

Altisource Residential Corp  
Form DEF 14A  
April 16, 2014

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

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material under §240.14a-12

ALTISOURCE RESIDENTIAL CORPORATION  
(Name of Registrant as Specified In Its Charter)

N/A  
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:  
N/A
  - (2) Aggregate number of securities to which transaction applies:  
N/A
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):  
N/A
  - (4) Proposed maximum aggregate value of transaction:  
N/A
  - (5) Total fee paid:
- ☐ Fee paid previously with preliminary materials.
- ☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:  
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-

- (2) Form, Schedule or Registration Statement No.:  
N/A
  - (3) Filing Party:  
N/A
  - (4) Date Filed:  
N/A
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April 16, 2014

Dear Fellow Stockholder:

On behalf of the Board of Directors, I cordially invite you to attend the Annual Meeting of Stockholders of Altisource Residential Corporation, which will be held at the offices of the Company located at c/o Altisource Asset Management Corporation, 402 Strand Street, Frederiksted, United States Virgin Islands 00840-3531 on Wednesday, May 28, 2014, at 9:00 a.m., Atlantic Standard Time. The matters to be considered by stockholders at the Annual Meeting of Stockholders are described in detail in the accompanying materials.

It is very important that you be represented at the Annual Meeting of Stockholders regardless of the number of shares you own or whether you are able to attend the Annual Meeting of Stockholders in person. We urge you to complete your proxy card in one of the manners described in the accompanying materials even if you plan to attend the Annual Meeting of Stockholders. This will not prevent you from voting in person but will ensure that your vote is counted if you are unable to attend.

Your support of and interest in Altisource Residential Corporation is sincerely appreciated.

Sincerely,

William C. Erbey  
Chairman of the Board of Directors

Ashish Pandey  
Chief Executive Officer

ALTISOURCE RESIDENTIAL CORPORATION

c/o Altisource Asset Management Corporation  
402 Strand Street  
Frederiksted, United States Virgin Islands 00840-3531

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS AND  
IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS  
FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 28, 2014

NOTICE

Our Annual Meeting of Stockholders will be held:

Date: Wednesday, May 28, 2014

Time: 9:00 a.m., Atlantic Standard Time

Location: Altisource Residential Corporation  
c/o Altisource Asset Management Corporation  
402 Strand Street  
Frederiksted, United States Virgin Islands 00840-3531

PURPOSE

- To elect five (5) Directors for a one (1) year term and/or until their successors are elected and qualified;
- To ratify the appointment by the Audit Committee of our Board of Directors of Deloitte & Touche LLP to be our independent registered public accounting firm for the year ending December 31, 2014; and
- To transact such other business as may properly come before the meeting and any adjournment thereof.

PROCEDURES

• Our Board of Directors has fixed April 7, 2014 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting of Stockholders.

• Only stockholders of record at the close of business on the record date will be entitled to vote at the Annual Meeting of Stockholders.

The proxy statement for our 2014 Annual Meeting of Stockholders and our annual report to stockholders on Form 10-K for the year ended December 31, 2013 were made available on or about April 16, 2014 on our website under Investor Relations-Financial Information at <http://ir.altisourceresi.com/financials.cfm>. Additionally, and in accordance with Securities and Exchange Commission ("SEC") rules, you may access our proxy statement at <http://www.proxyvote.com>, a website that does not identify or track visitors of the site, by entering the 12 digit Control Number found on your Beneficial Notice Card or on your Proxy Card.

By Order of the Board of Directors,

Stephen H. Gray  
Secretary

April 16, 2014

Frederiksted, United States Virgin Islands

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ALTISOURCE RESIDENTIAL CORPORATION  
PROXY STATEMENT  
ANNUAL MEETING OF STOCKHOLDERS

General Information

We have made this proxy statement available to you on or about April 16, 2014 as a holder of common stock of Altisource Residential Corporation (“Residential” or the “Company”) because our Board of Directors is soliciting your proxy to be used at our Annual Meeting of Stockholders and at any adjournment of this meeting. The Annual Meeting of Stockholders will be held at our offices located at c/o Altisource Asset Management Corporation, 402 Strand Street, Frederiksted, United States Virgin Islands 00840-3531 on Wednesday, May 28, 2014, at 9:00 a.m., Atlantic Standard Time for the purposes listed in the Notice of Annual Meeting of Stockholders.

Notice and Access to Proxy Materials

We expect our proxy materials, including this proxy statement and our 2013 annual report, to be made available to stockholders on or about April 16, 2014 through the Shareholders link on our website at [www.altisourceresi.com](http://www.altisourceresi.com) or through [www.proxyvote.com](http://www.proxyvote.com). In accordance with the rules of the SEC, most stockholders will not receive printed copies of these proxy materials unless they request them. Instead, most stockholders will receive by mail a “Notice of Internet Availability of Proxy Materials” that contains instructions as to how they can view our materials online, request copies be sent to them by mail or electronically by email and as to how they can vote online.

Voting Procedures

You can vote your shares by proxy without attending the meeting. You may vote your shares by proxy over the Internet by following the instructions provided in the “Notice of Internet Availability of Proxy Materials,” or if you receive printed proxy materials, you can also vote by mail or telephone pursuant to instructions provided on the proxy card. If you are voting over the Internet or by telephone, you will need to provide the control number that is printed on the Notice or proxy card that you receive.

How a Proxy Works

All valid proxies received prior to the meeting will be voted in accordance with your instructions. If no contrary instructions are given, other than as discussed below with respect to broker “non-votes,” each proxy received will be voted “FOR” each of the nominees for Director and “FOR” approval of the appointment of Deloitte & Touche LLP to be our independent registered public accounting firm for 2014 and with regard to any other business that properly comes before the meeting in accordance with the best judgment of the persons appointed as proxies.

How to Revoke a Proxy

Your proxy may be used only at the Annual Meeting of Stockholders and any adjournment of this meeting and will not be used for any other meeting. You have the power to revoke your proxy at any time before it is exercised by:

filing written notice with our Corporate Secretary at the following address:

Stephen H. Gray, Corporate Secretary  
Altisource Residential Corporation  
c/o Altisource Asset Management Corporation

402 Strand Street  
Frederiksted, United States Virgin Islands 00840-3531

submitting a properly executed proxy bearing a later date; or

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appearing at the Annual Meeting of Stockholders and giving the Corporate Secretary notice of your intention to vote in person.

#### Who May Vote

You are entitled to vote at the Annual Meeting of Stockholders or any adjournment of the Annual Meeting of Stockholders if you are a holder of record of our common stock at the close of business on April 7, 2014. At the close of business on April 7, 2014, there were 57,114,763 shares of common stock issued, outstanding and able to be voted and no other class of equity securities outstanding. Each share of our common stock is entitled to one (1) vote at the Annual Meeting of Stockholders on all matters properly presented. Abstentions and broker “non-votes” will be treated as present for purposes of a quorum.

#### Quorum and Voting Information

The presence at the Annual Meeting of Stockholders of a majority of the votes of our common stock entitled to be cast, represented in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting of Stockholders.

Assuming a quorum, the five (5) nominees for Director will be elected as Directors of Residential by a plurality of the votes cast in person or by proxy at the meeting. You may vote in favor of, against or withhold authority to vote for one (1) or more nominees for Director. Votes that are withheld will be excluded entirely from the vote and will have no effect on the outcome of the vote. “Plurality” means that the five (5) individuals who receive the greatest number of votes cast “For” are elected as directors.

The proposal to ratify the appointment of Deloitte & Touche LLP to be our independent registered public accounting firm requires the affirmative vote of a majority of the shares entitled to vote that are represented at the meeting. Any other matter properly submitted for your consideration at the Annual Meeting of Stockholders (other than the election of Directors) requires the affirmative vote of a majority of the shares entitled to vote that are represented at the meeting.

Abstentions will not be counted in determining the votes cast in connection with the foregoing matters.

If any broker “non-votes” occur at the meeting with respect to your shares, the broker “non-votes” will count for purposes of determining whether a quorum is present but will not have an effect on any proposals presented for your vote. A broker “non-vote” occurs when a broker or nominee holding shares for a beneficial owner does not vote on a particular proposal because the broker or nominee does not have discretionary voting power on that item and has not received instructions from the owner. Other than with respect to the ratification of our independent registered public accounting firm, in the event of a broker non-vote, brokers may not vote on behalf of their clients on the above proposals.

If the shares you own are held in “street name” by a bank or brokerage firm, your bank or brokerage firm, as the record holder of your shares, is required to vote your shares according to your instructions. To vote your shares, you will need to follow the directions your bank or brokerage firm provides you. You will receive a Notice of Internet Availability of Proxy Materials that will tell you how to access our proxy materials and vote your shares via the Internet. It will also tell you how to request a paper or e-mail copy of our proxy material. Please contact your bank or brokerage firm for further information.



## ELECTION OF DIRECTORS

## (Proposal One)

Our Bylaws provide that that the number of our directors will be fixed by a majority of our entire Board of Directors but may not be fewer than the minimum required under the Maryland General Corporation Law, which is one (1), or more than fifteen (15). Currently, we have five (5) members of our Board of Directors.

We are proposing the five (5) nominees listed below for election as Directors at the Annual Meeting of Stockholders for a one (1) year term or until their successors are elected and qualified. Assuming a quorum, the five (5) nominees for Director will be elected as Directors by a plurality of the votes cast in person or by proxy at the meeting. All nominees currently serve as our Directors. There are no arrangements or understandings between any nominee and any other person for selection as a nominee.

If any nominee is unable or unwilling to stand for election at the time of the Annual Meeting of Stockholders, the person or persons appointed as proxies will nominate and vote for a replacement nominee or nominees recommended by our Board of Directors. At this time, our Board of Directors knows of no reason why any of the nominees would not be able or willing to serve as Director if elected.

## Nominees for Director

The following table sets forth certain information concerning our nominees for Director:

Name	Age <sup>(1)</sup>	Director Since	Audit Committee	Compensation Committee	Nomination/Governance Committee
William C. Erbey	64	2012			X <sup>(2)</sup>
Michael A. Eruzione	59	2012			X
Robert J. Fitzpatrick	53	2012	X <sup>(2)</sup>	X	
James H. Mullen, Jr.	56	2012	X	X	X
David B. Reiner	58	2012	X	X <sup>(2)</sup>	X

<sup>(1)</sup> As of April 7, 2014

<sup>(2)</sup> Committee Chair.

The principal occupation for at least the last five (5) years and additional biographical information of each Director of Residential is set forth below.

William C. Erbey. Mr. Erbey was appointed as the Chairman of the Board of Directors of Residential in July 2012. Mr. Erbey has also served as the Executive Chairman of the Board of Directors of Ocwen since September 1996 and as the Chief Executive Officer of Ocwen from January 1998 to October 2010. He served as the President of Ocwen from January 1988 to May 1998. From 1983 to 1995, Mr. Erbey served as a Managing General Partner of The Oxford Financial Group, a private investment partnership that was the predecessor of Ocwen. He is also the founder of Home Loan Servicing Solutions, Ltd. ("HLSS") and has served as its Chairman since December 2010. He has also served as Chairman of Altisource Portfolio Solutions S.A. since July 2009 and has served as Chairman of AAMC since March 2012. From 1975 to 1983, Mr. Erbey served at General Electric Capital Corporation ("GECC") in various capacities, including as President and Chief Operating Officer of General Electric Mortgage Insurance Corporation. Mr. Erbey

also served as the Program General Manager of GECC's Commercial Financial Services Department and as the President of Acquisition Funding Corporation. He holds a Bachelor of Arts in Economics from Allegheny College and a Master of Business Administration, with distinction, from Harvard University.

Mr. Erbey's extensive experience as the Chairman and Chief Executive Officer of Ocwen demonstrates his leadership capability and business acumen. His experience in the mortgage services industry brings valuable financial, operational, strategic and industry expertise to our Board of Directors.

Michael A. Eruzione. Mr. Eruzione was appointed to our Board of Directors in December 2012. Mr. Eruzione represents major corporations as a spokesperson and as a motivational speaker and has served as the Director of Development for Athletics at Boston University in Boston, Massachusetts since 1995. He previously served as the Director of Special Programs for Alumni Relations and Development. From 1984 to 1994, Mr. Eruzione worked as a sports commentator for Madison Square Garden, ABC, NBC and CBS. Mr. Eruzione was captain of the 1980 United States Olympic Hockey Team that won the gold medal in Lake Placid, NY. Mr. Eruzione holds a Bachelor of Arts from the Boston University School of Education in Boston, Massachusetts.

Mr. Eruzione's diverse background and experience representing major corporations provides insight to the Board of Directors, particularly with respect to the development of strategic relationships.

Robert J. Fitzpatrick. Mr. Fitzpatrick was appointed to our Board of Directors in December 2012. Mr. Fitzpatrick has over 25 years of experience in real estate banking and structured finance and is one of the founding members of Institutional Mortgage Capital Canada, Inc. ("IMCCI"), established in 2009 as an investment platform for investors in Canadian commercial real estate debt and securities. Mr. Fitzpatrick has served as Chief Financial Officer of IMCCI since 2011. Prior to joining IMCCI, Mr. Fitzpatrick served from 1983 to 2009 in various senior managerial and executive appointments for Merrill Lynch, a financial management and advisory firm, including Head of Residential and Commercial Securitization, Managing Director of Commercial Real Estate Lending and Managing Director of Global Principal Investments. Mr. Fitzpatrick holds a Bachelor of Science in Accounting from St. John's University in New York, New York.

Mr. Fitzpatrick's experience in the real estate financing sector as well as knowledge regarding accounting and finance provides financial, operational and strategic expertise and guidance to the Board of Directors.

James H. Mullen, Jr. Dr. Mullen was appointed to our Board of Directors in December 2012. Dr. Mullen has over 20 years of experience in leadership roles in higher education and has served as President of Allegheny College in Meadville, Pennsylvania since 2008. Dr. Mullen also serves on the board of directors and councils of several higher education organizations, including, but not limited to, the American Council on Education, the Association of Independent Colleges & Universities in Pennsylvania, and the National Association of Independent Colleges and Universities, Tax Policy Committee. Prior to joining Allegheny College, he served as President of Elms College in Chicopee, Massachusetts, as Chancellor of the University of North Carolina in Asheville, North Carolina and as Senior Vice President of Trinity College in Hartford, Connecticut. Dr. Mullen holds a Master of Public Policy from the John F. Kennedy School of Government at Harvard University in Cambridge, Massachusetts and a Doctorate in Higher Education Administration from the University of Massachusetts in Amherst, Massachusetts.

Dr. Mullen's tax policy knowledge and prior board experience provides insights to our Board of Directors, particularly in the areas of strategic planning, finance and tax matters.

David B. Reiner. Mr. Reiner was appointed to the Board of Directors in December 2012. Mr. Reiner is currently a Managing Director with Regional Real Estate Investment Corporation ("RREIC"), a registered investment advisor that manages private investment funds that make opportunistic real estate investments. Prior to joining RREIC, Mr. Reiner served as a Managing Director of Grosvenor Investment Management US Inc. ("GIM"), a real estate investment fund, from 2003 to 2011. At GIM, Mr. Reiner was responsible for the development and implementation of business strategy, capital markets activities, fund and investment development, fund-raising, fund operations and investor

relations. He also was a member of the Management and Investment Committees for GIM's Investment Funds business and served on the Capital Markets Committee of Grosvenor Fund Management Ltd. Prior to that, Mr. Reiner was a Co-founder and Managing Director of Legg Mason Real Estate Investors, Inc., from 2000 until 2003, a specialty real estate lender that provided mezzanine and bridge loans to the commercial real estate industry. Mr. Reiner currently serves on the board of directors and as chairman of the audit committee of

HLSS. Prior to joining the HLSS Board, he served three years on the board of directors of Ocwen, where he was also a member of both the audit committee and the nomination/governance committee. Mr. Reiner holds a Bachelor of Arts from the University of South Carolina in Columbia, South Carolina and a Juris Doctorate from George Mason University School of Law in Fairfax, Virginia. He also completed graduate work in international affairs and economics at the Fletcher School of Law & Diplomacy at Tufts University in Medford, Massachusetts and the Johns Hopkins School of Advanced International Studies in Washington, DC.

Mr. Reiner's real estate investment expertise, particularly with respect to capital market activities, investment strategies and funding operations, provides insight to the Board of Directors. In addition, his background in economics and public company audit committee experience enable him to provide guidance to the Board of Directors in overseeing financial and accounting aspects of our operations.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS  
THAT YOU VOTE "FOR" EACH OF THE NOMINEES FOR DIRECTOR

## BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

### Meetings of the Board of Directors

The Board of Directors plays an active role in overseeing management and representing the interests of the stockholders. Directors are expected to attend all meetings of the Board of Directors and the meetings of committees on which they serve. Directors are also consulted for advice and counsel between formal meetings.

Our current Board of Directors held eight (8) meetings in 2013. Each incumbent Director attended 100% of these meetings as well as the meetings held by all committees of our Board of Directors on which they served during the year. The Board of Directors also regularly held executive sessions of the independent directors. We do not have a formal policy regarding Director attendance at the Annual Meeting of Stockholders. All of the incumbent members of our Board of Directors attended our 2013 Annual Meeting of Stockholders.

### Independence of Directors

Our Corporate Governance Guidelines provide that our Board of Directors must be comprised of a majority of Directors who qualify as independent Directors under the standards of the New York Stock Exchange, or the “NYSE.”

Our Board of Directors annually reviews the direct and indirect relationships that we have with each Director. The purpose of this review is to determine whether any such transactions or relationships are inconsistent with a determination that the Director is independent. Only those Directors who are determined by our Board of Directors to have no material relationship with Residential are considered independent. This determination is based in part on the analysis of questionnaire responses that follow the independence standards and qualifications established by NYSE rules and law. Our current Board of Directors has determined that Messrs. Erbey, Eruzione, Fitzpatrick, Mullen and Reiner are independent Directors.

### Board Leadership Structure

Our Board of Directors has no fixed policy with respect to the separation of the offices of Chairman of the Board of Directors and Chief Executive Officer. Our Board of Directors retains the discretion to make this determination on a case-by-case basis from time to time as it deems to be in the best interests of the Company and its stockholders at any given time. The Board of Directors currently believes that separating the positions of Chief Executive Officer and Chairman is the best structure to fit our needs. Through his position as the Chief Executive Officer of our asset manager, AAMC, Mr. Pandey is also our Chief Executive Officer and is responsible for our day-to-day operations and for formulating and executing our long-term strategies in collaboration with the Board of Directors. As Chairman of the Board of Directors, Mr. Erbey leads the Board and oversees meetings of the Board of Directors and the delivery of information necessary for the Board’s informed decision-making.

### Committees of the Board of Directors

Our Board of Directors has established an Audit Committee, a Compensation Committee and a Nomination/Governance Committee. A brief description of these committees is provided below.

**Audit Committee.** The Audit Committee of our Board of Directors oversees the relationship with our independent registered public accounting firm, reviews and advises our Board of Directors with respect to reports by our independent registered public accounting firm and monitors our compliance with laws and regulations applicable to our operations, including the evaluation of significant matters relating to the financial reporting process and our system of accounting, internal controls, auditing and federal securities law matters and the review of the scope and results of the annual audit conducted by the independent registered public accounting firm.



The members of the Audit Committee in 2013 were Mr. Fitzpatrick, Dr. Mullen and Mr. Reiner, and Mr. Fitzpatrick was the Chair of the Audit Committee. Each member of our Audit Committee is independent as defined in regulations adopted by the SEC and NYSE listing standards. Our Board of Directors has determined that all

members of our Audit Committee are financially literate and possess accounting or related financial management expertise. Our Board of Directors has also determined that each of Mr. Fitzpatrick and Mr. Reiner qualify as “audit committee financial experts” as that term is defined in SEC rules. The Audit Committee met ten (10) times in 2013 and held four (4) executive sessions outside the presence of our management.

Our Audit Committee operates under a written charter approved by our Board of Directors, a copy of which is available on our website at [www.altisourceresi.com](http://www.altisourceresi.com) and is available in print to any stockholder who requests it. On an annual basis, the Audit Committee will review and approve its charter. The Committee will also evaluate its performance under its charter annually and deliver a report to the Board setting forth the results of its evaluation, including an assessment of the adequacy of its charter and any recommendations for amendments. The charter was last reviewed by the Audit Committee in March 2014.

Compensation Committee. The Compensation Committee of our Board of Directors oversees the compensation of our directors. We have no employees. Our executive officers are employed by our asset manager, AAMC, and we reimburse AAMC for the cash compensation of its executive officers and employees based on the services they render on behalf of us in the conduct of our business. However, because none of our executive officers receive compensation from us, the Compensation Committee does not determine or approve the compensation of our executive officers.

The Compensation Committee has the authority to retain independent counsel or other advisers at our expense as the Compensation Committee deems necessary in connection with its responsibilities. The Compensation Committee may request that any of our Directors, officers or other persons attend its meetings to provide advice, counsel or pertinent information as the Committee requests.

The members of the Compensation Committee in 2013 were Mr. Reiner, Mr. Fitzpatrick and Dr. Mullen, and Mr. Reiner was the Chair of the Compensation Committee. Each member of the Compensation Committee is independent as defined by NYSE listing standards. While we have no specific qualification requirements for members of the Compensation Committee, our members have knowledge and experience regarding compensation matters as developed through their respective business experience in both management and advisory roles, including general business management, executive compensation and employee benefits experience.

Our Compensation Committee operates under a written charter approved by our Board of Directors, a copy of which is available on our website at [www.altisourceresi.com](http://www.altisourceresi.com) and is available in print to any stockholder who requests it. On an annual basis, the Compensation Committee will review and approve its charter. The Committee will also evaluate its performance under its charter annually and deliver a report to the Board setting forth the results of its evaluation, including an assessment of the adequacy of its charter and any recommendations for amendments. The charter was last reviewed by the Compensation Committee in March 2014. The Compensation Committee met two (2) times in 2013.

Nomination/Governance Committee. The Nomination/Governance Committee of our Board of Directors makes recommendations to our Board of Directors of individuals qualified to serve as Directors and committee members for our Board of Directors; advises our Board of Directors with respect to Board of Directors composition, procedures and committees; develops and recommends to the Board of Directors a set of corporate governance principles and oversees the evaluation of our Board of Directors and our management.

The members of the Nomination/Governance Committee in 2013 were Mr. Erbey, Mr. Eruzione, Dr. Mullen and Mr. Reiner, and Mr. Erbey was the Chair of the Nomination/Governance Committee. Each member of our Nomination/Governance Committee is independent as defined in NYSE listing standards. The Nomination/Governance Committee met three (3) times in 2013.

Our Nomination/Governance Committee operates under a written charter approved by our Board of Directors, a copy of which is available on our website at [www.altisourceresi.com](http://www.altisourceresi.com) and is available in print to any stockholder who requests it. On an annual basis, the Nomination/Governance Committee will review and approve its charter. The Committee will also evaluate its performance under its charter annually and deliver a report to the Board setting

forth the results of its evaluation, including an assessment of the adequacy of its charter and any recommendations for amendments. The charter was last reviewed by the Nomination/Governance Committee in March 2014.

It is the policy of our Nomination/Governance Committee to consider candidates for Director recommended by you, our stockholders. In evaluating all nominees for Director, our Nomination/Governance Committee will take into account the applicable requirements for Directors under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and NYSE listing standards. In addition, our Nomination/Governance Committee will take into account Residential’s best interests as well as such factors as knowledge, experience, skills, expertise, diversity and the interplay of the candidate’s experience with the background of other members of our Board of Directors.

The Nomination/Governance Committee will consider diversity when it recommends Director nominees to the Board of Directors, viewing diversity in an expansive way to include differences in prior work experience, viewpoint, education and skill set. In particular, the Nomination/Governance Committee will consider diversity in professional experience, skills, expertise, training, broad-based business knowledge and understanding of the Company’s business environment when recommending Director nominees to the Board of Directors, with the objective of achieving a Board with diverse business and educational backgrounds. Board members should have individual backgrounds that, when combined, provide a portfolio of experience and knowledge that will serve the Company’s governance and strategic needs. The Nomination/Governance Committee will periodically review the skills and attributes of Board members within the context of the current make-up of the full Board of Directors as the Nomination/Governance Committee deems appropriate. The Nomination/Governance Committee does not discriminate against candidates for the Board of Directors based on race, color, religion, sex, sexual orientation or national origin.

The Nomination/Governance Committee will regularly assess the appropriate size of the Board of Directors and whether any vacancies on the Board of Directors are anticipated. Various potential candidates for Director will then be identified. Candidates may come to the attention of the Nomination/Governance Committee through current members of the Board of Directors, professional search firms, stockholders or industry sources.

In connection with this evaluation, one or more members of the Nomination/Governance Committee, and others as appropriate, will interview prospective nominees. After completing this interview and evaluation, the Nomination/Governance Committee will make a recommendation to the full Board of Directors as to the persons, if any, who should be nominated by the Board of Directors. The Board of Directors will determine the nominees after considering the recommendation of the Nomination/Governance Committee. Should a stockholder recommend a candidate for Director, our Nomination/Governance Committee would evaluate such candidate in the same manner that it evaluates any other nominee. To date, no stockholder or group of stockholders owning more than 5% of our common stock has put forth any Director nominees.

If you want to recommend persons for consideration by our Nomination/Governance Committee as nominees for election to our Board of Directors, you can do so by writing to our Corporate Secretary at c/o Altisource Asset Management Corporation, 402 Strand Street, Frederiksted, United States Virgin Islands 00840-3531. You should provide each proposed nominee’s name, biographical data and qualifications. Your recommendation should also include a written statement from the proposed nominee consenting to be named as a nominee and, if nominated and elected, to serve as a Director.

#### Corporate Governance Guidelines

The Corporate Governance Guidelines adopted by our Board of Directors provide guidelines for us and our Board of Directors to ensure effective corporate governance. The Corporate Governance Guidelines cover topics such as Director qualification standards, Board of Directors and committee composition, Director responsibilities, Director

access to management and independent advisors, Director compensation, Director orientation and continuing education, management succession and annual performance appraisal of the Board of Directors.

Our Nomination/Governance Committee reviews our Corporate Governance Guidelines at least once a year and, if necessary, recommends changes to our Board of Directors. Our Corporate Governance Guidelines are available on

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our website at [www.altisourceresi.com](http://www.altisourceresi.com) and are available to any stockholder who requests them by writing to our Corporate Secretary at c/o Altisource Asset Management Corporation, 402 Strand Street, Frederiksted, United States Virgin Islands 00840-3531.

#### Executive Sessions of Non-Management Directors

Non-management Directors expect to meet in executive session without management representatives periodically. Non-management Directors met in executive session without management eight (8) times in 2013.

#### Communications with Directors

If you desire to contact our Board of Directors or any individual Director regarding Residential, you may do so by mail addressed to our Corporate Secretary at c/o Altisource Asset Management Corporation, 402 Strand Street, Frederiksted, United States Virgin Islands 00840-3531. All communications received in writing are distributed to our Board of Directors if addressed to the full Board or to individual Directors if addressed to them individually.

#### Code of Ethics

We adopted a Code of Business Conduct and Ethics that applies to our Directors, officers and employees. We also adopted a Code of Ethics for Senior Financial Officers. Any waivers from the Code of Business Conduct and Ethics for Directors or named executive officers or the Code of Ethics for Senior Financial Officers must be approved by our Board of Directors or the Audit Committee and will be subsequently disclosed when required by SEC or applicable exchange rules. The Code of Business Conduct and Ethics and the Code of Ethics for Senior Financial Officers are available on our website at [www.altisourceresi.com](http://www.altisourceresi.com) and is available to any stockholder who requests a copy by writing to our Corporate Secretary at c/o Altisource Asset Management Corporation, 402 Strand Street, Frederiksted, United States Virgin Islands 00840-3531. Any amendments to the Code of Business Conduct and Ethics or the Code of Ethics for Senior Financial Officers, as well as any waivers that are required to be disclosed under SEC or exchange rules, will either be posted on our website or otherwise disclosed in accordance with such rules.

#### Risk Management and Oversight Process

Our Board of Directors and each of its committees are involved with the oversight of the Company's risk management.

The Board of Directors and the Audit Committee monitor Residential's credit risk, liquidity risk, regulatory risk, operational risk and enterprise risk by regular reviews with management and internal and external auditors. In its periodic meetings with internal and external auditors, the Audit Committee discusses the scope and plan for the internal audit and includes management in its review of accounting and financial controls, assessment of business risks and legal and ethical compliance programs.

In its periodic meetings with the external auditors, the Audit Committee discusses the external audit scope, the external auditors' responsibility under the Standards of the Public Company Accounting Oversight Board ("PCAOB"), accounting policies and practices and other required communications. In addition, through regular reviews with management and, at times, certain employees of AAMC, the Nomination/Governance Committee assists the Board of Directors in monitoring the Company's governance and succession risks, and the Compensation Committee assists the Board of Directors in monitoring our compensation policies and related risks.

The Board of Directors' role in risk oversight is consistent with the Company's leadership structure, with the Chief Executive Officer and other members of senior management having responsibility for assessing and managing the

Company's risk exposure, and our Chairman, the Board of Directors and its committees providing oversight in connection with these efforts. Our Investment Committee, which is comprised of our Chairman and our Chief Executive Officer, has responsibility for assessing and managing the Company's risk exposure with respect to transactional and counterparty risk.

## BOARD OF DIRECTORS COMPENSATION

The following table discloses compensation received by each non-management member of our Board of Directors who served as a Director during fiscal year 2013. We have no management Directors on our Board of Directors.

Name	Fees Earned Or Paid in Cash	Stock Awards <sup>(1)</sup>	Option Awards	All Other Compensation	Total
William C. Erbey	\$78,750.00	\$14,023.32	\$—	\$—	\$92,773.32
Michael A. Eruzione	\$37,500.00	\$14,023.32	\$—	\$—	\$51,273.32
Robert J. Fitzpatrick	\$46,875.00	\$14,023.32	\$—	\$—	\$60,898.32
James H. Mullen, Jr.	\$41,250.00	\$14,023.32	\$—	\$—	\$55,273.32
David B. Reiner	\$45,000.00	\$14,023.32	\$—	\$—	\$59,023.32

(1) Each director received 853 shares of the common stock of Residential on June 26, 2013 for their service on the Board from January 24, 2013, the date of the first organizational meeting, to May 29, 2013, the date of the 2013 Annual Meeting of Stockholders. The number of shares granted was based on a share price of \$18.06, which is the average of the high and low sales prices of our common stock on January 24, 2013, the first day of their service in 2013. The value of the shares set forth in the table above is based on the average of the high and low sale prices of our common stock on the date of issuance.

## Cash Compensation

We provide the following cash compensation to our non-management Directors in quarterly installments, paid in arrears for their services for the prior quarter:

- an annual retainer of \$50,000;
- an additional \$50,000 to the Chairman of the Board of Directors;
- an additional \$12,500 to the Audit Committee chairperson;
- an additional \$5,000 to all committee chairpersons (other than the Audit Committee chairperson); and
- an additional \$5,000 to all Audit Committee members.

Because we pay our Directors' cash compensation in arrears and the Directors' service year in 2013 commenced on January 24, 2013, the cash compensation paid to our directors in 2013 represents less than a full year of compensation.

## Equity Compensation

As part of Director compensation, our non-management Directors also receive annually shares of common stock of Residential with a fair market value of \$45,000 pursuant to the 2013 Director Equity Plan. "Fair Market Value" is defined as the average of the high and low prices of the common stock as reported on the applicable securities exchange on which Residential is listed or quoted on the first day of the service year. Equity compensation is paid for the prior year of service after the annual organizational meeting of the Board of Directors, which immediately follows the Annual Meeting of Stockholders. Shares will be awarded if the Director attends an aggregate of at least 75% of all meetings of the Board of Directors and committees thereof of which the Director is a member during the service year.

For Directors serving less than a full year, such Directors receive a pro rata portion of \$45,000 of our common stock based on the high and low sales prices on the first day of his or her service year, multiplied by a fraction, the numerator of which is the number of days served and the denominator of which is 365 days. For example, our current Directors received a number of shares of our common stock on June 26, 2013 with a purported value of \$15,411 per Director, which was determined by multiplying \$45,000 by the quotient obtained by dividing 125 days





(the number of days from January 24, 2013 to May 29, 2013) by 365 days, using the \$18.06 per share average price on January 24, 2013, the first day of the service period in 2013.

#### Other Compensation

Directors are reimbursed for reasonable travel and other expenses incurred in connection with attending meetings of the Board of Directors and its committees.

Any Director compensation may be prorated for a Director serving less than a full one (1) year term as in the case of a Director joining the Board of Directors after an Annual Meeting of Stockholders but during the service year.

## EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS

The following table sets forth certain information with respect to each person who currently serves as one of our executive officers but does not serve on our Board of Directors. Our named executive officers are elected annually by our Board of Directors and generally serve at the discretion of our Board of Directors. There are no arrangements or understandings between us and any person for election as our named executive officer. None of our Directors and/or executive officers are related to any other Director and/or named executive officer of Residential or any of its subsidiaries by blood, marriage or adoption.

Name <sup>(1)</sup>	Age	Position
Ashish Pandey	38	Chief Executive Officer
Salah Saabneh	45	Executive Vice President, Corporate Development
Kenneth D. Najour	54	Chief Financial Officer
Stephen H. Gray	43	General Counsel and Secretary

<sup>(1)</sup> All information set forth herein is as of April 7, 2014.

The principal occupation for at least the last five (5) years, as well as certain other biographical information, for each of our executive officers that is not a Director is set forth below.

**Ashish Pandey.** Mr. Pandey has served as our Chief Executive Officer since December 2012 and has also served as a Director and the Chief Executive Officer of AAMC since December 2012. He is responsible for the overall strategic direction of our company and AAMC. Prior to joining us, Mr. Pandey served as the Chief Executive Officer of Correspondent One, an affiliate of Altisource engaged in the acquisition and secondary marketing of government loans, and he resigned from that position in December 2012. He previously served as Executive Vice President of Ocwen from July 2008 to August 2011 and was responsible for the oversight of asset management vehicles and capital deployment for mortgage servicing portfolio acquisitions for Ocwen. He served as Treasurer and Director of Corporate Strategy from February 2005 to July 2008 for Ocwen. He holds a Bachelor's of Science in Engineering from the S.G.S. Institute of Technology and Science and a Masters of Business Administration from the Indian Institute of Management.

**Salah Saabneh.** Mr. Saabneh has served as our Executive Vice President, Corporate Development since February 2013 and has also served as the Executive Vice President, Corporate Development of AAMC since February 2013. Mr. Saabneh was a director of AAMC from December 2012 until his appointment as an officer of AAMC. From March 2008 to February 2012, Mr. Saabneh was a founding partner at Manikay Partners, LLC, an investment management firm, and served as a senior member of the Manikay Partner's event-driven and special situations investment team. Prior to joining Manikay Partners, Mr. Saabneh served from 2005 to 2008 as Director, Securitized Products and Special Situations, at Angelo, Gordon & Co, a privately held registered investment advisor. Previously, Mr. Saabneh was a senior banker at ING Financial Markets LLC and UBS Warburg LLC and was involved in structuring and underwriting a wide range of securitization transactions and asset-backed financings. Mr. Saabneh practiced corporate and finance law with Sidley & Austin in New York City and London and holds a Bachelor of Laws from Hebrew University in Jerusalem, a Master of Laws from Georgetown University in Washington, D.C. and a Master of Business Administration from Columbia University in New York, New York.

**Kenneth D. Najour.** Mr. Najour has served as our Chief Financial Officer since March 2013 and has also served as the Chief Financial Officer of AAMC since March 2013. Prior to joining AAMC, Mr. Najour served as Vice President, Finance and Chief Accounting Officer of Ocwen from March 2012 to March 2013. Mr. Najour joined Ocwen as Vice President, Finance in December 2010. Prior to joining Ocwen, Mr. Najour served as Senior Vice President, Chief Financial Officer Latin America and Caribbean Region for MasterCard Worldwide from 2003 to 2010. He has also held leadership positions within PepsiCo Inc. from 1994 to 2003 and was Audit Manager for Pricewaterhouse Coopers

LLP from 1986 to 1994. He holds a Master of Accounting from the University of Miami, a Bachelor of Science from Santa Clara University and is a Certified Public Accountant in the State of California.

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

#### Executive Compensation

We have no employees. Our named executive officers, including our Chief Executive Officer, do not receive compensation directly from us for services rendered to us. Our day-to-day management functions are performed by AAMC pursuant to the asset management agreement between AAMC and us, as described more fully in “Certain Relationships and Related Party Transactions.” Pursuant to the asset management agreement, AAMC provides us with a management team, including a Chief Executive Officer, and is responsible for the compensation of the Chief Executive Officer and AAMC’s other executive officers who provide services to us.

#### Compensation Discussion and Analysis

We have not paid any cash, equity or other compensation directly to any of our named executive officers. We also do not have an equity incentive plan under which we are authorized to issue any of our capital stock to our named executive officers.

Our named executive officers are officers of AAMC and receive their compensation directly from AAMC. AAMC makes decisions relating to the compensation of our named executive officers based on such factors as AAMC and its compensation committee determines are appropriate. Under the asset management agreement, we are required to reimburse AAMC for the allocable share of the cash compensation and benefits paid by AAMC to personnel who provide services to us. For further discussion of the terms of the asset management agreement, including the incentive management fees payable to AAMC and our expense reimbursement obligations to AAMC, see “Certain Relationships and Related Party Transactions.”

#### REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis included in this proxy statement with management. Based on the review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

#### Compensation Committee:

April 16, 2014   David B. Reiner, Chairman  
Robert J. Fitzpatrick, Director  
James H. Mullen, Jr., Director



# SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND RELATED SHAREHOLDER MATTERS

## Beneficial Ownership of Common Stock

The following table sets forth certain information regarding the beneficial ownership of our common stock as of the record date by:

- each Director and named executive officer of Residential;
- all Directors and executive officers of Residential as a group; and
- all persons known by Residential to own beneficially 5% or more of the outstanding common stock.

The table is based upon information supplied to us by Directors, executive officers and principal stockholders and filings under the Exchange Act and is based on an aggregate of 57,114,763 shares issued and outstanding as of April 7, 2014. Unless otherwise indicated, the address of all persons below is: c/o Altisource Asset Management Corporation, 402 Strand Street, Frederiksted, United States Virgin Islands 00840-3531.

### Shares Beneficially Owned as of April 7, 2014

Name of Beneficial Owner:	Amount	Percent	
Putnam Investments LLC <sup>(1)</sup>	8,266,351	14.5	%
Capital Research Global Investors <sup>(2)</sup>	6,577,928	11.5	%
FMR LLC <sup>(3)</sup>	6,341,408	11.1	%
BlackRock, Inc. <sup>(4)</sup>	3,019,406	5.4	%
Directors and Named Executive Officers:			
William C. Erbey <sup>(5)</sup>	2,277,539	4.0	%
Ashish Pandey	30,011	*	
Salah Saabneh	7,200	*	
Kenneth D. Najour	12,000	*	
Stephen H. Gray	—	—	
Rachel M. Ridley <sup>(6)</sup>	—	—	
Michael A. Eruzione	1,853	*	
Robert J. Fitzpatrick	853	*	
James H. Mullen, Jr.	853	*	
David B. Reiner	10,853	*	
All Directors and Executive Officers as a Group (10 persons) <sup>(7)</sup>	2,341,162	4.1	%

\*Less than 1%

Based on information contained in a Schedule 13G/A filed jointly with the SEC on March 10, 2014 by Putnam Investments, LLC, Putnam Investment Management, LLC, the Putnam Advisory Company, LLC and Putnam Capital Spectrum Fund (collectively “Putnam”). Includes 99,297 shares as to which sole voting power is claimed and 8,266,351 shares as to which sole dispositive power is claimed. Putnam’s address is One Post Office Square, Boston, Massachusetts 02109.

<sup>(2)</sup> Based on information contained in a Schedule 13G/A filed with the SEC on April 10, 2014 by Capital Research Global Investors (“Capital”). Includes 6,577,928 shares as to which sole voting power is claimed and 6,577,928

shares as to which sole dispositive power is claimed as a result of Capital acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940. Capital's address is 333 South Hope Street, Los Angeles, California 90071-1406.

Based on information contained in a Schedule 13G/A filed with the SEC on February 14, 2014 by FMR LLC  
(<sup>(3)</sup> ("FMR")). Includes 6,341,408 shares of common stock held by clients of various investment adviser subsidiaries that beneficially own the shares. Includes 3,820 shares as



to which sole voting power is claimed and 6,341,408 shares as to which sole dispositive power is claimed. FMR's address is 245 Summer Street, Boston, Massachusetts 02210.

- (4) Based on information contained in a Schedule 13G filed with the SEC on January 28, 2014 by BlackRock, Inc ("BlackRock"). Includes 2,895,009 shares as to which sole voting power is claimed and 3,019,406 shares as to which sole dispositive power is claimed. BlackRock's address is 40 East 52<sup>d</sup> Street, New York, New York 10022.

- (5) Mr. Erbey beneficially owns: (i) 125 shares of restricted common stock held directly; (ii) 2,277,414 shares of common stock held by Salt Pond Holdings, LLC, a United States Virgin Islands limited liability company of which the members are William C. Erbey and his spouse, E. Elaine Erbey; FF Plaza Limited Partnership ("FF Plaza"), a Delaware limited partnership of which the partners are Mr. Erbey, Mrs. Erbey and Delaware Permanent Corporation ("Delaware Permanent"), a Delaware corporation owned by Mr. Erbey; and Erbey Holding Corporation ("Erbey Holding"), a Delaware corporation wholly owned by Mr. Erbey. Mr. Erbey, Mrs. Erbey, FF Plaza, Delaware Permanent and Erbey Holding each may be deemed to beneficially own the 2,277,414 shares of common stock held by Salt Pond.

- (6) Ms. Ridley resigned from the Company on March 4, 2013.

- (7) Includes Messrs. Erbey, Pandey, Saabneh, Najour, Gray, Eruzione, Fitzpatrick, Mullen and Reiner and Ms. Ridley.

#### Equity Compensation Plan Information

The following table sets forth information as of December 31, 2013 with respect to compensation plans under which our equity securities are authorized for issuance. The information is split between all compensation plans previously approved by security holders and all compensation plans not previously approved by security holders:

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Number of restricted shares granted subject to vesting requirements	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders				
2012 Conversion Option Plan	703,603	\$1.91	—	—
2012 Special Conversion Option Plan	206,156	\$1.12	—	—
2013 Director Equity Plan	—	—	16,355	95,735
Equity compensation plans not approved by security holders				
None	—	—	—	—
Total	909,759	\$1.73	16,355	95,735

The options provided in the table above represent the only options to purchase our common stock that have been granted by the Company. Such options were granted to the holders of options of Altisource under the 2012 Conversion Option Plan and the 2012 Special Conversion Plan in connection with the separation from Altisource. The Company has not granted any options, restricted stock awards, restricted stock units or any other securities convertible or exercisable into shares of our common stock except for an aggregate of 4,265 shares granted to our Directors

pursuant to our Director Equity Plan in June 2013. Such shares were issued in connection with their service on our Board of Directors for the period from January 24, 2013 to the Company's 2013 Annual Meeting of Stockholders.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers, Directors and persons who own more than 10% of our common stock to file reports of ownership and changes in ownership with the SEC. Executive officers,

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Directors and greater than 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

Based upon the Company's review of Section 16(a) reports, the Company believes that all of the Company's reporting persons complied with their Section 16(a) filing requirements in 2013.

APPOINTMENT OF  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
(Proposal Two)

The Audit Committee of our Board of Directors has appointed Deloitte & Touche LLP to be our independent registered public accounting firm for the year ending December 31, 2014. The Audit Committee has further directed that such appointment be submitted for approval by our stockholders at the Annual Meeting of Stockholders.

Representatives of Deloitte & Touche LLP will be present at the Annual Meeting of Stockholders, will be given the opportunity to make a statement, if they so desire, and will be available to respond to appropriate questions from you.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU  
VOTE "FOR" THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS THE INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM FOR 2014

Report of the Audit Committee

The Audit Committee of the Board of Directors has:

Reviewed and discussed with management Residential's audited financial statements as of and for the year ended December 31, 2013;

- Discussed with Deloitte & Touche LLP, Residential's independent registered public accounting firm, the matters required to be discussed under PCAOB standards; and

Received and reviewed the written disclosures and the letter required by the applicable requirements of the PCAOB regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and discussed with Deloitte & Touche LLP their independence.

In reliance on the review and discussion referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in Residential's annual report on Form 10-K for the year ended December 31, 2013.

Audit Committee:  
April 16, 2014 Robert J. Fitzpatrick, Chairman  
James H. Mullen, Jr., Director  
David B. Reiner, Director

## Deloitte &amp; Touche LLP Fees

The following table shows the aggregate fees billed to Residential for professional services by Deloitte & Touche LLP with respect to our fiscal years ended December 31, 2013 and 2012:

Category	2013	2012
Audit Fees	\$565,000	\$40,656
Audit-Related Fees	258,800	—
Tax Fees	304,087	—
All Other Fees	—	—
Total	\$1,127,887	\$40,656

**Audit Fees.** This category includes the aggregate fees and expenses billed for professional services rendered for the audits of Residential's consolidated financial statements for the fiscal years ended December 31, 2013 and 2012, for the reviews of the financial statements included in Residential's quarterly reports on Form 10-Q during fiscal year 2013 and for services that are normally provided by the independent registered public accounting firm and affiliates in connection with statutory and regulatory filings, or engagements for the relevant fiscal year. Residential did not file any quarterly reports on Form 10-Q during the year ended December 31, 2012, as it was not a public reporting company until December 2012.

**Audit-Related Fees.** This category includes the aggregate fees billed for audit-related services by the independent registered public accounting firm that are reasonably related to the performance of the audits or reviews of the financial statements and are not reported above under "Audit Fees." The Audit-Related Fees consist of fees for review of, and issuance of consents related to, the Company's Form S-8 and Form S-11 registration statements and related services to provide due diligence and financial statement review in connection with the Company's public offerings of its common stock during 2013. The Company incurred no audit-related fees for the year ended December 31, 2012.

**Tax Fees.** This category includes the aggregate fees billed for professional services rendered by the independent registered public accounting firm for tax compliance and tax planning, including related to the Company's compliance with REIT requirements. The Company incurred no tax fees for the year ended December 31, 2012.

**All Other Fees.** This category would include the aggregate fees billed for products and services provided by the independent registered public accounting firm that are not reported above under "Audit Fees," "Audit-Related Fees" or "Tax Fees." We did not incur any such other fees for the years ended December 31, 2013 or December 31, 2012.

The Audit Committee considered the fees paid to Deloitte & Touche LLP for the fiscal year ended December 31, 2013 and determined that the services and fees are compatible with the independence of Deloitte & Touche LLP.

## Audit Committee Pre-Approval Policy

The Audit Committee is required to pre-approve the audit and non-audit services performed by the independent registered public accounting firm in order to assure that the provision of such services does not impair the independent registered public accounting firm's independence. Unless a type of service to be provided by the independent registered public accounting firm has received general pre-approval, it will require specific pre-approval by the Audit Committee. For the fiscal year ended December 31, 2013, all fees associated with the independent registered public accounting firm's services were pre-approved by the Audit Committee.

The Audit Committee may delegate pre-approval authority to one or more of its members. The member or members to whom such authority is delegated shall report any pre-approval decisions to the Audit Committee at its next scheduled meeting. The Audit Committee does not delegate its responsibilities to pre-approve services performed by the independent registered public accounting firm to management.

## BUSINESS RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

### Related Party Transaction Policy

The Board of Directors has adopted a policy and procedure for the review, approval and monitoring of transactions involving Residential and related persons (Directors and named executive officers or their immediate family members or stockholders owning 5% or greater of the Company's outstanding stock) within our written Code of Business Conduct and Ethics, which is available at [www.altisourceresi.com](http://www.altisourceresi.com). The policy and procedures are not limited to related person transactions that meet the threshold for disclosure under the relevant SEC rules as the policies and procedures broadly cover any situation in which a conflict of interest may arise.

Any situation that potentially involves a conflict of interest is to be immediately disclosed to the Company's General Counsel who must assess the nature and extent of any concern and then recommend any follow up action, as needed. The General Counsel will notify the Chairman of the Board if any such situation requires notice to or approval of the Audit Committee of the Board of Directors.

Related persons are required to obtain the approval of the Audit Committee of the Board of Directors for any transaction or situation that may pose a conflict of interest. In considering a transaction, the Audit Committee will consider all relevant factors including (i) whether the transaction is in the best interests of Residential; (ii) alternatives to the related person transaction; (iii) whether the transaction is on terms comparable to those available to third parties; (iv) the potential for the transaction to lead to an actual or apparent conflict of interest and any safeguards imposed to prevent such actual or apparent conflicts; and (v) the overall fairness of the transaction to Residential.

### Relationship with Chairman of the Board of Directors

Mr. Erbey currently serves as the non-executive Chairman of Residential, as Executive Chairman of Ocwen Financial Corporation ("Ocwen") and as non-executive Chairman of AAMC and Altisource Portfolio Solutions S.A. ("Altisource"). As a result, he has obligations to the Company as well as to Ocwen, AAMC and Altisource. As of December 31, 2013, Mr. Erbey owned or controlled approximately 13% of Ocwen's common stock, 26% of Altisource's common stock and 27% of AAMC's common stock. As of December 31, 2013, Mr. Erbey also held 4,620,498 options to purchase Ocwen common stock, of which 2,845,498 were exercisable, and he held 873,501 options to purchase Altisource common stock and 87,350 options to purchase AAMC common stock, all of which were exercisable. Mr. Erbey is also the non-executive Chairman of Home Loan Servicing Solutions, Ltd. ("HLSS") and owned approximately 1% of HLSS' ordinary shares as of December 31, 2013. Due to the nature of Mr. Erbey's obligations to each of the companies, he recuses himself from decisions pertaining to any transactions between them.

### Relationship with Altisource

Since Residential completed its spin-off from Altisource into a separate publicly traded company in December 2012, its relationship with Altisource has been governed by a number of agreements.

### Master Services Agreement

On December 21, 2012, Residential entered into a master services agreement with Altisource. Under the master services agreement, Altisource is Residential's exclusive provider of property management, leasing and renovation management services associated with the single-family rental properties we acquire upon conversion of residential mortgage loans that continue to be sub-performing or non-performing. The agreement provides for an initial term of

15 years, which term will automatically renew for successive two-year terms unless either party sends a notice of non-renewal to the other party at least nine months before the completion of the initial or renewal term, as applicable. In the event Residential terminates the master services agreement prior to the end of the initial term or any renewal term, other than for cause, Residential would be required to reimburse Altisource for its costs and



expenses related to the termination, including Altisource's personnel and other services dedicated to Residential under the agreement.

In the event our asset management agreement with AAMC is terminated without cause by us, the master services agreement with Altisource may be terminated in Altisource's sole discretion.

#### Support Services Agreement

Under the support services agreement, Altisource may provide services to us in such areas as human resources, vendor management operations, corporate services, consumer psychology, legal, tax, compliance and other support services where we may need assistance and support. The support services agreement provides generally that Altisource will undertake to provide the support services in a manner generally consistent with the manner and level of care with which such service, if any, was performed or provided prior to our separation from Altisource. The support services agreement will extend for two years after the separation but may be terminated earlier under certain circumstances including a default. The fees for all support services provided pursuant to the support services agreement will be based on the fully-allocated cost of providing the service or, with respect to statements of work entered into under the support services agreement, the amount set forth therein. "Fully-allocated cost" means, with respect to the provision of a "service," the all-in cost of providing such service, including direct charges and allocable amounts reflecting compensation and benefits, technology expenses, occupancy and equipment expense and third-party payments (but not taxes incurred in connection therewith). Altisource will be required to submit statements of account on a monthly basis with respect to all amounts payable by us, setting out the support services provided and the amount billed as a result of providing such support services.

The total fees incurred by us under this agreement will be dependent upon our business activity and the level of services required in connection therewith. In the event our asset management agreement with AAMC expires or is terminated, the support services agreement will terminate within 30 days.

#### Trademark License Agreement

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

In the event our asset management agreement with AAMC expires or is terminated, the trademark license agreement will terminate within 30 days.

#### Relationship with Ocwen

##### Servicing Agreement with Ocwen

On December 21, 2012, Residential entered into a servicing agreement with Ocwen. Under the servicing agreement, Ocwen will service our acquired residential mortgage loans. The total fees incurred by us under this agreement will be dependent upon the number and type of acquired residential mortgage loans that Ocwen services pursuant to the terms of the agreement. The agreement provides for an initial term of 15 years. In the event our asset management agreement with AAMC expires or is terminated, the servicing agreement will terminate within 30 days. Either Residential or Ocwen may terminate the servicing agreement without cause upon 60 days prior written notice, in which event Residential would be required to pay all servicing transfer costs and repay any unreimbursed servicing

advances to Ocwen.

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#### Aircraft Time Sharing Agreement with Ocwen

On October 8, 2013, we entered into an Aircraft Time Sharing Agreement, or the “Timeshare Agreement,” with Ocwen pursuant to which Ocwen will make its corporate plane available to us for business-related travel from time to time. Under the Time Sharing Agreement, Ocwen agreed to provide us, on a time sharing basis, access to its plane in consideration of our reimbursement to Ocwen of the sum of its direct expenses of operating the plane plus an additional charge equal to 100% of such expenses. The amounts actually charged to us in any period will directly correlate to our use of the aircraft in each period, which will vary depending on our business needs.

#### Purchase of Non-Performing Mortgage Portfolio from Ocwen

On February 14, 2013, our operating partnership completed the acquisition of a portfolio of non-performing residential mortgage loans. The portfolio was purchased from Ocwen pursuant to a Master Mortgage Loan Sale Agreement and the mortgage loans were originated by CitiMortgage, Inc. The portfolio consisted of first lien residential mortgage loans, substantially all of which were non-performing, having an unpaid principal balance of approximately \$121.2 million as of February 1, 2013. The aggregate purchase price for the portfolio was approximately \$64.4 million, which was determined by multiplying (i) the aggregate unpaid principal balance of the loans as of the February 1, 2013 cut-off date by (ii) the purchase price percentage of 53.16%. In determining the purchase price percentage, we performed a discounted cash flow analysis for the loans using our underwriting process. The acquisition of the portfolio was funded with available cash contributed to us on December 21, 2012 by Altisource in connection with the Company’s separation from Altisource. The portfolio is being serviced by Ocwen under the terms of the servicing agreement between us and Ocwen.

#### Relationship with AAMC

##### Asset Management Agreement with AAMC

On December 21, 2012, we entered into a 15-year asset management agreement with AAMC. Pursuant to the asset management agreement, AAMC designs and implements our business strategy, administers our business activities and day-to-day operations and provides corporate governance services, subject to oversight by our Board of Directors. AAMC is responsible for, among other duties: (i) performing and administering all our day-to-day operations, (ii) determining investment criteria through our Investment Policy in cooperation with our Board of Directors, (iii) sourcing, analyzing and executing asset acquisitions, including our acquisition of sub-performing and non-performing residential mortgage loan portfolios and related financing activities, (iv) analyzing and performing sales of properties, (v) overseeing Altisource’s renovation, leasing and property management of our single-family rentals, (vi) overseeing Ocwen’s servicing of our residential mortgage loan portfolios, (vii) performing asset management duties and (viii) performing corporate governance and other management functions, including financial, accounting and tax management services.

AAMC provides us with a management team and appropriate support personnel who have substantial sub-performing and non-performing loan portfolio experience. AAMC’s management also has significant corporate governance experience that enables us to efficiently manage our business and organizational structure. AAMC has agreed not to provide the same or substantially similar services to any other party so long as the Company and the operating partnership have on hand an average of \$50,000,000 in capital available for investment over the previous two fiscal quarters. Notwithstanding the foregoing, AAMC may engage in any other business or render similar or different services to other entities not competing with Residential, including, without limitation, providing direct or indirect sponsorship or management of other investment based accounts or commingled pools of capital, so long as its services to Residential and the operating partnership are not impaired thereby.



## Incentive Management Fees

Under the asset management agreement, we pay AAMC a quarterly incentive management fee as follows:

- (i) 2% of all cash available for distribution by us to our stockholders and to AAMC as an incentive management fee, which we refer to as “available cash,” until the aggregate amount per share of available cash for the quarter (based on the average number of shares of our common stock outstanding during the quarter), which we refer to as the “quarterly per share distribution amount,” exceeds \$0.161, then
- (ii) 15% of all additional available cash for the quarter until the quarterly per share distribution amount exceeds \$0.193, then
- (iii) 25% of all additional available cash for the quarter until the quarterly per share distribution amount exceeds \$0.257, and thereafter
- (iv) 50% of all additional available cash for the quarter.

We distribute any quarterly distribution to our stockholders after the application of the incentive management fee payable to AAMC. We paid \$4.9 million in incentive management fees to AAMC for the year ended December 31, 2013.

## Expense reimbursement

We are required to reimburse AAMC on a monthly basis for the (i) direct and indirect expenses AAMC incurs or payments it makes on our behalf, including, but not limited to, the allocable compensation and routine overhead expenses of employees and staff of AAMC and (ii) all other reasonable operating and overhead expenses AAMC incurs related to the asset management services it provides to us.

For the year ended December 2013, we reimbursed AAMC \$5.4 million for expenses under the asset management agreement.

## Termination

We may not terminate the asset management agreement without cause during the first 24 months of its term. Following such 24-month period, we may terminate the asset management agreement without cause upon the determination of at least two-thirds of our independent directors that (i) there has been unsatisfactory performance by AAMC that is materially detrimental to us, or (ii) the compensation payable to AAMC under the asset management agreement is unreasonable, unless AAMC agrees to compensation that at least two-thirds of our independent directors determine is reasonable.

AAMC may terminate the asset management agreement without cause by providing written notice to us no later than 180 days prior to December 21 of any year during the initial term or a renewal term, and the asset management agreement will terminate effective on the December 21 next following the delivery of such notice.

We will be required to pay AAMC a termination fee in the event that the asset management agreement is terminated as a result of (i) a termination by us without cause, (ii) a termination by AAMC as a result of our becoming regulated as an “investment company” under the Investment Company Act, or (iii) a termination by AAMC if we default in the performance of any material term of the asset management agreement (subject to a notice and cure period).

The termination fee will be equal to three (3) times the average annual incentive management fee earned by AAMC during the prior 24-month period immediately preceding the date of termination, calculated as of the end of the most recently completed fiscal quarter prior to the date of termination.

## Stock Option Plans

### Separation Plans

In connection with our separation from Altisource, we adopted the 2012 Conversion Option Plan and the 2012 Special Option Plan. In order to effect the exchange ratio in connection with the separation, we issued options to purchase 809,240 shares of our common stock with a weighted average exercise price of \$2.33 per share at December 31, 2012 under the Conversion Option Plan to Altisource employees holding Altisource stock options immediately prior to the separation, including options to purchase 10,011 shares to Mr. Pandey and options to purchase 298,242 shares to Mr. Erbey. We also issued options to purchase 210,184 shares of our common stock with a weighted average exercise price of \$1.15 per share at December 31, 2012 under the Special Option Plan to non-employee holders of Altisource stock options receiving shares in the separation. Because the options were granted as part of the separation to holders of Altisource stock options, no share-based compensation related to these options is included in our consolidated financial statements. No additional shares of common stock are issuable under either the 2012 Conversion Option Plan or the 2012 Special Conversion Option Plan.

### Director Equity Plan

We adopted the 2013 Director Equity Plan to promote our interests by attracting and retaining qualified and experienced individuals for service as non-employee directors. The 2013 Director Equity Plan is administered by our Board of Directors. The total number of shares of common stock available for issuance under the 2013 Director Equity Plan was set at 100,000. In June 2013, we issued an aggregate of 4,265 shares of Residential's common stock to our directors for their service on the Board of Directors from January 24, 2013 until our annual meeting of stockholders on May 29, 2013. We have 95,725 shares remaining available for issuance under the 2013 Director Equity Plan.

## STOCKHOLDER PROPOSALS

Any proposal which a stockholder desires to have included in our proxy materials relating to our next Annual Meeting of Stockholders, which is expected to be held on or about May 27, 2015, must be received at our executive offices no earlier than November 17, 2014 and no later than December 17, 2014. All stockholder proposals for the 2015 Annual Meeting of Stockholders should be directed to our Corporate Secretary at c/o Altisource Asset Management Corporation, 402 Strand Street, Frederiksted, United States Virgin Islands 00840-3531.

For any proposal, or nomination of a person for election as Director, that is not submitted for inclusion in the 2015 proxy statement, but is instead sought to be presented directly at the 2015 Annual Meeting of Stockholders, SEC rules permit management to vote proxies in its discretion if we:

- (1) receive notice of the proposal before the close of business on March 4, 2015 and advise stockholders in the 2015 proxy statement about the nature of the matter and how management intends to vote on such matter, or
- (2) do not receive notice of the proposal prior to the close of business on March 5, 2015.

Notice of intent to present a proposal at the 2015 Annual Meeting of Stockholders should be directed to our Corporate Secretary at c/o Altisource Asset Management Corporation, 402 Strand Street, Frederiksted, United States Virgin Islands 00840-3531.

We did not receive notice of any stockholder proposals relating to the 2014 Annual Meeting of Stockholders. At the 2014 Annual Meeting of Stockholders, our management may exercise discretionary authority when voting on any properly presented stockholder proposal that is not included as an agenda item in this proxy statement.



## ANNUAL REPORTS

A copy of our annual report to stockholders on Form 10-K for the year ended December 31, 2013 was made available to stockholders on February 20, 2014. The annual report can be found on our website [www.altisourceresi.com](http://www.altisourceresi.com) under “Shareholders – Financial Information.”

We will furnish, without charge, to each person whose proxy is solicited and to any beneficial owner entitled to vote as of the record date for the meeting, upon written request, a copy of our annual report on Form 10-K for the year ended December 31, 2013, required to be filed by us with the SEC under the Exchange Act. Such requests should be directed to Investor Relations, c/o Altisource Asset Management Corporation, 402 Strand Street, Frederiksted, United States Virgin Islands 00840-3531.

## OTHER MATTERS

Proxies may be solicited on behalf of the Board of Directors by mail or electronic means. If a solicitor is retained, we will pay the solicitation costs. Copies of the annual report for 2013 and this proxy statement will be made available to brokers, dealers, banks and voting trustees, or their nominees, for the purpose of soliciting proxies from beneficial owners. In addition to solicitations by mail or electronic means, our Directors, officers and employees may solicit proxies personally or by telephone without additional compensation.

The shares represented by all valid proxies received by phone, by Internet or by mail will be voted in the manner specified. Where specific choices are not indicated, the shares represented by all valid proxies received will be voted: (i) “FOR” the nominees for Director named earlier in this proxy statement and (ii) “FOR” the approval of the selection of the independent registered public accounting firm. Should any matter not described above be properly presented at the meeting, each proxy received will be voted in accordance with the judgment of the persons appointed as proxies.

If you are the beneficial owner, but not the record holder of shares of our common stock and have requested a copy of this proxy statement, your broker, bank or other nominee may only deliver one (1) copy of this proxy statement and our 2013 annual report to multiple stockholders who share an address unless that nominee has received contrary instructions from one (1) or more of the stockholders. Stockholders at an address to which a single copy of this proxy statement and our 2013 annual report was sent may request a separate copy by contacting Investor Relations, c/o Altisource Asset Management Corporation, 402 Strand Street, Frederiksted, United States Virgin Islands 00840-3531, or by calling our Corporate Secretary at (770) 644-7450. Beneficial owners sharing an address who are receiving multiple copies and who wish to receive a single copy of the materials in the future will need to contact their broker, bank or other nominee to request that only a single copy of each document be mailed to all stockholders at the shared address.



