 2023, our internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: 1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer; 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the issuer; and 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the issuer's assets that could have a material effect on the financial statements.

As the Company is a Smaller Reporting Company ("SRC") under the SEC guidelines, management has determined that it will no longer receive an attestation opinion of its internal controls over financial reporting from its external auditor until the Company no longer qualifies as a SRC, upon reaching certain revenue thresholds. This decision was in conjunction with the creation of the Company's new business line and the extension of the 2012 Jumpstart Our Business Startups ("JOBS") Act in March 2020.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the year ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Controls

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

Item 9B. Other Information

During the fiscal quarter ended December 31, 2023, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Part III

We will file a definitive Proxy Statement for our 2024 Annual Meeting of Stockholders (the "2024 Proxy Statement") with the Securities and Exchange Commission, pursuant to Regulation 14A, not later than 120 days after December 31, 2023. Accordingly, certain information required by Part III has been omitted under General Instruction G(3) to Form 10-K. Only those sections of the 2024 Proxy Statement that specifically address the items set forth herein are incorporated by reference.

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Item 10 is hereby incorporated by reference from our 2024 Proxy Statement under the captions "Election of Directors," "Section 16(a) Beneficial Ownership Reporting Compliance" and "Code of Ethics."

Item 11. Executive Compensation

The information required by Item 11 is hereby incorporated by reference from our 2024 Proxy Statement under the captions "Executive Compensation" and "Director Compensation."

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

The information required by Item 12 is hereby incorporated by reference from our 2024 Proxy Statement under the caption "Security Ownership of Certain Beneficial Owners and Management."

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

The information required by Item 13 is hereby incorporated by reference from our 2024 Proxy Statement under the captions "Transactions with Related Persons" and "Information Regarding the Board of Directors and Corporate Governance."

Item 14. Principal Accountant Fees and Services

The information required by Item 14 is hereby incorporated by reference from our 2024 Proxy Statement under the captions "Independent Registered Public Accounting Firm Fees" and "Pre-Approval Policy and Procedures."

Part IV

Item 15. Exhibits

Exhibits

Exhibit Number	Description
2.1	Separation Agreement, dated as of December 21, 2012, between Altisource Asset Management Corporation and Altisource Portfolio Solutions S.A. (incorporated by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8-K filed with the SEC on December 28, 2012).
3.1	Amended and Restated Articles of Incorporation of Altisource Asset Management Corporation (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed with the SEC on January 5, 2017).
3.2	Fifth Amended and Restated Bylaws of Altisource Asset Management Corporation (incorporated by reference to Exhibit 3.2 of the Registrant's Current Report on Form 8-K filed with the SEC on July 6, 2022).
3.3	Certificate of Designations establishing the Company's Series A Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed with the SEC on March 19, 2014).
4.1	Incorporated by reference to Exhibit 4.1 of the Registrant's Annual Report on Form 10-K filed with the SEC on March 27, 2023
10.1†	Altisource Asset Management Corporation 2012 Equity Incentive Plan (incorporated by reference to Exhibit 10.11 of the Registrant's Amendment No. 4 to Form 10 filed with the SEC on December 18, 2012).
10.2†	Altisource Asset Management Corporation 2016 Preferred Stock Plan (incorporated by reference to Exhibit 10.22 of the Registrant's Annual Report on Form 10-K filed with the SEC on March 1, 2017).
10.3†	Form of Preferred Stock Agreement under 2016 Employee Preferred Stock Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the SEC on January 5, 2017).
10.4†	Altisource Asset Management Corporation 2020 Equity Incentive Plan (incorporated by reference to Exhibit 4.3 of the Registrant's Form S-8 filed with the SEC on December 21, 2020).
10.5	Settlement Agreement dated as of February 17, 2021, between Altisource Asset Management Corporation and Putnam Focused Equity Fund, a series of Putnam Funds Trust, dated as of February 17, 2021 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on February 18, 2021).
10.6	Settlement Agreement dated as of August 27, 2021, between Altisource Asset Management Corporation and Ithan Creek Master Investors (Cayman) L.P., Bay Pond Investors (Bermuda) L.P., Bay Pond Partners, L.P. and Wellington Management Company LLP (together, the "Wellington Parties"). (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on August 30, 2021).
10.7	Non-Exclusive Patent & Technology License Agreement between System 73 Limited and Altisource Asset Management Corporation dated October 6, 2023 (incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed with the SEC on October 10, 2023).
10.8	Settlement Agreement, dated January 11, 2024, by and between Luxor Capital Group, LP; Luxor Capital Partners Offshore Master Fund, LP; Luxor Capital Partners, LP; Luxor Wavefront, LP; Luxor Spectrum, LLC; and Thebes Offshore Master Fund, LP, Nathaniel Redleaf, and Altisource Asset Management Corporation (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on January 16, 2024).
21*	Schedule of Subsidiaries.
23*	Consent of Ernst & Young LLP.
24*	Power of Attorney (incorporated by reference to the signature page of this Annual Report on Form 10-K).
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act.
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act.
32.1**	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act.
32.2**	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act.
97.1*	Altisource Asset Management Corporation Clawback Policy
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.

Exhibit Number	Description
101.LAB*	XBRL Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

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

Item 16. Form 10-K Summary

None.

Signatures

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

Altisource Asset Management Corporation

Date:	March 29, 2024	By:	/s/	William C. Erbey
				William C. Erbey Chief Executive Officer
Date:	March 29, 2024	By:	/s/	Richard G. Rodick
				Richard G. Rodick Chief Financial Officer

Power of Attorney

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

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

Signature	Title	Date
/s/ Charles L. Frischer Charles L. Frischer	Director	March 29, 2024
/s/ Ricardo C. Byrd Ricardo C. Byrd	Director	March 29, 2024
/s/ John A. Engerman John A. Engerman	Director	March 29, 2024
/s/ William C. Erbey William C. Erbey	Director and Chief Executive Officer	March 29, 2024
/s/ Richard G. Rodick Richard G. Rodick	Chief Financial Officer (Principal Financial Officer, Principal Accounting Officer and Secretary)	March 29, 2024

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Altisource Asset Management Corporation (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive loss, stockholders' deficit and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting 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.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

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

	Loans Held for Sale or Investment, at Fair Value
Description of the Matter	The Company's loans held for sale or investment, at fair value (collectively, the "loans receivable, at fair value") totaled $10.1 million in aggregate as of December 31, 2023, inclusive of accrued interest. As more fully described in Note 2 to the consolidated financial statements, the Company has elected the fair value option to measure its loans receivable, at fair value on a recurring basis at each reporting period end. The loans receivable, at fair value were valued as of December 31, 2023 using a discounted cash flow model to estimate the net present value of the future cash flows expected from each loan. Auditing management's estimate of the fair value of the Company's loans receivable, at fair value involved a high degree of subjectivity in evaluating management's assumptions due to the significant estimation required in determining fair value. Specifically, the estimated fair value of the loans receivable, at fair value is sensitive to changes in the discount rate applied to the net present value of future cash flows expected from each loan and, for nonaccrual loans, to changes in the discount applied to the estimated cash flows expected to be derived from the future sale of the collateral.
How We Addressed the Matter in Our Audit	Our audit procedures related to the valuation of the loans receivable, at fair value, included, among others, evaluating the reasonableness of the valuation methodology used by the Company to estimate fair value, testing the mathematical accuracy of the valuation models and calculations, and testing the completeness and accuracy of the data inputs used in the valuation of the loans held as of the balance sheet date. Also, with the assistance of our valuation specialists, we evaluated the discount rate assumption and the discount applied to the value of the collateral for nonaccrual loans and concluded fair values of the loans held as of the balance sheet date.

/s/ Ernst & Young LLP
We have served as the Company's auditor since 2017.
Atlanta, Georgia
March 29, 2024

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

	December 31, 2023	December 31, 2022
ASSETS		
Loans held for sale, at fair value	$ 4,456	$ 11,593
Loans held for investment, at fair value	5,633	83,143
Cash and cash equivalents	8,713	10,727
Restricted cash	—	2,047
Other assets	6,737	10,137
Total assets	$ 25,539	$ 117,647
LIABILITIES AND EQUITY		
Liabilities		
Accrued expenses and other liabilities	$ 6,270	$ 10,349
Lease liabilities	900	1,323
Credit facility	—	51,653
Total liabilities	$ 7,170	$ 63,325
Commitment and contingencies (Note 6)	—	—
Redeemable preferred stock:		
Preferred stock, $0.01 par value, 250,000 shares authorized as of December 31, 2023 and 2022. 144,212 shares issued and outstanding and $144,212 redemption value as of December 31, 2023 and 2022.	144,212	144,212
Stockholders' deficit:		
Common stock, $0.01 par value, 5,000,000 authorized shares; 4,684,485 and 2,554,512 shares issued and outstanding, respectively, as of December 31, 2023 and 3,432,294 and 1,783,862 shares issued and outstanding, respectively, as of December 31, 2022.	46	34
Additional paid-in capital	149,160	149,010
Retained earnings	8,970	41,516
Accumulated other comprehensive income	14	20
Treasury stock, at cost, 2,129,973 shares as of December 31, 2023 and 1,648,432 shares as of December 31, 2022.	(284,033)	(280,470)
Total stockholders' deficit	(125,843)	(89,890)
Total liabilities and deficit	$ 25,539	$ 117,647

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

	Year ended December 31,	
	2023	**2022**
Revenues:		
Loan interest income	$ 4,910	$ 4,579
Loan fee income	471	353
Servicing fee revenue	—	33
Realized losses on loans held for sale, net	(2,214)	—
Total revenues	3,167	4,965
Expenses:		
Salaries and employee benefits	5,738	5,839
Legal fees	3,136	4,349
Professional fees	1,865	1,901
General and administrative	3,309	3,545
Servicing and asset management expense	639	683
Acquisition charges	—	513
Interest expense	2,793	1,328
Direct loan expense	721	122
Loan sales and marketing expense	3,154	338
Impairment of operating lease right-of-use assets	58	—
Impairment of intangible assets	511	—
Total expenses	21,924	18,618
Other income (expense)		
Change in fair value of loans	1,599	(1,963)
Realized losses on loans held for investment, net	(14,857)	—
Other	42	32
Total other expense	(13,216)	(1,931)
Net loss before income tax	(31,973)	(15,584)
Income tax expense	573	350
Net loss	$ (32,546)	$ (15,934)
Earnings per share		
Net loss	(32,546)	(15,934)
Gain of preferred stock transaction	—	5,122
Numerator for earnings per share	$ (32,546)	$ (10,812)
Loss per share of common stock - Basic:		
Loss per basic common share	$ (11.12)	$ (3.32)
Weighted average common stock outstanding	2,925,744	3,259,755
Loss per share of common stock - Diluted:		
Loss per diluted common share	$ (11.12)	$ (3.32)
Weighted average common stock outstanding	2,925,744	3,259,755

See accompanying notes to consolidated financial statements.

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

	Year ended December 31,	
	2023	**2022**
Net loss	$ (32,546)	$ (15,934)
Other comprehensive loss:		
Currency translation adjustments, net	(6)	(34)
Total other comprehensive loss	(6)	(34)
Comprehensive loss	$ (32,552)	$ (15,968)

See accompanying notes to consolidated financial statements.

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

	Preferred Stock	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Deficit
December 31, 2021	$ 150,000	3,416,541	$ 34	$ 143,523	$ 57,450	$ 54	$ (277,589)	$ (76,528)
Common shares issued under share-based compensation plans, net of shares withheld for employee taxes	—	15,753	—	25	—	—	—	25
Treasury shares repurchased	—	—	—	—	—	—	(2,881)	(2,881)
Share-based compensation, net of tax	—	—	—	340	—	—	—	340
Currency translation adjustments, net	—	—	—	—	—	(34)	—	(34)
Preferred stock conversion	(5,788)	—	—	5,122	—	—	—	5,122
Net loss	—	—	—	—	(15,934)	—	—	(15,934)
December 31, 2022	**144,212**	**3,432,294**	**34**	**149,010**	**41,516**	**20**	**(280,470)**	**(89,890)**
Adjustment for stock dividend	—	1,241,024	12	(12)	—	—	—	—
Common shares issued under share-based compensation plans, net of shares withheld for employee taxes	—	11,167	—	—	—	—	—	—
Treasury shares repurchased	—	—	—	—	—	—	(3,563)	(3,563)
Share-based compensation, net of tax	—	—	—	162	—	—	—	162
Currency translation adjustments, net	—	—	—	—	—	(6)	—	(6)
Net loss	—	—	—	—	(32,546)	—	—	(32,546)
December 31, 2023	**$ 144,212**	**4,684,485**	**$ 46**	**$ 149,160**	**$ 8,970**	**$ 14**	**$ (284,033)**	**$ (125,843)**

See accompanying notes to consolidated financial statements.

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

	Year ended December 31,	
	2023	2022
Operating activities:		
Net loss	$ (32,546)	$ (15,934)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	247	199
Share-based compensation	163	340
Amortization of operating lease right-of-use assets	433	241
Change in fair value of loans	(1,599)	1,963
Net realized loss on sale of loans held for investment	14,857	—
Net realized loss on sale of held for sale loans	2,214	—
Impairment of operating lease right-of-use asset	58	—
Loss on discarded assets	1	—
Impairment of intangible assets	511	—
Gain on repayment of debt	(36)	—
Changes in operating assets and liabilities:		
Originations of held for sale loans	(12,359)	(8,843)
Additional fundings of held for sale loans	(4,880)	(3,857)
Proceeds from sales of held for sale loans	21,239	—
Principal payments on held for sale loans	1,088	1,061
Interest receivable	1,177	(1,353)
Amortization of deferred financing fees	73	52
Prepaid expenses and other assets	2,085	(5,177)
Accrued compensation and benefits	—	895
Accounts payable and other accrued liabilities	(4,076)	5,065
Other liabilities and operating lease liabilities	(423)	(1,716)
Net cash used in operating activities	(11,773)	(27,064)
Investing activities:		
Website development	—	(1,482)
Purchase of loans held for investment	(350)	(99,087)
Additional fundings of loans held for investment	(6,498)	(10,794)
Proceeds from sales of loans held for investment	30,627	—
Principal payments on loans held for investment	39,131	26,174
Investment in property and equipment	(16)	(60)
Net cash provided by (used in) investing activities	62,894	(85,249)
Financing activities		
Conversion of preferred stock	—	(1,893)
Proceeds from borrowed funds	54,005	95,197
Repayment of borrowed funds	(105,622)	(43,544)
Deferred financing fees	—	(125)
Proceeds and payment of tax withholding on exercise of stock options, net	(235)	25
Repurchase of common stock	(3,328)	(2,881)
Net cash (used in) provided by financing activities	(55,180)	46,779
Net decrease in cash and cash equivalents	(4,059)	(65,534)
Effect of exchange rate changes on cash and cash equivalents	(2)	(41)
Consolidated cash, cash equivalents, and restricted cash, beginning of period	12,774	78,349

See accompanying notes to consolidated financial statements.

	Year ended December 31,	
	2023	2022
Consolidated cash, cash equivalents, and restricted cash, end of period	$ 8,713	$ 12,774
Supplemental disclosure of cash information:		
Cash paid for interest	$ 2,987	$ 873
Cash paid for income taxes	573	3,806
Other Disclosures		
Right-of-use lease assets recognized - operating leases	$ —	$ 710
Operating lease liabilities incurred	—	710
Reconciliation of Cash, Cash Equivalents and Restricted Cash		
Cash and cash equivalents	$ 8,713	$ 10,727
Restricted cash	—	2,047
Total cash, cash equivalents, and restricted cash	$ 8,713	$ 12,774

See accompanying notes to consolidated financial statements.

Altisource Asset Management Corporation
Notes to Consolidated Financial Statements
December 31, 2023

1. Organization and Basis of Presentation

Altisource Asset Management Corporation ("we," "our," "us," "AAMC," or the "Company") was incorporated in the U.S. Virgin Islands ("USVI") on March 15, 2012 (our "inception"), and commenced operations as an asset manager on December 21, 2012. As disclosed in our public filings, the Company's prior business operations ceased in the first week of 2021. The Company previously operated as the external manager for Front Yard Residential Corporation ("Front Yard"), a public real estate investment trust ("REIT") focused on acquiring and managing quality, affordable, single-family rental ("SFR") properties throughout the United States.

During 2021, AAMC engaged in a comprehensive assessment to either internally develop a new business operation or acquire a separate operating company. A range of industries were analyzed, including, but not limited to, real estate, lending cryptocurrency, block-chain technology and insurance operations. Outside professional firms, including among others, Cowen and Company, LLC, an investment bank, and Norton Rose Fulbright LLP, a global law practice, were engaged to provide due diligence, legal and valuation expertise to assist in our search.

As of March 2022, the Company created the Alternative Lending Group ("ALG"), to generate alternative private credit loans through Direct to Borrower Lending, Wholesale Originations, and Correspondent Loan Acquisitions. The initial operations of ALG entailed the following:

- Build out a niche origination platform as well as a loan acquisition team;
- Fund the originated or acquired alternative loans from a combination of Company equity and existing or future lines of credit;
- Sell the originated and acquired alternative loans through forward commitment and repurchase contracts;
- Leverage senior management's expertise in this space; and
- Utilize AAMC's existing operations in India to drive controls and cost efficiencies.

ALG's primary sources of income is derived from mortgage banking activities generated through the origination and acquisition of loans, and their subsequent sale or securitization as well as net interest income from loans while held on the balance sheet for investment.

Following a full year of operating the new ALG business line, our board of directors mandated a comprehensive review of the Company's mortgage platform to improve the performance of the business. This review involved assessments of operational efficiency and capacity issues, opportunities for cost reductions, strategies for improving liquidity, among other initiatives, all with a view toward enhancing financial performance. The Company has made significant progress in reducing costs and streamlining operations, including an across-the-board employee right-sizing, reducing expenditures for third-party professional services and reducing reliance on lines of credit.

On October 6, 2023, the Company signed a non-exclusive patent and technology licensing agreement ("PTL Agreement") with System73 Limited (an entity controlled and managed by the majority owners of the Company's common stock). The Company acquired a non-exclusive license for a set of patents which seek to improve the efficiency of electric vehicles. The patents, among additional items, seek to use multiple electric motors in electric machines to improve the efficiency beyond the standard single motor drive used currently in most of these vehicles. System73 has strategically aligned itself with two companies, Seabird Technologies and Purple Sector, to facilitate the creation of a prototype electric vehicle over the next 18 months. These two partners have extensive relationships with auto manufacturers and suppliers and are incentivized to generate revenues from these patents over the 24-month period following development of the prototype.

The Company can terminate the PTL with System73 Limited at any time or for any reason and in the event System73 Limited grants a license to the patents to another entity or markets or otherwise commercializes the technology to or with another party. While no cash or other consideration was transferred by the Company to System73 Limited at the time of the execution of the PTL, the PTL provides for certain equity incentive payments to System73 Limited based on performance. The Agreement sets out AAMC Common Stock Milestones, defined as each instance where the average closing price of the Company's common stock for the preceding twenty (20) day period reaches an amount equal to or in excess of a multiple of $100 (i.e., $100, $200, $300, etc.). Upon the occurrence of each such Stock Milestone, System 73 would be awarded the number of shares of AAMC

Common Stock equal to ten percent of the AAMC fully-diluted Shares. The Company determined that the equity contract with System73 Limited should be accounted for as a derivative requiring mark-to-market accounting. As of December 31, 2023, the Company determined that the equity contract has a di minimis value.

Basis of presentation and use of estimates

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

Use of estimates

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

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

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

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

See Note 3 - Loans Held for Sale or Investment at Fair Value for further discussion on fair value measurements.

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

We evaluate transfers of loans held for sale or investment at fair value under the guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") No. 860, "Transfers and servicing of financial assets" ("ASC 860"), and account for such transfers as sales when three conditions in ASC 810-10-45-5 have been met. That is, we account for transfers of such financial assets as sales when the assets have been isolated from the Company, when the transferee has the right to pledge or exchanges the assets it receives and there are no restrictions on the transferee that constrain such right, and when the Company has no effective control over the transferred financial assets. Each of the loans transferred during the year ended December 31, 2023 qualified for sale accounting under ASC 860, as each of the loans was transferred to a third-party "as is" in exchange for cash, and the Company has no continuing involvement with the transferred financial assets or the transferees. As result of such transfers, the Company realized an aggregate loss totaling $2.2 million and $14.9 million for the year ended December 31, 2023 on loans held for sale and loans held for investment, respectively, which is included in Realized losses on loans held for sale, net and Realized losses on loans held for investment, net, respectively, in the accompanying Consolidated Statement of Operations. There were no transfers of financial assets during the year ended December 31, 2023.

Redeemable preferred stock

Issuance of Series A Convertible Preferred Stock in 2014 Private Placement

During the first quarter of 2014, we issued 250,000 shares of convertible preferred stock for $250.0 million to institutional investors. Under the Certificate of Designations of the Series A Shares (the “Certificate”), we had the option to redeem all of the Series A Shares on March 15, 2020 and on each successive five-year anniversary of March 15, 2020 thereafter. In connection with these same redemption dates, each holder of our Series A Shares had the right to give notice requesting us to redeem all of the Series A Shares held by such holder out of legally available funds. In accordance with the terms of the Certificate, if we had legally available funds to redeem all, but not less than all, of the Series A Shares requested to be redeemed on a redemption date, we would deliver to those holders who had requested redemption in accordance with the Certificate a notice of redemption. If we did not have legally available funds to redeem all, but not less than all, of the Series A Shares requested to be redeemed on a redemption date, we would not provide a notice of redemption. The redemption right would have been exercisable in connection with each redemption date every five years until the mandatory redemption date in 2044. If we had been required to redeem all of the holder’s Series A Shares, we would have been required to do so for cash at a price equal to $1,000 per share (the issuance price) out of funds legally available therefor. Due to the redemption provisions of the Series A Shares, we classified these shares as mezzanine equity, outside of permanent stockholders' equity.

The holders of our Series A Shares were not entitled to receive dividends with respect to their Series A Shares. The Series A Shares were convertible into shares of our common stock at a conversion price of $1,250 per share (or an exchange rate of 0.8 shares of common stock for Series A Share), subject to certain anti-dilution adjustments.

Upon certain change of control transactions or upon the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, before any payment or distribution could have been made to holders of junior shares, the holders of the Series A Shares would have been entitled to receive an amount in cash per Series A Share equal to the greater of:

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

Because not all of these potential transactions were wholly within the control of the Company, the Series A Shares were classified as mezzanine equity. The Certificate conferred no voting rights to holders, except with respect to matters that materially and adversely affect the voting powers, rights or preferences of the Series A Shares or as otherwise required by applicable law.

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

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

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

Related litigation

– Luxor (plaintiff) v. AAMC (defendant)

On February 3, 2020, Luxor filed a complaint in the Supreme Court of the State of New York, County of New York, against AAMC for breach of contract, specific performance, unjust enrichment, and related damages and expenses. The complaint alleged that AAMC's position that it would not redeem any of Luxor's Series A Shares on the March 15, 2020 redemption date was a material breach of AAMC's redemption obligations under the Certificate. Luxor sought an order requiring AAMC to redeem its Series A Shares, recovery of no less than $144,212,000 in damages, which is equal to the amount Luxor would have received if AAMC redeemed all of Luxor's Series A Shares at the redemption price of $1,000 per share set forth in the Certificate, as well as payment of its costs and expenses in the lawsuit. In the alternative, Luxor sought a return of its initial purchase price of $150,000,000 for the Series A Shares, as well as payment of its costs and expenses in the lawsuit. On May 25, 2020, Luxor's complaint was amended to add Putnam Equity Spectrum Fund and Putnam Capital Spectrum Fund (collectively, "Putnam"), which also invested in the Series A Shares, as plaintiff. On June 12, 2020, AAMC moved to dismiss the Amended Complaint in favor of AAMC's first-filed declaratory judgment action in the U.S. Virgin Islands. On August 3, 2020, the court denied AAMC's motion to dismiss. On February 23, 2021, in accordance with the terms of the Putnam Agreement described below, Putnam agreed to discontinue all claims against AAMC with prejudice. AAMC and Luxor each filed summary judgment motions on July 19, 2022. On December 1, 2022, having heard oral arguments on the summary judgment motions, the trial court denied both parties' motions.

AAMC and Luxor appealed the trial court's ruling to the Appellate Division - First Department, of the Supreme Court of the State of New York. On June 13, 2023, the Appellate Division issued a unanimous decision, finding in favor of AAMC that it did not breach any contractual obligation to redeem Luxor's Series A Shares and directing the trial court to enter judgment dismissing Luxor's complaint. On July 19, 2023, Luxor filed a request for a further appeal to the New York Court of Appeals, and AAMC filed an opposition thereto on August 7, 2023.

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

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

On October 31, 2022, AAMC filed a complaint with demand for jury trial in the Superior Court of the Virgin Islands, Division of St. Croix, against Nathaniel Redleaf alleging breach of fiduciary duty to AAMC. Mr. Redleaf was a member of AAMC's Board of Directors for five years and the Company's complaint alleges that he breached his fiduciary duty, by among other things, disclosing AAMC's confidential information to Luxor. AAMC sought a number of remedies, including compensatory damages, disgorgement of any benefit received by Luxor or Mr. Redleaf as a result of such breaches.

On January 4, 2023, this action was removed to the United States District Court of the Virgin Islands, Division of St. Croix.

On February 28, 2023, defendant Redleaf filed a motion to dismiss the complaint. AAMC filed its opposition to defendant's motion on April 4, 2023 and the parties thereafter stipulated to a stay of proceedings through January 17, 2024.

As noted below, pursuant to a settlement agreement entered in by the parties dated January 11, 2024, all litigation with Mr. Redleaf and Luxor has been terminated and dismissed with prejudice.

Settlement activities

On February 17, 2021, the Company entered into a settlement agreement dated as of February 17, 2021 (the "Putnam Agreement") with Putnam. Pursuant to the Putnam Agreement, AAMC and Putnam exchanged all of Putnam's 81,800 Series A Shares for 288,283 shares of AAMC's common stock. Additionally, AAMC paid Putnam $1,636,000 within three business days of the effective date of the Putnam Agreement and $1,227,000 on the one-year anniversary of the effective date of the Putnam Agreement, and in return Putnam released AAMC from all claims related to the Series A Shares and enter into a voting rights agreement as more fully described in the Putnam Agreement. Finally, AAMC granted to Putnam a most favored nations provision with respect to future settlements of the Series A Shares. As a result of this settlement, we recognized a one-time gain directly to Additional paid in capital of $71.9 million in the first quarter of 2021.

On August 27, 2021, the Company entered into a settlement agreement (the “Wellington Agreement”) with certain funds managed by Wellington Management Company LLP (collectively, “Wellington”). Under the Wellington Agreement, the Company paid Wellington $2,093,000 in exchange for 18,200 Series A Shares ($18.2 million of liquidation preference) held by Wellington, and in return Wellington agreed to release AAMC from all claims related to the Series A Shares. As a result of this settlement, we recognized a one-time gain directly to Additional paid in capital of $16.1 million gain in the third quarter of 2021.

On January 6, 2022, the Company entered into a settlement agreement (the "Settlement Agreement") with two institutional investors. Under the Settlement Agreement, the Company paid the institutional investors approximately $665 thousand in cash in exchange for 5,788 Series A Shares ($5.79 million of liquidation preference) held by the institutional investors. As a result of this settlement, the Company recognized a one-time gain directly to Additional paid in capital of approximately $5.1 million in the first quarter of 2022.

On July 18, 2022, the Company entered into an agreement (the "Purchase Agreement") with Putnam in which the Company repurchased 286,873 shares of common stock of the Company owned by Putnam (the "Putnam Shares"). The aggregate purchase price of the Putnam Shares was $2,868,730, or $10 per share.

Pursuant to the Purchase Agreement, the Company and Putnam also agreed to terminate the most favored nation clause granted to Putnam in the Putnam Agreement. The Company and Putnam also agreed to terminate all of Putnam's shareholder voting obligations included in the Putnam Agreement.

In addition to the above-disclosed settlements with various holders of Series A Shares, effective January 11, 2024 the Company entered into settlement agreements with Luxor Capital (and related entities) and Nathaneal Redleaf which provide for the redemption by the Company of all Series A Shares held by Luxor (and related entities) and the termination and dismissal with prejudice of the litigation with respect thereto and with respect to the Company’s claims against Mr. Redleaf. See Note 11 - Subsequent Events.

2016 Employee Preferred Stock Plan

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

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

We have issued shares of preferred stock under the Employee Preferred Stock Plan to certain of our USVI employees. These shares of preferred stock are mandatorily redeemable by us in the event of the holder's termination of service with the Company for any reason. At December 31, 2023 and 2022, we had 1,200 and 3,200 and shares outstanding, respectively, and we included the redemption value of these shares of $12,000 and $32,000 respectively, within accounts payable and accrued liabilities in our Consolidated Balance Sheets.

In December 2022, our Board of Directors declared and paid an aggregate $0.4 million of dividends on these shares of preferred stock. Such dividends are included in salaries and employee benefits in our Consolidated Statements of Operations.

Recently issued accounting standards

Recently issued accounting standards adopted

In December 2019, the FASB issued ASU 2019-12, "Income Taxes - Simplifying the Accounting for Income Taxes (Topic 740)," which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. Our adoption of this standard in the first quarter of 2022 did not have a material impact on our consolidated financial statements.

Recently issued accounting standards not yet adopted

In March 2020, the FASB issued ASU No. 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting," which provides practical expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The expedients and exceptions provided by the amendments in this update apply only to contracts, hedging relationships, and other transactions that reference the London interbank offered rate ("LIBOR") or another reference rate expected to be discontinued as a result of reference rate reform. These amendments are not applicable to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022. ASU No. 2020-04 is effective as of March 12, 2020 through December 31, 2022 and may be applied to contract modifications and hedging relationships from the beginning of an interim period that includes or is subsequent to March 12, 2020. In December 2022, the FASB extended the temporary accounting rules under Topic 848 from December 31, 2022 to December 31, 2024. We will adopt this standard when LIBOR is discontinued. We are evaluating the impact the new standard will have on our consolidated financial statements and related disclosures, but do not anticipate a material impact.

Recent accounting pronouncements pending adoption not discussed above or in the 2022 Form 10-K are either not applicable or will not have, or are not expected to have a material impact on our consolidated financial position, results of operations, or cash flows.

2. Summary of Significant Accounting Policies

Cash equivalents

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

Certain account balances exceed FDIC insurance coverage and, as a result, there is a concentration of credit risk related to amounts on deposit in excess of FDIC insurance coverage. To mitigate this risk, we maintain our cash and cash equivalents at large national or international banking institutions.

Restricted cash

Historically, we were required to maintain $2 million of restricted cash in a Flagstar deposit account under the Master Repurchase Agreement with Flagstar bank. See Note 4 - Borrowings. We have no restrictions on cash balances at December 31, 2023.

Consolidations

The consolidated financial statements include the accounts of AAMC and its consolidated subsidiaries, which include the voting interest entities in which we are determined to have a controlling financial interest. Our voting interest entities consist entirely of our wholly owned subsidiaries. We also consider variable interest entities ("VIEs") for consolidation where we are the primary beneficiary. We had no VIEs or potential VIEs as of and for the years ended December 31, 2023 or 2022.

Earnings per share

Basic earnings per share is computed by dividing net income or loss, less amortization of preferred stock issuance costs, by the weighted average common stock outstanding during the period. Diluted earnings per share is computed by dividing net income or loss by the weighted average common stock outstanding for the period plus the dilutive effect of (i) stock options and restricted stock outstanding using the treasury stock method and (ii) Series A Preferred Shares using the if-converted method. Weighted average common stock outstanding - basic excludes the impact of unvested restricted stock since dividends paid on such restricted stock are non-participating. Any gain on settlement of preferred shares, which is recorded directly to equity, is included in the numerators for our earnings per share calculations.

Fair value of financial instruments

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

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

Income taxes

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

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

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

Leases

On January 1, 2019, we adopted ASU 2016-02, including various associated updates and amendments, which together comprise the requirements for lease accounting under ASC 842. ASC 842 fundamentally changes accounting for operating leases by requiring lessees to recognize a liability to make lease payments and a right-of-use asset over the term of the lease. We also adopted the “package of practical expedients,” which permits us not to reassess our prior conclusions about lease identification, lease classification and initial direct costs under the new standard. We also elected the short-term lease exemption for all leases that qualify; as a result, we will not recognize right-of-use assets or lease liabilities for leases with a term of less than 12 months at inception.

We lease office space under two operating leases. We recognized lease expense for these leases on a straight-line basis over the lease term and combine lease and non-lease components for all leases. Our office leases are generally for terms of one to five years and typically include renewal options, which we consider when determining our lease right-of-use assets and lease liabilities to the extent that a renewal option is reasonably certain of being exercised. Along with base rents, we are generally required to pay common area maintenance, property taxes and insurance, each of which vary from period to period and are accounted for as variable lease costs and therefore, expensed as incurred.

Other assets

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

During the year ended December 31, 2023, the Company wrote off capitalized costs associated with the development of a website for use in the mortgage business as it was determined that the future cash flows attributable to that line of business did not support its recoverability given the scale back of our lending operations. The write off totaled $0.5 million and is included in impairment expense in the consolidated statement of operations.

Interest income and loan fees

Interest revenue is recognized based on the stated coupon when earned and deemed collectible or until a loan becomes more than 90 days past due, at which point the loan is place on nonaccrual status and any accrued interest is reversed against interest revenue.

Upon a nonaccrual loan being reinstated, meaning all delinquent principal and interest payments have been remitted by the borrower, the loan will be placed back on accrual status.

Interest accrued as of period end is included within loans for sale, at fair value, or loans held for investment, at fair value, in the Consolidated Balance Sheets as applicable.

Loan fees represent origination fees charged to borrowers and are recognized to revenue upon the origination date of the loan.

Share-based compensation

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

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

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

Treasury stock

We account for repurchased common stock under the cost method and include such treasury stock as a component of total stockholders’ equity. We have repurchased shares of our common stock (i) under our Board approval to repurchase up to $300 million in shares of our common stock and (ii) upon our withholding of shares of our common stock to satisfy tax withholding obligations in connection with the vesting of our restricted stock.

3. Loans Held for Sale or Investment at Fair Value

Our loan portfolio consists of business purpose loans secured by single family, multifamily and commercial real estate that were acquired from third party originators or issued by us. The composition of the loan portfolio by classification as of December 31, 2023 and 2022, respectively, is summarized in the table below ($ in thousands):

	Held for Sale		Held for Investment	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Total loan commitments	$ 7,420	$ 15,080	$ 6,235	$ 98,157
Less: construction holdbacks [(1)]	(2,988)	(3,350)	(214)	(13,188)
Total principal outstanding	4,432	11,730	6,021	84,969
Change in fair value of loans	24	(137)	(388)	(1,826)
Total loans at fair value	$ 4,456	$ 11,593	$ 5,633	$ 83,143

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

The loan portfolio consists of 21 loans at December 31, 2023, with a weighted average coupon of 10.4%, of which the Company receives a net yield of 10.2% after taking into account the strip interest to the sellers of the loans. The weighted average life of the portfolio is approximately 0.20 months. Three loans represent 74% of the total principal outstanding at December 31, 2023. There were nine loans on nonaccrual status or 90 days or more past due at December 31, 2023, with a fair value of $3.0 million. These loans have an unpaid principal balance of $2.8 million at December 31, 2023.

As of December 31, 2023, we have commenced formal foreclosure proceedings on five loans with an aggregate fair value of $1.3 million in order to force the sale of the real estate that serves as collateral for such loans. We expect that the sale of the collateral will allow us to recover the full repayment of the outstanding loans and accrued interest as of December 31, 2023. There were no loans for which formal foreclosure proceedings had commenced at December 31, 2023.

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

	Loans Held for Sale	Loans Held for Investment
Balance at December 31, 2022	$ 11,593	$ 83,143
Acquisitions	—	350
Originations	12,359	—
Proceeds from sales of loans [(1)]	(23,453)	(45,484)
Additional fundings	4,880	6,498
Interest receivable	4	(1,181)
Payoffs and repayments	(1,088)	(39,131)
Fair value adjustment	161	1,438
Balance at December 31, 2023	$ 4,456	$ 5,633

(1) Includes net realized loss on sale of loans.

The composition of the total loan commitment by state as of December 31, 2023 is summarized below ($ in thousands):

State	Commitment	Percent of Portfolio
Florida	$ 8,536	62.5 %
Washington	3,470	25.4 %
Arkansas	553	4.0 %
Texas	350	2.6 %
Michigan	230	1.7 %
New Mexico	221	1.6 %
Pennsylvania	176	1.3 %
Other	119	0.9 %
Total	$ 13,655	100.0 %

For financial reporting purposes of our alternative loans, we follow a fair value hierarchy established under GAAP, as described in Note 2 - Summary of Significant Accounting Policies, that is used to determine the fair value of financial instruments. This hierarchy prioritizes relevant market inputs in order to determine an “exit price” at the measurement date, or at the price at which an asset could be sold or a liability could be transferred in an orderly process that is not a forced liquidation or distressed sale.

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

The following table presents the assets that are reported at fair value on a recurring basis as of December 31, 2023 and 2022, as well as the fair value of hierarchy of the valuation inputs used to measure fair value. We did not have any liabilities to report at fair value on a recurring basis as of December 31, 2023 and 2022.

Assets	**Carrying**	**Fair Value Measurements Using**		
(In thousands)	**Value**	**Level 1**	**Level 2**	**Level 3**
December 31, 2023				
Loans held for sale	$ 4,456	$ —	$ —	$ 4,456
Loans held for investment	5,633	—	—	5,633
Total measured	$ 10,089	$ —	$ —	$ 10,089
December 31, 2022				
Loans held for sale	$ 11,593	$ —	$ —	$ 11,593
Loans held for investment	83,143	—	—	83,143
Total measured	$ 94,736	$ —	$ —	$ 94,736

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

On a loan by loan basis, the weighted average discount rate range utilized for the DCF applied to the net yield to be received by the Company was 10.0% which is less than the overall yield on the portfolio of 10.2%, resulting in the increase in value of the portfolio at December 31, 2023. The determination of the discount rate was based on analysis of the current interest rates charged for business purpose loans in conjunction with the increase in rates for other underlying base rates such as the 10-year U.S. treasury bond and the 30 day Secured Overnight Financing Rate ("SOFR") (Level 3). For nonaccrual loans, the discount applied to the value of the collateral was based on available market information on REO sales transaction as of the valuation date (Level 3).

We did not transfer any assets from one level to another level during the years ended December 31, 2023 and 2022, respectively.

We evaluate the change in fair value attributable to instrument-specific credit risk as the excess of the total change in fair value over the change in fair value attributable to changes in the risk-free rate. Instrument-specific credit risk had an immaterial impact on the change in fair value recognized for loans held during the years ended December 31, 2023 and 2022.

4. Borrowings

In December 2022, the Company entered into a $50 million Master Repurchase Agreement (the "NexBank Line") with NexBank, as the buyer. The Company used the proceeds from the NexBank Line to fund the acquisition and origination of business purpose loans (the "Loans") secured by residential, multifamily and certain commercial properties. Each draw on the NexBank Line could be outstanding up to 180 days. NexBank had a security interest in the Loans subject to a transaction under the NexBank Line. The NexBank Line's maturity was 364 days from the execution date.

The NexBank Line accrued interest at a rate equal to the greater of (a) the 1 month Term SOFR rate plus three and one-half percent (3.50%) or (b) four and one-quarter (4.25%). Interest was payable at 90 days. The carrying value of the NexBank Line approximated fair value as of December 31, 2022 due to its short-term nature and floating interest rate terms. NexBank Line's outstanding balance was $9.2 million at December 31, 2022 and was collateralized by $10.4 million in loans. The NexBank line was paid off and terminated on November 7, 2023.

In August 2022, the Company entered into a $50 million Master Repurchase Agreement (the “Flagstar Line”) with Flagstar Bank FSB (“Flagstar”), a federal savings bank, as a buyer and administrative agent. The Company used the proceeds from the Flagstar Line to fund the acquisition and origination of Loans secured by residential, multifamily and certain commercial properties. Each draw on the Flagstar Line could be outstanding up to 180 days. Flagstar had a security interest in the Loans subject to a transaction under the Flagstar Line and requires the Company to maintain restricted cash of $2 million in a Flagstar deposit account. The Flagstar Line's maturity was 364 days from the execution date.

The Flagstar Line accrued interest at a base 1-Month Term SOFR rate plus a spread dependent upon the type of Loan subject to a transaction. Interest was payable at 90 days. The Company also incurred a fee on the unused portion of the $50 million if the average outstanding balance of the Flagstar Line is less than a threshold level of the total commitment. The carrying value of the Flagstar Line approximated fair value as of December 31, 2022 due to its short-term nature and floating interest rate terms. The Flagstar Line’s outstanding balance was $42.5 million at December 31, 2022 and was collateralized by $57.4 million in loans. The Flagstar line was paid off and terminated on September 7, 2023.

5. Leases

We currently lease office space under operating leases in Christiansted, St. Croix, U.S. Virgin Islands and Bengaluru, India. Prior to the termination of the lease in October 2023, we also leased space in Tampa, Florida.

As of December 31, 2023 and 2022, our weighted average remaining lease term, including applicable extensions, was 3.3 years and 3.8 years, respectively, and we applied a discount rate of 7.0% and 7.0%, respectively, to our office leases. We determined the discount rate for each lease to be either the discount rate stated in the lease agreement or our estimated rate that we would charge to finance real estate assets.

During the years ended December 31, 2023 and 2022, we recognized rent expense of $0.4 million and $0.3 million, respectively, related to long-term operating leases. We had no short-term rent expense for the years ended 2023 or 2022. We include rent expense as a component of general and administrative expenses in the Consolidated Statements of Operations. We had no finance leases during the years ended December 31, 2023 and December 31, 2022.

The following table presents a maturity analysis of our operating leases as of December 31, 2023 ($ in thousands):

	Operating Lease Liabilities
2024	$ 300
2025	309
2026	320
2027	76
Total lease payments	1,005
Less: interest	105
Lease liabilities	$ 900

Right-of-use assets are periodically reviewed for impairment losses under ASC 360-10, "Property, plant, and equipment," to determine whether a right-of-use asset is impaired, and if so, the amount of impairment loss to recognize. During the year ended December 31, 2023, we ceased utilizing office space in Tampa, Florida as part of our assessment of overall costs of the mortgage platform and recognized an impairment of the remaining right-of-use asset for the space of $58,000. We did not recognize any impairments of right-of-use assets for the year ended December 31, 2022.

6. Commitments and Contingencies

Litigation, claims and assessments

From time to time, we may be involved in various claims and legal actions arising in the ordinary course of business. Set forth below is a summary of material legal proceedings to which we were a party as of December 31, 2023:

Litigation regarding Luxor Capital Group, LP and certain of its managed funds and accounts ("Luxor")

Please refer to Note 1 - Organization and Basis of Presentation – Section *Issuance of Series A Convertible Preferred Stock in 2014 Private Placement.*

Executive Arbitrations

Former Chief Executive Officer, Indroneel Chatterjee

On May 3, 2021, Mr. Chatterjee, commenced an arbitration against the Company and each of its directors. The arbitration complaint alleges that the Company's April 16, 2021 for cause termination of Mr. Chatterjee was in breach of Mr. Chatterjee's Amended and Restated Employment Agreement and made extra contractual claims against the Company for not affording Mr. Chatterjee a "fair procedure" and placed him in a "false light" by disclosing Mr. Chatterjee's termination in its public announcement of the for cause termination. In addition, the arbitration complaint also asserts a tort claim against each of the Company's directors relating to that termination and against the Company for its April 16, 2021 public announcement of the for cause termination. Mr. Chatterjee's arbitration complaint seeks unspecified damages for his contract claims including for loss of income, stock and bonus, and punitive damages on his tort claims. On June 10, 2021, the Company and its directors responded to the arbitration complaint and advanced counterclaims against Mr. Chatterjee. On October 20, 2021, the arbitrator granted the Company's motion to dismiss with respect to Mr. Chatterjee's "fair procedure" and "false light" claims, but denied the motion to dismiss the tort claim against each of the directors. Following the close of discovery on July 11, 2022, the Company moved for summary judgment seeking dismissal of Mr. Chatterjee's remaining claims against the Company and against its directors, and further seeking entry of judgment on the majority of the Company's counterclaims. On July 21, 2022, the Company and its directors filed a motion alleging that Mr. Chatterjee had engaged in fraud and seeking as sanctions for that abuse both the dismissal of all of Mr. Chatterjee's claims and the payment of the Company's legal fees resulting from that alleged abuse. Following briefing by all parties on the summary judgment and sanction motions, on October 19, 2022, the arbitrator found that Mr. Chatterjee engaged in serious and repeated misconduct, attempting to perpetrate a fraud on the arbitrator and the Company and accordingly (i) dismissed all of Mr. Chatterjee's remaining claims, both as a sanction for his misconduct and, independently, on the merits of the Respondents' motion for summary judgment; (ii) granted summary judgment on one of the Company's counterclaims requiring Mr. Chatterjee to pay the Company $400,000 (the return of half of his initial signing bonus); and, (iii) ordered that Mr. Chatterjee, as a further sanction for his misconduct, reimburse the Company for all expenses it incurred directly and solely as a result of his misconduct (which dollar amount has not yet been set). On December 29, 2022, the arbitrator entered a final order which granted an additional award of fees and costs to the Company in the amount of over $1 million, bringing the Company's total judgment against Mr. Chatterjee to approximately $1.6 million. In the arbitrator's final award, he also included the amounts he had previously awarded to the Company in his

October 19, 2022 order, which were $400,000 plus interest at the U.S. Virgin Islands' 9.0% statutory rate for contractual claims (since Mr. Chatterjee's termination on April 16, 2021) and approximately $140,000 as reimbursement to the Company for all expenses the Company incurred directly and solely as a result of Mr. Chatterjee's misconduct in the arbitration. The Company has taken steps to attempt to enforce the judgment against Mr. Chatterjee and waives no rights or remedies with respect thereto.

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

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

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

The complaint alleges that Defendants, aided by their agents and co-conspirators, engaged in an unlawful enterprise and conspiracy to harm Plaintiffs and related companies, including Ocwen Financial Corporation (“Ocwen”), by damaging their operations, business relationships and standing in the industry. The specific intent and purpose of the Defendants’ alleged illegal conduct, as detailed in the complaint, was to take profits from the forced foreclosures on struggling homeowners during the mortgage crisis and to retaliate against and financially ruin Ocwen and AAMC for pushing back against Defendants’ pro-foreclosure campaign.

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

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

On October 11, 2022, the trial judge appointed a Staff Master to review Defendants’ pending motions and issue a recommended decision thereon.

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

On December 4, 2023, the trial judge issued a memorandum decision and order fully adopting the Staff Master’s comprehensive recommendation and overruling Defendants’ objections to the portions adverse to them. The trial judge certified the findings of jurisdiction over Defendants for a potential interlocutory discretionary appeal. The Virgin Islands Supreme Court has not yet determined whether or not to accept Defendants’ appeal. The trial judge also entered a final order dismissing Blackrock, Inc., thus permitting an appeal by Plaintiffs as of right to the Virgin Islands Supreme Court.

On February 27, 2024, the trial judge issued an order denying Defendants’ request for a stay of discovery proceedings in the Superior Court during the pendency of appellate matters before the Virgin Islands Supreme Court and directing the Staff Master to conduct a discovery conference on an expedited basis. The Staff Master has set a discovery conference for March 27, 2024.

At this time, we are not able to predict the ultimate outcome of this matter, nor can we estimate the range of possible damages to be awarded to AAMC, if any. As such, we have not recorded a gain contingency for this matter at December 31, 2023 or 2022.

7. Incentive Compensation and Share-Based Payments

2012 Special Equity Incentive Plan

A special grant of stock options and restricted stock was made to certain employees of Altisource Portfolio Solutions N.A. ("ASPS") related to our separation from ASPS under the 2012 Special Equity Incentive Plan (the "2012 Special Plan"). We included no share-based compensation in our consolidated financial statements for the portion of these grants made to ASPS employees. The shares of restricted stock became fully vested and were issued during 2017.

Dividends received on restricted stock are forfeitable and are accumulated until the time of vesting at the same rate and on the same date as on shares of common stock. Upon the vesting of stock options and restricted stock, we may withhold up to the statutory minimum to satisfy the resulting employee tax obligation.

Stock options

During the years ended December 31, 2023 and 2022, we recorded no compensation expense related to grants of stock options.

As of both December 31, 2023 and 2022, we had no outstanding options issued under all of our share-based compensation plans or as inducement awards.

During the year ended December 31, 2022, 5,850 stock options were exercised on March 12, 2022 with a weighted average exercise price of $4.36 per share and an aggregate intrinsic value of $0.1 million. All options were exercised in March 2022.

Restricted stock

During the year ended December 31, 2023, we granted no shares of service-based restricted stock to members of management.

During the year ended December 31, 2022, we granted a total of 38,250 shares of service-based restricted stock to members of management with a weighted average grant date value per share of $5.82. These shares of service-based restricted stock awards were granted either as inducement awards or under our Equity Incentive Plans. These grants will vest in three equal annual installments based on the grant date(s), subject to forfeiture or acceleration.

We recorded $0.2 million of compensation expense related to these grants in both of the years ended December 31, 2023, and 2022, respectively. As of December 31, 2023, we had no unrecognized share-based compensation expense to be recognized. As of December 31, 2022, we had $0.3 million of total unrecognized share-based compensation cost to be recognized over a weighted average remaining estimated term 1.1 years.

Additionally, during 2022 our Directors each received annual grants of restricted stock equal to $60,000 based on the market value of our common stock at the time of the annual stockholders meeting. This restricted stock vested on the date of the next Annual Meeting of Stockholders following the date of grant, service period subject to each Director attending at least 75% of the Board and committee meetings. No dividends were paid on the shares until the award was issued. During the year ended December 31, 2022, we granted 14,571 shares of stock pursuant to our Equity Incentive Plans with a weighted average grant date fair value per share of $12.35. There were no shares of stock granted under the Equity Incentive Plans during the year ended December 31, 2023.

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

	Number of Shares	Weighted Average Grant Date Fair Value
December 31, 2021	25,901	$ 13.62
Granted	52,821	7.62
Vested[(1)]	(16,835)	14.11
December 31, 2022[(2)]	61,887	8.36
Vested[(1)]	(18,984)	8.25
Forfeited	(28,332)	6.39
December 31, 2023[(2)]	14,571	$ 12.35

(1) The vesting date fair value of restricted stock that vested during the years ended December 31, 2023 and 2022 was $0.2 million and $0.2 million, respectively.
(2) The aggregate intrinsic value of restricted stock outstanding at December 31, 2023 and 2022 was $0.1 million and $0.7 million, respectively.

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

	December 31, 2023
Stock options outstanding	—
Possible future issuances under share-based compensation plans	107,884
	107,884

As of December 31, 2023, we had 315,515 remaining shares of common stock, excluding treasury shares, authorized to be issued under our charter.

8. Income Taxes

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

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

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

	Year ended December 31,	
	2023	2022
AAMC	$ (31,973)	$ (15,584)

The provision for income taxes from operations is summarized as follows ($ in thousands):

	Year ended December 31, 2023	Year ended December 31, 2022
Current		
Federal	$ 437	$ 195
State	—	4
International	73	55
Total current tax expense	510	254
Deferred		
Federal	54	94
State	9	2
Total deferred tax expense	63	96
Total tax expense	$ 573	$ 350

The following table sets forth the components of our total deferred tax assets ($ in thousands):

	December 31, 2023	December 31, 2022
Deferred tax assets:		
Stock compensation	$ 6	$ 2
Accrued expenses	53	84
Net operating losses (1)	4,506	1,109
Lease liabilities	10	54
Other	4	76
Total gross deferred tax assets	4,579	1,325
Less: Valuation allowance	(4,313)	(1,266)
Total net deferred tax assets	266	59
Deferred tax liabilities:		
Right-of-use assets	9	53
Investments	—	6
Unrealized gains	320	—
Total gross deferred tax liabilities	329	59
Deferred tax assets, net	$ (63)	$ —

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

The change in deferred tax assets is included in changes in other assets and liabilities in the Consolidated Statement of Cash Flows. The significant factors contributing to the increase in our valuation allowance in 2023 are due to increases in the temporary differences attributable to net operating losses, accrued compensation, and unrealized gains.

ASC 740 requires that the tax benefit of net operating losses, temporary differences and credit carryforwards be recorded as an asset to the extent that management assesses that realization is "more likely than not." Realization of the future tax benefits is dependent on the Company's ability to generate sufficient taxable income within the carryforward period. AAMC has historically been in a three-year cumulative loss position with the exception of 2020 due to the recognition of the Termination Fee payments as income that year. Removing this income from the analysis results in cumulative three-year book losses as of December 31, 2023. The Company believes that it is more likely than not that the Company will not realize the benefit of its net deferred tax assets. As such, the Company has recorded a full valuation allowance in 2022 against its net deferred tax assets. The valuation allowance increased by approximately $3.0 million during the year ended December 31, 2023.

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

	Year ended December 31,	
	2023	2022
U.S. Virgin Islands income tax rate	23.1 %	23.1 %
State and local income tax rates	—	—
EDC benefits in the USVI	(14.2)	(19.5)
Foreign tax rate differential	(0.6)	(0.2)
Permanent and other	(0.2)	(0.5)
Valuation allowance	(9.5)	(4.9)
Other adjustments	(0.4)	(0.3)
Effective income tax rate	(1.8)%	(2.3)%

During the tax years ended December 31, 2023 and 2022, we recognized no interest or penalties associated with unrecognized tax benefits.

We recorded $0.4 million as of December 31, 2023, excluding interest and penalties, as a liability for unrecognized tax benefits in Accrued expenses and other liabilities in the consolidated balance sheet. Had we recognized $0.4 million, along with related interest and penalties, it would have favorably impacted the annual effective tax rate. We do not anticipate any significant increases or decreases in our unrecognized tax benefits within the next 12 months.

The following table presents a reconciliation of the beginning and ending amount of unrecognized tax benefits for the years ended December 31, 2023 and 2022 ($ in thousands):

	December 31, 2023	December 31, 2022
Unrecognized tax benefits at the beginning of the year	—	—
Current period tax position increases	—	—
Prior period tax position increases	437	—
Decreases due to lapse in applicable statute of limitations	—	—
Unrecognized tax benefits at the end of the year	437	—

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

We remain subject to tax examination in the USVI for tax years 2020 to 2023 and in the United States for tax years 2020 to 2023.

9. Earnings Per Share

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

	Year ended December 31,	
	2023	2022
Numerator		
Net loss	$ (32,546)	$ (15,934)
Gain of preferred stock transaction	—	5,122
Numerator for earnings per share - net loss attributable to common stockholders	$ (32,546)	$ (10,812)
Denominator		
Weighted average common stock outstanding - basic	2,925,744	3,259,755
Weighted average common stock outstanding - diluted	2,925,744	3,259,755
Loss per basic common share	$ (11.12)	$ (3.32)
Loss per diluted common shares	$ (11.12)	$ (3.32)

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

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

	Year ended December 31,	
	2023	2022
Denominator		
Restricted stock	35,595	28,840
Preferred stock, if converted	196,128	196,238

10. Segment Information

ALG is our primary segment. The Company's chief operating decision maker, its Chief Executive Officer, reviews the financial information presented on a consolidated basis for purposes of allocating resources and evaluating its financial performance. Accordingly, the Company has determined that it operates in a single reportable segment.

11. Subsequent Events

Effective as of January 11, 2024 (the "Effective Date"), AAMC entered into a settlement agreement (the "Settlement Agreement") with Luxor Capital Group LP, Luxor Capital Partners Offshore Masters Fund, LP, Luxor Capital Partners, LP, Luxor Wavefront, LP, Luxor Spectrum, LLC, and Thebes Offshore Master Fund, LP (collectively, "Luxor") and Nathaniel Redleaf, a former AAMC director (together with AAMC and Luxor, the "Parties").

Under the terms of the Settlement Agreement:

- Luxor surrendered all 144,212 shares of AAMC Series A Convertible Preferred Stock it held to AAMC. Luxor and AAMC agreed that their related Securities Purchase Agreement dated March 13, 2014, along with the Certificate of Designations dated March 17, 2014 attached thereto, are void and all rights thereunder are extinguished.
- The Company shall provide the following consideration to Luxor:

    - A $1,000,000 cash payment within five days of the Effective Date, plus
    - Three Promissory Notes in the following principal amounts and durations:
        - A Note in the principal amount of $2,000,000 due and payable on the three-year anniversary of the Effective Date;
        - A Note in the principal amount of $3,000,000 due and payable on the five-year anniversary of the Effective Date; and
        - A Note in the principal amount of $6,000,000 due and payable on the eight-year anniversary of the Effective Date.

    - Each Note bears annual interest at either 7.5% on a cash basis or 10% paid-in-kind (“PIK”) basis, at the election of AAMC. The Company shall refrain from making common stock repurchases or issuing dividends at any time the PIK option is in effect and is subject to certain additional covenants enumerated in the Notes.

        - The Company shall also pay Luxor 50% of any proceeds received in respect of its damage claims in the action brought by Erbey Holding Corporation pending in USVI Superior Court with case number SX-2018-CV-146, up to a cumulative payout cap to Luxor of $50,000,000.
        - The Parties agreed and stipulated to dismissal with prejudice of the following actions: (i) *Luxor Capital Group LP, et. al v. Altisource Asset Management Corporation* filed in the Supreme Court of the State of New York in the County of New York, with index number 650746/2020 (including Luxor’s withdrawal of its pending request for further appellate review by the New York Court of Appeals), and (ii) *Altisource Asset Management Corporation v. Nathaniel Redleaf et. al* pending in the United States District Court for the District of the Virgin Islands, with case number 1:23-cv-00002. The Parties exchanged mutual releases of their respective claims relating to the aforesaid actions, SPA and Certificate, as applicable, and agreed that the Settlement Agreement shall not be construed as an admission that any of the Parties violated the law, breached any contract or committed any wrong whatsoever.

Exhibit 4.1

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

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

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

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

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

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

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

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

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

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

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

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

Exhibit 21

Subsidiaries of Altisource Asset Management Corporation

Name of Entity	Jurisdiction of Incorporation
AAMC US, Inc.	Delaware
Altisource Consulting S.á r.l	Luxembourg
Finsight Business Solutions Private Ltd.	India
NewSource Reinsurance Company Ltd.	Bermuda
AAMC Real Estate Strategies Offshore Fund 1 (Cayman), LP (f/k/a AAMC EBO Offshore Fund 1 (Cayman), LP)	Cayman Islands
Alternative Lending Group LLC	Delaware
Grapetree Lending LLC	U.S. Virgin Islands
Shoys Lending LLC	U.S. Virgin Islands
Premieria LLC	U.S. Virgin Islands
St. Croix Servicing LLC	U.S. Virgin Islands
Alternative Residential Credit LLC	Delaware

Exhibit 23

Consent of Independent Registered Public Accounting Firm

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

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

of our report dated March 29, 2024, with respect to the consolidated financial statements of Altisource Asset Management Corporation included in this Annual Report (Form 10-K) of Altisource Asset Management Corporation for the year ended December 31, 2023.

/s/ Ernst & Young LLP

Atlanta, Georgia
March 29, 2024

Exhibit 31.1

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

I, William C. Erbey, certify that:

1. I have reviewed this Annual Report on Form 10-K of Altisource Asset Management Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2024

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

Exhibit 31.2

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

I, Richard G. Rodick, certify that:

1. I have reviewed this Annual Report on Form 10-K of Altisource Asset Management Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date:	March 29, 2024	By:	/s/ Richard G. Rodick
			Richard G. Rodick
			Chief Financial Officer

Exhibit 32.1

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

The undersigned, the Chief Executive Officer of Altisource Asset Management Corporation (the “Company”), hereby certifies on the date hereof, pursuant to 18 U.S.C. §1350(a), as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K for the year ended December 31, 2023 (“Form 10-K”), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

Date:	March 29, 2024	By:	/s/ William C. Erbey
			William C. Erbey
			Chief Executive Officer

Exhibit 32.2

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

The undersigned, the Chief Financial Officer of Altisource Asset Management Corporation (the "Company"), hereby certifies on the date hereof, pursuant to 18 U.S.C. §1350(a), as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K for the year ended December 31, 2023 ("Form 10-K"), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

Date:	March 29, 2024	By:	/s/ Richard G. Rodick
			Richard G. Rodick
			Chief Financial Officer

Altisource Asset Management Corporation
Policy on Recovery of Erroneously Awarded Compensation

Purpose and Scope

This statement constitutes AAMC's Policy on Recovery of Erroneously Awarded Compensation (the "Recovery Policy"). Pursuant to this Recovery Policy, AAMC will reasonably promptly recover the amount of any erroneously awarded incentive-based compensation in the event that the Company is required to prepare an accounting restatement due to the material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

Recovery Policy

a. This Recovery Policy applies to all incentive-based compensation received by a person:

   i. After beginning service as an executive officer;

   ii. Who served as an executive officer at any time during the performance period for that incentive-based compensation;

   iii. While AAMC has a class of securities listed on a national securities exchange or a national securities association; and

   iv. During the three completed fiscal years immediately preceding the date that AAMC is required to prepare an accounting restatement. In addition to the last three completed fiscal years, this Recovery Policy also applies to any transition period (that results from a change in the issuer's fiscal year) within or immediately following those three completed fiscal years.[1] The Company's obligation to recover erroneously awarded compensation is not dependent on if or when the restated financial statements are actually filed.

b. For purposes of determining the relevant recovery period, the date on which an accounting restatement is required to be prepared is the earlier to occur of:

   i. The date the Company's board of directors, a committee of the board of directors, or the officer or officers of the Company authorized to take such action if board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement; or

[1] However, a transition period between the last day of the issuer's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year.

ii. The date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement.

c. The amount of incentive-based compensation that is subject to this Recovery Policy ("erroneously awarded compensation") is the amount of incentive-based compensation received that exceeds the amount of incentive-based compensation that otherwise would have been received had it been determined based on the restated amounts, and must be computed without regard to any taxes paid. For incentive-based compensation based on stock price or total shareholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement:

i. The amount must be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the incentive-based compensation was received; and

ii. The Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange.

d. The Company shall recover erroneously awarded compensation in compliance with this Recovery Policy except to the extent that the conditions of paragraphs (A), (B), or (C) below are met, and the Company's committee of independent directors responsible for executive compensation decisions, or in the absence of such a committee, a majority of the independent directors serving on the board, has made a determination that recovery would be impracticable.

i. The direct expense paid to a third party to assist in enforcing the policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on expense of enforcement, the Company shall make a reasonable attempt to recover such erroneously awarded compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange.

ii. Recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on violation of home country law, the issuer must obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation, and must provide such opinion to the Exchange.

iii. Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

e. The Company is prohibited from indemnifying, and shall not indemnify, any executive officer or former executive officer against the loss of erroneously awarded compensation.

1. The Company must file all disclosures with respect to such Recovery Policy in accordance with the requirements of the Federal securities laws, including the disclosure required by the applicable U.S. Securities and Exchange Commission ("Commission") filings.

(e) Definitions. Unless the context otherwise requires, the following definitions apply for purposes of this Recovery Policy:

Executive Officer. An executive officer is the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the issuer in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policymaking functions for the issuer. Executive officers of the Company's parent(s) or subsidiaries are deemed executive officers of the Company if they perform such policy making functions for the issuer. In addition, when the issuer is a limited partnership, officers or employees of the general partner(s) who perform policy-making functions for the limited partnership are deemed officers of the limited partnership. If the Company in the future owns a trust, then the officers, or employees of the trustee(s) who perform policy-making functions for the trust are deemed officers of the trust. Policy-making function is not intended to include policymaking functions that are not significant. Identification of an executive officer for purposes of this Recovery Policy would include at a minimum executive officers identified pursuant to 17 CFR 229.401(b).

Financial reporting measures. Financial reporting measures are measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also financial reporting measures. A financial reporting measure need not be presented within the financial statements or included in a filing with the Commission.

Incentive-based compensation. Incentive-based compensation is any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a financial reporting measure.

Received. Incentive-based compensation is deemed received in the Company's fiscal period during which the financial reporting measure specified in the incentive-based compensation award is attained, even if the payment or grant of the incentive-based compensation occurs after the end of that period.

Adopted by Resolution of Board of Directors

Dated: October 11, 2023