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

FORM 10-Q

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

For the quarterly period ended March 31, 2019

OR

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

Commission File Number: 1-34354

ALTISOURCE PORTFOLIO SOLUTIONS S.A.

(Exact name of Registrant as specified in its Charter)

Luxembourg

(State or other jurisdiction of incorporation or organization)

98-0554932

(I.R.S. Employer Identification No.)

40, avenue Monterey

L-2163 Luxembourg

Grand Duchy of Luxembourg

(Address of principal executive offices) (Zip Code)

(352) 24 69 79 00

(Registrant's telephone number)

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 (§ 232.405 of this chapter) 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, smaller reporting company or an emerging growth company. See 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

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

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

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

As of April 19, 2019, there were 16,278,696 outstanding shares of the registrant's shares of beneficial interest (excluding 9,134,052 shares held as treasury stock).

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PART I — FINANCIAL INFORMATION
Item 1. Interim Condensed Consolidated Financial Statements (Unaudited)

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

	March 31, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 51,509	\$ 58,294
Investment in equity securities	38,419	36,181
Accounts receivable, net	28,634	36,466
Short-term investments in real estate	40,274	39,873
Assets held for sale (Note 3)	26,557	—
Prepaid expenses and other current assets	29,292	30,720
Total current assets	214,685	201,534
Premises and equipment, net (Notes 1 and 8)	74,991	45,631
Goodwill	79,009	81,387
Intangible assets, net	72,160	91,653
Deferred tax assets, net	308,509	309,089
Other assets	10,194	12,406
Total assets	<u>\$ 759,548</u>	<u>\$ 741,700</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 64,538	\$ 87,240
Current portion of long-term debt	9,222	—
Deferred revenue	7,597	10,108
Liabilities held for sale (Note 3)	8,736	—
Other current liabilities (Notes 1 and 11)	20,743	7,030
Total current liabilities	110,836	104,378
Long-term debt, less current portion	322,577	331,476
Other non-current liabilities (Notes 1 and 13)	30,767	9,178
Commitments, contingencies and regulatory matters (Note 22)		
Equity:		
Common stock (\$1.00 par value; 100,000 shares authorized, 25,413 issued and 16,309 outstanding as of March 31, 2019; 16,276 outstanding as of December 31, 2018)	25,413	25,413
Additional paid-in capital	125,288	122,667
Retained earnings	584,759	590,655
Treasury stock, at cost (9,104 shares as of March 31, 2019 and 9,137 shares as of December 31, 2018)	(441,149)	(443,304)
Altisource equity	294,311	295,431
Non-controlling interests	1,057	1,237
Total equity	295,368	296,668
Total liabilities and equity	<u>\$ 759,548</u>	<u>\$ 741,700</u>

See accompanying notes to condensed consolidated financial statements.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except per share data)

	Three months ended March 31,	
	2019	2018
Revenue	\$ 169,935	\$ 197,438
Cost of revenue	124,104	147,194
Gross profit	45,831	50,244
Operating expenses:		
Selling, general and administrative expenses	41,240	43,124
Restructuring charges (Note 21)	4,420	—
Income from operations	171	7,120
Other income (expense), net:		
Interest expense	(6,749)	(5,863)
Unrealized gain (loss) on investment in equity securities (Note 4)	2,238	(7,501)
Other income (expense), net	374	1,272
Total other income (expense), net	(4,137)	(12,092)
Loss before income taxes and non-controlling interests	(3,966)	(4,972)
Income tax benefit	1,222	1,365
Net loss	(2,744)	(3,607)
Net income attributable to non-controlling interests	(440)	(525)
Net loss attributable to Altisource	\$ (3,184)	\$ (4,132)
Loss per share:		
Basic	\$ (0.20)	\$ (0.24)
Diluted	\$ (0.20)	\$ (0.24)
Weighted average shares outstanding:		
Basic	16,292	17,378
Diluted	16,292	17,378
Comprehensive loss:		
Net loss	\$ (2,744)	\$ (3,607)
Other comprehensive loss, net of tax:		
Reclassification of unrealized gain on investment in equity securities, net of income tax provision of \$200, to retained earnings from the cumulative effect of an accounting change	—	(733)
Comprehensive loss, net of tax	(2,744)	(4,340)
Comprehensive income attributable to non-controlling interests	(440)	(525)
Comprehensive loss attributable to Altisource	\$ (3,184)	\$ (4,865)

See accompanying notes to condensed consolidated financial statements.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(in thousands)

	Altisource Equity							Total
	Common stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Non-controlling interests	
	Shares							
Balance, December 31, 2017	25,413	\$ 25,413	\$ 112,475	\$ 626,600	\$ 733	\$ (426,609)	\$ 1,373	\$ 339,985
Net (loss) income	—	—	—	(4,132)	—	—	525	(3,607)
Distributions to non-controlling interest holders	—	—	—	—	—	—	(672)	(672)
Share-based compensation expense	—	—	2,201	—	—	—	—	2,201
Cumulative effect of accounting changes	—	—	—	(9,715)	(733)	—	—	(10,448)
Exercise of stock options and issuance of restricted shares	—	—	—	(12,500)	—	15,117	—	2,617
Repurchase of shares	—	—	—	—	—	(9,994)	—	(9,994)
Balance, March 31, 2018	<u>25,413</u>	<u>\$ 25,413</u>	<u>\$ 114,676</u>	<u>\$ 600,253</u>	<u>\$ —</u>	<u>\$ (421,486)</u>	<u>\$ 1,226</u>	<u>\$ 320,082</u>
Balance, December 31, 2018	25,413	\$ 25,413	\$ 122,667	\$ 590,655	\$ —	\$ (443,304)	\$ 1,237	\$ 296,668
Net (loss) income	—	—	—	(3,184)	—	—	440	(2,744)
Distributions to non-controlling interest holders	—	—	—	—	—	—	(620)	(620)
Share-based compensation expense	—	—	2,621	—	—	—	—	2,621
Exercise of stock options and issuance of restricted shares	—	—	—	(1,549)	—	1,577	—	28
Treasury shares withheld for the payment of tax on restricted share unit and restricted share issuances and stock option exercises	—	—	—	(1,163)	—	578	—	(585)
Balance, March 31, 2019	<u>25,413</u>	<u>\$ 25,413</u>	<u>\$ 125,288</u>	<u>\$ 584,759</u>	<u>\$ —</u>	<u>\$ (441,149)</u>	<u>\$ 1,057</u>	<u>\$ 295,368</u>

See accompanying notes to condensed consolidated financial statements.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Three months ended March 31,	
	2019	2018
Cash flows from operating activities:		
Net loss	\$ (2,744)	\$ (3,607)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	9,369	8,721
Amortization of intangible assets	8,647	7,147
Unrealized (gain) loss on investment in equity securities	(2,238)	7,501
Share-based compensation expense	2,621	2,201
Bad debt expense	155	724
Amortization of debt discount	153	89
Amortization of debt issuance costs	170	273
Deferred income taxes	582	(1,972)
Loss on disposal of fixed assets	331	489
Changes in operating assets and liabilities (excludes assets and liabilities held for sale, see Note 3):		
Accounts receivable	1,091	2,289
Short-term investments in real estate	(401)	(9,915)
Prepaid expenses and other current assets	(781)	702
Other assets	(92)	481
Accounts payable and accrued expenses	(16,318)	(18,189)
Other current and non-current liabilities	(7,200)	(5,503)
Net cash used in operating activities	<u>(6,655)</u>	<u>(8,569)</u>
Cash flows from investing activities:		
Additions to premises and equipment	(790)	(1,258)
Net cash used in investing activities	<u>(790)</u>	<u>(1,258)</u>
Cash flows from financing activities:		
Repayments and repurchases of long-term debt	—	(1,486)
Debt issuance costs	—	(496)
Proceeds from stock option exercises	28	2,617
Purchase of treasury shares	—	(9,994)
Distributions to non-controlling interests	(620)	(672)
Payments of tax withholding on issuance of restricted share units and restricted shares	(585)	—
Net cash used in financing activities	<u>(1,177)</u>	<u>(10,031)</u>
Net decrease in cash, cash equivalents and restricted cash	(8,622)	(19,858)
Cash, cash equivalents and restricted cash at the beginning of the period	64,046	108,843
Cash, cash equivalents and restricted cash at the end of the period	<u>\$ 55,424</u>	<u>\$ 88,985</u>
Supplemental cash flow information:		
Interest paid	\$ 5,634	\$ 5,269
Income taxes paid, net	2,410	946
Non-cash investing and financing activities:		
Increase in payables for purchases of premises and equipment	\$ 28	\$ 264
Acquisition of right-to-use assets with lease obligations	209	—

See accompanying notes to condensed consolidated financial statements.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements

NOTE 1 — ORGANIZATION AND BASIS OF PRESENTATION

Description of Business

Altisource Portfolio Solutions S.A., together with its subsidiaries (which may be referred to as “Altisource,” the “Company,” “we,” “us” or “our”), is an integrated service provider and marketplace for the real estate and mortgage industries. Combining operational excellence with a suite of innovative services and technologies, Altisource helps solve the demands of the ever-changing markets we serve.

We are publicly traded on the NASDAQ Global Select Market under the symbol “ASPS.” We are organized under the laws of the Grand Duchy of Luxembourg.

Basis of Accounting and Presentation

The unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Securities and Exchange Commission (“SEC”) Regulation S-X. Accordingly, these financial statements do not include all of the information and footnotes required by GAAP for complete consolidated financial statements. In the opinion of management, the interim data includes all normal recurring adjustments considered necessary to fairly state the results for the interim periods presented. The preparation of interim condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our interim condensed consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Intercompany transactions and accounts have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to the current year presentation.

Effective January 1, 2019, the Company reorganized its internal reporting structure in connection with Project Catalyst, a project initiated in August 2018 to optimize our operations and reduce costs to better align our cost structure with our anticipated revenues and improve our operating margins (see Note 21). The internal reorganization included, among other changes, the replacement of segment presidents with a chief operating officer, who is responsible for products, services and operations for the Company’s Mortgage Market and Real Estate Market businesses, reporting to our Chief Executive Officer (our chief operating decision maker) who manages our businesses, regularly reviews operating results and profitability, allocates resources and evaluates performance on a consolidated basis. Prior to January 1, 2019, the Company reported our operations through two reportable segments: *Mortgage Market* and *Real Estate Market*. In addition, we reported *Other Businesses*, *Corporate* and *Eliminations* separately. The prior year presentation has been reclassified to conform to the current year presentation.

Altisource consolidates Best Partners Mortgage Cooperative, Inc., which is managed by The Mortgage Partnership of America, L.L.C. (“MPA”), a wholly-owned subsidiary of Altisource. Best Partners Mortgage Cooperative, Inc. is a mortgage cooperative doing business as Lenders One® (“Lenders One”). MPA provides services to Lenders One under a management agreement that ends on December 31, 2025 (with renewals for three successive five-year periods at MPA’s option).

The management agreement between MPA and Lenders One, pursuant to which MPA is the management company, represents a variable interest in a variable interest entity. MPA is the primary beneficiary of Lenders One as it has the power to direct the activities that most significantly impact the cooperative’s economic performance and the right to receive benefits from the cooperative. As a result, Lenders One is presented in the accompanying condensed consolidated financial statements on a consolidated basis and the interests of the members are reflected as non-controlling interests. As of March 31, 2019, Lenders One had total assets of \$2.0 million and total liabilities of \$0.9 million. As of December 31, 2018, Lenders One had total assets of \$2.7 million and total liabilities of \$1.3 million.

These interim condensed consolidated financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC on February 26, 2019.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (*Continued*)

Fair Value Measurements

Fair value is defined as an exit price, representing the amount that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three-tier hierarchy for inputs used in measuring fair value, which prioritizes the inputs used in the methodologies of measuring fair value for assets and liabilities, is as follows:

Level 1 — Quoted prices in active markets for identical assets and liabilities

Level 2 — Observable inputs other than quoted prices included in Level 1

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of assets or liabilities.

Financial assets and financial liabilities are classified based on the lowest level of input that is significant to the fair value measurements. Our assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

Recently Adopted Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases (Topic 842)* and in July 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842, Leases* and ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements* (collectively “Topic 842”). Topic 842 introduces a new lessee model that brings substantially all leases on the balance sheet. This standard requires lessees to recognize lease assets and lease liabilities on their balance sheets and disclose key information about leasing arrangements in their financial statements. The Company adopted Topic 842 effective January 1, 2019 using the modified retrospective transition approach. In addition, the Company elected the practical expedients permitted under the transition guidance within the new standard, including allowing the Company to carry forward its historical lease classification, using hindsight to determine the lease term for existing leases, combining fixed lease and non-lease components and excluding short-term leases. Adoption of this new standard resulted in the recognition of \$42.1 million of right-to-use assets in premises and equipment, net, \$45.5 million of lease obligation liabilities (\$16.7 million in other current liabilities and \$28.8 million in other non-current liabilities) and reduced accrued rent and lease incentives of \$3.4 million in accounts payable and accrued expenses and other non-current liabilities on the accompanying condensed consolidated balance sheets.

Future Adoption of New Accounting Pronouncements

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This standard will simplify the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. Current guidance requires that companies compute the implied fair value of goodwill under Step 2 by performing procedures to determine the fair value at the impairment testing date of its assets and liabilities (including unrecognized assets and liabilities) following the procedure that would be required in determining the fair value of assets acquired and liabilities assumed in a business combination. This standard will require companies to perform annual or interim goodwill impairment tests by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. This standard will be effective for annual periods beginning after December 15, 2019, including interim periods within that reporting period, and will be applied prospectively. Early adoption of this standard is permitted. The Company is currently evaluating the impact this guidance may have on its condensed consolidated financial statements; however, adoption of this standard as of March 31, 2019 would not have had any impact on the Company’s condensed consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. This standard modifies certain disclosure requirements such as the valuation processes for Level 3 fair value measurements. This standard also requires new disclosures such as the disclosure of certain assumptions used to develop significant unobservable inputs for Level 3 fair value measurements. This standard will be effective for annual periods beginning after December 15, 2019, including interim periods within that reporting period. Early adoption of either the entire standard or only the provisions that eliminate or modify requirements is permitted. The Company currently does not expect the adoption of this guidance to have an impact on its condensed consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (a consensus of the FASB Emerging Issues Task Force)*. This standard aligns the requirements for capitalizing implementation costs in a hosting arrangement service contract with the existing guidance for capitalizing implementation costs incurred for an internal-use software license. This standard also requires capitalizing or expensing implementation costs based on the nature of the costs

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (*Continued*)

and the project stage during which they are incurred and establishes additional disclosure requirements. This standard will be effective for annual periods beginning after December 15, 2019, including interim periods within that reporting period. Early adoption of this standard is permitted. The Company currently plans to adopt the standard prospectively and is currently evaluating the impact this guidance may have on its condensed consolidated financial statements.

NOTE 2 — CUSTOMER CONCENTRATION

Ocwen

Ocwen Financial Corporation (“Ocwen”) is a residential mortgage loan servicer of mortgage servicing rights (“MSRs”) it owns, including those MSRs in which others have an economic interest, and a subservicer of MSRs owned by others.

During the three months ended March 31, 2019, Ocwen was our largest customer, accounting for 58% of our total revenue. Ocwen purchases certain mortgage services and technology services from us under the terms of services agreements and amendments thereto (collectively, the “Ocwen Services Agreements”) with terms extending through August 2025. Certain of the Ocwen Services Agreements contain a “most favored nation” provision and also grant the parties the right to renegotiate pricing, among other things.

Revenue from Ocwen primarily consists of revenue earned from the loan portfolios serviced and subserviced by Ocwen when Ocwen engages us as the service provider, and revenue earned directly from Ocwen, pursuant to the Ocwen Services Agreements. For the three months ended March 31, 2019 and 2018, we recognized revenue from Ocwen of \$98.3 million and \$102.0 million, respectively. Revenue from Ocwen as a percentage of consolidated revenue was 58% and 52% for the three months ended March 31, 2019 and 2018, respectively.

We earn additional revenue related to the portfolios serviced and subserviced by Ocwen when a party other than Ocwen or the MSR owner selects Altisource as the service provider. For the three months ended March 31, 2019 and 2018, we recognized revenue of \$11.1 million and \$15.2 million, respectively, related to the portfolios serviced by Ocwen when a party other than Ocwen or the MSR owner selected Altisource as the service provider. These amounts are not included in deriving revenue from Ocwen and revenue from Ocwen as a percentage of revenue above.

As of March 31, 2019, accounts receivable from Ocwen totaled \$13.3 million, \$9.9 million of which was billed and \$3.4 million of which was unbilled. As of December 31, 2018, accounts receivable from Ocwen totaled \$15.2 million, \$11.6 million of which was billed and \$3.6 million of which was unbilled.

As of February 22, 2019, Altisource and Ocwen entered into agreements that, among other things, facilitate Ocwen’s transition from REALServicing[®] and related technologies to another mortgage servicing software platform, establish a process for Ocwen to review and approve the assignment of one or more of our agreements to potential buyers of Altisource’s business lines, permit Ocwen to use service providers other than Altisource for up to 10% of referrals from certain portfolios (determined on a service-by-service basis), subject to certain restrictions, and affirms Altisource’s role as a strategic service provider to Ocwen through August 2025. We do not anticipate that a servicing technology transition would materially impact the other services we provide to Ocwen. For the three months ended March 31, 2019 and 2018, service revenue from REALServicing and related technologies was \$8.2 million and \$9.6 million, respectively.

NRZ

New Residential Investment Corp. (individually, together with one or more of its subsidiaries or one or more of its subsidiaries individually, “NRZ”) is a residential investment trust that invests in and manages residential mortgage related assets in the United States including MSRs and excess MSRs.

Ocwen has disclosed that NRZ is its largest client. As of December 31, 2018, NRZ owned MSRs or rights to MSRs relating to approximately 57% of loans serviced and subserviced by Ocwen (measured in unpaid principal balances (“UPB”)) (the “Subject MSRs”). In July 2017 and January 2018, Ocwen and NRZ entered into a series of agreements pursuant to which the parties agreed, among other things, to undertake certain actions to facilitate the transfer from Ocwen to NRZ of Ocwen’s legal title to the Subject MSRs and under which Ocwen will subservice mortgage loans underlying the Subject MSRs for an initial term of five years.

On August 28, 2017, Altisource, through its licensed subsidiaries, entered into a Cooperative Brokerage Agreement, as amended, and related letter agreement (collectively, the “Brokerage Agreement”) with NRZ which extends through August 2025. Under this agreement and related amendments, Altisource remains the exclusive provider of brokerage services for real estate owned (“REO”) associated with the Subject MSRs, irrespective of the subservicer, subject to certain limitations. NRZ’s brokerage subsidiary receives a cooperative brokerage commission on the sale of REO properties from these portfolios subject to certain exceptions.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (*Continued*)

The Brokerage Agreement can, at Altisource's discretion, be terminated by Altisource if a services agreement is not signed by Altisource and NRZ. The Brokerage Agreement may otherwise only be terminated upon the occurrence of certain specified events. Termination events include, but are not limited to, a breach of the terms of the Brokerage Agreement (including, without limitation, the failure to meet performance standards and non-compliance with law in a material respect), the failure to maintain licenses which failure materially prevents performance of the contract, regulatory allegations of non-compliance resulting in an adversarial proceeding against NRZ, voluntary or involuntary bankruptcy, appointment of a receiver, disclosure in a Form 10-K or Form 10-Q that there is significant uncertainty about Altisource's ability to continue as a going concern, failure to maintain a specified level of cash and an unapproved change of control.

For the three months ended March 31, 2019 and 2018, we recognized revenue from NRZ of \$4.0 million and \$10.3 million, respectively, under the Brokerage Agreement. For the three months ended March 31, 2019 and 2018, we recognized additional revenue of \$17.7 million and \$16.1 million, respectively, relating to the Subject MSRs when a party other than NRZ selects Altisource as the service provider.

NOTE 3 — SALE OF BUSINESSES AND ASSETS AND LIABILITIES HELD FOR SALE

Rental Property Management Business

In August 2018, Altisource entered into an amendment to its agreements with Front Yard Residential Corporation ("RESI") to sell Altisource's rental property management business to RESI and permit RESI to internalize certain services that had been provided by Altisource. These services were historically provided under an agreement between RESI and Altisource, in which Altisource was the sole provider of rental property management services to RESI through December 2027, subject to certain exceptions. The proceeds from the transaction totaled \$18.0 million, payable in two installments. The first installment of \$15.0 million was received on the closing date of August 8, 2018. The second installment of \$3.0 million will be received on the earlier of a RESI change of control or on August 8, 2023. The second installment was recorded as a long-term receivable in other assets in the accompanying condensed consolidated balance sheets and has a discounted value of \$2.3 million and \$2.2 million as of March 31, 2019 and December 31, 2018, respectively.

Financial Services Business

On March 28, 2019, Altisource entered into a definitive agreement to sell its Financial Services business, consisting of its post-charge-off consumer debt collection services and customer relationship management services (the "Financial Services Business") to Transworld Systems Inc. ("TSI") for \$44.0 million, consisting of an up-front payment of \$40.0 million, subject to a working capital adjustment upon closing of the sale, and an additional \$4.0 million to be paid on the one year anniversary of the sale closing. In connection with the transaction, the parties will also enter into a transition services agreement that will provide for the management and transition of certain services and technologies to TSI after the sale closes.

Altisource currently estimates it will recognize a pretax gain of more than \$20.0 million from the sale, which is anticipated to close before the end of the third quarter 2019, and intends to use the \$40.0 million up-front payment, subject to a working capital adjustment, to repay a portion of its senior secured term loan. The sale is subject to closing conditions including the receipt of regulatory consents.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

As a result of entering into a definitive agreement to sell the Financial Services Business, as of March 31, 2019, the assets and liabilities of the Financial Services Business are reported as assets held for sale and liabilities held for sale in the accompanying condensed consolidated balance sheets, and consist of the following:

<i>(in thousands)</i>	March 31, 2019
Accounts receivable, net	\$ 6,586
Prepaid expenses and other current assets	2,209
Premises and equipment, net	4,073
Goodwill	2,378
Intangible assets, net	10,846
Other assets	465
Total assets held for sale	<u>\$ 26,557</u>
Accounts payable and accrued expenses	\$ 4,680
Other current liabilities	1,661
Other non-current liabilities	2,395
Total liabilities held for sale	<u>\$ 8,736</u>

NOTE 4 — INVESTMENT IN EQUITY SECURITIES

During 2016, we purchased 4.1 million shares of RESI common stock. This investment is reflected in the accompanying condensed consolidated balance sheets at fair value and changes in fair value are included in other income (expense), net in the accompanying condensed consolidated statements of operations and comprehensive loss. As of March 31, 2019 and December 31, 2018, the fair value of our investment was \$38.4 million and \$36.2 million, respectively. During the three months ended March 31, 2019 and 2018, we recognized an unrealized gain (loss) from the change in fair value of \$2.2 million and \$(7.5) million, respectively. During the three months ended March 31, 2019 and 2018, we earned dividends of \$0.6 million in each period related to this investment.

Pursuant to the agreement between Altisource and RESI to sell the rental property management business to RESI (see Note 3 for additional information), Altisource is subject to a lock-up period with respect to the sale or transfer of the shares of common stock of RESI owned by Altisource (the “Shares”). During each quarter of 2019, Altisource is permitted to sell or transfer no more than 25% of the Shares, provided that any Shares not sold in the applicable quarter will increase the amount that may be sold in the subsequent quarters by 50% of the unsold permitted amount. Thereafter, all transfer restrictions will expire and any remaining Shares will be freely transferable. Notwithstanding these restrictions, Altisource retains the right to sell or transfer the Shares at any time: (i) where Altisource has a good faith belief that its or its affiliates’ liquidity should be increased and the sale is necessary to achieve such an increase; (ii) where the proceeds of sales will be used to finance a strategic acquisition transaction; (iii) in privately negotiated block transactions with unrelated third parties or a similar transaction; or (iv) where RESI is the subject of a tender offer that is reasonably likely to result in a change of control or where RESI undergoes a change of control. Altisource did not sell or transfer any of the Shares during the three months ended March 31, 2019.

NOTE 5 — ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following:

<i>(in thousands)</i>	March 31, 2019	December 31, 2018
Billed	\$ 27,968	\$ 35,590
Unbilled	10,780	11,759
	<u>38,748</u>	<u>47,349</u>
Less: Allowance for doubtful accounts	(10,114)	(10,883)
Total	<u>\$ 28,634</u>	<u>\$ 36,466</u>

Unbilled accounts receivable consist primarily of certain real estate asset management, REO sales, title and closing services for which we generally recognize revenue when the service is provided but collect upon closing of the sale, and foreclosure trustee

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

services, for which we generally recognize revenues over the service delivery period but bill following completion of the service. We also include amounts in unbilled accounts receivable that are earned during a month and billed in the following month.

NOTE 6 — PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

<i>(in thousands)</i>	March 31, 2019	December 31, 2018
Maintenance agreements, current portion	\$ 3,939	\$ 5,600
Income taxes receivable	11,880	7,940
Prepaid expenses	6,903	7,484
Other current assets	6,570	9,696
Total	\$ 29,292	\$ 30,720

NOTE 7 — DISCONTINUATION OF THE BUY-RENOVATE-LEASE-SELL BUSINESS

On November 26, 2018, the Company announced its plans to sell its short-term investments in real estate (“BRS Inventory”) and discontinue the Company’s Buy-Renovate-Lease-Sell (“BRS”) business. Altisource’s BRS business focuses on buying, renovating, leasing and selling single-family homes to real estate investors. The BRS business is not material in relation to the Company’s results of operations or financial position. In anticipation of receiving the majority of the proceeds from the sale of the BRS Inventory in 2019, the Company repaid \$49.9 million of its debt in the fourth quarter of 2018.

NOTE 8 — PREMISES AND EQUIPMENT, NET

Premises and equipment, net consists of the following:

<i>(in thousands)</i>	March 31, 2019	December 31, 2018
Computer hardware and software	\$ 177,868	\$ 182,215
Office equipment and other	5,264	7,384
Furniture and fixtures	12,222	13,313
Leasehold improvements	26,925	29,781
	222,279	232,693
Less: Accumulated depreciation and amortization	(182,882)	(187,062)
Net	39,397	45,631
Right-to-use assets under operating leases	39,046	—
Less: Accumulated depreciation and amortization	(3,452)	—
Net right-to-use assets	35,594	—
Total premises and equipment, net	\$ 74,991	\$ 45,631

Depreciation and amortization expense totaled \$9.4 million and \$8.7 million for the three months ended March 31, 2019 and 2018, respectively, and is included in cost of revenue for operating assets and in selling, general and administrative expenses for non-operating assets in the accompanying condensed consolidated statements of operations and comprehensive loss.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

Premises and equipment, net consist of the following, by country:

<i>(in thousands)</i>	March 31, 2019	December 31, 2018
United States	\$ 34,817	\$ 25,693
India	20,405	3,154
Luxembourg	15,874	14,975
Philippines	3,551	1,754
Other	344	55
Total	\$ 74,991	\$ 45,631

NOTE 9 — GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill

The change in goodwill during the three months ended March 31, 2019 is as follows:

<i>(in thousands)</i>	Total
Balance as of December 31, 2018	\$ 81,387
Reclassification to net assets held for sale (Note 3)	(2,378)
Balance as of March 31, 2019	\$ 79,009

Intangible Assets, net

Intangible assets, net consist of the following:

<i>(in thousands)</i>	Weighted average estimated useful life <i>(in years)</i>	Gross carrying amount		Accumulated amortization		Net book value	
		March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Definite lived intangible assets:							
Customer related intangible assets	8	\$ 219,797	\$ 273,172	\$ (172,892)	\$ (207,639)	\$ 46,905	\$ 65,533
Operating agreement	20	35,000	35,000	(16,064)	(15,632)	18,936	19,368
Trademarks and trade names	15	11,349	11,349	(6,412)	(6,244)	4,937	5,105
Non-compete agreements	4	1,230	1,230	(1,103)	(1,026)	127	204
Intellectual property	10	300	300	(145)	(145)	155	155
Other intangible assets	5	3,745	3,745	(2,645)	(2,457)	1,100	1,288
Total		\$ 271,421	\$ 324,796	\$ (199,261)	\$ (233,143)	\$ 72,160	\$ 91,653

Amortization expense for definite lived intangible assets was \$8.6 million and \$7.1 million for three months ended March 31, 2019 and 2018, respectively. Expected annual definite lived intangible asset amortization expense for 2019 through 2023 is \$19.6 million, \$13.3 million, \$10.6 million, \$5.3 million and \$5.3 million, respectively.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

NOTE 10 — OTHER ASSETS

Other assets consist of the following:

<i>(in thousands)</i>	March 31, 2019	December 31, 2018
Security deposits	\$ 3,575	\$ 3,972
Restricted cash	3,915	5,752
Other	2,704	2,682
Total	\$ 10,194	\$ 12,406

NOTE 11 — ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accounts payable and accrued expenses consist of the following:

<i>(in thousands)</i>	March 31, 2019	December 31, 2018
Accounts payable	\$ 20,908	\$ 27,853
Accrued expenses - general	24,442	27,866
Accrued salaries and benefits	19,156	31,356
Income taxes payable	32	165
Total	\$ 64,538	\$ 87,240

Other current liabilities consist of the following:

<i>(in thousands)</i>	March 31, 2019	December 31, 2018
Unfunded cash account balances	\$ 3,906	\$ 4,932
Lease obligation liabilities	15,098	—
Other	1,739	2,098
Total	\$ 20,743	\$ 7,030

NOTE 12 — LONG-TERM DEBT

Long-term debt consists of the following:

<i>(in thousands)</i>	March 31, 2019	December 31, 2018
Senior secured term loans	\$ 338,822	\$ 338,822
Less: Debt issuance costs, net	(3,685)	(3,855)
Less: Unamortized discount, net	(3,338)	(3,491)
Net long-term debt	331,799	331,476
Less: Current portion	(9,222)	—
Long-term debt, less current portion	\$ 322,577	\$ 331,476

On April 3, 2018, Altisource Portfolio Solutions S.A. and its wholly-owned subsidiary, Altisource S.à r.l. entered into a credit agreement (the “Credit Agreement”) with Morgan Stanley Senior Funding, Inc., as administrative agent and collateral agent, and certain lenders. Under the Credit Agreement, Altisource borrowed \$412.0 million in the form of Term B Loans and obtained a \$15.0 million revolving credit facility. The Term B Loans mature in April 2024 and the revolving credit facility matures in April 2023. Altisource Portfolio Solutions S.A. and certain subsidiaries are guarantors of the term loan and the revolving credit facility (collectively, the “Guarantors”).

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

Proceeds from the Term B Loans were used to repay the Company's prior senior secured term loan, which had an outstanding balance of \$412.1 million as of April 3, 2018. In connection with the refinancing, we recognized a loss of \$4.4 million from the write-off of unamortized debt issuance costs and debt discount in the second quarter of 2018.

There are no mandatory repayments of the Term B Loans due until March 2020, when \$9.2 million is due to be repaid. Thereafter, the Term B Loans must be repaid in consecutive quarterly principal installments of \$3.1 million, with the balance due at maturity. All amounts outstanding under the Term B Loans will become due on the earlier of (i) April 3, 2024, and (ii) the date on which the loans are declared to be due and owing by the administrative agent at the request (or with the consent) of the Required Lenders (as defined in the Credit Agreement; other capitalized terms, unless defined herein, are defined in the Credit Agreement) or as otherwise provided in the Credit Agreement upon the occurrence of any event of default.

In addition to the scheduled principal payments, subject to certain exceptions, the Term B Loans are subject to mandatory prepayment upon issuances of debt, certain casualty and condemnation events and sales of assets, as well as from a percentage of Consolidated Excess Cash Flow if the leverage ratio is greater than 3.00 to 1.00, as calculated in accordance with the provisions of the Credit Agreement (the percentage increases if the leverage ratio exceeds 3.50 to 1.00). Certain mandatory prepayments reduce future contractual amortization payments in direct order of maturity by an amount equal to the mandatory prepayment.

Altisource may incur incremental indebtedness under the Credit Agreement from one or more incremental lenders, which may include existing lenders, in an aggregate incremental principal amount not to exceed \$125.0 million, subject to certain conditions set forth in the Credit Agreement, including a sublimit of \$80.0 million with respect to incremental revolving credit commitments. The lenders have no obligation to provide any incremental indebtedness.

The Term B Loans bear interest at rates based upon, at our option, the Adjusted Eurodollar Rate or the Base Rate. Adjusted Eurodollar Rate term loans bear interest at a rate per annum equal to the sum of (i) the greater of (x) the Adjusted Eurodollar Rate for a three month interest period and (y) 1.00% plus (ii) 4.00%. Base Rate term loans bear interest at a rate per annum equal to the sum of (i) the greater of (x) the Base Rate and (y) 2.00% plus (ii) 3.00%. The interest rate as of March 31, 2019 was 6.60%.

Loans under the revolving credit facility bear interest at rates based upon, at our option, the Adjusted Eurodollar Rate or the Base Rate. Adjusted Eurodollar Rate revolving loans bear interest at a rate per annum equal to the sum of (i) the Adjusted Eurodollar Rate for a three month interest period plus (ii) 4.00%. Base Rate revolving loans bear interest at a rate per annum equal to the sum of (i) the Base Rate plus (ii) 3.00%. The unused commitment fee is 0.50%. There were no borrowings outstanding under the revolving credit facility as of March 31, 2019.

The payment of all amounts owing by Altisource under the Credit Agreement is guaranteed by the Guarantors and is secured by a pledge of all equity interests of certain subsidiaries of Altisource, as well as a lien on substantially all of the assets of Altisource S.à r.l. and the Guarantors, subject to certain exceptions.

The Credit Agreement includes covenants that restrict or limit, among other things, our ability, subject to certain exceptions and baskets, to incur indebtedness; incur liens on our assets; sell, transfer or dispose of assets; make Restricted Junior Payments including share repurchases, dividends and repayment of junior indebtedness; make investments; dispose of equity interests of any Material Subsidiaries; engage in a line of business substantially different than existing businesses and businesses reasonably related, complimentary or ancillary thereto; amend material debt agreements or other material contracts; engage in certain transactions with affiliates; enter into sale/leaseback transactions; grant negative pledges or agree to such other restrictions relating to subsidiary dividends and distributions; make changes to our fiscal year; and engage in mergers and consolidations; and to the extent any Revolving Credit Loans are outstanding on the last day of a fiscal quarter, permit the Total Leverage Ratio to be greater than 3.50:1.00 as of the last day of such fiscal quarter, subject to a customary cure provision (the "Revolving Financial Covenant").

The Credit Agreement contains certain events of default including (i) failure to pay principal when due or interest or any other amount owing on any other obligation under the Credit Agreement within five days of becoming due, (ii) material incorrectness of representations and warranties when made, (iii) breach of certain other covenants, subject to cure periods described in the Credit Agreement, (iv) a breach of the Revolving Financial Covenant, subject to a customary cure provision and not an Event of Default with respect to the Term Loans unless and until the Required Revolving Lenders accelerate the Revolving Credit Loans, (v) failure to pay principal or interest on any other debt that equals or exceeds \$40.0 million when due, (vi) default on any other debt that equals or exceeds \$40.0 million that causes, or gives the holder or holders of such debt the ability to cause, an acceleration of such debt, (vii) occurrence of a Change of Control, (viii) bankruptcy and insolvency events, (ix) entry by a court of one or more judgments against us in an amount in excess of \$40.0 million that remain unbonded, undischarged or unstayed for a certain number of days after the entry thereof, (x) the occurrence of certain ERISA events and (xi) the failure of certain Loan Documents to be in full force and effect. If any event of default occurs and is not cured within applicable grace periods set forth in the Credit Agreement or waived, all loans and other obligations could become due and immediately payable and the facility could be terminated.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

As of March 31, 2019, debt issuance costs were \$3.7 million, net of \$0.9 million of accumulated amortization. As of December 31, 2018, debt issuance costs were \$3.9 million, net of \$0.7 million of accumulated amortization.

NOTE 13 — OTHER NON-CURRENT LIABILITIES

Other non-current liabilities consist of the following:

<i>(in thousands)</i>	March 31, 2019	December 31, 2018
Lease obligation liabilities	\$ 23,202	\$ —
Income tax liabilities	7,109	7,069
Deferred revenue	52	19
Other non-current liabilities	404	2,090
Total	\$ 30,767	\$ 9,178

NOTE 14 — FAIR VALUE MEASUREMENTS AND FINANCIAL INSTRUMENTS

The following table presents the carrying amount and estimated fair value of financial instruments and certain liabilities measured at fair value as of March 31, 2019 and December 31, 2018. The following fair values are estimated using market information and what the Company believes to be appropriate valuation methodologies under GAAP:

<i>(in thousands)</i>	March 31, 2019					December 31, 2018				
	Carrying amount	Fair value			Carrying amount	Fair value				
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3		
Assets:										
Cash and cash equivalents	\$ 51,509	\$ 51,509	\$ —	\$ —	\$ 58,294	\$ 58,294	\$ —	\$ —		
Restricted cash	3,915	3,915	—	—	5,752	5,752	—	—		
Investment in equity securities	38,419	38,419	—	—	36,181	36,181	—	—		
Long-term receivable (Note 3)	2,258	—	—	2,258	2,221	—	—	2,221		
Liabilities:										
Senior secured term loan	338,822	—	328,657	—	338,822	—	330,351	—		

Fair Value Measurements on a Recurring Basis

Cash and cash equivalents and restricted cash are carried at amounts that approximate their fair values due to the highly liquid nature of these instruments and were measured using Level 1 inputs.

Investment in equity securities is carried at fair value and consist of 4.1 million shares of RESI common stock. The investment in equity securities is measured using Level 1 inputs as these securities have quoted prices in active markets.

The fair value of our senior secured term loan is based on quoted market prices. Based on the frequency of trading, we do not believe that there is an active market for our debt. Therefore, the quoted prices are considered Level 2 inputs.

In connection with the sale of the rental property management business in August 2018, Altisource will receive \$3.0 million on the earlier of a RESI change of control or on August 8, 2023 (see Note 3 for additional information). We measure long-term receivables without a stated interest rate based on the present value of the future payments.

There were no transfers between different levels during the periods presented.

Concentrations of Credit Risk

Financial instruments that subject us to concentrations of credit risk primarily consist of cash and cash equivalents and accounts receivable. Our policy is to deposit our cash and cash equivalents with larger, highly rated financial institutions. The Company derives over 50% of its revenues from Ocwen (see Note 2 for additional information on Ocwen revenues and accounts receivable).

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (*Continued*)

balance). The Company mitigates its concentrations of credit risk with respect to accounts receivable by actively monitoring past due accounts and the economic status of larger customers, if known.

NOTE 15 — SHAREHOLDERS' EQUITY AND SHARE-BASED COMPENSATION

Share Repurchase Program

On May 15, 2018, our shareholders approved the renewal and replacement of the share repurchase program previously approved by the shareholders on May 17, 2017. Under the program, we are authorized to purchase up to 4.3 million shares of our common stock, based on a limit of 25% of the outstanding shares of common stock on the date of approval, at a minimum price of \$1.00 per share and a maximum price of \$500.00 per share, for a period of five years from the date of approval. As of March 31, 2019, approximately 3.4 million shares of common stock remain available for repurchase under the program. There were no purchases of shares of common stock during the three months ended March 31, 2019. We purchased 0.4 million shares at an average price of \$27.67 per share during the three months ended March 31, 2018. Luxembourg law limits share repurchases to the balance of Altisource Portfolio Solutions S.A. (unconsolidated parent company) retained earnings, less the value of shares repurchased. As of March 31, 2019, we can repurchase up to approximately \$107 million of our common stock under Luxembourg law. Our Credit Agreement also limits the amount we can spend on share repurchases, which was approximately \$459 million as of March 31, 2019, and may prevent repurchases in certain circumstances.

Share-Based Compensation

We issue share-based awards in the form of stock options, restricted shares and restricted share units for certain employees, officers and directors. We recognized share-based compensation expense of \$2.6 million and \$2.2 million for the three months ended March 31, 2019 and 2018, respectively. As of March 31, 2019, estimated unrecognized compensation costs related to share-based awards amounted to \$17.3 million, which we expect to recognize over a weighted average remaining requisite service period of approximately 1.87 years.

Stock Options

Stock option grants are composed of a combination of service-based, market-based and performance-based options.

Service-Based Options. These options generally vest over three or four years with equal annual vesting and expire on the earlier of ten years after the date of grant or following termination of service. A total of 497 thousand service-based awards were outstanding as of March 31, 2019.

Market-Based Options. These option grants generally have two components, each of which vests only upon the achievement of certain criteria. The first component, which we refer to as “ordinary performance” grants, generally consists of two-thirds of the market-based grant and begins to vest if the stock price is at least double the exercise price, as long as the stock price realizes a compounded annual gain of at least 20% over the exercise price. The remaining third of the market-based options, which we refer to as “extraordinary performance” grants, generally begins to vest if the stock price is at least triple the exercise price, as long as the stock price realizes a compounded annual gain of at least 25% over the exercise price. Market-based awards vest in three or four year installments with the first installment vesting upon the achievement of the criteria and the remaining installments vesting thereafter in equal annual installments. Market-based options generally expire on the earlier of ten years after the date of grant or following termination of service, unless the performance criteria is met prior to termination of service or in the final three years of the option term, in which case vesting will generally continue in accordance with the provisions of the award agreement. A total of 638 thousand market-based awards were outstanding as of March 31, 2019.

Performance-Based Options. These option grants generally begin to vest upon the achievement of certain specific financial measures. Generally, the awards begin vesting if the performance criteria are achieved; one-fourth vests on each anniversary of the grant date. For certain other financial measures, awards cliff-vest upon the achievement of the specific performance during the period from 2019 through 2021. The award of performance-based options is adjusted based on the level of achievement specified in the award agreements. If the performance criteria achieved is above threshold performance levels, participants have the opportunity to vest in 50% to 200% of the option grants, depending upon performance achieved. If the performance criteria achieved is below a certain threshold, the award is canceled. The options expire on the earlier of ten years after the date of grant or following termination of service. There were 506 thousand performance-based awards outstanding as of March 31, 2019.

There were no stock option grants during the three months ended March 31, 2019. Outstanding stock options increased by 228 thousand in February 2019 in connection with the determination of the level of achievement for certain performance-based options

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Notes to Condensed Consolidated Financial Statements (Continued)

granted in 2018. During the three months ended March 31, 2018, 261 thousand stock options (at a weighted average exercise price of \$24.95 per share) were granted.

The fair values of the service-based options and performance-based options are determined using the Black-Scholes option pricing model and the fair values of the market-based options were determined using a lattice (binomial) model. The following assumptions were used to determine the fair values as of the grant date:

	Three months ended March 31, 2018	
	Black-Scholes	Binomial
Risk-free interest rate (%)	2.66 – 2.70	1.65 – 2.77
Expected stock price volatility (%)	70.31 – 71.81	71.81
Expected dividend yield	—	—
Expected option life (in years)	6.00 – 6.25	2.56 – 4.32
Fair value	\$16.17 – \$17.15	\$15.58 – \$18.28

We determined the expected option life of all service-based stock option grants using the simplified method. We use the simplified method because we believe that our historical data does not provide a reasonable basis upon which to estimate expected option life.

The following table summarizes the weighted average grant date fair value of stock options granted per share, the total intrinsic value of stock options exercised and the grant date fair value of stock options that vested during the periods presented:

<i>(in thousands, except per share amounts)</i>	Three months ended March 31,	
	2019	2018
Weighted average grant date fair value of stock options granted per share	\$ —	\$ 16.20
Intrinsic value of options exercised	10	4,320
Grant date fair value of stock options that vested	2,182	23

The following table summarizes the activity related to our stock options:

	Number of options	Weighted average exercise price	Weighted average contractual term <i>(in years)</i>	Aggregate intrinsic value <i>(in thousands)</i>
Outstanding as of December 31, 2018	1,440,566	\$ 30.78	5.04	\$ 945
Performance criteria achieved	227,849	24.98		
Exercised	(1,500)	18.79		
Forfeited	(25,583)	61.40		
Outstanding as of March 31, 2019	<u>1,641,332</u>	29.51	5.14	1,339
Exercisable as of March 31, 2019	<u>1,007,222</u>	27.10	3.41	1,270

Other Share-Based Awards

The Company's other share-based and similar types of awards are composed of restricted shares and, beginning in 2018, restricted share units. The restricted shares and restricted share units are composed of a combination of service-based awards and performance-based awards.

Service-Based Awards. These awards generally vest over one to four years with (a) vesting in equal annual installments, (b) vesting of all of the restricted shares and restricted share units at the end of the vesting period or (c) vesting beginning after two years of service. A total of 631 thousand service-based awards were outstanding as of March 31, 2019.

Performance-Based Awards. These awards generally begin to vest upon the achievement of certain specific financial measures. Generally, the awards begin vesting if the performance criteria are achieved; one-third vests on each anniversary of the grant date or cliff-vest on the third anniversary of the grant date. The number of performance-based restricted shares and restricted share units that may vest will be based on the level of achievement, as specified in the award agreements. If the performance

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Notes to Condensed Consolidated Financial Statements (Continued)

criteria achieved is above certain financial performance levels and Altisource's share performance is above certain established criteria, participants have the opportunity to vest in up to 225% of the restricted share unit award for certain awards, depending on performance achieved. If the performance criteria achieved is below a certain threshold, the award is canceled. A total of 140 thousand performance-based awards were outstanding as of March 31, 2019.

The Company granted 359 thousand restricted share units (at a weighted average grant date fair value of \$25.02 per share) during three months ended March 31, 2019.

The following table summarizes the activity related to our restricted shares and restricted share units:

	<u>Number of restricted shares and restricted share units</u>
Outstanding as of December 31, 2018	485,806
Granted	358,978
Issued	(31,025)
Forfeited/canceled	(43,231)
	770,528
Outstanding as of March 31, 2019	770,528

NOTE 16 — REVENUE

We classify revenue in three categories: service revenue, revenue from reimbursable expenses and non-controlling interests. Service revenue consists of amounts attributable to our fee-based services and sales of short-term investments in real estate. Reimbursable expenses and non-controlling interests are pass-through items for which we earn no margin. Reimbursable expenses consist of amounts we incur on behalf of our customers in performing our fee-based services that we pass directly on to our customers without a markup. Non-controlling interests represent the earnings of Lenders One, a consolidated entity that is a mortgage cooperative managed, but not owned, by Altisource. Lenders One is included in revenue and reduced from net income to arrive at net income attributable to Altisource (see Note 1). Our services are primarily provided to customers located in the United States. The components of revenue were as follows for the three months ended March 31:

<i>(in thousands)</i>	<u>2019</u>	<u>2018</u>
Service revenue	\$ 164,999	\$ 188,766
Reimbursable expenses	4,496	8,147
Non-controlling interests	440	525
	\$ 169,935	\$ 197,438
Total	\$ 169,935	\$ 197,438

Disaggregation of Revenue

Disaggregation of total revenues by major source is as follows:

<i>(in thousands)</i>	<u>Revenue recognized when services are performed or assets are sold</u>	<u>Revenue related to technology platforms and professional services</u>	<u>Reimbursable expenses revenue</u>	<u>Total revenue</u>
Three months ended March 31, 2019	\$ 147,755	\$ 17,684	\$ 4,496	\$ 169,935
Three months ended March 31, 2018	166,956	22,335	8,147	197,438

Contract Balances

Our contract assets consist of unbilled accounts receivable (see Note 5). Our contract liabilities consist of current deferred revenue as reported on the accompanying condensed consolidated balance sheets and non-current deferred revenue (see Note 13). Revenue recognized that was included in the contract liability at the beginning of the period, including amounts added to the contract liability as part of the cumulative effect of adopting Topic 606, was \$4.9 million and \$5.9 million for the three months ended March 31, 2019 and 2018, respectively.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

NOTE 17 — COST OF REVENUE

Cost of revenue principally includes payroll and employee benefits associated with personnel employed in customer service and operations roles, fees paid to external providers related to the provision of services, cost of real estate sold, reimbursable expenses, technology and telecommunications costs as well as depreciation and amortization of operating assets. The components of cost of revenue were as follows for the three months ended March 31:

<i>(in thousands)</i>	2019	2018
Compensation and benefits	\$ 41,368	\$ 54,866
Outside fees and services	62,581	65,098
Cost of real estate sold	2,094	3,179
Technology and telecommunications	8,509	9,451
Reimbursable expenses	4,496	8,147
Depreciation and amortization	5,056	6,453
Total	<u>\$ 124,104</u>	<u>\$ 147,194</u>

NOTE 18 — SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AND OTHER OPERATING EXPENSES

Selling, general and administrative expenses include payroll and employee benefits associated with personnel employed in executive, finance, law, compliance, human resources, vendor management, facilities, risk management, sales and marketing roles. This category also includes professional services fees, occupancy costs, marketing costs, depreciation and amortization of non-operating assets and other expenses. The components of selling, general and administrative expenses were as follows for three months ended March 31:

<i>(in thousands)</i>	2019	2018
Compensation and benefits	\$ 11,353	\$ 13,569
Amortization of intangible assets	8,647	7,147
Occupancy related costs	3,908	8,434
Marketing costs	2,932	3,607
Professional services	5,476	3,226
Depreciation and amortization	4,313	2,268
Other	4,611	4,873
Total	<u>\$ 41,240</u>	<u>\$ 43,124</u>

NOTE 19 — OTHER INCOME (EXPENSE), NET

Other income (expense), net consists of the following for the three months ended March 31:

<i>(in thousands)</i>	2019	2018
Interest income	\$ 151	\$ 131
Other, net	223	1,141
Total	<u>\$ 374</u>	<u>\$ 1,272</u>

NOTE 20 — EARNINGS PER SHARE

Basic earnings per share ("EPS") is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the assumed conversion of all dilutive securities using the treasury stock method.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

Basic and diluted EPS are calculated as follows for the three months ended March 31:

<i>(in thousands, except per share data)</i>	2019	2018
Net loss attributable to Altisource	\$ (3,184)	\$ (4,132)
Weighted average common shares outstanding, basic	16,292	17,378
Weighted average common shares outstanding, diluted	16,292	17,378
Loss per share:		
Basic	\$ (0.20)	\$ (0.24)
Diluted	\$ (0.20)	\$ (0.24)

For the three months ended March 31, 2019 and 2018, 0.3 million options in each period were anti-dilutive and have been excluded from the computation of diluted EPS because their exercise price was greater than the average market price of our common stock. Also excluded from the computation of diluted EPS are 0.8 million options, restricted share units and restricted shares for the three months ended March 31, 2019 and 0.6 million options for the three months ended March 31, 2018, which begin to vest upon the achievement of certain market criteria related to our common stock price, performance criteria and an annualized rate of return to shareholders that have not yet been met. Furthermore, as a result of the net loss attributable to Altisource for the three months ended March 31, 2019 and 2018, 0.3 million and 0.5 million, respectively, of total options, restricted share units and restricted shares were excluded from the computation of diluted EPS, as their impact was anti-dilutive.

NOTE 21 — RESTRUCTURING CHARGES

In August 2018, Altisource initiated Project Catalyst, a project intended to optimize our operations and reduce costs to better align our cost structure with our anticipated revenues and improve our operating margins. During the three months ended March 31, 2019, we incurred \$4.4 million of severance costs and professional services fees related to the reorganization plan (no comparative amount for the three months ended March 31, 2018). We expect to incur additional severance and related costs through 2019 in connection with this internal reorganization and will expense those costs as incurred. Based on our analysis, we currently anticipate the future costs relating to the internal reorganization plan to be in the range of approximately \$13 million to \$17 million.

NOTE 22 — COMMITMENTS, CONTINGENCIES AND REGULATORY MATTERS

We record a liability for contingencies if an unfavorable outcome is probable and the amount of loss can be reasonably estimated, including expected insurance coverage. For proceedings where the reasonable estimate of loss is a range, we record a best estimate of loss within the range.

Litigation

We are currently involved in legal actions in the course of our business, some of which seek monetary damages. We do not believe that the outcome of these proceedings, both individually and in the aggregate, will have a material impact on our financial condition, results of operations or cash flows.

Regulatory Matters

Periodically, we are subject to audits, examinations and investigations by federal, state and local governmental authorities and receive subpoenas, civil investigative demands or other requests for information from such governmental authorities in connection with their regulatory or investigative authority. We are currently responding to such inquiries from governmental authorities relating to certain aspects of our business. We believe it is premature to predict the potential outcome or to estimate any potential financial impact in connection with these inquiries.

Sales Taxes

On June 21, 2018, the United States Supreme Court rendered a 5-4 majority decision in *South Dakota v. Wayfair, Inc.*, holding that a state may require a remote seller with no physical presence in the state to collect and remit sales tax on goods and services provided to purchasers in the state, overturning certain existing court precedent. During the three months ended March 31, 2019, the Company completed the analysis of its services for potential exposure to sales tax in various jurisdictions in the United States. The Company recognized a \$2.1 million loss for the three months ended March 31, 2019 (no comparative amount for the three

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

months ended March 31, 2018) in selling, general and administrative expenses in the accompanying condensed consolidated statements of operations and comprehensive loss, in addition to the \$6.2 million loss recorded in 2018. The Company began invoicing, collecting and remitting sales tax in applicable jurisdictions in 2019. The Company is also in the process of seeking reimbursement for sales tax payments from clients; however, there can be no assurance that the Company will be successful in collecting some or all of such reimbursements. Future changes in our estimated sales tax exposure could result in a material adjustment to our condensed consolidated financial statements which would impact our financial condition and results of operations.

Ocwen Related Matters

As discussed in Note 2, during the three months ended March 31, 2019, Ocwen was our largest customer, accounting for 58% of our total revenue. Additionally, 7% of our revenue for the three months ended March 31, 2019 was earned on the loan portfolios serviced by Ocwen, when a party other than Ocwen or the MSR owner selected Altisource as the service provider.

Ocwen has disclosed that it is subject to a number of ongoing federal and state regulatory examinations, cease and desist orders, consent orders, inquiries, subpoenas, civil investigative demands, requests for information and other actions and is subject to pending legal proceedings, some of which include claims against Ocwen for substantial monetary damages. For example, on May 15, 2017, Ocwen disclosed that on April 20, 2017, the Consumer Financial Protection Bureau and the State of Florida filed separate complaints in the United States District Court for the Southern District of Florida against Ocwen alleging violations of Federal consumer financial law and, in the case of Florida, Florida statutes. Ocwen disclosed that the complaints seek to obtain permanent injunctive relief, consumer redress, refunds, restitution, disgorgement, damages, civil penalties, costs and fees and other relief. The foregoing or other matters could result in, and in some cases, have resulted in, adverse regulatory or other actions against Ocwen. Previous regulatory actions against Ocwen resulted in subjecting Ocwen to independent oversight of its operations and placing certain restrictions on its ability to acquire servicing rights.

In addition to the above, Ocwen may become subject to future federal and state regulatory investigations, cease and desist orders, consent orders, inquiries, subpoenas, civil investigative demands, requests for information, other matters or legal proceedings, any of which could also result in adverse regulatory or other actions against Ocwen.

Ocwen has disclosed that NRZ is its largest client. As of December 31, 2018, NRZ owned MSRs or rights to MSRs relating to approximately 57% of loans serviced and subserviced by Ocwen (measured in UPB). In July 2017 and January 2018, Ocwen and NRZ entered into a series of agreements pursuant to which the parties agreed, among other things, to undertake certain actions to facilitate the transfer from Ocwen to NRZ of Ocwen's legal title to the Subject MSRs and under which Ocwen will subservice mortgage loans underlying the Subject MSRs for an initial term of five years. NRZ can terminate its sub-servicing agreement with Ocwen in exchange for the payment of a termination fee.

The foregoing may have significant adverse effects on Ocwen's business and/or our continuing relationship with Ocwen. For example, Ocwen may be required to alter the way it conducts business, including the parties it contracts with for services (including IT and software services), it may be required to seek changes to its existing pricing structure with us, it may lose its non-government-sponsored enterprise ("GSE") servicing rights or subservicing arrangements or may lose one or more of its state servicing or origination licenses. Additional regulatory actions or adverse financial developments may impose additional restrictions on or require changes in Ocwen's business that could require it to sell assets or change its business operations. Any or all of these effects could result in our eventual loss of Ocwen as a customer or a reduction in the number and/or volume of services they purchase from us or the loss of other customers.

If any of the following events occurred, Altisource's revenue could be significantly lower and our results of operations could be materially adversely affected, including from the possible impairment or write-off of goodwill, intangible assets, property and equipment, other assets and accounts receivable:

- Altisource loses Ocwen as a customer or there is a significant reduction in the volume of services they purchase from us
- Ocwen loses, sells or transfers a significant portion or all of its remaining non-GSE servicing rights or subservicing arrangements and Altisource fails to be retained as a service provider
- Ocwen loses state servicing licenses in states with a significant number of loans in Ocwen's servicing portfolio
- The contractual relationship between Ocwen and Altisource changes significantly or there are significant changes to our pricing to Ocwen for services from which we generate material revenue
- Altisource otherwise fails to be retained as a service provider

Management cannot predict whether any of these events will occur or the amount of any impact they may have on Altisource. However, in the event one or more of these events materially negatively impact Altisource, we believe the variable nature of our cost structure would allow us to realign our cost structure in line with remaining revenue. Furthermore, in the event of a significant

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

reduction in the volume of services purchased or loan portfolios serviced by Ocwen (such as a transfer of Ocwen's remaining servicing rights to a successor servicer), we believe the impact to Altisource could occur over an extended period of time. During this period, we believe that we will continue to generate revenue from all or a portion of Ocwen's loan portfolios.

We are focused on diversifying and growing our revenue and customer base and we have a sales and marketing strategy to support our businesses. Management believes our plans, together with current liquidity and cash flows from operations, would be sufficient to meet our working capital, capital expenditures, debt service and other cash needs. However, there can be no assurance that our plans will be successful or our operations will be profitable.

Leases

We lease certain premises and equipment, primarily consisting of office space and information technology equipment. Effective January 1, 2019, we adopted the provisions of Topic 842, resulting in recognition of \$42.1 million of right-to-use assets in premises and equipment, net and \$45.5 million of lease obligation liabilities (see Note 1). Certain of our leases include options to renew at our discretion or terminate leases early, and these options are considered in our determination of the expected lease term. Certain of our lease agreements include rental payments adjusted periodically for inflation. Our lease agreements generally do not contain any material residual value guarantees or material restrictive covenants. We sublease certain office space to third parties. Sublease income was \$0.4 million and \$0.5 million for the three months ended March 31, 2019 and 2018, respectively. The depreciable life of right-to-use assets are generally limited by the expected lease term. Our leases generally have expected lease terms at adoption of one to six years.

Information about our lease terms and our discount rate assumption is as follows:

	As of March 31, 2019
Weighted average remaining lease term (in years)	3.36
Weighted average discount rate	7.25%

Our lease activity during the period is as follows:

<i>(in thousands)</i>	Three months ended March 31, 2019
Operating lease costs:	
Selling, general and administrative expense	\$ 2,880
Cost of revenue	858
Cash used in operating activities for amounts included in the measurement of lease liabilities	4,737
Short-term (less than one year) lease costs	1,157

Maturities of our lease liabilities as of March 31, 2019 are as follows:

<i>(in thousands)</i>	Operating lease liabilities
2019	\$ 13,130
2020	14,583
2021	9,593
2022	5,694
2023	3,465
Thereafter	1,330
Total lease payments	47,795
Less interest	(5,596)
Present value of lease liabilities	\$ 42,199

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (*Continued*)

Escrow and Trust Balances

We hold customers' assets in escrow and trust accounts at various financial institutions pending completion of certain real estate activities. We also hold cash in trust accounts at various financial institutions where contractual obligations mandate maintaining dedicated bank accounts for our asset recovery management business's collections. These amounts are held in escrow and trust accounts for limited periods of time and are not included in the accompanying condensed consolidated balance sheets. Amounts held in escrow and trust accounts were \$25.0 million and \$23.6 million as of March 31, 2019 and December 31, 2018, respectively.

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

Management’s discussion and analysis of financial condition and results of operations (“MD&A”) is a supplement to the accompanying interim condensed consolidated financial statements and is intended to provide a reader of our financial statements with a narrative from the perspective of management on our businesses, current developments, financial condition, results of operations and liquidity. Our MD&A should be read in conjunction with our Form 10-K for the year ended December 31, 2018 filed with the Securities and Exchange Commission (“SEC”) on February 26, 2019.

FORWARD-LOOKING STATEMENTS

This Form 10-Q contains forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements may relate to, among other things, future events or our future performance or financial condition. Words such as “anticipate,” “intend,” “expect,” “may,” “could,” “should,” “would,” “plan,” “estimate,” “believe,” “predict,” “potential” or “continue” or the negative of these terms and other comparable terminology are intended to identify such forward-looking statements. Such statements are based on expectations as to the future and are not statements of historical fact. Furthermore, forward-looking statements are not guarantees of future performance and involve a number of assumptions, risks and uncertainties that could cause actual results to differ materially. The following are examples of such items and are not intended to be all inclusive:

- assumptions related to sources of liquidity and the adequacy of financial resources;
- assumptions about our ability to grow our business, including executing on our strategic initiatives;
- assumptions about our ability to improve margins and anticipated expense reductions as a result of Project Catalyst;
- assumptions regarding the impact of seasonality;
- estimates regarding our effective tax rate; and
- estimates regarding our reserves and valuations.

Important factors that could cause actual results to differ materially from those suggested by the forward-looking statements include, but are not limited to, the risks discussed in Part II, Item 1A, *Risk Factors* of this Form 10-Q and the *Risk Factors* section of our Form 10-K for the year ended December 31, 2018 and including, but not limited to, the following:

- our ability to retain Ocwen Financial Corporation (“Ocwen”) as a customer or our ability to receive the anticipated volume of referrals from Ocwen;
- our ability to retain New Residential Investment Corp. (individually, together with one or more of its subsidiaries, or one or more of its subsidiaries individually, “NRZ”) as a customer or our ability to receive the anticipated volume of referrals from NRZ;
- our ability to close the Financial Services business disposition transaction with Transworld Systems Inc. (“TSI”), including the timing and satisfaction of closing conditions and delays in obtaining regulatory consents in connection with the transaction;
- our ability to comply with material agreements if a change of control is deemed to have occurred including, among other things, through the formation of a shareholder group, this may cause a termination event or event of default under certain of our agreements;
- our ability to execute on our strategic businesses;
- our ability to retain our existing customers, expand relationships and attract new customers;
- the level of loan delinquencies and charge-offs;
- the level of origination volume;
- technology failures;
- the outsourcing trends;
- our ability to raise debt;
- our ability to retain our directors, executive officers and key personnel;
- our ability to integrate acquired businesses;
- our ability to comply with, and burdens imposed by, governmental regulations and policies and any changes in such regulations and policies; and
- significant changes in tax regulations and interpretations in the countries, states and local jurisdictions in which we operate.

We caution the reader not to place undue reliance on these forward-looking statements as they reflect our view only as of the date of this report. We are under no obligation (and expressly disclaim any obligation) to update or alter any forward-looking statements

contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

OVERVIEW

Our Business

When we refer to “Altisource,” the “Company,” “we,” “us” or “our” we mean Altisource Portfolio Solutions S.A., a Luxembourg société anonyme, or public limited liability company, and its subsidiaries.

We are an integrated service provider and marketplace for the real estate and mortgage industries. Combining operational excellence with a suite of innovative services and technologies, Altisource helps solve the demands of the ever-changing markets we serve.

Effective January 1, 2019, the Company reorganized its internal reporting structure in connection with Project Catalyst, a project initiated in August 2018 to optimize our operations and reduce costs to better align our cost structure with our anticipated revenues and improve our operating margins. The internal reorganization included, among other changes, the replacement of segment presidents with a chief operating officer, who is responsible for products, services and operations for the Company’s Mortgage Market and Real Estate Market businesses, reporting to our Chief Executive Officer (our chief operating decision maker) who manages our businesses, regularly reviews operating results and profitability, allocates resources and evaluates performance on a consolidated basis. Prior to January 1, 2019, the Company reported our operations through two reportable segments: *Mortgage Market* and *Real Estate Market*. In addition, we reported *Other Businesses*, *Corporate* and *Eliminations* separately. The prior year presentation has been reclassified to conform to the current year presentation.

We provide loan servicers and originators with marketplaces, services and technologies that span the mortgage lifecycle. We provide real estate consumers with marketplaces and services that span the real estate lifecycle. Our offerings include:

Field Services

- Property preservation and inspection services, including vendor management, marketplace transaction management, payment management technologies and a vendor management oversight software-as-a-service (“SaaS”) platform

Marketplace

- Hubzu[®] online real estate auction, real estate brokerage and asset management
- Equator[®], a SaaS based technology to manage real estate owned (“REO”), short sales, foreclosure, bankruptcy and eviction processes

Professional Services

- Mortgage origination loan fulfillment, certification and certification insurance services and technologies
- Title insurance (as an agent), settlement and valuation services
- Residential and commercial construction inspection and risk mitigation services
- Management of Best Partners Mortgage Cooperative, Inc., doing business as Lenders One[®] (“Lenders One”) mortgage banking cooperative
- Foreclosure trustee services

Earlier Stage Businesses

- Owners.com[®] technology-enabled real estate brokerage and provider of related mortgage brokerage and title services
- Pointillist[®] customer journey analytics platform

We classify revenue in three categories: service revenue, revenue from reimbursable expenses and non-controlling interests. In evaluating our performance, we focus on service revenue. Service revenue consists of amounts attributable to our fee-based services and sales of short-term investments in real estate. Reimbursable expenses and non-controlling interests are pass-through items for which we earn no margin. Reimbursable expenses consist of amounts we incur on behalf of our customers in performing our fee-based services that we pass directly on to our customers without a markup. Non-controlling interests represent the earnings of Lenders One. Lenders One is a mortgage cooperative managed, but not owned, by Altisource. Lenders One is included in revenue and reduced from net income to arrive at net income attributable to Altisource.

Strategy and Growth Businesses

We are focused on becoming one of the premier providers of mortgage and real estate marketplaces and related services to a broad and diversified customer base. Through our suite of offerings described above, we facilitate transactions and provide products, solutions and services related to home sales, home purchases, home maintenance, mortgage originations and mortgage servicing.

Our suite of offerings provide Altisource the potential to grow and diversify our customer and revenue base. We believe we operate in very large markets and directly leverage our core competencies and distinct competitive advantages.

Through our offerings that support residential loan servicers, we provide a suite of services and technologies intended to meet their growing and evolving needs. We are focused on growing referrals from our existing customer base and attracting new customers to our offerings. We have a customer base that includes Ocwen, a government-sponsored enterprise (“GSE”), NRZ, several large bank and non-bank servicers and asset managers. We believe we are one of only a few providers with a broad suite of servicer solutions, nationwide coverage and demonstrated scalability. Further, we believe we are well positioned to gain market share as delinquency rates rise and as existing customers and prospects consolidate to larger, full-service providers and outsource services that have historically been performed in-house.

We also provide services to loan originators (or other similar mortgage market participants) in originating, buying and selling residential mortgages. We provide a suite of services and technologies to meet the evolving and growing needs of lenders, mortgage purchasers and securitizers. We are focused on attempting to grow referrals from our existing customer base and attract new customers to our offerings. We have a customer base that includes the Lenders One cooperative mortgage bankers and mid-size and larger bank and non-bank loan originators. We believe our suite of services and technologies positions us to grow our relationships with our existing customer base by providing additional products, services and solutions to these customers. Further, we believe we are well positioned to attract new customers as prospects consolidate to larger, full-service providers and outsource services that have historically been performed in-house.

We are also continuing to develop our earlier stage businesses, including Owners.com and Pointillist. Through our Owners.com brokerage, we provide real estate buyers and sellers with a technology-enabled real estate brokerage and the integrated services to support them in buying and selling a home. Our offerings include local real estate agent services, loan brokerage, and closing and title services. Pointillist, which was developed by Altisource through our consumer analytics capabilities, is a potentially disruptive SaaS-based platform that provides unique customer journey analytics at scale and enables customers to engage through our intelligent platform. We are focused on continuing to develop these businesses by capitalizing on Altisource’s experience in online real estate marketing, loan origination services and analytics.

Share Repurchase Program

On May 15, 2018, our shareholders approved the renewal and replacement of the share repurchase program previously approved by the shareholders on May 17, 2017. Under the program, we are authorized to purchase up to 4.3 million shares of our common stock, based on a limit of 25% of the outstanding shares of common stock on the date of approval, at a minimum price of \$1.00 per share and a maximum price of \$500.00 per share, for a period of five years from the date of approval. As of March 31, 2019, approximately 3.4 million shares of common stock remain available for repurchase under the program. There were no purchases of shares of common stock during the three months ended March 31, 2019. We purchased 0.4 million shares at an average price of \$27.67 per share during the three months ended March 31, 2018. Luxembourg law limits share repurchases to the balance of Altisource Portfolio Solutions S.A. (unconsolidated parent company) retained earnings, less the value of shares repurchased. As of March 31, 2019, we can repurchase up to approximately \$107 million of our common stock under Luxembourg law. Our Credit Agreement also limits the amount we can spend on share repurchases, which was approximately \$459 million as of March 31, 2019, and may prevent repurchases in certain circumstances.

Ocwen Related Matters

During the three months ended March 31, 2019, Ocwen was our largest customer, accounting for 58% of our total revenue. Additionally, 7% of our revenue for the three months ended March 31, 2019 was earned on the loan portfolios serviced by Ocwen, when a party other than Ocwen or the mortgage servicing rights (“MSRs”) owner selected Altisource as the service provider.

Ocwen has disclosed that it is subject to a number of ongoing federal and state regulatory examinations, cease and desist orders, consent orders, inquiries, subpoenas, civil investigative demands, requests for information and other actions and is subject to pending legal proceedings, some of which include claims against Ocwen for substantial monetary damages. For example, on May 15, 2017, Ocwen disclosed that on April 20, 2017, the Consumer Financial Protection Bureau and the State of Florida filed separate complaints in the United States District Court for the Southern District of Florida against Ocwen alleging violations of Federal consumer financial law and, in the case of Florida, Florida statutes. Ocwen disclosed that the complaints seek to obtain permanent injunctive relief, consumer redress, refunds, restitution, disgorgement, damages, civil penalties, costs and fees and other relief. The foregoing or other matters could result in, and in some cases, have resulted in, adverse regulatory or other actions against Ocwen. Previous regulatory actions against Ocwen resulted in subjecting Ocwen to independent oversight of its operations and placing certain restrictions on its ability to acquire servicing rights.

In addition to the above, Ocwen may become subject to future federal and state regulatory investigations, cease and desist orders, consent orders, inquiries, subpoenas, civil investigative demands, requests for information, other matters or legal proceedings, any of which could also result in adverse regulatory or other actions against Ocwen.

Ocwen has disclosed that NRZ is its largest client. As of December 31, 2018, NRZ owned MSR rights or rights to MSR interests relating to approximately 57% of loans serviced and subserviced by Ocwen (measured in unpaid principal balances) (the "Subject MSR rights"). In July 2017 and January 2018, Ocwen and NRZ entered into a series of agreements pursuant to which the parties agreed, among other things, to undertake certain actions to facilitate the transfer from Ocwen to NRZ of Ocwen's legal title to the Subject MSR rights and under which Ocwen will subservice mortgage loans underlying the Subject MSR rights for an initial term of five years. NRZ can terminate its sub-servicing agreement with Ocwen in exchange for the payment of a termination fee.

The foregoing may have significant adverse effects on Ocwen's business and/or our continuing relationship with Ocwen. For example, Ocwen may be required to alter the way it conducts business, including the parties it contracts with for services (including IT and software services), it may be required to seek changes to its existing pricing structure with us, it may lose its non-GSE servicing rights or subservicing arrangements or may lose one or more of its state servicing or origination licenses. Additional regulatory actions or adverse financial developments may impose additional restrictions on or require changes in Ocwen's business that could require it to sell assets or change its business operations. Any or all of these effects could result in our eventual loss of Ocwen as a customer or a reduction in the number and/or volume of services they purchase from us or the loss of other customers.

If any of the following events occurred, Altisource's revenue could be significantly lower and our results of operations could be materially adversely affected, including from the possible impairment or write-off of goodwill, intangible assets, property and equipment, other assets and accounts receivable:

- Altisource loses Ocwen as a customer or there is a significant reduction in the volume of services they purchase from us
- Ocwen loses, sells or transfers a significant portion or all of its remaining non-GSE servicing rights or subservicing arrangements and Altisource fails to be retained as a service provider
- Ocwen loses state servicing licenses in states with a significant number of loans in Ocwen's servicing portfolio
- The contractual relationship between Ocwen and Altisource changes significantly or there are significant changes to our pricing to Ocwen for services from which we generate material revenue
- Altisource otherwise fails to be retained as a service provider

Management cannot predict whether any of these events will occur or the amount of any impact they may have on Altisource. However, in the event one or more of these events materially negatively impact Altisource, we believe the variable nature of our cost structure would allow us to realign our cost structure in line with remaining revenue. Furthermore, in the event of a significant reduction in the volume of services purchased or loan portfolios serviced by Ocwen (such as a transfer of Ocwen's remaining servicing rights to a successor servicer), we believe the impact to Altisource could occur over an extended period of time. During this period, we believe that we will continue to generate revenue from all or a portion of Ocwen's loan portfolios.

We are focused on diversifying and growing our revenue and customer base and we have a sales and marketing strategy to support our businesses. Management believes our plans, together with current liquidity and cash flows from operations, would be sufficient to meet our working capital, capital expenditures, debt service and other cash needs. However, there can be no assurance that our plans will be successful or our operations will be profitable.

Factors Affecting Comparability

The following items may impact the comparability of our results:

- On March 28, 2019, the Company entered into a definitive agreement to sell its Financial Services business to TSI for \$44.0 million, consisting of an up-front payment of \$40.0 million, subject to a working capital adjustment upon closing of the sale, and an additional \$4.0 million to be paid on the one year anniversary of the sale closing. The sale is subject to closing conditions, including the receipt of regulatory consents. As a result of this pending sale, assets and liabilities subject to the sale have been reported as assets and liabilities held for sale on the accompanying condensed consolidated balance sheets. The Company currently estimates it will recognize a pretax gain of more than \$20.0 million from the sale, which is anticipated to close before the end of the third quarter 2019, and intends to use the \$40.0 million up-front payment, subject to a working capital adjustment, to repay a portion of its senior secured term loan.

- Effective January 1, 2019, the Company implemented a new accounting standard on leases, which required the recognition of operating leases by companies as lease obligation liabilities on their balance sheets and also required the recognition of right-of-use assets, resulting in higher depreciation and amortization expense and interest expense and lower occupancy related costs (see Notes 1 and 22 to the condensed consolidated financial statements for additional information regarding this accounting change). Adoption of this new standard resulted in the recognition of \$42.1 million of right-to-use assets in premises and equipment, net, \$45.5 million of lease obligation liabilities (\$16.7 million in other current liabilities and \$28.8 million in other non-current liabilities) and reduced accrued rent and lease incentives of \$3.4 million in accounts payable and accrued liabilities and other non-current liabilities on the accompanying condensed consolidated balance sheets. Consequently, occupancy related costs were lower by \$4.3 million for the three months ended March 31, 2019 and depreciation and amortization expense and interest expense increased by \$3.7 million and \$0.8 million, respectively.
- In August 2018, Altisource initiated Project Catalyst, a project intended to optimize its operations and reduce costs to better align its cost structure with its anticipated revenues and improve its operating margins. During the three months ended March 31, 2019, Altisource incurred \$4.4 million of severance costs and professional services fees related to the reorganization plan (no comparative amount for the three months ended March 31, 2018). Altisource expects to incur additional severance and related costs through 2019 in connection with this internal reorganization and will expense those costs as incurred. Based on the Company's analysis, it currently anticipates the future costs relating to the internal reorganization plan to be in the range of approximately \$13 million to \$17 million.
- During the three months ended March 31, 2019 and 2018, the Company recognized an unrealized gain of \$2.2 million and an unrealized loss of \$(7.5) million, respectively, on its investment in Front Yard Residential Corporation ("RESI") common shares in other income (expense), net in the accompanying condensed consolidated statements of operations and comprehensive loss from a change in the market value of RESI common shares.
- On June 21, 2018, the United States Supreme Court rendered a 5-4 majority decision in *South Dakota v. Wayfair, Inc.*, holding that a state may require a remote seller with no physical presence in the state to collect and remit sales tax on goods and services provided to purchasers in the state, overturning certain existing court precedent. During the three months ended March 31, 2019, the Company completed the analysis of its services for potential exposure to sales tax in various jurisdictions in the United States. The Company recognized a \$2.1 million loss for the three months ended March 31, 2019 (no comparative amount for the three months ended March 31, 2018) in selling, general and administrative expenses in the accompanying condensed consolidated statements of operations and comprehensive loss, in addition to the \$6.2 million loss recorded in 2018. The Company began invoicing, collecting and remitting sales tax in applicable jurisdictions in 2019. The Company is also in the process of seeking reimbursement for sales tax payments from clients; however, there can be no assurance that the Company will be successful in collecting some or all of such reimbursements. Future changes in our estimated sales tax exposure could result in a material adjustment to our condensed consolidated financial statements which would impact our financial condition and results of operations.
- On April 3, 2018, Altisource and its wholly-owned subsidiary, Altisource S.à r.l. entered into the Credit Agreement, pursuant to which, among other things, Altisource borrowed \$412.0 million in the form of Term B Loans. Proceeds from the Term B Loans were used to repay the Company's prior senior secured term loan. The comparative average interest rates under the Credit Agreement for the Term B Loans and the prior credit agreement were 6.8% and 5.1% for the three months ended March 31, 2019 and 2018, respectively. The increase in interest expense from the higher average interest rate was partially offset by a lower average outstanding principal debt balance for the three months ended March 31, 2019 as a result of debt principal repayments of \$74.8 million during 2018.

RESULTS OF OPERATIONS

Summary Results

The following is a discussion of our results of operations for the periods indicated.

The following table sets forth information regarding our consolidated results of operations for the three months ended March 31:

<i>(in thousands, except per share data)</i>	2019	2018	% Increase (decrease)
Service revenue	\$ 164,999	\$ 188,766	(13)
Reimbursable expenses	4,496	8,147	(45)
Non-controlling interests	440	525	(16)
Total revenue	<u>169,935</u>	<u>197,438</u>	(14)
Cost of revenue	<u>124,104</u>	<u>147,194</u>	(16)
Gross profit	45,831	50,244	(9)
Operating expenses:			
Selling, general and administrative expenses	41,240	43,124	(4)
Restructuring charges	4,420	—	N/M
Income from operations	<u>171</u>	<u>7,120</u>	(98)
Other income (expense), net			
Interest expense	(6,749)	(5,863)	15
Unrealized gain (loss) on investment in equity securities	2,238	(7,501)	130
Other income (expense), net	374	1,272	(71)
Total other income (expense), net	<u>(4,137)</u>	<u>(12,092)</u>	(66)
Loss before income taxes and non-controlling interests	(3,966)	(4,972)	(20)
Income tax benefit	<u>1,222</u>	<u>1,365</u>	(10)
Net loss	(2,744)	(3,607)	(24)
Net income attributable to non-controlling interests	<u>(440)</u>	<u>(525)</u>	(16)
Net loss attributable to Altisource	<u>\$ (3,184)</u>	<u>\$ (4,132)</u>	(23)
Margins:			
Gross profit/service revenue	28%	27%	
Income from operations/service revenue	—%	4%	
Loss per share:			
Basic	<u>\$ (0.20)</u>	<u>\$ (0.24)</u>	(17)
Diluted	<u>\$ (0.20)</u>	<u>\$ (0.24)</u>	(17)
Weighted average shares outstanding:			
Basic	<u>16,292</u>	<u>17,378</u>	(6)
Diluted	<u>16,292</u>	<u>17,378</u>	(6)

N/M — not meaningful.

Revenue

Revenue by line of business was as follows for the three months ended March 31:

<i>(in thousands)</i>	2019	2018	% Increase (decrease)
Service revenue:			
Field Services	\$ 70,094	\$ 67,246	4
Marketplace	36,967	50,251	(26)
Professional Services	26,413	31,930	(17)
Earlier Stage Businesses	1,867	1,478	26
Other	29,658	37,861	(22)
Total service revenue	<u>164,999</u>	<u>188,766</u>	(13)
Reimbursable expenses:			
Field Services	2,596	5,677	(54)
Marketplace	691	1,146	(40)
Professional Services	1,036	1,310	(21)
Other	173	14	N/M
Total reimbursable expenses	<u>4,496</u>	<u>8,147</u>	(45)
Non-controlling interests:			
Professional Services	440	525	(16)
Total revenue	<u>\$ 169,935</u>	<u>\$ 197,438</u>	(14)

N/M — not meaningful.

We recognized service revenue of \$165.0 million for the three months ended March 31, 2019, a 13% decrease compared to the three months ended March 31, 2018. Field Services, Marketplace and Professional Services were negatively impacted by the reduction in the size of Ocwen's portfolio and number of delinquent loans, RESI's smaller portfolio of non-performing loans and REO, as RESI continued to sell off its portfolio and focus on directly acquiring, renovating and managing rental homes, and higher brokerage commission earned from the NRZ portfolio during the three months ended March 31, 2018 related to REO properties that transferred to NRZ from Ocwen that were already listed on Hubzu. This transitional service revenue ended in 2018. These decreases in service revenue were partially offset by service revenue growth in Field Services driven by growth in referrals of certain higher fee property preservation services. In addition, service revenue growth from Earlier Stage Businesses was driven by increases in transaction volumes at Owners.com and customer wins at Pointillist. Service revenue in Other decreased from lower rental property management service revenue from the sale of this business to RESI in August 2018, lower construction management transactions with RESI and lower revenue in the buy-renovate-lease-sell business from fewer home sales, partially offset by service revenue growth from our Financial Services businesses.

We recognized reimbursable expense revenue of \$4.5 million for the three months ended March 31, 2019, a 45% decrease compared to the three months ended March 31, 2018. The decrease in reimbursable expense revenue was primarily a result of a reduction in the size of Ocwen's portfolio and number of delinquent loans in its portfolio resulting from loan repayments, loan modifications, short sales, REO sales and other forms of resolution, as discussed in service revenue above.

Certain of our revenues are impacted by seasonality. More specifically, revenues from property sales, loan originations and certain Field Services typically tend to be at their lowest level during the fall and winter months and at their highest level during the spring and summer months. In addition, revenue in the asset recovery management business typically tends to be higher in the first quarter, as borrowers may utilize tax refunds and bonuses to pay debts, and generally declines throughout the rest of the year.

Cost of Revenue and Gross Profit

Cost of revenue principally includes payroll and employee benefits associated with personnel employed in customer service and operations roles, fees paid to external providers related to the provision of services, cost of real estate sold, reimbursable expenses, technology and telecommunications costs and depreciation and amortization of operating assets.

Cost of revenue consisted of the following for the three months ended March 31:

<i>(in thousands)</i>	2019	2018	% Increase (decrease)
Compensation and benefits	\$ 41,368	\$ 54,866	(25)
Outside fees and services	62,581	65,098	(4)
Cost of real estate sold	2,094	3,179	(34)
Technology and telecommunications	8,509	9,451	(10)
Reimbursable expenses	4,496	8,147	(45)
Depreciation and amortization	5,056	6,453	(22)
Cost of revenue	<u>\$ 124,104</u>	<u>\$ 147,194</u>	(16)

We recognized cost of revenue of \$124.1 million for the three months ended March 31, 2019, a 16% decrease compared to the three months ended March 31, 2018. The decrease was primarily driven by cost reduction initiatives and benefits of Project Catalyst and lower outside fees and services as a result of a reduction in the size of Ocwen's portfolio, as discussed in the revenue section above. The decline in compensation and benefits in certain of our businesses also resulted from lowering headcount consistent with the revenue decline from the Ocwen and RESI portfolios. The decrease in reimbursable expenses was consistent with the decrease in reimbursable expense revenue discussed in the revenue section above.

Gross profit decreased to \$45.8 million, representing 28% of service revenue, for the three months ended March 31, 2019 compared to \$50.2 million, representing 27% of service revenue, for the three months ended March 31, 2018. Gross profit as a percentage of service revenue for the three months ended March 31, 2019 increased compared to the three months ended March 31, 2018, as a result of our Project Catalyst cost reduction initiatives. The increase in gross margin as a percentage of service revenue was partially offset by revenue mix changes with a higher percentage of service revenue from our lower margin Field Services business.

Selling, General and Administrative Expenses

Selling, general and administration expenses ("SG&A") include payroll for personnel employed in executive, finance, law, compliance, human resources, vendor management, facilities, risk management, sales and marketing roles. This category also includes professional services fees, occupancy costs, marketing costs, depreciation and amortization of non-operating assets and other expenses.

SG&A expenses consisted of the following for the three months ended March 31:

<i>(in thousands)</i>	2019	2018	% Increase (decrease)
Compensation and benefits	\$ 11,353	\$ 13,569	(16)
Amortization of intangible assets	8,647	7,147	21
Occupancy related costs	3,908	8,434	(54)
Marketing costs	2,932	3,607	(19)
Professional services	5,476	3,226	70
Depreciation and amortization	4,313	2,268	90
Other	4,611	4,873	(5)
Selling, general and administrative expenses	<u>\$ 41,240</u>	<u>\$ 43,124</u>	(4)

SG&A for the three months ended March 31, 2019 of \$41.2 million decreased by 4% compared to the three months ended March 31, 2018. The decrease was primarily driven by lower compensation and benefits as we reduced headcount as a result of our Project Catalyst cost reduction initiatives. Occupancy related costs were lower primarily as a result of the January 1, 2019 implementation of a new accounting standard on operating leases. The new standard required the recognition of operating leases by companies as lease obligation liabilities on their balance sheet and also required the recognition of right-of-use assets, resulting in higher depreciation and amortization expense and interest expense and lower occupancy related costs. Consequently, depreciation and amortization expense related to the right-to-use assets increased for the three months ended March 31, 2019 (see Notes 1 and 22 to the condensed consolidated financial statements for additional information regarding this accounting change). These decreases were partially offset by an increase in professional services, from increased legal and professional services costs in connection with certain legal and regulatory matters and an increase in amortization of intangible assets based on changes in the estimated remaining lives of certain intangible assets.

Other Operating Expenses - Restructuring Charges

In August 2018, Altisource initiated Project Catalyst, a project intended to optimize our operations and reduce costs to better align our cost structure with our anticipated revenues and improve our operating margins. During the three months ended March 31, 2019, we incurred \$4.4 million of severance costs and professional services fees related to the reorganization plan. We expect to incur additional severance and related costs through 2019 in connection with this internal reorganization and will expense those costs as incurred. Based on our analysis, we currently anticipate the future costs relating to the internal reorganization plan to be in the range of approximately \$13 million to \$17 million.

Income from Operations

Income from operations decreased to \$0.2 million, representing less than 1% of service revenue, for the three months ended March 31, 2019, compared to \$7.1 million, representing 4% of service revenue, for the three months ended March 31, 2018. Income from operations as a percentage of service revenue decreased in 2019 compared to 2018, as SG&A and other operating expenses did not decrease at the same rate as service revenue and from the restructuring costs incurred during 2019, as discussed above.

Other Income (Expense), net

Other income (expense), net principally includes interest expense, unrealized gain (loss) on our investment in RESI common shares and other non-operating gains and losses.

Other expense, net for the three months ended March 31, 2019 of \$(4.1) million decreased by 66% compared to \$(12.1) million for the three months ended March 31, 2018. The decrease in other expense in 2019 was primarily driven by a \$2.2 million unrealized gain on our investment in RESI common shares compared to a \$(7.5) million loss in 2018. The decrease was partially offset by an increase in interest expense due to higher average interest rates on the Credit Agreement and from imputed interest expense on leases related to the implementation of a new accounting standard effective January 1, 2019, as discussed in SG&A above. The comparative average interest rates under the Credit Agreement for the Term B Loans and the prior credit agreement were 6.8% and 5.1% for the three months ended March 31, 2019 and 2018, respectively. The increase in interest expense from the higher average interest rate was partially offset by a lower average outstanding principal debt balance for the three months ended March 31, 2019 as a result of debt principal repayments of \$74.8 million during 2018.

Income Tax Provision

We recognized an income tax benefit of \$1.2 million and \$1.4 million for the years ended March 31, 2019 and 2018, respectively, and our effective income tax rates for the three months ended March 31, 2019 and 2018 were 30.8% and 27.5%, respectively. The Company's effective income tax rates differ from the Luxembourg statutory income tax rate of 26.0% due to the mix of income and losses with varying tax rates in multiple taxing jurisdictions in which we operate.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Our primary source of liquidity is cash flow from operations and cash on hand. We seek to deploy cash generated in a disciplined manner. Principally, we intend to use cash to develop and grow complementary services and businesses that we believe will generate attractive margins in line with our core capabilities and strategy. We use cash for repayments of our long-term debt, capital investments and seek to use cash from time to time to repurchase shares of our common stock and reduce our debt. In addition, we consider and evaluate business acquisitions and dispositions from time to time that are aligned with our strategy.

Credit Agreement

On April 3, 2018, Altisource entered into the Credit Agreement pursuant to which Altisource borrowed \$412.0 million in the form of Term B Loans and obtained a \$15.0 million revolving credit facility. The Term B Loans mature in April 2024 and the revolving credit facility matures in April 2023.

Proceeds from the Term B Loans were used to repay the Company's prior senior secured term loan, which had an outstanding balance of \$412.1 million as of April 3, 2018. As of March 31, 2019, \$338.8 million of the Term B Loans were outstanding. There were no borrowings outstanding under the revolving credit facility as of March 31, 2019.

There are no mandatory repayments of the Term B Loans due until March 2020, when \$9.2 million is due to be repaid. Thereafter, the Term B Loans must be repaid in consecutive quarterly principal installments of \$3.1 million, with the balance due at maturity. All amounts outstanding under the Term B Loans will become due on the earlier of (i) April 3, 2024, and (ii) the date on which

the loans are declared to be due and owing by the administrative agent at the request (or with the consent) of the Required Lenders (as defined in the Credit Agreement; other capitalized terms, unless defined herein, are defined in the Credit Agreement) or as otherwise provided in the Credit Agreement upon the occurrence of any event of default.

In addition to the scheduled principal payments, subject to certain exceptions, the Term B Loans are subject to mandatory prepayment upon issuances of debt, certain casualty and condemnation events and sales of assets, as well as from a percentage of Consolidated Excess Cash Flow if the leverage ratio is greater than 3.00 to 1.00, as calculated in accordance with the provisions of the Credit Agreement (the percentage increases if the leverage ratio exceeds 3.50 to 1.00). Certain mandatory prepayments reduce future contractual amortization payments by an amount equal to the mandatory prepayment.

The interest rate on the Term B Loans as of March 31, 2019 was 6.6%.

Altisource may incur incremental indebtedness under the Credit Agreement from one or more incremental lenders, which may include existing lenders, in an aggregate incremental principal amount not to exceed \$125.0 million, subject to certain conditions set forth in the Credit Agreement, including a sublimit of \$80.0 million with respect to incremental revolving credit commitments. The lenders have no obligation to provide any incremental indebtedness.

The Credit Agreement includes covenants that restrict or limit, among other things, our ability, subject to certain exceptions and baskets, to incur additional debt, pay dividends and repurchase shares of our common stock. In the event we require additional liquidity, our ability to obtain it may be limited by the Credit Agreement.

Cash Flows

The following table presents our cash flows for the three months ended March 31:

<i>(in thousands)</i>	2019	2018	% Increase (decrease)
Net loss adjusted for non-cash items	\$ 17,046	\$ 21,566	(21)
Changes in operating assets and liabilities	(23,701)	(30,135)	21
Net cash used in operating activities	(6,655)	(8,569)	(22)
Net cash used in investing activities	(790)	(1,258)	37
Net cash used in financing activities	(1,177)	(10,031)	88
Net decrease in cash, cash equivalents and restricted cash	(8,622)	(19,858)	57
Cash, cash equivalents and restricted cash at the beginning of the period	64,046	108,843	(41)
Cash, cash equivalents and restricted cash at the end of the period	<u>\$ 55,424</u>	<u>\$ 88,985</u>	(38)

Cash Flows from Operating Activities

Cash flows from operating activities generally consist of the cash effects of transactions and events that enter into the determination of net income. For the three months ended March 31, 2019, cash flows used in operating activities were \$(6.7) million, or approximately \$(0.04) for every dollar of service revenue, compared to cash flows used in operating activities of \$(8.6) million, or approximately \$(0.05) for every dollar of service revenue, for the three months ended March 31, 2018. During the three months ended March 31, 2019, the decrease in cash used in operations compared to the three months ended March 31, 2018 was due to cash used for changes in operating assets and liabilities of \$6.4 million, partially offset by a \$4.5 million unfavorable change in net loss, adjusted for non-cash items. The decrease in cash used for changes in operating assets and liabilities was driven by lower use of cash for short-term investments in real estate, partially offset by \$6.9 million of payments of sales tax accruals during the three months ended March 31, 2019 (no comparative amount during the three months ended March 31, 2018). The decrease in net loss, adjusted for non-cash items, was primarily driven by lower gross profit during the three months ended March 31, 2019 from lower service revenue and the Project Catalyst restructuring charges, partially offset by decreases in expenses as a result of the Project Catalyst cost reduction initiatives. Operating cash flows can be negatively impacted because of the nature of some of our services and the mix of services provided. Certain services are performed immediately following or shortly after the referral, but the collection of the receivable does not occur until a specific event occurs (e.g., the foreclosure is complete, the REO asset is sold, etc.). Furthermore, lower margin services generate lower income and cash flows from operations. Consequently, our cash flows from operations may be negatively impacted when comparing one period to another.

Cash Flows from Investing Activities

Cash flows from investing activities for the three months ended March 31, 2019 and 2018 consisted of additions to premises and equipment. Cash flows used in investing activities were \$(0.8) million and \$(1.3) million for the three months ended March 31,

2019 and 2018, respectively, for additions to premises and equipment primarily related to investments in the development of certain software applications, IT infrastructure and facility improvements.

Cash Flows from Financing Activities

Cash flows from financing activities for the three months ended March 31, 2019 and 2018 included activities associated with repayments of long-term debt, proceeds from stock option exercises, the purchase of treasury shares, distributions to non-controlling interests and payments of tax withholdings on issuance of restricted share units and restricted shares. Cash flows from financing activities were \$(1.2) million and \$(10.0) million for the three months ended March 31, 2019 and 2018, respectively. During the three months ended March 31, 2019 and 2018, we distributed \$0.6 million and \$0.7 million to non-controlling interests, respectively. In addition, during the three months ended March 31, 2019, we made payments of \$0.6 million to satisfy employee tax withholding obligations on the issuance of restricted share units and restricted shares (no comparative amount during the three months ended March 31, 2018). These payments were made to tax authorities, at the employees' direction, to satisfy the employees' tax obligations rather than issuing a portion of vested restricted share units and restricted shares to employees. In addition, during the three months ended March 31, 2018, we used \$10.0 million to repurchase shares of our common stock (no comparative amount during the three months ended March 31, 2019), received proceeds from stock option exercises of \$2.6 million (compared to less than \$0.1 million during the three months ended March 31, 2019), made repayments of long-term debt of \$1.5 million (no comparative amount during the three months ended March 31, 2019) and incurred debt issuance costs of \$0.5 million (no comparative amount during the three months ended March 31, 2019).

Liquidity Requirements after March 31, 2019

Our primary future liquidity obligations primarily pertain to long-term debt repayments and interest expense under the Credit Agreement (see Liquidity section above), lease payments and distributions to Lenders One members. During the next 12 months, we expect to pay \$22.4 million of interest expense (assuming the current interest rate) under the Credit Agreement, make lease payments of \$17.2 million and distribute approximately \$2.5 million to the Lenders One members representing non-controlling interests.

We believe that our existing cash and cash equivalents balances, our anticipated cash flows from operations and availability under our revolving credit facility will be sufficient to meet our liquidity needs, including to fund required interest payments and additions to premises and equipment, for the next 12 months.

Contractual Obligations, Commitments and Contingencies

For the three months ended March 31, 2019, there were no significant changes to our contractual obligations from those identified in our Form 10-K for the fiscal year ended December 31, 2018 and this Form 10-Q, other than those that occur in the normal course of business. See Note 22 to the condensed consolidated financial statements.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND RECENT ACCOUNTING PRONOUNCEMENT

We prepare our interim condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. In applying many of these accounting principles, we need to make assumptions, estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses in our condensed consolidated financial statements. We base our estimates and judgments on historical experience and other assumptions that we believe are reasonable under the circumstances. These assumptions, estimates and judgments, however, are often subjective. Actual results may be negatively affected based on changing circumstances. If actual amounts are ultimately different from our estimates, the revisions are included in our results of operations for the period in which the actual amounts become known.

Our critical accounting policies are described in the MD&A section of our Form 10-K for the year ended December 31, 2018 filed with the SEC on February 26, 2019. There have been no material changes to our critical accounting policies during the three months ended March 31, 2019.

Recently Adopted and Future Adoption of New Accounting Pronouncements

See Note 1 to the condensed consolidated financial statements for a discussion of recently issued accounting pronouncements, including pronouncements that were adopted in the current period.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market Risk

Our financial market risk consists primarily of interest rate and foreign currency exchange rate risk.

Interest Rate Risk

As of March 31, 2019, the interest rate charged on the Term B Loan was 6.6%. The interest rate is calculated based on the Adjusted Eurodollar Rate (as defined in the senior secured term loan agreement) with a minimum floor of 1.00% plus 4.00%.

Based on the principal amount outstanding as of March 31, 2019, a one percentage point increase in the Eurodollar rate would increase our annual interest expense by approximately \$3.4 million, based on the March 31, 2019 Adjusted Eurodollar Rate. There would be a \$3.4 million decrease in our annual interest expense if there was a one percentage point decrease in the Eurodollar Rate.

Currency Exchange Risk

We are exposed to currency risk from potential changes in currency values of our non-United States dollar denominated expenses, assets, liabilities and cash flows. Our most significant currency exposure relates to the Indian rupee. Based on expenses incurred in Indian rupees during the three months ended March 31, 2019, a one percentage point increase or decrease in value of the Indian rupee in relation to the United States dollar would increase or decrease our annual expenses by approximately \$0.7 million.

Item 4. Controls and Procedures

a) *Evaluation of Disclosure Controls and Procedures*

Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of March 31, 2019, an evaluation was conducted under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act). Based on this evaluation, such officers have concluded that our disclosure controls and procedures were effective as of March 31, 2019.

b) *Internal Control over Financial Reporting*

There were no changes in our internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the quarter ended March 31, 2019, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

We record a liability for contingencies if an unfavorable outcome is probable and the amount of loss can be reasonably estimated, including expected insurance coverage. For proceedings where the reasonable estimate of loss is a range, we record a best estimate of loss within the range.

Litigation

We are currently involved in legal actions in the course of our business, some of which seek monetary damages. We do not believe that the outcome of these proceedings, both individually and in the aggregate, will have a material impact on our financial condition, results of operations or cash flows.

Regulatory Matters

Periodically, we are subject to audits, examinations and investigations by federal, state and local governmental authorities and receive subpoenas, civil investigative demands or other requests for information from such governmental authorities in connection with their regulatory or investigative authority. We are currently responding to such inquiries from governmental authorities relating to certain aspects of our business. We believe it is premature to predict the potential outcome or to estimate any potential financial impact in connection with these inquiries.

Item 1A. Risk Factors

As of the date of this filing, there have been no material changes in our risk factors from those disclosed in Part I, Item 1A, of our Form 10-K for the year ended December 31, 2018 filed with the SEC on February 26, 2019, except as follows:

We may not be able to close the Financial Services business disposition transaction with Transworld Systems Inc. (“TSI”), during 2019 or at all because, among other things, we or TSI may not be able to satisfy the closing conditions or there could be a delay in obtaining regulatory and other third party consents in connection with the transaction

On March 28, 2019, Altisource entered into a definitive agreement to sell its Financial Services business to TSI for \$44.0 million, consisting of an up-front payment of \$40.0 million, subject to a working capital adjustment upon closing of the sale, and an additional \$4.0 million to be paid on the one year anniversary of the sale closing. The sale is subject to closing conditions including the receipt of regulatory consents. We may be unable to satisfy the closing conditions, or the closing may be delayed due to difficulties in obtaining regulatory and other third party consents in connection with the transaction. In addition, we may incur unanticipated expenditures relating to or liabilities arising from delays in closing the transaction or ultimately not being able to close the transaction. An inability to close the transaction in a timely manner or at all could have a material adverse impact on our financial condition and results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no purchases of shares of common stock during the three months ended March 31, 2019. On May 15, 2018, our shareholders approved the renewal and replacement of the share repurchase program originally approved by the shareholders on May 17, 2017, which replaced the previous share repurchase program and authorizes us to purchase up to 4.3 million shares of our common stock in the open market, subject to certain parameters, for a period of five years from the date of approval. The maximum number of shares that may be purchased under the repurchase program is 3.4 million shares of the Company’s common stock. In addition to the share repurchase program, during the three months ended March 31, 2019, 23,969 common shares were withheld from employees to satisfy tax withholding obligations that arose from the vesting of restricted shares.

Item 6. Exhibits

Exhibit Number	Exhibit Description
10.1 * **	Binding Term Sheet dated as of February 22, 2019 between Altisource S.à r.l., Ocwen Financial Corporation and Ocwen Mortgage Servicing, Inc.
10.2 * †	Amended and Restated Employment Contract of Indefinite Duration dated as of March 22, 2019 between Altisource S.à r.l. and Marcello Mastioni
10.3 * ** †	Separation Agreement and Release dated as of March 22, 2019 between Indroneel Chatterjee and Altisource Solutions, Inc.
10.4 * ** †	Side Letter to Separation Agreement and Release by and between Indroneel Chatterjee and Altisource Solutions, Inc. dated as of March 22, 2019
10.5 * †	Form of Restricted Stock Unit Award Agreement Pursuant to Altisource’s 2009 Equity Incentive Plan and 2019 Long Term Equity Incentive Program
10.6 * †	Form of Restricted Stock Unit Award Agreement Pursuant to Altisource’s 2009 Equity Incentive Plan and 2018 Annual Incentive Plan
31.1 *	Section 302 Certification of the Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a)
31.2 *	Section 302 Certification of the Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a)
32.1 *	Certification by the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101 *	Pursuant to Rule 405 of Regulation S-T, the following financial information from the Company’s Quarterly Report on Form 10-Q for the period ended March 31, 2019 is formatted in XBRL interactive data files: (i) Condensed Consolidated Balance Sheets as of March 31, 2019 and December 31, 2018; (ii) Condensed Consolidated Statements of Operations and Comprehensive Loss for the three months ended March 31, 2019 and 2018; (iii) Condensed Consolidated Statements of Equity for the three months ended March 31, 2019 and 2018; (iv) Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2019 and 2018; and (v) Notes to Condensed Consolidated Financial Statements.

* Filed herewith.

** Portions of this exhibit have been redacted because (a) it is (i) not material and (ii) would be competitively harmful if publicly disclosed or (b) it is personally identifiable information, the disclosure of which would be an unwarranted invasion of personal privacy.

† Denotes a management contract or compensatory arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
(Registrant)

Date: April 25, 2019

By: /s/ Michelle D. Esterman

Michelle D. Esterman

Chief Financial Officer

(On behalf of the Registrant and as its Principal
Financial Officer and Principal Accounting
Officer)



Certain Information in this Exhibit marked by [*] has been redacted pursuant to Item 601(b)(10) of Regulation S-K because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.**

February 22, 2019

Confidential Information

Ocwen Financial Corporation
1661 Worthington Road, Suite 100
West Palm Beach, Florida 33409

Ocwen Mortgage Servicing, Inc.
(mailing address)
1108 King Street, Suite 3
Christiansted, VI 00820
(physical address)
Hamilton House, 56 King Street, 3rd Floor
Christiansted, St. Croix VI 00820

c/o Scott Anderson
Ocwen Financial Corporation
Executive Vice President and Chief Servicing Officer

Sent via email

RE: Binding Term Sheet

Dear Scott:

Thank you for taking the time to continue our discussions regarding amendments to the terms of certain agreements between Altisource and Ocwen. Our organizations have been discussing these amendments for several months now, and I am pleased that we were able to come to an agreement to resolve several of the open items, as set forth in this binding term sheet (the "Binding Term Sheet").

While there are additional details to be worked out between the parties, we have agreed to sign this Binding Term Sheet to resolve the most significant of the outstanding issues, pursuant to the terms set forth herein. We further agreed that both parties will undertake diligent, good faith efforts to resolve the remaining issues and negotiate more detailed agreements that reflect the terms of this Binding Term Sheet and resolution of the remaining open issues in the form of a Fourth Amendment to the Services Agreement (such open issues as identified below in Section D include amendments to applicable performance standards), the "Detailed Agreement") to be signed on or before March 14, 2019. Notwithstanding the immediately preceding sentence,

however, the failure of the parties to sign the Detailed Agreement as contemplated by such sentence will have no effect on the validity, applicability or enforceability of this Binding Term Sheet. Should the business units and law departments of the respective parties fail to finalize the Detailed Agreement by March 1, 2019, the parties agree to the following escalation procedures:

- On March 1, 2019, the remaining open issues will be escalated to Ocwen's Chief Servicing Officer and Altisource's Chief Executive Officer;
- If Ocwen's Chief Servicing Officer and Altisource's Chief Executive Officer are unable to reach an agreement by March 14, 2019, the parties may submit to non-binding mediation to help resolve the remaining open issues.
- If the parties are unable to reach agreement during non-binding mediation, the parties reserve any rights to pursue any remedies pursuant to the Applicable Services Agreements (as defined below), as amended hereby, and/or that certain Agreement among Ocwen Financial Corporation, Ocwen Mortgage Servicing, Inc. and Altisource Solutions S.à r.l. dated April 12, 2013.

By signing this Binding Term Sheet, Altisource and Ocwen agree that the terms herein will be immediately binding on them and will supersede and control over any conflicting or inconsistent terms and conditions in any other agreements between the parties other than any agreements signed substantially contemporaneously herewith (including the letter agreement regarding reservation of rights dated on or about the date hereof). Subject to the immediately preceding sentence, all terms and conditions in agreements between the parties as of the date of this Binding Term Sheet that are not otherwise in conflict or inconsistent with this Binding Term Sheet will remain in full force and effect.

This Binding Term Sheet will constitute joint Confidential Information of the parties and is subject to the confidentiality obligations in effect between the parties as set forth in the Services Agreements dated August 10, 2009 and October 1, 2012, as amended, that Altisource has with Ocwen Financial Corporation and Ocwen Mortgage Servicing, Inc. (the "Services Agreements") and the Technology Products Services Agreements dated August 10, 2009 and October 1, 2012, as amended, that Altisource has with Ocwen Financial Corporation and Ocwen Mortgage Servicing, Inc. (collectively, the "TPSAs" and together with the Services Agreements, the "Applicable Services Agreements"). This Binding Term Sheet will be governed by the law and jurisdiction clauses in the Services Agreements, at Sections 9(d) and 9(m) respectively, and will extend through August 31, 2025, pursuant to the Services Agreements.

As used herein, the term "Ocwen" will collectively mean Ocwen Financial Corporation and Ocwen Mortgage Servicing, Inc., together with their affiliates. As used herein, the term "Altisource" shall mean Altisource S.à r.l., successor in interest to Altisource Solutions S.à r.l.

Section A. REALServicing Technology

- 1) For the avoidance of doubt, the parties' rights and obligations under Sections A and B and Exhibit 2 hereunder are governed by the TPSAs, to the extent not in conflict with the terms herein. Altisource will consent to Ocwen's transition off of the REALServicing Technology on the terms and conditions set forth in this Binding Term Sheet. "REALServicing Technology" consists of the technology and applications described in Exhibit 1 hereto.
- 2) Ocwen will pay all reasonable time (at US\$[***/hour) and materials costs, software and hardware licensing fees and other out-of-pocket costs (such hourly charges, costs and fees collectively referred to as "Costs") incurred by Altisource in connection with or related to the REALServicing Technology transition and/or for any continued access to REALServicing Technology following the transition as specified in Section A.3 below. Altisource will use commercially reasonable efforts to minimize such Costs.

- a) Ocwen will pay Altisource for all Costs incurred through the REALServicing Initial Access Period (as defined below) and the REALDoc Initial Access Period (as described in Section B.1 and B.2 below); provided, however, Ocwen will not be required to pay Costs during such periods in excess of [***] (the “Cap”). Prior to the end of the REALServicing Initial Access Period, Ocwen will notify Altisource in writing if it believes there has been any material REALServicing Data not delivered by Altisource or any material error in the REALServicing Data delivered to Ocwen (“Incomplete REALServicing Data”). Altisource will remediate such Incomplete REALServicing Data (to the extent necessary), and, Ocwen will pay Altisource for all Costs associated with providing the Incomplete REALServicing Data subject to the Cap (irrespective of when these Costs are incurred by Altisource). Notwithstanding the immediately prior three sentences, the following will not be counted for purposes of determining payments subject to the Cap: (i) the per loan per month and other fees that are payable under the TPSAs and Servicing SOW (as defined in Exhibit 1 and which will not constitute Costs); and (ii) Costs incurred other than the costs for services for items 1-5 in the attached Exhibit 2 (“Out-of-Scope Costs”). Altisource will not be obligated to provide services as part of the transition off of REALServicing Technology other than all in-scope services identified in the attached Exhibit 2, and Ocwen will not be obligated to pay for Out-of-Scope Costs unless mutually agreed upon by the parties.
 - b) Altisource will invoice the Costs on a monthly basis, and Ocwen will pay the Costs reflected on such invoice within thirty (30) days following receipt of such invoice. Upon request, Altisource will provide reasonable supporting documentation for the Costs set forth in an invoice.
 - c) Ocwen will pay fifty percent (50%) of payments and costs for employees in accordance with the Request for Services (Resource Retention) document (including such payments and costs already incurred by Altisource) negotiated between Ocwen and Altisource, and each of Ocwen and Altisource will sign such document simultaneously with the signing of this Binding Term Sheet. For the avoidance of doubt, these payments and costs will not be subject to the Cap (as defined herein).
- 3) Ocwen’s current access rights to the REALServicing Technology and Altisource’s obligations to provide the same pursuant to the TPSAs and Servicing SOW will cease as of the earlier of (1) midnight U.S. Eastern time on [***] or (2) the date on which Ocwen has de-boarded all loans from the REALServicing Technology (the “REALServicing Termination Date”). Altisource will reasonably cooperate with Ocwen in moving loans off of the REALServicing Technology. Beginning on the REALServicing Termination Date and thereafter, Ocwen will be permitted only to access the data stored within REALServicing as provided herein and will not be permitted to add, delete, modify or otherwise change data contained therein; however Ocwen will be permitted to query, view, read, and extract REALServicing system data, reporting and tools (to the extent consistent with access rights in effect as of the date of this Binding Term Sheet and without manipulating or changing any data) (the “REALServicing Limited Access”). Notwithstanding the foregoing, Ocwen may, upon written advance notice, extend the REALServicing Termination Date. The notice must specify the duration of the extension. Ocwen will use reasonable efforts to provide thirty (30) days advance written notice, but Ocwen will provide at least fifteen (15) days advance written notice.
- a) Following the REALServicing Termination Date (to the extent not already commenced), Altisource will use commercially reasonable, diligent efforts to deliver to Ocwen the REALServicing Data, as defined in Exhibit 2 within [***] of the REALServicing Termination Date. The date on which such REALServicing Data is delivered to Ocwen will be the “REALServicing Delivery Date.”

- b) Altisource will maintain the REALServicing Limited Access for [***] following the REALServicing Delivery Date (the “REALServicing Initial Access Period”). During the REALServicing Initial Access Period, Ocwen will use reasonable efforts to evaluate the REALServicing Data to determine whether there is Incomplete REALServicing Data and Ocwen will promptly notify Altisource in writing of Incomplete REALServicing Data, with sufficient specificity for Altisource to validate the existence of Incomplete REALServicing Data, upon discovery.
- c) The REALServicing Initial Access Period may be extended beyond the [***] REALServicing Initial Access Period if, prior to the end of the REALServicing Initial Access Period, Ocwen notifies Altisource in writing of any remaining material unremediated Incomplete REALServicing Data with sufficient specificity for Altisource to validate the existence of Incomplete REALServicing Data. If Altisource is able to validate the existence of Incomplete REALServicing Data, Altisource will use commercially reasonable efforts to correct such Incomplete REALServicing Data (with reasonable cooperation from Ocwen in identifying, validating and correcting such Incomplete REALServicing Data) and deliver corrected REALServicing Data to Ocwen. Following such delivery (and within [***] if possible), Ocwen will reevaluate whether Altisource has remediated the Incomplete REALServicing Data and either accept the data or notify Altisource in writing of any unremediated issues. Once Altisource has remediated the Incomplete REALServicing Data, the REALServicing Initial Access Period will end on the day that is [***] following Altisource’s delivery of corrected REALServicing Data to Ocwen. Notwithstanding the foregoing, if the REALServicing Initial Access Period is extended beyond [***], the REALServicing End Date (as defined below) will be extended by a period of time equal to the number of days between [***] and the last day of the REALServicing Initial Access Period. Notwithstanding the foregoing, to the extent that it is determined that any Incomplete REALServicing Data is permanently destroyed, lost or otherwise not recoverable, or that continued provision of the REALServicing Limited Access would otherwise not provide Ocwen with access to such Incomplete REALServicing Data (“Unresolved REALServicing Data”), then (i) continued unavailability of such Incomplete REALServicing Data will not cause any further extensions to the REALServicing Initial Access Period, and (ii) the parties may seek to resolve any dispute regarding such Unresolved REALServicing Data under the terms of the TPSAs.
- d) Ocwen may extend the period of REALServicing Limited Access for additional periods of time upon written notice provided to Altisource. Ocwen will use reasonable efforts to provide such notice at least fifteen (15) days prior to expiration of the REALServicing Limited Access period, but in no event will such notice be less than seven (7) days prior to such expiration, and will specify the length of the extension (each being a “REALServicing Additional Access Period”); provided that unless otherwise agreed upon by the parties no REALServicing Additional Access Period may continue beyond [***] (except to the extent that the REALServicing Termination Date has been extended pursuant to A.3.) (the “REALServicing End Date”). Notwithstanding the foregoing, if the REALServicing Delivery Date occurs after [***], the REALServicing End Date will be extended by a period of time equal to the number of days between [***] and the last day of the REALServicing Initial Access Period. Ocwen will pay to Altisource the Costs (excluding any data center costs) incurred (on an uncapped basis) during all REALServicing Additional Access Periods.

- e) Following the REALServicing Termination Date, Ocwen will pay to Altisource a monthly access fee (in addition to applicable Costs, if any, and prorated for partial months) as set forth below:
 - i) Prior to the REALServicing Delivery Date a fee in the amount of [***] per month for up to [***];
 - ii) During the REALServicing Initial Access Period, a fee in the amount of [***] per month for [***]; and
 - iii) During REALServicing Additional Access Periods (if any), a fee in the amount of [***] per month.
- f) Following expiration of the REALServicing Initial Access Period (or, if applicable, the last REALServicing Additional Access Period), Altisource will have no responsibility to provide Ocwen with access to REALServicing Technology or any data or to maintain the same on Ocwen's behalf.
- g) If the REALServicing Termination Date is extended by Ocwen beyond [***], the following fees will apply:
 - i) REALServicing Termination Date between [***] and [***]: the per month per loan fee for all periods through [***] will be the greater of (a) [***] and (b) the per month per loan fee pursuant to the Servicing SOW (nothing herein will limit any other amounts due and payable under the terms of the Servicing SOW);
 - ii) REALServicing Termination Date on or after [***]: the per month per loan fee for all periods before [***] will be the same as that set forth in A.3.g(i) above and the per month per loan fee for all periods after [***] will be the greater of (a) [***] and (b) the per month per loan fee pursuant to the Servicing SOW (nothing herein will limit any other amounts due and payable under the terms of the Servicing SOW);
 - iii) Notwithstanding anything in paragraph A.3.e. above, the monthly access fee for [***] and [***] will be [***]. However, under this section A.3.g(iii), to the extent the REALServicing Initial Access Period is longer than [***], the monthly fee for the portion of the REALServicing Initial Access Period that exceeds sixty [***] will be [***] per month; and
 - iv) Notwithstanding anything in paragraph A.3.e. above, the monthly access fee for [***] and all subsequent months through the REALServicing End Date will be [***]. However, under this section A.3.g(iv), to the extent the REALServicing Initial Access Period is longer than [***], the monthly fee for the portion of the REALServicing Initial Access Period that exceeds [***] will be [***] per month.
- 4) Ocwen will cooperate, and use commercially reasonable efforts to cause third party technology providers (including, but not limited to, the provider of Ocwen's servicing platform that replaces REALServicing Technology) to cooperate, with Altisource's interconnection efforts to the technology of such providers.
- 5) Ocwen will pay all undisputed amounts due to Altisource as of the REALServicing Termination Date within thirty (30) days of receipt of invoice. The parties will work together in good faith to resolve any disputed amounts for the first sixty (60) days following the REALServicing Termination Date. After such sixty (60) day period, upon request by either party, the parties will promptly submit to binding mediation to resolve any amounts that remain disputed; upon request by either party, binding mediation will also be applied to any disputes involving amounts invoiced after the REALServicing Termination Date which are not resolved within sixty (60) days of the invoice date. Mediator fees will be borne equally by the parties.

Section B. REALDoc Technology

- 1) Ocwen will pay all Costs incurred by Altisource in connection with or related to the REALDoc Technology transition and/or for any continued access to REALDoc Technology following the transition as specified in Section B.2 below. Altisource will use commercially reasonable efforts to minimize such Costs.
 - a) Ocwen will pay Altisource for all Costs incurred through the REALDoc Initial Access Period (as defined below), subject to the Cap set forth in Section A.2.a. Prior to the end of the REALDoc Initial Access Period, Ocwen will notify Altisource in writing if it believes there has been any material REALDoc Data not delivered by Altisource or any material error in the REALDoc Data delivered to Ocwen (“Incomplete REALDoc Data”). Altisource will remediate such Incomplete REALDoc Data (to the extent necessary), and, Ocwen will pay Altisource for all Costs associated with providing the Incomplete REALDoc Data subject to the Cap (irrespective of when these Costs are incurred by Altisource). Notwithstanding the immediately prior three sentences, the following will not be counted for purposes of determining payments subject to the Cap: (i) the fees payable through the REALDoc Termination Date under the Imaging SOW (defined below) and which will not constitute Costs; and (ii) Costs that are Out-of-Scope Costs. Altisource will not be obligated to provide services as part of the transition off of REALDoc other than all the in-scope transition services identified in the attached Exhibit 2, and Ocwen will not be obligated to pay for Out-of-Scope Costs unless mutually agreed upon by the parties.
 - b) Altisource will invoice the Costs on a monthly basis, and Ocwen will pay the Costs reflected on such invoice within thirty (30) days following receipt of such invoice. Upon request, Altisource will provide reasonable supporting documentation for the Costs set forth in an invoice.
- 2) Ocwen’s current access rights to the REALDoc technology (including REALDoc Capture, REALDoc Correspondence and REALDoc Vault as those terms are defined in that certain Statement of Work - Imaging, Document Management, and Correspondence Systems dated February 17, 2017 (the “Imaging SOW”)) and Altisource’s obligations to provide the same pursuant to the TPSAs and Imaging SOW will cease as of the earlier of (1) midnight U.S. Eastern time on [***] or (2) the date on which Ocwen has de-boarded all loans from the REALServicing Technology (the “REALDoc Termination Date”). Beginning on the REALDoc Termination Date and thereafter, Ocwen will be permitted only to access the data stored within REALDoc as provided herein and will not be permitted to add, delete, modify or otherwise change data contained therein, however Ocwen will be permitted to query, view, read, and extract REALDoc system data, reporting and tools (to the extent consistent with access rights in effect as of the date of this Binding Term Sheet and without manipulating or changing any data) (the “REALDoc Limited Access”). Notwithstanding the foregoing, Ocwen may, upon written advance notice, extend the REALDoc Termination Date. The notice must specify the duration of the extension. Ocwen will use reasonable efforts to provide thirty (30) days advance written notice, but Ocwen will provide at least fifteen (15) days advance written notice.
 - a) Following the REALDoc Termination Date (to the extent not already commenced), Altisource will use commercially reasonable, diligent efforts to deliver to Ocwen the REALDoc Data (as defined in Exhibit 2) within [***] to the extent stored in REALDoc Vault as of the REALDoc Termination Date. The date on which Altisource notifies Ocwen that such REALDoc Data has been delivered to Ocwen will be the “REALDoc Delivery Date.” Additionally, without limiting the foregoing, Altisource will use commercially reasonable efforts to provide [***], in each case after considering any Accessible Provided Data (as defined in Exhibit 2) (the “Interim Vault Image Milestones”) according to the process in Exhibit 2. Notwithstanding the foregoing, each of the Interim Vault Image Milestones is contingent in all respects on Ocwen ensuring that Altisource has at least five (5) Snowball (as defined in Exhibit 2) devices in Altisource’s designated data center at all times

beginning on March 8, 2019, with such Snowball devices being procured by Ocwen. For each day that the foregoing sentence is not satisfied, the Interim Vault Image Milestones are each extended by one (1) day.

- b) Altisource will maintain the REALDoc Limited Access for [***] following the REALDoc Delivery Date (the “REALDoc Initial Access Period”). During the REALDoc Initial Access Period, Ocwen will use reasonable efforts to evaluate the REALDoc Data to determine whether there is Incomplete REALDoc Data and Ocwen will promptly notify Altisource in writing of Incomplete REALDoc Data, with sufficient specificity for Altisource to validate the existence of Incomplete REALDoc Data, upon discovery.
- c) The REALDoc Initial Access Period may be extended beyond the [***] REALDoc Initial Access Period if, prior to the end of the REALDoc Initial Access Period, Ocwen notifies Altisource in writing of any remaining material unremediated Incomplete REALDoc Data with sufficient specificity for Altisource to validate the existence of Incomplete REALDoc Data. If Altisource is able to validate the existence of Incomplete REALDoc Data, Altisource will use commercially reasonable efforts to correct such Incomplete REALDoc Data (with reasonable cooperation from Ocwen in identifying, validating and correcting such Incomplete REALDoc Data) and deliver corrected REALDoc Data to Ocwen. Following such delivery (and within [***] if possible), Ocwen will reevaluate whether Altisource has remediated the Incomplete REALDoc Data and either accept the data or notify Altisource in writing of any unremediated issues. Once Altisource has remediated the Incomplete REALDoc Data, the REALDoc Initial Access Period will end on the day that is [***] following Altisource’s delivery of corrected REALDoc Data to Ocwen. Notwithstanding the foregoing, if the REALDoc Initial Access Period is extended beyond [***], the REALDoc End Date will be extended by a period of time equal to the number of days between [***] and the last day of the REALDoc Initial Access Period. Notwithstanding the foregoing, to the extent that it is determined that any Incomplete REALDoc Data is permanently destroyed, lost or otherwise not recoverable, or that continued provision of the REALDoc Limited Access would otherwise not provide Ocwen with access to such Incomplete REALDoc Data (“Unresolved REALDoc Data”), then (i) continued unavailability of such Incomplete REALDoc Data will not cause any further extensions to the REALDoc Initial Access Period, and (ii) the parties may seek to resolve any dispute regarding such Unresolved REALDoc Data under the terms of the TPSAs.
- d) Ocwen may extend the period of REALDoc Limited Access for additional periods of time upon written notice provided to Altisource. Ocwen will use reasonable efforts to provide such notice at least fifteen (15) days prior to expiration of the REALDoc Limited Access period, but in no event will such notice be less than seven (7) days prior to such expiration, and will specify the length of the extension (each being a “REALDoc Additional Access Period”); provided that unless otherwise agreed upon by the parties no REALDoc Additional Access Period may continue beyond [***] (except to the extent that the REALDoc Termination Date has been extended pursuant to B.2.) (the “REALDoc End Date”). Notwithstanding the foregoing, if the REALDoc Delivery Date occurs after [***], the REALDoc End Date will be extended by a period of time equal to the number of days between [***] and the last day of the REALDoc Initial Access Period. Ocwen will pay to Altisource the Costs (excluding any data center costs) incurred (on an uncapped basis) during all REALDoc Additional Access Periods.

- e) Following the REALDoc Termination Date, Ocwen will pay to Altisource a monthly access fee (in addition to applicable Costs, if any, and prorated for partial months) as set forth below:
 - i) Prior to the REALDoc Delivery Date a fee in the amount of [***] per month for up to [***];
 - ii) During the REALDoc Initial Access Period, a fee in the amount of [***] per month for [***]; and
 - iii) During REALDoc Additional Access Periods (if any), a fee in the amount of [***] per month; provided, however, that for each day that Altisource is not compliant with the Interim Vault Image Milestones, such fee will be reduced to [***] per month.
 - f) Following expiration of the REALDoc Initial Access Period (or, if applicable, the last REALDoc Additional Access Period), Altisource will have no responsibility to provide Ocwen with access to REALDoc Technology or any data or to maintain the same on Ocwen's behalf.
- 1) Ocwen will pay all undisputed amounts due to Altisource as of the REALDoc Termination Date within thirty (30) days of receipt of invoice. The parties will work together in good faith to resolve any disputed amounts for the first sixty (60) days following the REALDoc Termination Date. After such sixty (60) day period, upon request by either party, the parties will promptly submit to binding mediation to resolve any amounts that remain disputed; upon request by either party, binding mediation will also be applied to any disputes involving amounts invoiced after the REALDoc Termination Date which are not resolved within sixty (60) days of the invoice date. Mediator fees will be borne equally by the parties.

Section C. Altisource as Ocwen's Strategic Service Provider

- 1) After the transition events in Section C.13 have occurred, Altisource will become the Strategic Provider (as defined below) of Standard Services (as defined below) on any and all portfolios, mortgage servicing rights, economic rights in mortgage servicing rights and similar or associated rights (collectively, "Portfolios") for which Ocwen¹ is a Servicer. For purposes of this Section C, "Servicer" means mortgage servicer, subservicer or other party performing tasks typically associated with mortgage servicers or subservicers.
- 2) As used herein, "Strategic Provider" means that, with respect to referrals for which Ocwen has the right to select the services provider², Altisource will be the provider of each Standard Service for the Portfolios, and with the number of referrals, as described in Section C.6.
- 3) Referrals relate to all service descriptions referenced in Exhibit 4 (the "Standard Services"). The services within Standard Services constitute the "Services", or individually, a "Service."

¹ Including, without limitation, PHH Mortgage Corporation (together with its affiliates, "PHH").

² As used in this Binding Term Sheet, the right to select the Services provider means that Ocwen has the right to control the selection of the Services provider, or a party other than Ocwen has the right to control the selection of the Services provider but has not exercised such right.

- 4) The following terms are used for identifying the specific Portfolios referenced in this Binding Term Sheet, including in order to determine the number of referrals.
- a) “HR Portfolio(s)” means the Portfolios Ocwen acquired, directly or indirectly, through its acquisitions of loan servicing under agreements (I) acquired by Ocwen from the Homeward Residential, Inc. acquisition or (II) assigned to and assumed by Ocwen pursuant to the ResCap Sale Order³ (which, for the avoidance of doubt, collectively include all Portfolios that Ocwen acquired, directly or indirectly, through its acquisitions of the equity, assets and/or other business rights of Homeward Residential, Inc. (and any affiliates thereof) and Residential Capital, LLC (and any affiliates thereof)).
 - b) “HRN Portfolio(s)” means the HR Portfolios and the Ocwen-NRZ Portfolios.
 - c) “Ocwen-NRZ Portfolio(s)” means Portfolios for which any rights thereto or interests therein were acquired from Ocwen, excluding PHH, by New Residential Investment Corp or any affiliates or predecessors in interest thereof (collectively, “NRZ”) prior to the date of this Binding Term Sheet.
 - d) “Other Portfolio(s)” means Portfolios in which Ocwen has an interest or for which Ocwen is a Servicer, including the PHH Portfolios but excluding the HRN Portfolios and any Pending Portfolios.
 - e) “PHH Portfolio(s)” means Portfolios in which PHH has an interest or for which PHH is a Servicer, but excluding any Portfolios in which Ocwen⁴ has an interest or for which Ocwen is a Servicer; provided however that any such Portfolios in which PHH acquired such interest or for which PHH became such a Servicer due to a merger of an Ocwen entity into PHH occurring on or before [***] will not be a PHH Portfolio.
- 5) The number of referrals will be calculated on a Standard Service-by-Standard Service basis.
- 6) For each Standard Service, the number of referrals from HRN Portfolios and Other Portfolios where Ocwen has the right to select the Services provider for which Altisource will be the provider on a monthly basis will be equal to or greater than the amount determined by the following calculations:
- a) the total number of referrals from the HRN Portfolio for such Standard Service where Ocwen has the right to select the Services provider; plus
 - b) ninety percent (90%) of the referrals from the Other Portfolios for such Standard Service where Ocwen has the right to select the Services provider, plus

³ “ResCap Sale Order” means the order entered by the United States Bankruptcy Court for the Southern District of New York on November 21, 2012 in re Residential Capital, LLC, et al (Case No 12-12020)(ECF Doc #2246).

⁴ For purposes of this definition, “Ocwen” includes any of its affiliates other than PHH.

- c) the lesser of
 - i) the total number of referrals from the HRN Portfolio and the Other Portfolios for such Standard Service, made to a non-Altisource services provider, where Ocwen does not have the right to select the Services provider, and
 - ii) ten percent (10%) of the referrals from the Other Portfolios for such Standard Service where Ocwen has the right to select the Services provider.
- 7) Notwithstanding the foregoing, with respect to referrals for which Ocwen has the right to select the Services provider, the actual referrals for which Altisource will be the provider on a monthly basis will include all referrals of Standard Services for the HR Portfolios. Until such time as the transition events in Section C.13. have occurred, Ocwen will continue to use Altisource as the service provider for the Standard Services. Referrals of Standard Services to Altisource will be done in a manner that allocates incoming referrals at random and is intended to (and is reasonably designed to) yield a representative sample of referrals across each Service and all applicable Portfolios in a manner that does not prejudice Altisource in any way.
- 8) For all Portfolios acquired by Ocwen after the date of this Binding Term Sheet, Ocwen will use commercially reasonable efforts to cause Altisource to be designated as the provider of Standard Services for such Portfolio in accordance with the provisions of Section C.1.
- 9) Ocwen will not be required to use Altisource as Service provider on a given Portfolio until such Portfolio is boarded onto Ocwen's loan servicing platform (during such status, the Portfolio is a "Pending Portfolio") and such Portfolios will be excluded for purposes of calculating the referrals referenced in Section C.6. For avoidance of doubt, if Ocwen acquires one or more entities or businesses that own Portfolios, Ocwen will use commercially reasonable efforts to provide referrals on such Portfolios in compliance with Section C.1 of this Binding Term Sheet promptly thereafter.
- 10) To the extent the actual referrals to Altisource in a given calendar month for a given Standard Service from Portfolios identified in Section C.6 are less than required by Section C.6. (each a "Monthly Deficit", and collectively, the "Monthly Deficits"), Ocwen will cause the referrals of such Standard Service to Altisource to be increased in each following month until such Monthly Deficit and any prior outstanding Monthly Deficits are satisfied. To the extent Ocwen is unable to remedy a Monthly Deficit in such immediately subsequent calendar month, Ocwen will use its commercial best efforts to increase the number of referrals for such Standard Service until such time as no cumulative Monthly Deficits remain for such Standard Service in as short a time as possible.
- 11) For the avoidance of doubt, Ocwen's sale of Portfolios to third parties will not be limited by this Binding Term Sheet in any way. If Ocwen transfers a Portfolio to a third party in a transaction in which Ocwen will remain as a Servicer following the transaction (including, for the avoidance of doubt, as a sub-servicer), to the extent Altisource is performing in compliance with the Services Agreements with respect to a given Standard Service, Ocwen will use commercially reasonable efforts to recommend that Altisource is designated as the provider for such Portfolio for such Standard Service and will ensure that any non-Altisource provider selected for such Portfolio will be subject to the same vendor oversight policies and at least as stringent performance standards as Altisource.

- 12) Within [***] following the end of each calendar month, Ocwen will accurately calculate and report to Altisource, the Monthly Deficit calculation with respect to each Standard Service. The form of the reporting will be reasonably agreed upon by the parties.⁵ As reasonably requested by Altisource (to the extent that such requests would not pose an unreasonable and undue hardship on Ocwen), Ocwen will provide to Altisource written reports to enable it to budget and forecast resources needed to provide the Services.
- 13) In accordance with the provisions set forth in Section C.1 above, Ocwen will begin using Altisource as the provider of Standard Services for the PHH Portfolios by [***]. Notwithstanding the prior sentence, Ocwen will use commercially reasonable efforts to refer all new Standard Services for REO Sales and Management Services as set forth in the 24th Amendment to the Services Letter under the Services Agreements to Altisource beginning on or before March 1, 2019. Ocwen's obligations set forth in this Section shall be subject to Ocwen's ability to terminate the current service providers for the PHH Portfolios in accordance with the provisions set forth the agreements with such service providers.

For the avoidance of doubt, Section 8 of the Services Agreements pertaining to Altisource's "Right of First Opportunity," will remain in effect.

Section D. Additional Modifications to Applicable Services Agreements

- 1) Assignments: Ocwen will promptly review and act reasonably to approve requests by Altisource to assign any contracts between the parties (in whole or in part) to (a) Altisource affiliates and (b) one or more third parties in connection with one or more transactions involving (whether by merger, acquisition of equity, acquisition of assets and/or other similar transactions) one or more lines of business, provided that the assignee is able to satisfy the reasonable and applicable vendor qualifications as generally applied by Ocwen without discrimination. In the event a Detailed Agreement has not been executed at the time of the assignment, the assigned contract will be timely amended to include the relevant terms of this Binding Term Sheet. Except as provided in the immediately preceding sentence, such assignments cannot be conditioned upon modifications or amendments to such contract (or related documents), and Ocwen will reasonably and promptly cooperate in the execution of documents necessary to effectuate such assignments or acquisitions. With respect to mortgage charge-off collection Services, this Section D.1 will be further subject to Section D.3 below.
- 2) Performance standards.
 - a) Except to the extent otherwise agreed by the parties in the Detailed Agreement or in a subsequent definitive agreement between the parties:
 - i) [***]
 - ii) [***]
 - iii) [***]

⁵ Certain classifications may be confidential and, as such, Ocwen may not be allowed to disclose the same to Altisource. Notwithstanding the foregoing, information will be subject to verification by an independent third party auditor engaged by Altisource who may review such information on a confidential, "auditors' eyes only basis."

- b) [***]
 - c) The Initial Performance Standards and any performance standards in the Detailed Agreement will be subject to periodic revision, as reasonably agreed by the parties in light of investor, GSE, regulatory, and servicing agreement requirements, changing characteristics of properties within the Portfolios, the macroeconomic environment, and industry practices.
 - d) Commencing with the first calendar month following execution of this Binding Term Sheet, the following termination rights will override the termination rights pertaining to Performance Standards and Critical Performance Standards within the Services Agreements. To the extent Altisource fails any Initial Performance Standard that is (a) a Critical Performance Standard for a period of [***], and Altisource continues to fail such Initial Performance Standard for [***], or (b) a Performance Standard for a period of [***], and Altisource continues to fail such Initial Performance Standard for [***], then Ocwen will be permitted to terminate Altisource as a provider for only such applicable Service(s) [***]. Notwithstanding the foregoing, to the extent Altisource fails any performance standard in any month due to any actions or inactions by Ocwen, or any breach of any of Ocwen's obligations, such performance standard will be deemed not to have failed in such month. For each Service, Altisource will have [***] to cure each corresponding Critical Performance Standard or Performance Standard failure in any [***] period; provided however, Ocwen will reasonably consider agreeing, on a case-by-case basis, to waive repeat failure(s) of any performance standard which in Ocwen's management opinion is [***].
- 3) Specifically, with respect to mortgage charge-off collection services:
- (a) Upon execution of this Binding Term Sheet, the parties will have agreed upon the terms set forth in the NCI Services Agreement with respect to the contemplated sale of the mortgage charge-off collection services to an unrelated third party attached hereto as Exhibit 6, and Ocwen agrees to sign such NCI Services Agreement promptly following Altisource's request.
 - (b) Notwithstanding anything to the contrary in Section D.1, to the extent Altisource desires to consummate such a sale or substantially similar transaction with another unrelated third party (an "Other Transaction"), Ocwen will comply with the requirements of Section D.1. Provided that such other unrelated third party is able to satisfy the reasonable and applicable vendor qualifications as generally applied by Ocwen without discrimination referenced in Section D.1. Ocwen agrees to sign an agreement substantially similar to such NCI Services Agreement to facilitate such Other Transaction promptly following Altisource's request.
 - (c) Notwithstanding the foregoing, Sections 2 and 5 of such NCI Services Agreement will be deemed effective upon execution of this Binding Term Sheet regardless of whether such NCI Services Agreement has been executed. Upon execution of the NCI Services Agreement, the NCI Services Agreement will govern the mortgage charge-off collections Services and this Binding Term Sheet will not apply to such Services. Until such time that the NCI Services Agreement is executed, the terms of this Binding Term Sheet will apply to the mortgage charge-off collections Services. Notwithstanding the foregoing, and for the avoidance of doubt, Section 2 of such NCI Services Agreement will control with respect to any conflict with the terms of Section C of this Binding Term Sheet, and the provisions of Section C.1-C.12 of this Binding Term Sheet will not impact Ocwen's obligations or Altisource's rights as to the mortgage charge-off collection services identified on Exhibit 4.

4) Additional changes to the Services Agreements

- a) Section 14 of the Services Agreements is deleted in its entirety and replaced with the attached Exhibit 5, but solely with respect to claims arising from referrals received by Altisource on or after the effective date of this Binding Term Sheet. Notwithstanding the foregoing, nothing in this Binding Term Sheet, including the amendment herein to Section 14 of the Services Agreement, shall be deemed to impact, amend or otherwise modify Section 5.7 of the 16th and 17th Amendments to the Services Letters to the Services Agreements.
- b) Ocwen will conduct a benchmarking study of pricing and performance standards prior to Altisource providing any services to the NY PHH Portfolio (as defined below) contemplated herein, which services will be charged to New York borrowers or to investors on New York property, as required by the Conditional Approval dated September 27, 2018 issued by the New York Department of Financial Services to Ocwen. Ocwen will use commercially reasonable efforts to initiate such benchmarking study promptly and to complete such study prior to [***]. As used herein, “NY PHH Portfolio” means loans and REO related to New York borrowers or investors on New York properties in those Portfolios serviced by PHH prior to February 1, 2019.

We very much appreciate the constructive dialogue and resolution of the open items set forth in the Binding Term Sheet.

Best regards,

William B. Shepro

Accepted and agreed to by Ocwen Financial Corporation and Ocwen Mortgage Servicing, Inc.

Ocwen Financial Corporation

By: _____
Name:
Title:

Ocwen Mortgage Servicing, Inc.

By: _____
Name:
Title:

The exhibits listed below have been omitted pursuant to Item 601(a)(5) of Regulation S-K and the Company agrees to furnish supplementally to the Securities and Exchange Commission a copy of any omitted exhibit upon request.

Exhibit 1 - REALServicing Technology

Exhibit 2 - Technology Transition Services

Exhibit 2A - Ocwen Structured Data List

Exhibit 2B - Ocwen Shared Drives and Sharepoint Data

Exhibit 3 - [Reserved]

Exhibit 4 - List of Services

Exhibit 6 - Nationwide Credit, Inc. Services Agreement

Exhibit 5 to Binding Term Sheet

14. Warranties; Limitation of Liability; Indemnity.

(a) Other than the statements expressly made by the Providing Party in this Agreement or in any SOW on or after the date of the Binding Term Sheet, the Providing Party makes no representation or warranty, express or implied, with respect to the Services and, except as provided in Section 14(b) hereof, the Customer Party hereby waives, releases and renounces all other representations, warranties, obligations and liabilities of the Providing Party, and any other rights, claims and remedies of the Customer Party against the Providing Party, express or implied, arising by law or otherwise, with respect to any nonconformance, durability, error, omission or defect in any of the Services, including (i) any implied warranty of merchantability, fitness for a particular purpose or non-infringement, (ii) any implied warranty arising from course of performance, course of dealing or usage of trade and (iii) any obligation, liability, right, claim or remedy in tort, whether or not arising from the negligence of the Providing Party.

(b) Indemnity from Providing Party to Customer Party. Providing Party shall indemnify, defend, and hold harmless Customer Party, its affiliated companies, and the officers, directors, agents, employees, authorized personnel, authorized users and assigns of each (individually, an "Ocwen Indemnitee"; collectively, the "Ocwen Indemnitees") from and against any and all losses, damages, claims, suits, judgments or expenses of any nature, including without limitation those arising pursuant to any obligation of an Ocwen Indemnitee to indemnify, defend or hold harmless a third party, whatsoever incurred or suffered directly or indirectly, including reasonable attorneys' fees and costs actually incurred (each, an "Ocwen Loss") by the Ocwen Indemnitees, to the extent the Ocwen Loss arises directly or indirectly from or out of or relating to: (a) negligence, gross negligence or willful misconduct of Providing Party and/or its employees, vendors, subcontractors and/or agents (individually, an "Altisource Party"; together, the "Altisource Parties") in the performance of the Services under this Agreement or any SOW; (b) any acts by any Altisource Party beyond the scope of its authority under this Agreement or any SOW; (c) any claims or actions whatsoever brought by a Providing Party employee, subcontractor or vendor (or an employee, subcontractor or vendor of any such Providing Party subcontractor or vendor) involved directly or indirectly in the provision of the Services under this Agreement or any SOW; (d) a breach of any Providing Party's representations, warranties, or obligations under this Agreement or any SOW in connection with performance of the Services under this Agreement or any SOW; (e) a determination by any court, tribunal or agency that an employment relationship has or will be established by the performance of this Agreement or any SOW; (f) any violation of a law, rule, ordinance, guideline, or regulation, as amended from time to time (a "Legal Violation"), by an Altisource Party in the provision of the obligations of the Altisource Parties under this Agreement or any SOW (but specifically excluding any Legal Violation for which such Altisource Party was not permitted to take or was prevented from taking remediative action related thereto); or (g) in connection with performance of the Services in this Agreement or in any SOW, any infringement or violation of privacy right, or the copyright, trademark, patent, trade secret, or other intellectual property rights of a third party.

Without otherwise limiting the obligations of Providing Party pursuant to this Section 14(b), in the event that the use of any deliverable provided by Providing Party under this Agreement or any SOW is enjoined, Providing Party shall (1) procure for Customer Party, at no cost to Customer Party, the right to continue usage of the deliverable, (2) replace or modify the deliverable to make it non-infringing, at no cost to Customer Party, provided that the functionality of the deliverable remains essentially unchanged, or (3) if the right to continue usage cannot be procured for Customer Party or the deliverable cannot reasonably be modified to make it non-infringing, promptly provide Customer Party with a refund of all applicable fees and costs under this Agreement or any SOW attributable to such deliverable.

(c) In no event shall: (i) the amount of damages or losses for which the Providing Party and the Customer Party may be liable under this Agreement exceed the fees due to the Providing Party for the most recent six (6) month period under the applicable Service or SOW(s); provided that if Services have been performed for less than six (6) months, then the damages or losses will be limited to the value of the actual Services performed during such period; or (ii) the aggregate amount of all such damages or losses for which the Providing Party may be liable under this Agreement exceed one million dollars (\$1,000,000); provided that no such cap shall apply to liability for damages or losses arising from or relating to breaches of Section 12 (Confidentiality), Section 15(d) (Protection of Consumer Information), infringement of Intellectual Property, or fraud or criminal acts; provided further that the liability caps in this Section 14(c) will not apply to any Ocwen Loss that any Ocwen Indemnitee suffers, incurs or becomes subject to as a result of third party claims, or to any Altisource Loss that any Altisource Indemnitee suffers, incurs or becomes subject to as a result of third party claims. Except as provided in Section 14(b) hereof, none of the Providing Party or any of its Affiliates or any of its or their respective officers, directors, employees, agents, attorneys-in-fact, contractors, or other representatives shall be liable for any action taken or omitted to be taken by, or the negligence, gross negligence, or willful misconduct of, any third party.

(d) Notwithstanding anything to the contrary herein, neither Party nor any of their Affiliates or any of their respective officers, directors, employees, agents, attorneys-in-fact, contractors or other representatives shall be liable for damages or losses to the extent arising from the negligence, gross negligence or willful misconduct of the other Party or any of the other Party's Affiliates.

(e) Indemnity from Customer Party to Providing Party. Customer Party shall indemnify, defend, and hold harmless Providing Party, its affiliated companies, and the officers, directors, agents, employees, authorized personnel, authorized users and assigns of each (the "Altisource Indemnitees"; together, collectively, with the "Ocwen Indemnitees" as the "Indemnitees", or individually, as an "Indemnitee") from and against any and all losses, damages, claims, suits, judgments or expenses of any nature whatsoever incurred or suffered directly or indirectly, including reasonable attorneys' fees and costs actually incurred (each, an "Altisource Loss"; together, collectively, with the Ocwen Losses, as the "Losses", or, individually, as a "Loss"), by the Altisource Indemnitees, to the extent the Altisource Loss arises directly or indirectly from or out of or relating to: (a) the negligence, gross negligence or willful misconduct of Customer Party and/or its employees, vendors, subcontractors and/or agents (individually, an "Ocwen Party"; together, the "Ocwen Parties"; provided that the "Ocwen Party" shall specifically exclude any Altisource Indemnitee or Altisource Party in the provision of any services to Customer Party) in connection with this Agreement or any SOW; or (b) any violation of a law, rule, ordinance, guideline or

regulation by an Ocwen Party in connection with this Agreement or any SOW. For the avoidance of doubt and notwithstanding any other terms in this Section 14(e) to the contrary herein, Customer Party will defend Providing Party in relation to Providing Party's provision of trustee Services (except to the extent such arises from Altisource's negligence, willful misconduct or breach of this Agreement or any SOW).

(f) Limitations. The foregoing indemnities shall not be limited by the insurance requirements set forth in this Agreement or in any SOW and shall extend to Losses relating to any event in time on or after the date of the Binding Term Sheet whenever they may arise, so long as, on and after the date of the Binding Term Sheet, notice is provided in accordance with the indemnification procedures described in Section 14(h) below.

(g) Without limiting Section 14(b) hereof, no Party hereto or any of its Affiliates or any of its or their respective officers, directors, employees, agents, attorneys-in-fact, contractors or other representatives shall in any event have any obligation or liability to the other party hereto or any such other person whether arising in contract (including warranty), tort (including active, passive or imputed negligence) or otherwise for consequential, incidental, indirect, special or punitive damages, whether foreseeable or not, arising out of the performance of the Services or this Agreement, including any loss of revenue or profits, even if a Party hereto has been notified about the possibility of such damages; provided, however, that the provisions of this Section 14(g) shall not limit the indemnification obligations hereunder of either party hereto with respect to any liability that the other party hereto may have to any third party not affiliated with any member of the Providing Party's Group or the Customer Party's Group for any incidental, consequential, indirect, special or punitive damages.

(h) Indemnification Procedure. Each Party agrees to give the other Party prompt written notice of any legal claim, demand, right or cause of action asserted for which the Party is seeking indemnification or defense pursuant to Sections 14(b) or 14(e) (a "Claim"); provided, however, any failure by a Party to provide such notice will not relieve the other Party of its indemnification obligations under this Agreement or any SOW except to the extent the other Party is prejudiced as a result of such failure. The indemnifying Party may thereafter assume control of the defense of such Claim, including but not limited to responsibility for retention, management and payment of outside counsel, provided that the indemnified Party shall have the right to participate in the defense or settlement of such Claim, or to retain counsel to defend the interests of the indemnified Party, at its own cost or expense, and further provided that the indemnifying Party may not settle such Claim or consent to any judgment with respect thereto without the written consent of the indemnified Party (which consent may not be unreasonably withheld or delayed). If the indemnifying Party does not assume control of the defense of such Claim, the indemnified Party may defend and/or settle the Claim in such manner as they deem appropriate, at the cost and expense of the indemnifying Party, including payment of any settlement, fine, assessment, judgment or award and the costs (including but not limited to legal fees) of defending or settling the Claim. Each Party shall fully cooperate with the investigation and defense of all matters which may result in a Loss.

**AMENDED AND RESTATED EMPLOYMENT CONTRACT OF INDEFINITE DURATION
DATED AS OF MARCH 22, 2019**

BY AND BETWEEN:

1. ALTISOURCE S.à r.l., a private limited liability company (*société à responsabilité limitée*) organized under the laws of the Grand Duchy of Luxembourg, with registered office at 40, avenue Monterey, L-2163 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register under number B. 189519 (hereinafter referred to as the “**Employer**”); and
2. MARCELLO MASTIONI (hereinafter referred to as the “**Executive**”)

The Executive and the Employer may hereinafter collectively be referred to as the "**Parties**," each being a "**Party**."

WHEREAS, the Executive and the Employer previously entered into an employment contract, with a commencement date of August 1, 2017; and

WHEREAS, the Parties now desire to amend and restate Executive’s employment contract with the Employer, with an effective date of March 22, 2019, on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, it has been agreed by and between the Parties as follows:

Article 1 - Definitions:

Amendment Date: March 22, 2019.

Appointment or Employment: the employment of the Executive by the Employer on the terms of this Contract (as defined below).

Original Commencement Date: August 1, 2017.

Company: the Employer, its parent company, subsidiaries and their respective successors and assigns.

Confidential Information: information (of any nature and in any format) which is not in the public domain, relating to the business, products, affairs and finances of the Employer.

Contract: the present unlimited period Amended and Restated Employment Contract.

Good Reason: (a) any substantial unreasonable material diminution by the Employer of the Executive’s positions, duties or responsibilities hereunder, except in each case in connection with (i) the termination of the Executive’s

employment for the gross misconduct described in article L.124-10 or as a result of the Executive's death or disability, or temporarily as a result of the Executive's illness or other absence and/or (ii) the removal of one or more particular business unit(s) from Executive's purview, responsibility or management that does not alter his role as set forth in Article 2, (b) the assignment by the Employer to the Executive of duties or responsibilities that are materially inconsistent with the Executive's position or (c) any other material breach by the Employer of this Contract; provided, however, that in each case: (i) the Executive gives written notice to the Employer of the facts and circumstances constituting the breach within thirty (30) days following the Executive's knowledge of the occurrence of the breach; (ii) the Employer fails to remedy the breach within thirty (30) days following the Executive's written notice of the breach; and (iii) the Executive terminates his employment within thirty (30) days following the Employer's failure to remedy the breach. Notwithstanding the foregoing, in no event shall the designation or non-designation of the Executive as a Section 16 Officer of Altisource Portfolio Solutions S.A. or as a member of the board of directors of any entity of the Company be considered to constitute Good Reason.

Incapacity: any illness or injury which prevents the Executive from carrying out his duties.

Rules and Regulations: any internal rules and regulations that may be periodically prepared by the Company and (a) apply to similarly situated employees including the Executive and (b) have been effectively and expressly brought to the Executive's attention and made available to him.

Restrictive Period: for purposes of Article 9(a), the six (6) month period following the date on which the Contract terminates.

Section 16 Officer: an executive officer for purposes of Section 16 of the Securities Exchange Act of 1934, as amended.

Article 2 - Duties and Nature of Service

- (a) The Employer shall employ the Executive under this Contract from the Amendment Date. The Executive shall fulfill the position of Chief Operating Officer or in such other position or positions with a level of duties and responsibilities consistent with the foregoing position as the Board of Directors of Altisource Portfolio Solutions S.A. (the "Board") or the Chief Executive Officer of Altisource Portfolio Solutions S.A. may designate from time to time.
- (b) The Executive will have the responsibilities enumerated in Article 2(b) below, or such other authority, functions, duties, powers and responsibilities as may be assigned to the Executive from time to time by the Managers of the Employer consistent with the Executive's position with the Company. The Parties hereby acknowledge and accept that, considering the nature of the Executive's activities, it is impossible to provide a comprehensive description of the activities to be performed by him, which shall include all the tasks that are directly or indirectly necessary

or useful for the performance of the concerned duties further to reasonable and common international standards. The Parties further acknowledge and agree that this position is an initial position that is likely to evolve over time, and that any change to the Executive's responsibilities or title shall not require an amendment to this Contract; provided that any material change to the Executive's responsibilities or change to the Executive's title shall be subject to written confirmation of approval by the Executive.

(c) Executive's initial responsibilities will include, but not be limited to, the following:

- Providing strategic leadership, managing all operations and P&L responsibility for Altisource's lines of business as designated as of the execution of this Contract, including by: (i) leading the development and execution of product and operations strategies; (ii) developing revenue growth and business strategies in line with market opportunities and the vision, mission and financial objectives of the Company; and (iii) collaborating across the Company to implement services and to develop new products, processes and technologies;
- Driving organizational capabilities by: (i) implementing and continuously evolving an optimal organizational structure (ii) assessing organizational requirements for talent, technology and market presence and developing plans to meet those requirements; (iii) attracting, retaining and enabling a team of world class professionals; (iv) structuring the business for optimal efficiency and effectiveness; and (v) developing a strong team of market and product owners and designers through effective leadership and team development;
- Delivering exceptional customer experiences by: (i) improving the customer satisfaction and expansion of existing client relationships; and (ii) achieving high performance on client scorecards by meeting or exceeding all requisite service level agreements
- Building the organizational culture and brand by: (i) championing the Altisource values; (ii) driving an environment of compliance, customer centricity, innovation and performance; (iii) driving the adoption of enhanced communication and goal alignment; and (iv) leveraging objectives and key results to create ongoing velocity and transparency; and
- Such other responsibilities as deemed appropriate by the Managers of the Employer.

(d) The Executive shall serve the Employer on the terms of this Contract and accepts the aforementioned position. The Executive shall work for the Employer in this position or in any other similar position that the Employer may assign to him over the course of time.

(e) The Employment will take place in such various geographical locations, including abroad, as may be reasonably designated by the Employer, provided that the standard of life and economic conditions are equivalent to those of the Grand Duchy of Luxembourg and that the new role is at least equivalent in terms of position level and remuneration. The Executive further expressly agrees to work for, to be posted to and even to be transferred to

another entity of the Company, provided that such entity is located in the U.S. or in the E.U., and provided that the destination country and the new role meet the conditions above.

- (f) The registered office of the Employer is 40, avenue Monterey, L-2163 Luxembourg, Grand Duchy of Luxembourg. The Executive shall carry out his duties in the Grand-Duchy of Luxembourg or at such other place as instructed by the Employer within the framework and limits described in Article 2(d) above. The Executive shall undertake all national and international business travels justified by the business needs and his function.
- (g) The Executive expressly confirms that he is not bound to any other company, firm or entity by a non-competition or any other such clause which would prevent him from signing the present Contract.
- (h) The Executive shall undertake to inform the Employer immediately in writing of any changes in his personal situation such as his address, family status or number of children. The Employer shall treat all such information confidentially.
- (i) The Executive warrants that he is entitled to work in Luxembourg without any additional approvals and will notify the Employer immediately if he ceases to be so entitled during the Employment.
- (j) The Executive shall comply with all the rules, policies and procedures set out in the internal Rules and Regulations, which shall be established over the course of time by the Company and a copy of which will be made available to the Executive once adopted. Such Rules and Regulations may be modified at any time and do not form part of this Contract. In the event of conflict between the terms of this Contract and the terms of the Rules and Regulations, this Contract shall prevail.

Article 3 - Duration and Termination Terms and Conditions

- (a) Either Party may terminate this Contract in writing, giving the other no less than the following legal prior notice, in accordance with article L.124-1 of the Luxembourg Labor Code:

In the case of the dismissal of the Executive by the Employer, the latter must respect a minimum prior notice of:

- Three (3) months if the term of the Employment is under five (5) years (notwithstanding the provisions of article L-124-1 of the Luxembourg Labor Code)
- Four (4) months if the term of the Employment is between five (5) and ten (10) years
- Six (6) months if the term of the Employment is over ten (10) years

In the case of the resignation of the Executive, the following prior notice must be given:

- One (1) month if the term of the Employment is under five (5) years

- Two (2) months if the term of the Employment is between five (5) and ten (10) years
- Three (3) months if the term of the Employment is over ten (10) years

The respective prior notice will run from the fifteenth (15th) day of the month if notice was given on or before such a date, or from the first (1st) day of the following month if notice was given after the fifteenth (15th) of the month. The Employer reserves the right to pay salary in lieu of notice for all or any part of the notice period.

- (b) In accordance with article L.124-7 of the Luxembourg Labor Code, if the Executive is dismissed for reasons other than the gross misconduct described in article L.124-10, the Employer shall pay the Executive as severance:
- One (1) month's gross base salary if the term of the Employment is between five (5) and ten (10) years
 - Two (2) months' gross base salary if the term of the Employment is between ten (10) and fifteen (15) years
 - Three (3) months' gross base salary if the term of the Employment is over fifteen (15) years
- (c) In addition, if the Executive is terminated for reasons other than the gross misconduct described in article L.124-10 of the Luxembourg Labor Code, or if the Executive resigns for Good Reason, the Employer shall also pay additional amounts to the Executive as set forth in Article 4 of this Contract, including the Minimum Guaranteed Compensation Payment (defined in Article 4(k)) and other applicable amounts.
- (d) Notwithstanding the above, the Employer may terminate the Contract with immediate effect without notice and with no liability to make any further payment to the Executive (other than in respect of amounts accrued due and unpaid at the date of termination) if the Executive commits an act of gross misconduct in accordance with article L.124-10 of the Luxembourg Labor Code.
- (e) The Contract will automatically terminate by operation of the law on the date on which the Executive is declared to be medically unable to perform his duties under the Contract by any medical examination; on the fifty-second week of continual Incapacity over any one hundred and four week period; or when the Executive reaches the legal retirement age or is attributed an old-age pension or any other of the provisions specified under articles L.125-2 to L.125-4 of the Luxembourg Labor Code.

Article 4 - Remuneration

- (a) The Executive's annual gross base salary shall be 504,300 Euros (based on the last revision to Employee's salary which took place on August 1, 2018, prior to the Amendment Date). This annual gross base salary shall be payable in twenty-four (24) installments. In addition, the Employer will pay to the Executive (i) an annual Cost of Living Allowance of 18,000 Euros, which shall be payable in twenty-four (24) installments, and (ii) an annual Housing Allowance of 50,000 Euros, which shall also be payable in twenty-four (24) installments.
- (b) In accordance with article L.223-1 of the Luxembourg Labor Code, the salary shall be adapted and vary proportionally with the variations of the index of cost of living in the Grand Duchy of Luxembourg. The above salary has been fixed in consideration of the index applicable at the date on which this Contract becomes effective (Salary Index at the time of the signature of the present Contract: 814.40 as of August 1, 2018).
- (c) The Executive's salary, Cost of Living Allowance and Housing Allowance shall accrue from day to day and be paid in arrears twice monthly directly into the Executive's bank account. The Executive shall inform the Employer of all necessary details relating thereto.
- (d) The Employer hereby informs the Executive that in order to fulfill the obligations under the Contract and to pay his salary, the following information about the Executive may be transmitted: name, address, civil status, date of birth, any documents given during the recruiting and employment proceedings (including the curriculum vitae), the Contract and salary, proof of payment, all raises or modifications of salary, the hours effectively worked, any correspondence with the employees as well as all other documents relating to the Contract (such as holiday requests or Incapacity certificates). The Executive consents to the transfer of the above personal information within the group of companies of the Employer, including outside of the European Union, as contemplated by Article 19 Paragraph 1(a) of the Luxembourg law on Data Protection of August 2, 2002. The Executive is permitted to access the above information and may demand the rectification of any error thereupon. The Employer will use best efforts to keep this information confidential and to disclose it only when legally required. For the avoidance of doubt, if the Executive is designated as a Section 16 Officer of Altisource Portfolio Solutions S.A., the Company will be authorized to publicly disclose such information to the extent required pursuant to the rules and regulations promulgated by the Securities and Exchange Commission, and the Executive expressly consents to such disclosures.
- (e) Upon satisfaction of the relevant performance criteria in accordance with Altisource's Incentive Plan, as amended from time to time by the Employer in its sole discretion, the Executive may be entitled to an annual discretionary bonus as per a scorecard as amended from time to time, which scorecard will be made available to the Executive as set forth below. At the target performance level at which the Executive meets the Employer's performance expectations, the Executive can anticipate earning approximately 336,000 Euros in incentive compensation on an annual basis, less applicable withholding taxes (based on the last revision to Executive's incentive compensation target amount which took place on November 12, 2018, prior to the Amendment Date). If the Executive exceeds

the Employer's performance expectations, the Executive can anticipate earning up to 504,000 Euros in incentive compensation on an annual basis, less applicable withholding taxes. Payment of any annual incentive may be made entirely in cash or in a combination of cash and restricted share units (or other similar equity instrument) at the Company's discretion; provided that the Company may offer Executive the option to select the percentage of his incentive payment that will be paid in equity, within a range determined by the Compensation Committee of the Board (the "Committee"); and provided further, that the proportion of the equity that may be paid in equity shall in all cases be determined by the Committee. There is no legal entitlement to the annual incentive, and payment is at the sole discretion of the Employer. Any incentive will be prorated for the actual time that the Executive has worked for the Employer during the applicable working year. At the beginning of each calendar year, in a timely manner and not later than the end of March of each year, the Employer shall provide to the Executive a scorecard outlining in writing the performance expectations linked to achieving the discretionary incentive in that year; should the Employer fail to provide such scorecard, the incentive payment shall be deemed due notwithstanding whether or not the Executive remains employed by the Company through the date of payment. Notwithstanding anything herein to the contrary, it is understood and agreed by the Executive that the Company shall have discretion to approve reasonable amendments to his scorecard throughout the year (including after March 31 of such year) as deemed appropriate by the Company in light of changed conditions or changes to the Company's business during the year.

- (f) In addition, to the extent a Long-Term Incentive Plan ("LTIP") is approved for similarly situated executives, Executive will be eligible to participate in the LTIP and receive a target LTIP award value of approximately 336,000 Euros. Employee's participation in the LTIP, his receipt of any LTIP award (whether in cash, equity instruments or some combination thereof) and the performance metrics used to determine any LTIP award shall be at the sole discretion of the Compensation Committee.
- (g) The Executive will be eligible for certain relocation benefits while employed in Luxembourg in accordance with the Altisource Relocation Plan, provided to the Executive by the Employer and incorporated in this Contract by reference.
- (h) If the Executive's employment with the Employer terminates by reason other than (i) termination by the Company for gross misconduct as described in article L. 124-10 of the Luxembourg Labor Code or (ii) Executive's voluntary resignation, and the Executive relocates within 180 days of such termination, the Employer will reimburse the Executive for the relocation costs back to Switzerland (or a location in the European Union) or an equivalent lump sum, at the Executive's discretion; provided however, that such costs shall not exceed the original costs associated with the Executive's "General Relocation Assistance" described in the Altisource Relocation Plan.

- (i) It is expressly agreed that any bonus, premium or any other fringe benefits granted to the Executive not arising from any legal or contractual provision or regulation shall be deemed to be a gift, whatever their frequency and their amount, and may therefore not be considered as vested rights to the benefit of the Executive.
- (j) The salary and other benefits of the Executive shall be payable after deduction of all compulsory contributions to the social security system (if applicable) in existence in Luxembourg and after deduction of the retentions at source of income tax (if applicable) and, should the case arise, any other charges imposed by Luxembourg Law whenever and if due.
- (k) If (i) the Contract is terminated by the Employer for reasons other than the Executive's gross misconduct as described in article L.124-10 of the Luxembourg Labor Code or (ii) the Executive terminates the Contract for Good Reason (clauses (i) and (ii), each a "Termination Event" and together the "Termination Events"), then also in exchange for the non-competition covenants contained in Article 9(a) herein and the Executive's other obligations set forth in this Contract, the Employer shall provide the Executive with a minimum guaranteed compensation payment of 504,300 Euros (the "Minimum Guaranteed Compensation Payment"), in addition to any other amounts that may be due from the Employer to the Executive under this Contract and notwithstanding anything to the contrary in this Contract.

If the Contract is terminated following a Termination Event, then, during the notice period, the Executive shall notify the Employer of all existing or potential claims that he may have against the Company (if any), and the Parties shall negotiate a separation and release agreement in good faith to settle any matters relating to the employment relationship and its termination.

For the avoidance of doubt, following a Termination Event, the Minimum Guaranteed Compensation Payment shall be due under all circumstances, including, without limitation, if the Parties are unable to successfully negotiate a separation and release agreement during the notice period.

Article 5 - Working Hours and Holidays

- (a) The working hours shall be fixed in accordance with the applicable legal provisions in the Grand-Duchy of Luxembourg, and the Executive's salary is based on a minimum average of forty (40) working hours per week and eight (8) hours per day scheduled in principle from Monday to Friday. The Executive hereby acknowledges that general working hours or overtime statutory provisions are not applicable to his position as a higher level employee ("*cadre supérieur*") within the meaning of article L.211-3 of the Luxembourg Labor Code, and in accordance with article L.211-27 (4) of the Luxembourg Labor Code. Working hours may thus vary according to the Employer's requirements.

- (b) The Executive shall have the right to twenty-five (25) days of paid annual leave, in addition to the Luxembourg public holidays, notwithstanding article L.233-4 of the Luxembourg Labor Code's provisions.
- (c) The Executive will respect a reasonable delay between requesting leave from the Employer and taking it, in order to not perturb the functioning of the Employer in accordance with article L.233-10 of the Luxembourg Labor Code. The Employer shall respect the Executive's request to the extent that the request does not perturb the functioning of the Employer or conflict with other employees' leave.
- (d) The Executive shall take, and the Employer shall allow the Executive to take, his accumulated leave in full before the end of each calendar year, in accordance with articles L.233-9 and L.233-10 of the Luxembourg Labor Code.
- (e) In the event that business reasons prevent the Executive from taking all his annual leave entitlement during the calendar year, he may transfer the remaining leave entitlement to the next calendar year, in which case it shall expire on the 31st of March, unless prevented again by business reasons. In case of termination of the present Contract, any days not taken will be paid to the Executive.

Article 6 - Incapacity

- (a) If the Executive is incapable of working for any reason of illness or accident, then he shall notify the Employer or its representative as soon as possible on the first day of Incapacity, either personally or by way of an intermediary. Such notification may be made orally or in writing.
- (b) The Executive has three (3) days to provide the Employer with a medical certificate in which the beginning and the expected duration of Incapacity is stated. The Employer reserves the right to request a medical counter-examination.
- (c) Subject to the Executive's compliance with the provisions of the Luxembourg Labor Code, he shall, in principle, continue to receive his full salary and contractual benefits (if any) from the Employer during the initial sickness period provided by article L.121-6 of the Luxembourg Labor Code.

Article 7 - Confidential Information / Employer properties

- (a) The Executive shall treat as confidential all information concerning the activities of the Company, and he shall not disclose to third parties, or to other employees, any information of which he may have been made aware during the present Contract, notwithstanding that which is reasonably necessary to permit normal performance of their respective duties by the parties concerned, and with the exception of information already known or already public.
- (b) The Executive undertakes both during this employment with the Employer and at any time after the termination thereof not to perform or participate in any act of unfair competition.
- (c) Any breach of this obligation occurring while the Contract is in place shall constitute a serious fault rendering immediately and definitively impossible any further relationship between the Employer and the Executive and justifying the immediate dismissal of the Executive without any notice or indemnity and without prejudice to any further proceedings or claims which may be exercised by the Employer.
- (d) All notes, reports, listings, files, documents and contacts howsoever related to the Employer are and shall remain the exclusive property of the Employer and shall be created, processed and stored by the Executive in a confidential manner exclusively on behalf of the Employer.
- (e) When the present Contract shall come to an end, the Executive must return to the Employer all documents as well as copies of such documents which may be in the possession of or under the control of the Executive, and the Executive undertakes to do everything to assist the Employer to recover all documents which may be beyond the control of the Executive.

Article 8 - Obligations

- (a) Throughout the duration of this Contract, the Executive will work exclusively for the Employer and will not take up any other occupation or engage in any act which is directly or indirectly competitive with the business of the Employer or any of its affiliated companies and to its detriment.
- (b) Throughout the duration of this Contract, the Executive shall not have any direct or indirect interest in any other business or organization if that business or organization competes or might reasonably be considered by the Employer to compete with the Company or any of its affiliated companies or if this impairs or might reasonably be considered to impair the Executive's ability to act in the best interests of the Company or any of its affiliated companies.

Article 9 - Non-competition and Non-solicitation

- (a) Upon a Termination Event, in consideration for the Minimum Guaranteed Compensation Payment, the Executive hereby undertakes that, during the Restrictive Period, he will not a) run within the Grand Duchy of Luxembourg or in the United States of America a business similar to or in competition with the Business of the Company, or b) enter into employment with a company whose business is similar to or in competition with the Business of the Company. As used in this Article 9(a), “Business of the Company” means the products and services engaged in by the Company in the United States of America including real estate brokerage, asset management and field services for mortgage servicers, real estate auction online marketplaces, real estate buy-and-sell online marketplaces, mortgage origination services and any other products and services that the Executive was responsible for or involved with during the term of the Contract and that the Company is engaged in upon termination of the Contract. In that regard, the Executive shall not actively proceed to engage in, provide any executive, managerial, supervisory, sales, marketing, research or customer-related services to, or own (other than ownership of less than one percent (1%) of the outstanding voting securities of any entity, or any affiliate thereof, the voting securities of which are traded on a national securities exchange) a beneficial or legal interest in, any business (other than the Company) which (i) conducts similar business as the Business of the Company or (ii) is competitive or likely to be competitive with the Business of the Company.
- (b) If the present Contract terminates other than pursuant to a Termination Event, the Executive hereby undertakes that he will not engage in the activities described in Article 9(a) above for a period of six (6) months. In consideration for this obligation, the Employer will pay to the Executive six (6) months’ base salary; provided however, that the Employer may waive Executive’s obligations pursuant to this Article 9(b) unilaterally on condition that it notifies the Executive (by email or mail) within two (2) weeks from the notice of termination of the Contract by either party. If the Employer waives these obligations and provides the required notification, the Employer will be relieved from the payment obligations set forth in this Article 9(b).
- (c) Throughout the duration of this Contract and for a period of two (2) years following its termination, the Executive will not actively solicit or hire, or actively assist any other person or entity in soliciting or hiring, any employee of the Company or any of its affiliated companies to perform services for any entity (other than the Company or any other affiliated companies), or attempt to induce any such employee to leave the Company or any of its affiliated companies.
- (d) Throughout the duration of this Contract and for a period of two (2) years following its termination, the Executive will not actively solicit or hire, or actively assist any other person or entity in soliciting or hiring, any client of the Company or any of its affiliated companies, or attempt to induce any such client to leave the Company or any of its affiliated companies.

- (e) Any breach of these obligations shall constitute a serious fault and might give rise to one or several claims or proceedings to be exercised by the Company before the courts and authorities concerned.
- (f) The Executive expressly agrees that the provisions of Section 9 of the Contract may be enforced against him in any court or competent jurisdiction in the United States.
- (g) In the event that this article is determined by a court which has jurisdiction to be unenforceable in part or in whole, the court shall be deemed to have the authority to revise any provision of this Contract to the minimum extent necessary to be enforceable to the maximum extent permitted by law.

Article 10 - Intellectual property

- (a) Any inventions, devices or concepts, as well as any result of research, any original creation or program, related to the field of activity of the Company and made or developed by the Executive during his employment, belong to the exclusive legal and beneficial ownership of the Employer, in accordance with the relevant provisions of patent and copyright laws applicable in Luxembourg.
- (b) The Executive hereby grants, assigns and conveys to the Employer all right, title and interest in and to all inventions, devices or concepts, as well as any result of research, any original creation or program, and all other materials (as well as the copyrights, patents, trade secrets, and similar rights attendant hereto) conceived, reduced to practice, authored, developed or delivered by the Executive either solely or jointly with others, during and in connection with the performance of services under the Contract with the Employer.
- (c) The Executive shall have no right to disclose or use any such inventions, devices or concepts, as well as any result of research, any original creation or program, and all other materials for any purpose whatsoever, and shall not communicate to any third party the nature of or details relating to such inventions, devices or concepts, as well as any result of research, any original creation or program, and all other materials.
- (d) The Executive agrees that he will comply with all obligations set forth in the Employee Intellectual Property Agreement provided by the Employer and incorporated herein by this reference.

Article 11 - Use of information technologies

The Executive undertakes not to use the Internet with the Company's hardware if such activity does not comply with applicable law and public order, and if it adversely affects the Company's interests.

Article 12 - Data protection

- (a) As part of the performance of the Contract, as required by law or for the Employer's legitimate interests, the Employer may process personal data on the Executive prior, during and after the Employment. Details on such processing and on the rights of employees can be found in the Human Resources section of the Company's intranet.
- (b) The Executive acknowledges that he has been informed that the Employer will be responsible for the processing of his personal data, such as his name, address, social security number, bank details, photo, as well as any personal information necessary for personnel management and salary administration.
- (c) The Executive acknowledges that his personal data may be transferred to affiliates. A copy of the legal basis for the transfer of data to third countries will be made available in the Human Resources section of the Company's intranet.
- (d) The Executive's data will be held by the Employer for as long as legally required and processed in accordance with applicable personal data protection legislation and regulations.
- (e) The Employer hereby informs the Executive of, without limitation, his rights of access, deletion and rectification of his personal data, as well as of his right of complaint to the local data protection authority and his right to object to the processing of, or illegal use of, personal data, in accordance with the applicable legal provisions on data protection.

Article 13 - Miscellaneous

- (a) All notices and other communications provided for hereunder shall be in English and in writing, delivered by hand or by registered or certified mail (return receipt requested) and delivered or addressed to the addressee at its address below (or any other address it may subsequently notify in writing to the other Party):

If to the Employer, to:

Address: 40, Avenue Monterey, L-2163 Luxembourg, Grand Duchy of Luxembourg (or any other address that becomes corporate headquarters and is published in the *Registre de Commerce et des Sociétés*, with an electronic copy to KevinJ.Wilcox@altisource.lu)

Attention: Kevin J. Wilcox

If to the Executive, to:

Address: To be provided separately.

Attention: Marcello Mastioni

The date on which a notice shall be deemed validly given shall be the date of its receipt by the addressee, i.e. the date appearing on the acknowledgment or refusal of receipt or the addressee's countersignature.

- (b) No amendment or waiver of any provision of this Contract, nor consent to or departure by either Party therefrom, nor any subsidiary agreement relating to the subject matter of this Contract, shall in any event be valid unless it is in writing and signed by or on behalf of both Parties.
- (c) This Contract may be assigned by Employer to any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of Employer. This Contract shall be binding upon and inure to the benefit of the Parties, their successors, assigns, heirs, executors and legal representatives. If there shall be a successor to Employer or Employer shall assign this Contract, then as used in this Agreement, the term "Employer" shall mean Employer as hereinbefore defined and any successor or any permitted assignee, as applicable, to which this Contract is assigned.
- (d) The possible nullity or non-applicability of one or more provisions of the present Contract shall not result in the nullification of the entire Contract.

Article 14 - Governing Law and Jurisdiction

The present Contract shall be governed, interpreted and performed by and in accordance with the law in force in the Grand-Duchy of Luxembourg. Except as otherwise provided in Article 9, each Party expressly agrees to submit to the exclusive jurisdiction of the Courts of Luxembourg over any claim or matter arising under or in connection with this Contract. In case the Executive's place of work is transferred elsewhere, the jurisdiction and the applicable law will be those in force at the new location.

Article 15 - Contractual Interpretation

If any provision of this Contract is held to be unenforceable, then this Contract will be deemed amended to the extent necessary to render the otherwise unenforceable provision, and the rest of the Contract, valid and enforceable. If a court declines to amend this Contract as provided herein, the invalidity or unenforceability of any provision of this Contract shall not affect the validity or enforceability of the remaining provisions, which shall be enforced as if the offending provision had not been included in this Contract.

In witness whereof the present Contract has been signed in duplicate, and each of the Parties acknowledges having received one original version.

The Employer

Altisource S.à r.l.

/s/ William B. Shepro

By: William B. Shepro, Manager

Date: March 22, 2019

The Executive

/s/ Marcello Mastioni

By: Marcello Mastioni

Date: March 22, 2019

Certain information in this Exhibit, marked by [*], has been redacted because (a) it is (i) not material and (ii) would be competitively harmful if publicly disclosed; or (b) it is personally identifiable information the disclosure of which would be an unwarranted invasion of personal privacy.**

SEPARATION AGREEMENT AND RELEASE

This Separation Agreement and Release (“Agreement”) is made and entered into this 22nd day of March, 2019 (the “Effective Date”), by and among the following parties (“Parties”): (a) Indroneel Chatterjee (“Chatterjee”), and (b) Altisource Solutions, Inc. (“Altisource”).

Recitals

WHEREAS, Chatterjee and Altisource are parties to an arbitration proceeding under the Employment Rules (amended and effective November 1, 2009, Introduction revised October 1, 2017) of the American Arbitration Association (the “Rules”) pending before Arbitrator Barbara A. Mentz (the “Arbitrator”) in New York, New York, entitled *Altisource Solutions, Inc. v. Indroneel Chatterjee*, AAA Case No. 01-18-0003-7659 (the “Lawsuit”);

WHEREAS, the Lawsuit related to an employment agreement between the Parties effective as of September 1, 2018 (the “Employment Agreement”);

WHEREAS, prior to entering into the Employment Agreement, Chatterjee was employed by one of Parent’s Affiliates in Luxembourg (the “Prior Altisource Employment”);

WHEREAS, Chatterjee is not aware of any errors or material issues with regard to the financial results, business practices, internal controls, or financial reporting of Altisource, Parent, or their respective Affiliates;

WHEREAS, in the Lawsuit, Altisource asserted a breach of contract claim against Chatterjee relating to the Employment Agreement (the “Claim”);

WHEREAS, Chatterjee filed a memorandum in support of his motion to dismiss the Lawsuit (the “Motion to Dismiss”) on December 21, 2018;

WHEREAS, Altisource filed a memorandum in opposition to the Motion to Dismiss on January 7, 2019;

WHEREAS, the Arbitrator has not yet ruled on the Motion to Dismiss;

WHEREAS, the Parties all desire to avoid the further costs, expenses, and delay that would be incurred in connection with the Lawsuit;

NOW, THEREFORE, in consideration of the mutual covenants, agreements, and releases contained herein, the receipt and sufficiency of which is acknowledged by the undersigned, the Parties agree as follows:

1. Dismissal of the Lawsuit. Within [***] business days following the Completion Date (as defined below), Altisource will file with the Arbitrator an executed stipulation and order of dismissal of the Lawsuit with prejudice, in the form attached hereto as Exhibit A.

2. Chatterjee's Obligations. Chatterjee agrees to:

- a. Within [***] business days of executing this Agreement, return, and not retain any copies (whether in hard copy or electronic format) of, all Altisource Property currently under his custody or control; and shall provide a full accounting of all Altisource Property that Chatterjee is aware was previously in his control, but no longer is. Physical embodiments of Altisource Property shall be sent to Altisource's outside counsel's address set forth in Section 15 and electronic embodiments of Altisource Property shall be sent to the email address for Gregory J. Ritts ("Ritts") in Section 15. Chatterjee shall delete all copies of Altisource Property (whether physical or electronic) and shall provide written certification that he is no longer in possession of such Altisource Property. For any Altisource Property that was once in Chatterjee's control, but was not returned or identified by Chatterjee, Altisource may make a written request for such Altisource Property (detailing the Altisource Property that it believes is in Chatterjee's possession) and Chatterjee will to the extent he has not already done so, (i) under take a reasonable investigation to locate such Altisource Property, (ii) provide a detailed accounting as to what happened to said Altisource Property and his best understanding of its current location, and (iii) make reasonable efforts to assist Altisource in retrieving said Altisource Property.
- b. No later than [***], attend (at his own cost) and participate fully and honestly in an in-person interview with Altisource counsel at the offices of Altisource's outside counsel in New York City at date(s) and time(s) as agreed mutually by the Parties (the "Interview"). [***]
- c. The scope of the Interview shall be determined solely by Altisource and shall cover all activities, conduct, discussions, etc.-without limitation-relating to Chatterjee's conduct and activities that in any way whatsoever relate to, or affect, Altisource, Parent or their respective Affiliates. While the Parties hope that the Interview can be completed in one full day, it is expressly agreed that the Interview will continue for a second, consecutive full day should Altisource believe in its sole good faith discretion that such second day is necessary. If following the second day, Altisource is not satisfied with Chatterjee's cooperation during the Interview, it may terminate this Agreement which shall be null and void ab initio.

- d. Within [***] business days of completion of the Interview pursuant to Section 2(c), Altisource shall provide Chatterjee a summary of certain material statements made during the interview (the “Summary”) for Chatterjee’s review and approval. Chatterjee shall provide any comments, proposed changes, clarifications and/or corrections to any misstatements made during the Interview to the Summary to Altisource within [***] business days of his receipt of the Summary. Altisource shall be under no obligation to accept any changes requested by Chatterjee but will use good faith efforts to assess Chatterjee’s requests for accuracy and will incorporate such requested changes (or similar) if the failure to do so would, in Altisource’s sole but reasonable discretion, result in a material misrepresentation of Chatterjee’s statements made at the Interview or does not reflect the clarifications and/or corrections to any misstatements made during the Interview. Subject to anything to the contrary set forth in this Section 2, upon the Parties’ mutual reasonable approval of the final form of the Summary, Chatterjee shall execute the Summary which shall be signed under the pains and penalties of perjury, and Chatterjee shall deliver an original executed Summary to the offices of Altisource’s outside counsel in New York City (such date of delivery, the “Completion Date”). A copy of the executed summary shall be delivered to Chatterjee upon the Completion Date. Notwithstanding any other provision in this Section 2, if Chatterjee fails to deliver an executed Summary within [***] business days of the date when Altisource provides the final mutually agreed upon version of the Summary to Chatterjee, there shall be no Completion Date and this Agreement shall automatically terminate and be null and void ab initio and any recordings (audio or visual) of the Interview shall be destroyed and Altisource shall provide Chatterjee written confirmation of the same. Notwithstanding the forgoing or anything else contained herein, if at any time prior to the delivery of the executed Summary, Altisource believes that Chatterjee made any inaccurate or incorrect statements in the Interview, it shall provide Chatterjee with an explanation as to why Altisource believes such statements were inaccurate and/or incorrect and allow Chatterjee the opportunity to correct such statements.
- e. Altisource agrees that (i) none of the statements made by Chatterjee in the Interview will be used in any way to abrogate or limit the effectiveness of the release of Chatterjee pursuant to Section 6(b) hereof and (ii) regardless of the occurrence of the Completion Date, none of the statements made by Chatterjee in the Interview shall be used by Altisource or its Affiliates to bring any affirmative claims against Chatterjee. For the purposes of clarification, the statements made by Chatterjee in the Interview may be used by Altisource or its Affiliates as necessary to defend themselves against any claims that Chatterjee may bring or cause to be brought against Altisource, Parent or their respective Affiliates, including but not limited to use of the statements for impeachment purposes and bringing counterclaims and cross-claims.

3. Altisource's Obligations. Upon the Completion Date, Altisource agrees to the following:
- a. Altisource will pay to Chatterjee, in three equal installments, a total of five hundred twenty-five thousand dollars (U.S. \$525,000.00), in each case by wire transfer in accordance with the wire instructions attached hereto as Exhibit B, as follows:
 - i. One hundred seventy-five thousand dollars (U.S. \$175,000.00) within five (5) business days of the Completion Date;
 - ii. One hundred seventy-five thousand dollars (U.S. \$175,000.00) on September 3, 2019; and
 - iii. One hundred seventy-five thousand dollars (U.S. \$175,000.00) on September 1, 2020.
 - b. Altisource will pay, directly to the insurer, Chatterjee's portion of COBRA health insurance premiums through the end of 2019 for health insurance coverage of Chatterjee and his spouse, [***]. In no event shall payments made pursuant to this Section 3(b) exceed thirty thousand dollars (U.S. \$30,000).
 - c. Chatterjee will be entitled to the 19,533 restricted shares granted to Chatterjee pursuant to the Restricted Share Award Agreement dated October 5, 2017 (the "2017 Award"), subject to the terms of the applicable award agreement, provided however, that subject to the conditions set forth in this Agreement, the continued employment conditions on the shares as set forth in the 2017 Award will be waived. Chatterjee may not transfer or otherwise pledge or assign any interest in such shares until the applicable vesting date set forth in the 2017 Award.
 - d. Chatterjee will be eligible to continue to participate in the Restricted Stock Award Agreement dated February 12, 2018 (the "2018 Award"), subject to the terms of the applicable award agreement, through February 12, 2020 at which point the 2018 Award shall thereupon terminate. Notwithstanding the foregoing but subject to the conditions set forth in this Agreement, the continued employment conditions on the shares vesting on or before February 12, 2020 will be waived. Any shares that would not have otherwise vested by February 12, 2020 shall be immediately forfeited and shall thereupon terminate. Notwithstanding the waiver of the continued employment conditions through February 12, 2020 on the shares subject to the 2018 Award, Chatterjee may not transfer or otherwise pledge or assign any interest in such shares until the applicable vesting date set forth in the 2018 Award. Chatterjee shall have user access to the Solium equity management software platform so that he may track the share awards.

- e. Chatterjee will not be entitled to any other compensation (including without limitation coverage of any costs or fees relating to this Agreement). The amount payable to Chatterjee under Section 3(a)(i) shall be offset by any and all amounts paid by Altisource on Chatterjee's behalf for the portion of the health insurance premiums that remained his responsibility while an employee of Altisource.
- f. All payments pursuant to this Agreement will be reduced and withheld for any applicable state, local, or federal tax withholding obligations, to the extent Altisource or its Affiliates are required by law. Chatterjee will be responsible for paying any applicable state, local, or federal taxes on all payments pursuant to this Agreement, to the extent any such taxes are not withheld by Altisource or its Affiliates. Chatterjee will reimburse Altisource or its Affiliates for any tax-related payments actually paid by Altisource or any of its Affiliates arising out of or connected to this Agreement, to the extent such payments are not withheld by Altisource or any of its Affiliates in accordance with this Section 3(g).
- g. Altisource shall offer (at Altisource's expense) Chatterjee the option of using Altisource's provider of choice for the 2018 tax year to provide Chatterjee with Luxembourg tax preparation and filing services solely with respect to Chatterjee's Prior Altisource Employment. Altisource shall be under no obligation to provide such service provider or such services to Chatterjee if Chatterjee fails to respond to such provider's requests in a timely manner.

4. Termination of Employment Agreement. Upon the Completion Date, the Parties agree that the Employment Agreement is terminated. The Parties further agree that Chatterjee shall not be entitled-under the Prior Altisource Employment, the Employment Agreement the Consent to Termination or otherwise-to any compensation or payments of any kind from Altisource, Parent, or their respective Affiliates, other than those set forth in Section 3 above.

5. Costs to be Borne by the Parties. Each Party shall bear its own attorneys' fees and all other costs and expenses with respect to the Lawsuit and this Agreement, including without limitation any fees, costs and expenses incurred in connection with the Lawsuit, the Interview and resultant sworn statement, or negotiation of this Agreement.

6. Releases.

- a. **Release of Altisource.** Upon the Completion Date, for good and valuable consideration, and intending to be bound, Chatterjee on behalf of himself, his successors, assigns, and current and former Affiliates, hereby irrevocably releases and forever discharges Altisource, Parent, current and former subsidiaries and their respective Affiliates and each of their respective present and former officers, directors, members, partners, limited partners, portfolio companies, attorneys, agents, employees, and shareholders (collectively, the "Altisource Releasees"), from any and all known and unknown claims, demands, actions, causes of action, rights, damages, costs, expenses, and compensation, whether arising under contract, common law, statute, or any other rule of law or equity, which Chatterjee now has or may have, or which were or could have been made by or on behalf of Chatterjee from the beginning

of the world to the date of this Agreement (the “Released Claims”); provided that the foregoing release of the Altisource Releasees does not include within its scope any release of claims relating to any breach of this Agreement. For the avoidance of doubt, the term “Released Claims” includes without limitation any claims arising from contracts, agreements, and promises, written and oral; any and all claims of discrimination on account of sex, race, age, disability, national origin, religion, veteran status, marital status, sexual orientation, or other characteristic protected by federal state or local law, ordinance, regulation, or order, including without limitation claims under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, Executive Order 11246, the Americans with Disability Act, the Rehabilitation Act, the Family and Medical Leave Act, the Employee Retirement Income Security Act, the Genetic Information Nondiscrimination Act, and any other applicable federal, state, or local antidiscrimination statutes; claims for wrongful termination actions of any type; breach of express or implied covenant of good faith and fair dealing; intentional or negligent infliction of emotional distress; intentional or negligent failure to supervise, train, hire, or dismiss; claims for fraud, misrepresentation, libel, slander, or invasion of privacy; and claims as a shareholder of Parent shares.

- b. **Release of Chatterjee.** Upon the Completion Date, for good and valuable consideration, and intending to be bound, Altisource on behalf of itself and its predecessors, successors, and assigns, hereby irrevocably releases and forever discharges Chatterjee and his successors and assigns, from any and all known and unknown claims, demands, actions, causes of action, rights, damages, costs, expenses, and compensation, whether arising under contract, common law, statute, or any other rule of law or equity, which Altisource now has or may have, or which were or could have been made by or on behalf of Altisource or its Affiliates in connection with the Lawsuit, the Claim, the Employment Agreement or the Intellectual Property Agreement (as defined in Section 18) from the beginning of the world to the date of this Agreement, provided that the foregoing release of Chatterjee does not include within its scope any release of claims relating to any breach of this Agreement and/or the Liquidated Damages as set forth in Section 7. In furtherance thereof, each of the Parties acknowledges that it is familiar with various laws that provide as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS/HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM/HER, MUST HAVE MATERIALLY AFFECTED HIS/HER SETTLEMENT WITH THE DEBTOR.

The Parties waive any and all rights they have or may have under such provisions of law with respect to the releases contained in this Section 6. In connection with this waiver, the Parties acknowledge that they are aware that they may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those which they now know or believe to be a true, with respect to the releases included in this Section 6.

- c. Nothing herein shall prevent or prohibit the Parties from enforcing any and all rights with respect to this Agreement and the terms contained herein, and the Parties acknowledge that releases hereunder shall not apply to any such claims or rights to enforce this Agreement.

7. Liquidated Damages.

- a. In the event that Chatterjee materially breaches any provision of this Agreement after the Completion Date, Chatterjee must pay Altisource [***] in liquidated damages (as an agreed upon reasonable estimate of the likely harm to Altisource, Parent, or their respective Affiliates, from such breach) and will no longer be entitled to any unvested stock, options, or shares under Sections 3(c) and (d) above or any remaining, unpaid amounts owed under this Agreement.

8. Non-Disparagement.

- a. **Chatterjee.** Chatterjee agrees that on and after the Completion Date:
 - i. Chatterjee will not make any statement (written or oral) disparaging to Altisource, Parent, or the officers, directors, employees, or agents of Altisource or Parent, or any person or entity that he reasonably should know is an Affiliate of Altisource or Parent.
 - ii. All of Chatterjee's communications with Altisource, Parent, or their respective Affiliates, will be made solely to the Chief Executive Officer ("CEO") or Chief Legal and Compliance Officer ("CLCO").
 - iii. Chatterjee will not, except to the extent such communications are protected by applicable law, have any communication (written or oral) about Altisource, Parent, or their respective Affiliates, with any third parties, including without limitation:
 - 1. any current or former employee of Altisource, Parent or their respective Affiliates;

2. any current or former holder of securities of Altisource, Parent, or their respective Affiliates;
 3. any current or former client, customer, or vendor of Altisource, Parent, or their respective Affiliates;
 4. any current or former officer or director of Altisource, Parent, or their respective Affiliates;
 5. any current or former advisor or consultant of Altisource, Parent, or their respective Affiliates;
 6. any individuals associated with the press or media; or
 7. any analyst currently or formerly covering Altisource, Parent, or their respective Affiliates, or the securities of Altisource, Parent, or their respective Affiliates.
- iv. Notwithstanding the foregoing, Chatterjee will be able to make statements as to his employment experience while employed as CFO at Altisource as required by law, including without limitation (i) statements to his personal lawyers, auditors, and regulators; (ii) testimony compelled by process in any legal proceeding provided that Altisource has been provided advanced notice of such testimony; and (iii) statements reasonably necessary for other legally mandated disclosures. In addition, Chatterjee may disclose to prospective employers the dates of his employment at Altisource and the general tasks and functions he performed - e.g. “interfacing with investors”, but may not disclose or discuss the specifics of his work for Altisource.
- b. **Altisource Officers.** On and after the Completion Date, William B. Shepro, Michelle D. Esterman, Kevin J. Wilcox, and Ritts (collectively, the “Officers”) will not make any statement (written or oral) to any non-Altisource, non-Parent or non-Affiliate of Altisource or Parent personnel, disparaging to Chatterjee. Notwithstanding the foregoing, the Officers will be able to make statements as required by law, including without limitation (i) statements to directors, officers, employees, lawyers, advisors, auditors, insurers, and regulators; (ii) statements in relation to any legal proceeding; and (iii) statements reasonably necessary for securities filings or other legally mandated disclosures.

9. Non-Solicitation

- a. Chatterjee agrees that for a period of [***] from the Completion Date he shall not, either directly or indirectly, on his own behalf or in the service of or on behalf of others solicit any individual or entity which is an actual or, to his knowledge, was within the then preceding [***], an actively sought prospective customer, preferred investor or vendor of Altisource, Parent, or their respective Affiliates, for the purpose of offering services of the general type offered by, or competitive with those offered by, Altisource, Parent, or their respective Affiliates, or otherwise competing with Altisource, Parent, or their respective Affiliates, with respect to the Business of Altisource in the United States of America.

- b. Chatterjee agrees that for a period of [***] from the date of the Completion Date he shall not, either directly or indirectly, on his own behalf or in the service of others, solicit for employment or consulting services, or hire or engage, any person who is an employee of Altisource, Parent, or their respective Affiliates, or was an employee of Altisource, Parent, or their respective Affiliates, within [***] before the date of such solicitation, hiring or engagement (other than employees terminated by Altisource, Parent, or their respective Affiliates); provided that general advertisements for employment directed to the general population shall not be deemed to constitute solicitation for employment.
- c. This Section 9 will not apply to customers, investors, vendors, or employees who worked directly for, or who directly provided services to, Parent's (i) [***] business unit; or (ii) [***] business unit. Notwithstanding the foregoing, all of the other obligations in this Agreement shall continue to apply to Chatterjee in connection with the limited solicitation activities permitted under this Section 9(c). Within [***] of each occurrence of Chatterjee engaging in any of the foregoing limited solicitation activities permitted under this Section 9(c), Chatterjee will provide a written notice to the CEO or the CLCO that sets forth the details of the activities undertaken by Chatterjee.

10. Other Obligations.

- a. For a period of [***] after the termination of the Employment Agreement in accordance with Section 4, Chatterjee shall not, in any manner, directly or indirectly, alone or in cooperation with any other party, including without limitation any current or future shareholder of Parent, Altisource, or their respective Affiliates: make, effect, initiate, cause or participate in (i) any acquisition of beneficial ownership of any equity or debt securities of Parent, Altisource, or any securities of any of their respective subsidiaries or other Affiliates (other than the restricted shares from the 2017 Award and the 2018 Award), (ii) any acquisition of any assets of Parent, Altisource, or any assets of any of their respective subsidiaries or other Affiliates, or (iii) any tender offer, exchange offer, merger, business combination, recapitalization, restructuring, liquidation, dissolution or extraordinary transaction involving Parent, Altisource, or any of their respective subsidiaries or other Affiliates, or involving any securities or assets of Parent, Altisource, or any securities or assets of any of their respective subsidiaries or other Affiliates; propose or seek, whether alone or in concert with others, any "solicitation" (as such term is used in the rules of the Securities and Exchange Commission) of proxies or consents to vote any securities of Parent, Altisource, or any of their respective subsidiaries or other Affiliates, nominate or propose the election of any person as a director of Parent, Altisource, or any of their respective subsidiaries or other Affiliates, or propose any other matter to be voted upon by the stockholders of Parent, Altisource, or any of their subsidiaries or other Affiliates; form, join or participate in a "group" (as defined in the Securities Exchange Act of 1934 and the rules promulgated thereunder) (or discuss with any third party the potential formation of a group) with respect to any equity or debt securities of Parent, Altisource, or any securities of any of their respective subsidiaries or other Affiliates; agree or offer to take, or encourage or propose (publicly or otherwise) the taking of, any action referred to in

clauses “(i)”, “(ii)” or “(iii)” of this sentence; assist, induce or encourage any other person to take any action referred to in clauses “(i)”, “(ii)” or “(iii)” of this sentence, including by providing any Confidential Information of Parent, Altisource, or any of their respective subsidiaries or other Affiliates, to any other party; enter into any discussions or arrangements with any third party with respect to the taking of any action referred to in clauses “(i)”, “(ii)” or “(iii)” of this paragraph; or request Parent, Altisource, or any of their respective subsidiaries or other Affiliates (or any of the managers, officers, management committee members, or directors of Parent, Altisource, or any of their respective subsidiaries or other Affiliates), directly or indirectly, to amend or waive any provision of this paragraph.

11. Assumption of Risk. Each Party to this Agreement understands, acknowledges and agrees that if any fact now believed to be true is found hereafter to be other than, or different from, that which is now believed, each Party expressly assumes the risk of such difference in fact and agrees that this Agreement shall and will remain effective notwithstanding any such difference in fact.

12. No Admissions. The Parties mutually and expressly agree that by entering into this Agreement, no Party makes any admission of liability or wrongdoing regarding any allegations made in the Lawsuit.

13. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their Affiliates, subsidiaries, representatives, successors, and assigns.

14. Modifications and Waivers. No changes or modification of this Agreement shall be valid unless the same is in writing and signed by a duly authorized officer of each Party. No waiver of any of the provisions of this Agreement shall be valid unless the same is in writing and signed by the Party against whom the waiver is sought to be enforced.

15. Notices. Notices required under this Agreement shall be delivered to the addresses indicated below by hand, through an express mail service, or by certified or first class mail, postage prepaid, along with an electronic copy to:

For Chatterjee: Indroneel Chatterjee
 [***]

with a copy (which shall not constitute notice), to:

Aari Itzkowitz
Wilk Auslander LLP
1515 Broadway, 43rd Floor
New York, NY 10036
aitzkowitz@wilkauslander.com

For Altisource: Law and Compliance Department
 Altisource Solutions, Inc.
 1000 Abernathy Road NE, Suite 200
 Atlanta, GA 30328

with copies to:

Gregory J. Ritts
40, Avenue Monterey
L-2163 Luxembourg
[***]

Douglas H. Flaum
Goodwin Procter LLP
The New York Times Building
620 Eighth Avenue
New York, New York 10018
dflaum@goodwinlaw.com

16. Confidentiality.

- a. **Settlement Agreement.** The Parties hereby acknowledge, covenant, and agree that the terms of this Agreement are confidential and none of the Parties shall disclose such terms to any third party, unless required by law, regulatory requirements, or court order; provided however that Chatterjee may disclose this Agreement to his wife. The Parties acknowledge that the foregoing sentence shall be construed as broadly as permitted by law. The Parties further agree and acknowledge that no Party (including their counsel, representatives, agents, employees, predecessors, successors, assigns, parents, subsidiaries, and Affiliates) may, without the written consent of all other Parties, issue press releases referring to or in any way related to the subject matter of this Agreement, the Lawsuit, the Claim, or the Employment Agreement. The Parties further agree and acknowledge that no Party (including their counsel, representatives, agents, employees, predecessors, successors, assigns, parents, subsidiaries, and Affiliates) may, without the written consent of all other

Parties, comment on the subject matter of this Agreement, any claims, or the Employment Agreement to media, press, or news agencies. Notwithstanding the foregoing, it is agreed that the Parties to this Agreement: (a) may file this Agreement with a court of competent jurisdiction as necessary to enforce any of the terms of this Agreement; provided that such Party attempts to file the Agreement under seal in accordance with the court's rules; (b) may disclose this Agreement to its respective board, Affiliates, attorneys, accountants, and other professionals as needed in the ordinary course of business provided that such disclosure shall be subject to the terms hereof; (c) may disclose this Agreement in a filing with the Securities and Exchange Commission as required by law; and (d) may disclose that the Lawsuit has been resolved and that the terms of the settlement are confidential.

- b. **Confidential Information and Trade Secrets.** All Confidential Information and Trade Secrets and all physical embodiments thereof received or developed by Chatterjee while employed by Altisource, Parent, or their respective Affiliates, are confidential to and are and will remain the sole and exclusive property of Altisource, Parent, or their respective Affiliates, and will be returned to Altisource in accordance with Section 2(a). To the extent that Chatterjee is personally aware of any Confidential Information or Trade Secrets, Chatterjee shall hold such Confidential Information and Trade Secrets in trust and strictest confidence, and shall not use, reproduce, distribute, disclose, or otherwise disseminate the Confidential Information and Trade Secrets or any physical embodiments thereof (which, for clarity, Chatterjee is obligated to return and destroy in accordance with Section 2(a)) and may in no event take any action causing or fail to take the action necessary in order to prevent any Confidential Information and Trade Secrets disclosed to or developed by Chatterjee to lose its character or cease to qualify as Confidential Information or Trade Secrets.

17. Governing Law; Jurisdiction; Arbitration. This Agreement shall in all respects be interpreted, governed, and construed by and under the laws of New York without regard to any conflict of law provisions thereof that would cause the application of the laws of any jurisdiction other than the state of New York. The Parties agree to arbitrate any controversy or claim arising out of or relating to this Agreement in arbitration to be conducted before a single arbitrator and administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules. To the extent that she is available and willing to serve, the arbitration shall be held before Barbara Mentz, Esq. as the sole arbitrator. The arbitration shall take place in the Borough of Manhattan in the City of New York. Judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The Parties also agree to arbitrate all arbitrability issues, including, without limitation, whether there is an arbitration agreement, the scope of such agreement, and all arguments related to waiver of their arbitration rights, including waiver by conduct.

18. Entire Agreement. This Agreement is intended by the Parties as a final expression of their agreement and as a complete and exclusive statement of the terms hereof, and supersedes all prior understandings, oral and written, between any of the Parties, relating to the Employment Agreement, the Claim or the Lawsuit. No Party has entered into this Agreement in reliance on any other Party's representations, statements, promises or warranties (oral or otherwise) except for those that are expressly set forth in this Agreement. Notwithstanding the foregoing, the Parties acknowledge both (a) the Mutual Consent to Termination of Employment Agreement and Full Release between Chatterjee and Altisource S.à r.l. (dated August 31, 2018) (the "Consent to Termination"); and (b) the Employee Intellectual Property Agreement between Chatterjee and Altisource (dated August 31, 2018) (the "Intellectual Property Agreement"), and expressly agree that the terms contained within both documents survive the execution of this Agreement and the termination of the Employment Agreement in accordance with Section 4 hereof, provided however that it is expressly acknowledged and agreed that any and all claims under the Intellectual Property Agreement which arose or could have arisen, whether known or unknown, prior to the date of this Agreement have been fully released under Section 6 hereof.

19. Construction. Each and every provision of this Agreement shall be construed as though the Parties participated equally in the drafting of the same and therefore the document shall not be construed against any of the Parties as the drafting party.

20. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Further, should any assignment of any of the Claims or obligations contemplated or described by this Agreement be invalid, illegal or incapable of being enforced by any rule of law or public policy, the releases given in Section 6 of this Agreement shall nevertheless remain in full force and effect.

21. Survival. Subject to Section 2(c), 2(d), the provisions of Sections 6 ("Releases"), 7 ("Liquidated Damages"), 8 ("Non-Disparagement"), 9 ("Non-Solicitation"), 10 ("Other Obligations"), 16 ("Confidentiality"), 18 ("Entire Agreement"), and 26 ("Definitions") shall remain in place (i) following the fulfillment of other terms of the Agreement; and/or (ii) in the event the Agreement is terminated or breached for so long as permitted by the governing law.

22. No Assignment. Each of the Parties warrants and represents that such Party has neither made, nor caused to be made, nor is aware of, nor will make any assignment or transfer of any claims, demands, accounts, obligations, actions, causes of action, debts, liens, contracts, agreements, promises, representations, torts, damages, costs, attorneys' fees, monies due on accounts, judgments, or liabilities covered by the above releases.

23. Reliance Upon Legal Counsel. Each of the Parties warrants and represents that it has relied upon its own legal counsel regarding the proper, complete, and agreed-upon consideration for, and the terms and provisions of, this Agreement, and that no statements or representations made by any other Party or any of its agents, employees, or legal counsel (other than as set forth in this Agreement) have influenced or induced it to execute this Agreement.

24. Officers Authorized to Execute the Agreement. Altisource warrants that its undersigned corporate officers are fully authorized to execute this Agreement in the name and on behalf of Altisource and to give the Releases and make the promises contained herein.

25. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute but one and the same instrument.

26. Definitions. Any capitalized terms herein that are not defined above are defined as follows:

- a. “Affiliate” means any person, firm, corporation, partnership, association, or entity that, directly or indirectly or through one or more intermediaries, is owned or controlled by, or is under common ownership or control with the specified individual or entity. For purposes of this Subsection, “ownership” shall mean ownership of equity securities representing more than twenty percent (20%) of the value of the equity securities of the specified firm, corporation, partnership, association or entity, and “control” shall mean (i) the right to vote equity securities representing more than twenty percent (20%) of the ordinary voting power of the equity securities of the applicable firm, corporation, partnership, association or entity, (ii) that the specified individual or entity has a representative on the governing board, or has caused to be elected a member of the governing board, of the applicable firm, corporation, partnership, association, or entity, or (iii) the specified individual or entity, directly or indirectly, controls the management, through a management agreement or otherwise, of the applicable firm, corporation, partnership, association, or entity. In addition, an Affiliate shall mean any person, firm, corporation, partnership, association, or entity in which Altisource, Parent, or any of their Affiliates (determined under the foregoing definition) has any interest and which engages in the business of correspondent lending or a similar business.
- b. “Altisource Property” means all property, whether tangible or intangible, belonging in whole or in part to Altisource, Parent, or their respective Affiliates, regardless of whether such property is owned or licensed, including without limitation:
 - i. All Confidential Information and Trade Secrets (and all embodiments thereof);
 - ii. [***]
- c. “Business of Altisource” means the businesses of Altisource, Parent, or their respective Affiliates, as of [***], which include without limitation the businesses of:
 - i. real estate mortgage banking, residential mortgage origination and default management services (including without limitation, loan sale execution services, due diligence services, mortgage fulfillment services, valuation products and services, underwriting, purchasing support services, default processing services, property inspection and preservation services, homeowner outreach, real estate sales, closing and title services, title insurance, component services, financial

- services, insurance services, call center services, and other ancillary services), real estate brokerage services, real estate auction services, property management services, asset recovery services, customer relationship management services, loan origination software, residential and commercial loan servicing software, loss mitigation software, vendor management software, voucherless payable system software, and information technology solutions to manage and oversee payments to vendors;
- ii. purchasing, renovating, leasing, and selling real estate;
 - iii. developing and providing software and/or other technology solutions for the mortgage, real estate, asset management, and vendor management industries;
 - iv. managing and operating a mortgage and/or banking cooperative and providing any services to the cooperative members of a similar type provided, or planned to be provided, by Altisource, Parent, or their respective Affiliates; or
 - v. any other commercial activity engaged in or actively under consideration providing products or services that are similar to any of those provided, or planned to be provided, by Altisource, Parent, or their Affiliates, in the normal course of business.
- d. In addition, the term “Business of Altisource” shall include any other commercial activity engaged in by Altisource, Parent, or their respective Affiliates, in the normal course of business determined as of [***].
- e. “Confidential Information” means data and information relating to the Business of Altisource (which does not rise to the status of a Trade Secret) which is or has been disclosed to Chatterjee or of which Chatterjee became aware as a consequence of or through his relationship to Altisource, Parent, or their respective Affiliates, and which has value to Altisource, Parent, or their respective Affiliates, and is not generally known to its or their competitors. Confidential Information shall not include any data or information that has been voluntarily disclosed to the public at-large by Altisource, Parent, or their respective Affiliates, (except where such public disclosure has been made by Chatterjee without authorization) or that has been independently developed and disclosed by others, or that otherwise enters the public domain through lawful means without breach of any obligations of confidentiality owed to Altisource, Parent, or their respective Affiliates, by Chatterjee.
- f. “Parent” means Altisource Portfolio Solutions S.A., an entity organized under the laws of Luxembourg.
- g. “Trade Secrets” means data and information relating to the Business of Altisource including, but not limited to, technical or nontechnical data, formulae, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, or lists of actual or potential customers or suppliers which (i) derives economic value, actual or potential, from not being generally known to, and not being readily

ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Trade Secrets shall not include any data or information that has been voluntarily disclosed to the public by Altisource, Parent, or their respective Affiliates, (except where such public disclosure has been made by Chatterjee without authorization) or that otherwise enters the public domain through lawful means without breach of any obligations of confidentiality owed to Altisource, Parent, or their respective Affiliates, by Chatterjee.

[Signature Page to Follow]

IN WITNESS WHEREOF, Chatterjee and Altisource have signed this Agreement as of the Effective Date written above.

Date:

Indroneel Chatterjee

By:

Name: Indroneel Chatterjee

Date:

Altisource Solutions, Inc.

By:

Name:
Title:

EXHIBIT A
FORM OF STIPULATION OF DISMISSAL

AMERICAN ARBITRATION ASSOCIATION

Altisource Solutions Inc.,

Claimant,

- against -

Indroneel Chatterjee,

Respondent.

Arbitration No.: 01-18-0003-7659

STIPULATION OF DISMISSAL

Based upon the Separation Agreement between the Parties dated as of March 22, 2019, the Parties hereby dismiss with prejudice all of their respective claims in the Arbitration which either were or could have been brought or assessed and request that the Arbitrator and the American Arbitration Association hereby close this matter.

By: Aari Itzkowitz
aitzkowitz@wilkauslander.com
Wilk Auslander LLP
1515 Broadway
New York, NY 10036
Tel.: +1 646.375.7660
Fax: +1 212.752.6380

By: Douglas H. Flaum
dflaum@goodwinlaw.com
GOODWIN PROCTER LLP
620 Eighth Avenue
New York, NY 10018
Tel.: +1 212.813.8800
Fax: +1 212.355.333

Certain information in this Exhibit, marked by [***], has been redacted because it is personally identifiable information the disclosure of which would be an unwarranted invasion of personal privacy.

March 22, 2019

Indroneel Chatterjee
[***]

RE: Side Letter to Separation Agreement and Release by and between Indroneel Chatterjee and Altisource Solutions, Inc. dated of even date herewith (the “Separation Agreement”)

Dear Mr. Chatterjee:

This letter is entered into between Altisource S.à r.l. (the “Company”) and Indroneel Chatterjee (“Chatterjee”) in connection with the Separation Agreement. Subject to and conditioned upon the occurrence of the Completion Date (as defined in the Separation Agreement), for good and valuable consideration, and intending to be bound, the Company on behalf of itself and its predecessors, successors, and assigns, hereby irrevocably releases and forever discharges Chatterjee and his successors and assigns, from any and all known and unknown claims, demands, actions, causes of action, rights, damages, costs, expenses, and compensation, whether arising under contract, common law, statute, or any other rule of law or equity, which the Company now has or may have, or which were or could have been made by or on behalf of the Company or Altisource Portfolio Solutions, S.A. in connection with that certain Mutual Consent to Termination of Employment Agreement and Full Release by and between Chatterjee and the Company dated August 31, 2018 from the beginning of the world to the date of this letter, provided that the foregoing release of Chatterjee does not include within its scope any release of claims relating to any breach of Separation Agreement.

The Company further agrees that (i) none of the statements made by Chatterjee in the Interview (as defined in the Separation Agreement) will be used in any way to abrogate or limit the effectiveness of the above release and (ii) regardless of the occurrence of the Completion Date, none of the statements made by Chatterjee in the Interview shall be used by the Company or its Affiliates (all capitalized terms having the definitions provided in the Separation Agreement) to bring any affirmative claims against Chatterjee. For the purposes of clarification, the statements made by Chatterjee in the Interview may be used by the Company or its Affiliates as necessary to defend themselves against any claims that Chatterjee may bring or cause to be brought against the Company or its Affiliates, including but not limited to use of the statements for impeachment purposes and bringing counterclaims and cross-claims.

Upon the Completion Date, for good and valuable consideration, and intending to be bound, Chatterjee on behalf of himself, his successors, assigns, and current and former Affiliates, hereby irrevocably releases and forever discharges the Company, Parent, and their respective current and former subsidiaries and their respective Affiliates and each of their respective present and former officers, directors, members, partners, limited partners, portfolio companies, attorneys, agents, employees, and shareholders (collectively, the “Altisource Releasees”), from any and all known and unknown claims, demands, actions, causes of action, rights, damages, costs, expenses, and compensation, whether arising under contract, common law, statute, or any other rule of law or equity, which Chatterjee now has or may have, or which were or could have been made by or on behalf of Chatterjee from the beginning of the world to the date of this Agreement (the “Released Claims”); provided that the foregoing release of the Altisource Releasees does not include within its scope any release of claims relating to any breach of the Separation Agreement. For the avoidance of doubt, the term “Released Claims” includes without limitation any claims arising from contracts, agreements, and promises, written and oral; any and all claims of discrimination on account of sex, race, age, disability, national origin, religion, veteran status, marital status, sexual orientation, or other characteristic protected by federal state or local law, ordinance, regulation, or order, including without limitation claims under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, Executive Order 11246, the Americans with Disability Act, the Rehabilitation Act, the Family and Medical Leave Act, the Employee Retirement Income Security Act, the Genetic

Information Nondiscrimination Act, and any other applicable federal, state, or local antidiscrimination statutes; claims for wrongful termination actions of any type; breach of express or implied covenant of good faith and fair dealing; intentional or negligent infliction of emotional distress; intentional or negligent failure to supervise, train, hire, or dismiss; claims for fraud, misrepresentation, libel, slander, or invasion of privacy; and claims as a shareholder of Parent shares.

Sincerely,

Altisource S.à r.l.

By:

Name:

Title:

Agreed and assented to:

Indroneel Chatterjee

**RESTRICTED STOCK UNIT AWARD AGREEMENT
PURSUANT TO ALTISOURCE'S 2009 EQUITY INCENTIVE PLAN AND
2019 LONG TERM EQUITY INCENTIVE PROGRAM**

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (the “Agreement”) is made and entered into as of March 21, 2019 (the “Grant Date”) by and between **Altisource Portfolio Solutions S.A.**, a Luxembourg société anonyme (“Altisource” and, together with its subsidiaries and affiliates, the “Company”), and [], an employee of the Company (the “Employee”).

WHEREAS, The Company desires, by awarding the Employee restricted units for shares of its common stock, par value \$1.00 per share (“Shares”), to further the objectives of the Company’s 2009 Equity Incentive Plan, as amended and restated (the “2009 Plan”).

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, and intending to be legally bound hereby, the parties hereto have agreed, and do hereby agree, as follows:

1. RESTRICTED STOCK UNIT AWARD

The Company hereby grants to the Employee, pursuant to and subject to the 2009 Plan, [] Restricted Stock Units (the “Restricted Stock Units” or “RSUs”), on the terms and conditions set forth herein (the “RSU Award”), consisting of [] Type I performance-based RSUs (“Type I RSUs”) and [] Type II performance-based RSUs (“Type II RSUs”) that shall vest subject to the terms and conditions described in Section 2. Each RSU represents a right for the Employee to receive one Share (or cash, if so determined pursuant to Section 5 Subsection B), as determined in the sole discretion of the Committee, subject to the terms and conditions of this Agreement and the Plan.

2. VESTING OF RSU AWARD

Type I RSUs shall vest in three equal increments on the first, second and third anniversaries of the Grant Date, subject to the Employee meeting a minimum performance level of fifty percent (50%) on his or her annual scorecard for the preceding service year.

Type II RSUs shall be earned and vest entirely on the third anniversary of the Grant Date, subject to the Company’s (i) achievement of pre-established goals tied to 2019, 2020 and 2021 adjusted earnings per share (“EPS”) and (ii) total shareholder return (“TSR”) versus the return of the Russell 3000 Index during 2019-2021 (the “Performance Period”), as described in Exhibit A.

Except as provided in Section 4 and Section 8 below, no RSUs will vest unless the Employee is, at the time of vesting, an employee of the Company and not under a notice of resignation.

3. SHAREHOLDER RIGHTS; DIVIDEND EQUIVALENT RIGHTS

A. Shareholder Rights

RSUs are an unfunded promise to deliver Shares (or cash, if so determined pursuant to Section 5 Subsection B) in the future if the requirements of the RSU Award and the Plan

are met. Prior to issuance of Shares, if any, to the Employee in settlement of the RSU Award pursuant to Section 5 below, the Employee has no ownership rights in Shares or shareholder rights.

B. Dividend Equivalents

Each RSU shall include dividend equivalent rights that entitle the Employee, simultaneously upon the settlement of the RSU pursuant to Section 5 below, to receive a cash payment equal to any dividends declared on a Share (“Dividend Equivalents”) from the Grant Date through the day immediately before the issuance date of the Share in settlement of the RSU. If for any reason, the Employee does not become entitled to receive a Share in settlement of an RSU, the Employee will forfeit the dividend equivalent rights associated with such RSU. Dividend Equivalents shall not accrue interest. For the avoidance of doubt, Employee shall have no right to receive the Dividend Equivalents unless and until the associated RSUs vest.

C. Non-Transferability of the RSU Award

This RSU Award is nontransferable and neither the RSU Award nor the RSUs may be assigned, transferred, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the RSU Award contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the RSU Award, shall be null and void and without effect.

D. RSUs Are Unfunded and Unsecured

RSUs are an *unfunded* and unsecured promise to deliver Shares in the future (or cash, if so determined pursuant to Section 5 Subsection B), subject to the terms of this Agreement and the Plan. The Employee’s rights under this Agreement are no greater than an unsecured, general creditor of the Company.

4. **TERMINATION OF RSU AWARD**

If, prior to vesting of the entire RSU Award, the Employee's employment terminates, the RSU Award shall terminate in accordance with the 2009 Plan except as follows:

- A. by the Company for Cause or termination of employment by the Employee (other than by reason of Retirement), then the RSU Award shall terminate and all unvested RSUs shall be forfeited by the Employee as of the date of termination of employment or, in the case of the Employee’s resignation, on the date the Employee provides notice of his or her resignation.
- B. by the Company without Cause (other than by reason of Retirement), then (i) any unvested Type I RSUs that are scheduled to vest within twelve (12) months of such termination of employment under Section 2 above shall vest as of the date of termination of employment, and the remainder of the unvested Type I RSUs (if any) shall be forfeited by the Employee as of the date of termination of employment; and (ii) if the respective performance criteria for Type II RSUs have been satisfied on or prior to the ninety (90) day anniversary of the date of such termination of employment, such Type II RSUs shall vest as of the date the criteria are met, provided,

however, that in both cases (i) and (ii) the Employee has been employed by the Company for at least two years as of the date of such termination of employment.

- C. by reason of Retirement, death or Disability of the Employee, then all unvested Type I RSUs shall vest thirty (30) days after the date of such termination of employment, and all unvested Type II RSUs shall be forfeited unless the performance criteria are achieved within 90 days of such termination, in which case the Type II RSUs shall vest in accordance with Section 2, Subsection B above.
- D. The Employee's right to accelerated vesting of RSUs following termination of employment under this Section 4 is subject in all cases to the requirement that the Employee has been employed with the Company for a period of at least two (2) years in the case of termination without Cause, Disability or death, or three (3) years in the case of Retirement, unless otherwise determined by the Company in its sole discretion.
- E. In no event shall the granting of the RSU Award or its acceptance by the Employee give or be deemed to give the Employee any right to continued employment by the Company.

5. SETTLEMENT OF RSUS

- A. Subject to Section 7.B, each vested RSU shall be settled in one Share (less applicable tax withholdings), as soon as practicable following and no later than the March 15th following the calendar year in which the RSU vests pursuant to Section 2 or 4 of this Agreement.
- B. Notwithstanding the foregoing or any other provision of this Agreement, and subject in all cases to the terms of the 2009 Plan then in effect, the Company reserves the right to settle your RSUs by a lump sum cash payment equal to then fair market value (as determined pursuant to Section 7) of the settled Shares (less applicable tax withholdings).

6. CONDITIONS UPON TERMINATION OF EMPLOYMENT; CLAW-BACK POLICY

- A. For a period of two (2) years following the Employee's departure from the Company, the Employee shall not: (i) within the territory where the Employee is working or within which the Employee had responsibility at the time of termination, perform, either directly or indirectly, on behalf of a competitor the same or similar job duties that Employee performed on behalf of the Company in the two (2) years prior to departure, (ii) solicit, directly or indirectly, any employee of the Company to leave the employ of the Company for employment, hire, or engagement as an independent contractor elsewhere, (iii) solicit the sale of competitive goods or services from any customer, supplier, licensee, or business relation of the Company with which Employee had material contact (as that term is defined at O.C.G.A. § 13-8-51(10)) or solicit the aforementioned categories of entities to reduce their relationships with the Company, or (iv) share, reveal or utilize any Confidential Information of the Company except as otherwise expressly permitted in writing by Altisource.

- B. For a period of two (2) years following the Employee's departure from the Company, the Employee shall be available at reasonable times to provide information to the Company at the request of the Company's management with respect to phases of the business with which he/she was actively connected during his/her employment, but such availability shall not be required during usual vacation periods or periods of illness or other incapacity or without reasonable compensation and cost reimbursement.
- C. In the event that the Employee fails to comply with any of the promises made in this Section 6, then in addition to and not in limitation of any and all other remedies available to the Company at law or in equity (a) RSUs, to the extent then unvested, will be immediately forfeited by the Employee and returned to the Company and (b) the Employee will be required to immediately deliver to the Company an amount (in cash or in Shares) equal to the amount of the market value of any Shares that have been issued to the Employee in settlement of a vested RSU ("Share Value") at any time (or cash, if applicable) from one hundred eighty (180) days prior to the date of termination of employment to one hundred eighty (180) days after the date when the Company learns that the Employee has not complied with any such promise. The Employee will deliver such Share Value amount to the Company on such terms and conditions as may be required by the Company. The Company will be entitled to enforce this repayment obligation by all legal means available, including, without limitation, to set off the Share Value amount and any other damage amount against any amount that might be owed to the Employee by the Company. The Employee acknowledges that in the event that the covenants made in this Section 6 are not fulfilled, the damage to the Company would be irreparable. The Company, in addition to any other remedies available to it, including, without limitation, the remedies set forth in Section 6, Subsection C above, shall be entitled to injunctive relief against the Employee's breach or threatened breach of said covenants. Employee specifically agrees that the subsidiaries and affiliates of Altisource are intended beneficiaries of the restrictions contained in this Paragraph 6 and that those subsidiaries and affiliates have the right to enforce the terms of this Paragraph 6.
- D. The Employee acknowledges that the Company would not have awarded the RSUs to the Employee under this Agreement absent the Employee's agreement to be bound by the covenants made in this Section 6.
- E. The RSUs shall be subject to any claw-back policy implemented by the Board of Directors of the Company or any Successor Entity.

7. INCOME TAXES

A. Generally

Except as provided in the next sentence, the Company shall withhold and/or receive the return of a number of Shares having a fair market value equal to the taxes that the Company determines it is required to withhold under applicable tax laws with respect to the RSUs (with such withholding obligation determined based on any applicable minimum statutory withholding rates), in connection with the vesting of RSUs. In the event the Company cannot (under applicable legal, regulatory, listing or other requirements) satisfy such tax withholding obligation in such method or the parties otherwise agree in writing, then the Company may satisfy such withholding by any one or combination of the following methods: (i) by requiring the Employee to pay such amount by check or wire transfer; (ii) by deducting such amount out of any other compensation otherwise payable to the Employee; and/or (iii) by allowing the Employee to surrender shares of Common Stock of the Company which (a) in the case of shares initially acquired from the Company (upon exercise of a stock option or otherwise), have been owned by the Employee for such period (if any) as may be required to avoid a charge to the Company's earnings, and (b) have a fair market value on the date of surrender equal to the amount required to be withheld. For these purposes, the fair market value of the Shares to be withheld or repurchased, as applicable, shall be determined using the opening price of the Shares on the date that the amount of tax to be withheld is to be determined or, if such date falls on a day on which the NASDAQ Global Select Market is not open for active trading, using the opening price of the Shares on the next active trading day.

B. Section 409A.

The intent of the parties is that payments and benefits under this Agreement comply with or otherwise be exempt from Section 409A of the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder (the "Code"), and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted either to be exempt from or in compliance therewith. If any provision of this Agreement (or any award of compensation or benefits provided under this Agreement) would cause the Employee to incur any additional tax or interest under Section 409A of the Code, the Company may reform such provision to comply with 409A. Notwithstanding the foregoing, Employee is solely responsible for any tax consequences Employee may incur under Code Section 409A and none of Altisource, its subsidiaries or any of their respective directors, officers, employees, agents or shareholders shall have any obligation to indemnify or hold Employee harmless from such taxes. If and to the extent any Shares that become vested and issuable under this RSU Award on account of the Employee's Retirement constitute deferred compensation subject to Code 409A, such issuance shall occur when the Employee has incurred a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h) ("Separation from Service"). Notwithstanding the foregoing, if at the time of the Employee's Separation from Service, the Employee is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i), such Shares shall be issued to the Employee on the first business day of the seventh month following the Employee's Separation from Service.

8. CORPORATE TRANSACTIONS; CHANGE OF CONTROL/RESTRUCTURING EVENT

A. Corporate Transactions

If there shall be any change in the Shares, through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, spin off of one or more subsidiaries or other change in the corporate structure, appropriate adjustments shall be made by the Board of Directors in its discretion in the aggregate number and kind of Shares subject to the 2009 Plan and the number and kind of Shares subject to the RSU Award.

B. Change of Control/Restructuring Event

- (1) If a Change of Control/Restructuring Event occurs, the Board of Directors shall have the right to make appropriate adjustments, including, without limiting the generality of the foregoing, by (i) allowing the RSUs to continue in full force and effect in accordance with the terms hereof, (ii) issuing an equivalent award of shares in the Successor Entity as the Board of Directors deems equitable, (iii) cancelling the award for consideration (as the Board of Directors sees as equitable) which may equal the value of the consideration to be paid in the Change of Control/Restructuring Event to holders of Shares, or (iv) providing for vesting and settlement of the RSUs immediately prior to, and conditioned on consummation, of the Change of Control/Restructuring Event.
- (2) To the extent the Successor Entity allows the RSUs to continue in full force and effect in accordance with the terms hereof, the vesting schedule set forth in Section 2 will continue to apply (subject to the accelerated vesting provisions of Section 4); provided that, in such case, the Board of Directors shall have the right in its discretion to make appropriate adjustments, including, with the consent of the Successor Entity, equitably converting the consideration to be received upon the vesting of the RSUs to common stock of the Successor Entity.
- (3) Notwithstanding any provision of Section 8 Subsection B(1) and B(2) to the contrary, in the event a Change of Control/Restructuring Event occurs, if the RSUs are not assumed or replaced by the acquirer/continuing entity on terms deemed by the Compensation Committee to be appropriate, then the Compensation Committee shall have the right to (i) provide for vesting and settlement of the RSUs immediately prior to, and conditioned on consummation, of the Change of Control/Restructuring Event or (ii) to the extent the Successor Entity allows the RSUs to stay in place, to make appropriate adjustments to avoid an expansion or reduction in the value of the award.

- (4) For the avoidance of doubt, in the event the Employee remains employed with the Successor Entity for purposes of this Agreement, he/she will be deemed to remain employed as if he/she continued employment with the Company such that the employment termination provisions applicable to the RSU Award shall not be invoked unless and until his/her employment with such Successor Entity shall terminate.

9. PAYMENT OF EXPENSES AND COMPLIANCE WITH LAWS

The Company shall reserve and keep available such number of Shares or access to cash and cash equivalents as will be sufficient to satisfy the requirements of this Agreement, shall pay all original issue and/or transfer taxes with respect to the issue and/or transfer of Shares pursuant hereto and all other fees and expenses necessarily incurred by the Company in connection therewith and will from time to time use its best efforts to comply with all laws and regulations which, in the opinion of counsel for the Company, shall be applicable thereto.

10. ADDITIONAL CONDITIONS

- A. The Employee hereby represents and covenants that (a) any Share acquired upon the vesting of the RSU Award will be acquired for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), unless such acquisition has been registered under the Securities Act and any applicable state securities law; (b) any subsequent sale of any such Shares shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws; and (c) if requested by the Company, the Employee shall submit a written statement, in form satisfactory to the Company, to the effect that such representation (x) is true and correct as of the date of acquisition of any Shares hereunder or (y) is true and correct as of the date of any sale of any such Shares, as applicable. As a further condition precedent to the delivery to the Employee of any Shares subject to the RSU Award, the Employee shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance of the Shares and, in connection therewith, shall execute any documents which the Company shall in its sole discretion deem necessary or advisable.
- B. The RSU Award is subject to the condition that if the listing, registration or qualification of the Shares subject to the RSU Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the vesting or delivery of the Shares hereunder, the Shares subject to the RSU Award shall not vest or be delivered, in whole or in part, unless such listing, registration, qualification, consent or approval shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company shall use reasonable efforts to effect or obtain any such listing, registration, qualification, consent or approval.

11. DEFINITIONS

- A. As used herein, the term “Board of Directors” shall mean the Board of Directors or Compensation Committee of Altisource or any Successor Entity, as applicable, and the term “Compensation Committee” shall mean the Compensation Committee of the Board of Directors of Altisource.
- B. As used herein, the term “Cause” shall mean, as reasonably determined by the Board of Directors (excluding the Employee, if he/she is then a member of the Board of Directors) either (i) any willful or grossly negligent conduct (including but not limited to fraud or embezzlement) committed by the Employee in connection with the Employee’s employment by the Company which conduct in the reasonable determination of the Board of Directors has had or will have a material detrimental effect on the Company’s business or (ii) the Employee’s conviction of, or entering into a plea of *nolo contendere* to, a felony involving fraud or embezzlement, whether or not committed in the course of the Employee’s employment with the Company. For avoidance of doubt, termination of employment as a result of a business reorganization or reduction in force will be deemed termination without Cause for purposes of the RSU Award.
- C. As used herein, “Change of Control/Restructuring Date” shall mean either the date which includes the “closing” of the transaction which makes a Change of Control/Restructuring Event effective if the Change of Control/Restructuring Event is made effective through a transaction which has a “closing” or the date a Change of Control/Restructuring Event is reported in accordance with applicable law as effective to the Securities and Exchange Commission if the Change of Control/Restructuring Event is made effective other than through a transaction which has a “closing.”
- D. As used herein, a “Change of Control/Restructuring Event” shall mean (i) the acquisition by any person or entity, or two or more persons and/or entities acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), of outstanding shares of voting stock of the Company at any time if after giving effect to such acquisition, and as a result of such acquisition, such person(s) or entity(ies) own more than fifty percent (50%) of such outstanding voting stock, (ii) the sale in one or more transactions of substantially all of the Company’s assets to any person or entity, or two or more persons and/or entities acting in concert, or (iii) the merger, consolidation or similar transaction resulting in a reduction of the interest in the Company’s stock of the pre-transaction stockholders to less than fifty percent (50%) of the post-transaction ownership. Notwithstanding anything herein to the contrary, the definition of Change of Control Event set forth herein shall not be broader than the definition of “change in control event” as set forth under Section 409A of the Internal Revenue Code of 1986, as amended, and the guidance promulgated thereunder, and if a transaction or event does not otherwise fall within such definition of change in control event, it shall not be deemed a Change in Control for purposes of this Agreement.

- E. As used herein, “Confidential Information” means all non-public, commercially valuable information relating to Company, including any of its customers, vendors, and affiliates, of any kind whatsoever; know-how; experience; expertise; business plans; ways of doing business; business results or prospects; financial books, data and plans; pricing; supplier information and agreements; investor or lender data and information; business processes (whether or not the subject of a patent), computer software and specifications therefore; leases; and any and all agreements entered into by Company or its affiliates and any information contained therein; database mining and marketing; customer relationship management programs; any technical, operating, design, economic, client, customer, consultant, consumer or collector related data and information, marketing strategies or initiatives and plans which at the time or times concerned is either capable of protection as a trade secret or is considered to be of a confidential nature regardless of form. Confidential Information shall not include: (i) information that is or becomes generally available to the public other than as a result of a disclosure in breach of this Agreement, (ii) information that was available on a non-confidential basis prior to the date hereof or becomes available from a person other than the Company who was not otherwise bound by confidentiality obligations to the Company and was not otherwise prohibited from disclosing the information or (iii) Confidential Information that is required by law to be disclosed, in which case, the Employee will provide the Company with notice of such obligation immediately to allow the Company to seek such intervention as it may deem appropriate to prevent such disclosure including and not limited to initiating legal or administrative proceedings prior to disclosure.
- F. As used herein, the term “Disability” shall mean a physical or mental impairment which, as reasonably determined by the Board of Directors, renders the Employee unable to perform the essential functions of his employment with the Company, even with reasonable accommodation that does not impose an undue hardship on the Company, for more than one hundred and eighty (180) days in any twelve (12) month period, unless a longer period is required by federal or state law, in which case that longer period would apply.
- G. As used herein, the term “Retirement” shall mean termination (other than by reason of death or Disability) of the Employee’s employment with the Company pursuant to and in accordance with a plan or program of the Company applicable to the Employee provided, however, that for purposes of this Agreement only, the Employee must have attained the age of sixty (60) and been an employee of the Company for not less than three (3) years as of the date of termination of employment by reason of Retirement.
- H. As used herein, the term “Successor Entity” means the person that is formed by, replaces or otherwise survives the Company as a result of a transaction, series of transaction or restructuring with the effect that the Company ceases to exist.
- I. Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the 2009 Plan.

12. AMENDMENT

In the event that the Board of Directors amends the 2009 Plan under the provisions of Section 9 of the 2009 Plan and such amendment shall modify or otherwise affect the subject matter of this Agreement, this Agreement shall, to that extent, be deemed to be amended by such amendment to the 2009 Plan. The Company shall notify the Employee in writing of any such amendment to the 2009 Plan and this Agreement as soon as practicable after its approval. Notwithstanding any other provision of this Agreement or the 2009 Plan, the Employee's rights under this Agreement may not be amended in a way that materially diminishes the value of the award without the Employee's consent to the amendment.

13. CONSTRUCTION

In the event of any conflict between the 2009 Plan and this Agreement, the provisions of the 2009 Plan shall control. This Agreement shall be governed in all respects by the laws of the State of Georgia. No provision of this Agreement shall limit in any way whatsoever any right that the Company may otherwise have to terminate the employment of the Employee at any time.

If any provision of this Agreement is held to be unenforceable, then this provision will be deemed amended to the extent necessary to render the otherwise unenforceable provision, and the rest of this Agreement, valid and enforceable. If a court declines to amend this Agreement as provided herein, the invalidity or unenforceability of any particular provision thereof shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision had been omitted.

Except as otherwise required by applicable law, rule or regulation, the Board of Directors shall have full discretion with respect to any actions to be taken or determinations to be made in connection with this Agreement (including, without limitation, any determination with regard to Section 3, Section 6 Subsection C and Section 8), and its determinations shall be final, binding and conclusive.

14. ENTIRE AGREEMENT

This Agreement, together with the 2009 Plan, constitutes the entire agreement between the Company and the Employee and supersedes all other discussions, correspondence, representations, understandings and agreements between the parties, with respect to the subject matter hereof.

15. HEADINGS

The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed a part hereof.

16. CONFIRMING INFORMATION

By accepting this Agreement, either through electronic means or by providing a signed copy, the Employee (i) acknowledges and confirms that he/she has read and understood the 2009 Plan and this Agreement and (ii) acknowledges that acceptance through electronic means is equivalent to doing so by providing a signed copy.

[SIGNATURE PAGE FOLLOWS]

I hereby agree to and accept the terms of this Agreement.

Employee

Altisource Portfolio Solutions S.A.

By: _____

Name:

Title:

Attested by: _____

Name:

Title:

EXHIBIT A

TO

RESTRICTED STOCK UNIT AWARD AGREEMENT

Type II RSUs shall be earned and vest in a two-step process:

Step 1: Based on the degree of the Company’s achievement of pre-established goals tied to 2019, 2020 and 2021 adjusted EPS during the Performance Period, Type II RSUs shall be earned between zero percent (0%) up to one hundred fifty percent (150%) of the Type II RSUs awarded (the “Initial Earned Award Size”):

Initial Earned Award Size As % of Type II RSUs Awarded					
Performance Metric	Type II RSU Award Terminates	50% - 99% of Type II RSU Award	100% of Type II RSU Award	101% - 149% of Type II RSU Award	150% of Type II RSU Award
Average level of achievement vis-à-vis the corporate budget for adjusted EPS during the Performance Period	Achievement of less than 85%	Based on % of linear achievement of 85% up to 100%	Achievement at 100%	Based on % of linear achievement of greater than 100% to 115%	Achievement of greater than 115%

Step 2: the Initial Earned Award Size will be modified based on Altisource’s TSR versus the return of the Russell 3000 Index during the Performance Period, resulting in the vesting of a final earned award equal to fifty percent (50%) up to one hundred and fifty (150%) of the Initial Earned Award Size (the "Final Earned Award Size"):

Final Earned Award Size As % of Initial Earned Award Size					
Multiplier	50% of Initial Earned Award Size Will Vest	50% - 99% of Initial Earned Award Size Will Vest	100% of Initial Earned Award Size Will Vest	101% - 149% of Initial Earned Award Size Will Vest	150% of Initial Earned Award Size Will Vest
TSR versus the return of the Russell 3000 Index during the Performance Period	TSR less than 80%	TSR of 80% up to 100% based on % of linear achievement	TSR at 100%	TSR greater than 100% up to 120% based on % of linear achievement	TSR greater than 120%

**RESTRICTED STOCK UNIT AWARD AGREEMENT
PURSUANT TO
ALTISOURCE'S 2009 EQUITY INCENTIVE PLAN AND
2018 ANNUAL INCENTIVE PLAN**

Altisource Portfolio Solutions S.A., a Luxembourg société anonyme (together with its subsidiaries and affiliates, "Altisource" or the "Company"), hereby grants to [] (the "Employee") an award of restricted stock units (the "Restricted Stock Units" or "RSUs") for shares of Altisource common stock, par value \$1.00 per share ("Shares"), on the terms and conditions set forth herein (the "RSU Award"). Each RSU represents a right for Employee to receive one Share, subject to the fulfillment of the vesting conditions and other conditions set forth in the attached Appendix A.

This RSU Award is granted pursuant to Altisource's 2009 Equity Incentive Plan, as amended (the "2009 Plan") and the Company's 2018 Annual Incentive Plan. The RSU Award is subject to all of the terms and conditions contained in this Restricted Stock Unit Award Agreement (the "Agreement"), including the terms and conditions contained in the attached Appendix A as well as the 2009 Plan. Subject to the provisions of Appendix A and of the 2009 Plan, the principal features of this RSU Award are as follows:

Number of RSUs: []

Grant Date: February 25, 2019

Vesting Schedule: 50% of the RSU Award will vest on February 25, 2020 and the remaining 50% on February 25, 2021

As provided in the 2009 Plan and in this Agreement, this RSU Award or a portion thereof may terminate or be forfeited before the scheduled vesting date(s) of the RSU Award upon the occurrence of certain events (for example, if Employee resigns or is terminated before the date this RSU Award is fully vested). Important additional information on vesting and forfeiture of the RSU Award is contained in Section 6 of Appendix A.

This RSU Award is conditioned upon Employee's execution of this Agreement. **If the Agreement is not executed by Employee by [], the RSU Award will be cancelled, resulting in the forfeiture of the portion of Employee's 2018 Annual Incentive Compensation Award that was to have been paid in RSUs.**

[Signature page follows]

IN WITNESS WHEREOF, the Company and Employee have executed this Agreement, to be effective as of the date first above written.

Altisource Portfolio Solutions S.A.

Altisource Portfolio Solutions S.A.

By: _____
Name:
Title:

Attested by: _____
Name:
Title:

My signature below indicates that I understand that this RSU Award is (1) subject to all of the terms and conditions as indicated in the attached Appendix A and set forth in the 2009 Plan and (2) not considered salary, nor is it a promise for future grants of equity awards.

By signing below, I also confirm my earlier agreement for []% of my 2018 Annual Incentive Compensation Award to be paid in RSUs, notwithstanding any term to the contrary in my employment agreement, and I waive any claims related thereto.

Employee

Employee Name

APPENDIX A
TERMS AND CONDITIONS OF RSU AWARD

1. Grant of RSU Award.

The Company hereby grants to the Employee an RSU Award with respect to the number of RSUs set forth on page 1 of this Agreement, subject to all the terms and conditions of this Agreement and the 2009 Plan.

2. Vesting Schedule.

As set forth on page 1, fifty percent (50%) of the RSUs shall vest on each of the first and second anniversaries of the Grant Date. Except as provided in Section 4 and Section 8 below, RSUs will not vest unless the Employee is, at the time of vesting, an employee of the Company and not under a notice of resignation.

3. Shareholder Rights; Dividend Equivalent Rights.

A. Shareholder Rights.

RSUs are an unfunded promise to deliver Shares (or cash, if so determined pursuant to Section 5 Subsection B) in the future if the requirements of the RSU Award and the 2009 Plan are met. Prior to issuance of Shares, if any, to the Employee in settlement of the RSU Award pursuant to Section 5 below, the Employee has no ownership rights in Shares or shareholder rights.

B. Dividend Equivalents.

Each RSU shall include dividend equivalent rights that entitle the Employee, simultaneously upon the settlement of the RSU pursuant to Section 5 below, to receive a cash payment equal to any dividends declared on a Share (“Dividend Equivalents”) from the Grant Date through the day immediately before the issuance date of the Share in settlement of the RSU. If for any reason, the Employee does not become entitled to receive a Share in settlement of an RSU, the Employee will forfeit the dividend equivalent rights associated with such RSU. Dividend Equivalents shall not accrue interest. For the avoidance of doubt, Employee shall have no right to receive the Dividend Equivalents unless and until the associated RSUs vest.

C. Non-Transferability of the RSU Award.

This RSU Award is nontransferable and neither the RSU Award nor the RSUs may be assigned, transferred, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the RSU Award contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the RSU Award, shall be null and void and without effect.

D. RSUs Are Unfunded and Unsecured.

RSUs are an *unfunded* and unsecured promise to deliver Shares in the future (or cash, if so determined pursuant to Section 5 Subsection B), subject to the terms of this Agreement and the 2009 Plan. The Employee’s rights under this Agreement are no greater than an unsecured, general creditor of the Company.

4. Termination of RSU Awards.

If, prior to vesting of the entire RSU Award, the Employee's employment terminates, the RSU Award shall terminate in accordance with the 2009 Plan except as follows:

- A. by the Company for Cause or termination of employment by the Employee (other than by reason of Retirement), then the RSU Award shall terminate and all unvested RSUs shall be forfeited by the Employee as of the date of termination of employment or, in the case of the Employee's resignation, on the date the Employee provides notice of his or her resignation.
- B. by the Company without Cause or by reason of Retirement, death or Disability of the Employee, then all unvested RSUs shall vest thirty (30) days after the date of such termination of employment.
- C. In no event shall the granting of the RSU Award or its acceptance by the Employee give or be deemed to give the Employee any right to continued employment by the Company.

5. Settlement of RSUs.

- A. Subject to Section 7.B, each vested RSU shall be settled in one Share (less applicable tax withholdings), as soon as practicable and no later than the March 15th following the calendar year in which the RSU vests pursuant to Section 2 or 4 of this Agreement.
- B. Notwithstanding the foregoing or any other provision of this Agreement, and subject in all cases to the terms of the 2009 Plan then in effect, the Company reserves the right to settle the Employee's RSUs by a lump sum cash payment equal to then fair market value (as determined pursuant to Section 7) of the settled Shares (less applicable tax withholdings).

6. Conditions upon Termination of Employment; Claw-back Policy.

- A. For the Restrictive Period, the Employee shall not: (i) solicit, directly or indirectly, any employee of the Company to leave the employ of the Company for employment, hire, or engagement as an independent contractor elsewhere, (ii) solicit the sale of competitive goods or services from any customer, supplier, licensee, or business relation of the Company with which Employee had material contact (as that term is defined at O.C.G.A. § 13-8-51(10)) or solicit the aforementioned categories of entities to reduce their relationships with the Company or (iii) share, reveal or utilize any Confidential Information of the Company except as otherwise expressly permitted in writing by the Company.
- B. For the Restrictive Period, the Employee shall be available at reasonable times to provide information to the Company at the request of the Company's management with respect to phases of the business with which he/she was actively connected during his/her employment, but such availability shall not be required during usual vacation periods or periods of illness or other incapacity or without reasonable compensation and cost reimbursement.
- C. In the event that the Employee fails to comply with any of the promises made in this Section 6, then in addition to and not in limitation of any and all other remedies available to the Company at law or in equity (a) RSUs, to the extent then unvested, will be immediately forfeited by the Employee and returned to the Company and (b) the Employee will be required to immediately deliver to the Company an amount (in cash or in Shares) equal to the amount of the market value of any Shares that have been issued to the Employee in settlement of a vested RSU ("Share Value") at any time (or cash, if applicable) from one hundred eighty (180) days prior to the date of termination of employment to one hundred eighty (180) days after the date when the Company learns that the Employee has not complied with any such promise. The Employee will deliver such Share Value amount to the Company on such terms and conditions as may be required by the Company. The Company will be entitled to enforce this repayment obligation by all legal means available, including, without limitation, to set off the Share Value amount and any other damage amount against any amount that might be owed to the Employee by the Company. The Employee acknowledges that in the event that the covenants made in this Section

6 are not fulfilled, the damage to the Company would be irreparable. The Company, in addition to any other remedies available to it, including, without limitation, the remedies set forth in this Section 6, shall be entitled to injunctive relief against the Employee's breach or threatened breach of said covenants. Employee specifically agrees that the subsidiaries and affiliates of Altisource are intended beneficiaries of the restrictions contained in this Section 6 and that those subsidiaries and affiliates have the right to enforce the terms of this Section 6.

- D. The Employee acknowledges that the Company would not have awarded the RSUs to the Employee under this Agreement absent the Employee's agreement to be bound by the covenants made in this Section 6.
- E. The RSUs shall be subject to any claw-back policy implemented by the Board of Directors of the Company or any Successor Entity.

7. Income Taxes.

A. Generally.

Except as provided in the next sentence, the Company shall withhold and/or receive the return of a number of Shares having a fair market value equal to the taxes that the Company determines it is required to withhold under applicable tax laws with respect to the RSUs (with such withholding obligation determined based on any applicable minimum statutory withholding rates), in connection with the vesting of RSUs. In the event the Company cannot (under applicable legal, regulatory, listing or other requirements) satisfy such tax withholding obligation in such method or the parties otherwise agree in writing, then the Company may satisfy such withholding by any one or combination of the following methods: (i) by requiring the Employee to pay such amount by check or wire transfer; (ii) by deducting such amount out of any other compensation otherwise payable to the Employee; and/or (iii) by allowing the Employee to surrender shares of Common Stock of the Company which (a) in the case of shares initially acquired from the Company (upon exercise of a stock option or otherwise), have been owned by the Employee for such period (if any) as may be required to avoid a charge to the Company's earnings, and (b) have a fair market value on the date of surrender equal to the amount required to be withheld. For these purposes, the fair market value of the Shares to be withheld or repurchased, as applicable, shall be determined using the opening price of the Shares on the date that the amount of tax to be withheld is to be determined or, if such date falls on a day on which the NASDAQ Global Select Market is not open for active trading, using the opening price of the Shares on the next active trading day.

B. Section 409A.

The intent of the parties is that payments and benefits under this Agreement comply with or otherwise be exempt from Section 409A of the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder (the "Code"), and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted either to be exempt from or in compliance therewith. If any provision of this Agreement (or any award of compensation or benefits provided under this Agreement) would cause the Employee to incur any additional tax or interest under Section 409A of the Code, the Company may reform such provision to comply with 409A. Notwithstanding the foregoing, Employee is solely responsible for any tax consequences Employee may incur under Code Section 409A and none of Altisource, its subsidiaries or any of their respective directors, officers, employees, agents or shareholders shall have any obligation to indemnify or hold Employee harmless from such taxes. If and to the extent any Shares that become vested and issuable under this RSU Award on account of the Employee's Retirement constitute deferred compensation subject to Code 409A, such issuance shall occur when the Employee has incurred a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h) ("Separation from Service"). Notwithstanding the foregoing, if at the time of the Employee's Separation from Service, the Employee is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i), such Shares shall be issued to the Employee on the first business day of the seventh month following the Employee's Separation from Service.

8. Corporate Transactions; Change of Control/Restructuring Event.

A. Corporate Transactions

If there shall be any change in the Shares, through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, spin off of one or more subsidiaries or other change in the corporate structure, appropriate adjustments shall be made by the Board of Directors in its discretion in the aggregate number and kind of Shares subject to the 2009 Plan and the number and kind of Shares subject to the RSU Award.

B. Change of Control/Restructuring Event

- (1) If a Change of Control/Restructuring Event occurs, the Board of Directors shall have the right to make appropriate adjustments, including, without limiting the generality of the foregoing, by (i) allowing the RSUs to continue in full force and effect in accordance with the terms hereof, (ii) issuing an award of shares in the Successor Entity of equivalent value and with similar terms and vesting pattern, as reasonably determined by the Board of Directors, (iii) cancelling the award for consideration (as the Board of Directors sees as equitable) which may equal the value of the consideration to be paid in the Change of Control/Restructuring Event to holders of Shares, or (iv) providing for vesting and settlement of the RSUs immediately prior to, and conditioned on consummation, of the Change of Control/Restructuring Event.
- (2) To the extent the Successor Entity allows the RSUs to continue in full force and effect in accordance with the terms hereof, the vesting schedule set forth in Section 2 will continue to apply (subject to the accelerated vesting provisions of Section 4); provided that, in such case, the Compensation Committee shall have the right in its discretion to make appropriate adjustments to avoid an expansion or reduction in the value of the award, including, with the consent of the Successor Entity, equitably converting the consideration to be received upon the vesting of the RSUs to common stock of the Successor Entity.
- (3) Notwithstanding any provision of Section 8 Subsection B(1) and B(2) to the contrary, in the event a Change of Control/Restructuring Event occurs, if the RSUs are not assumed or replaced by the Successor Entity on terms deemed by the Compensation Committee to be appropriate, then the Compensation Committee shall have the right to (i) provide for vesting and settlement of the RSUs immediately prior to, and conditioned on consummation, of the Change of Control/Restructuring Event or (ii) to the extent the Successor Entity allows the RSUs to stay in place, to make appropriate adjustments to avoid an expansion or reduction in the value of the award.
- (4) For the avoidance of doubt, in the event the Employee remains employed with the Successor Entity for purposes of this Agreement, he/she will be deemed to remain employed as if he/she continued employment with the Company such that the employment termination provisions applicable to the RSU Award shall not be invoked unless and until his/her employment with such Successor Entity shall terminate.

9. Payment of Expenses and Compliance with Laws.

The Company shall reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of this Agreement, shall pay all original issue and/or transfer taxes with respect to the issue and/or transfer of Shares pursuant hereto and all other fees and expenses necessarily incurred by the Company in connection therewith and will from time to time use its best efforts to comply with all laws and regulations which, in the opinion of counsel for the Company, shall be applicable thereto.

10. Additional Conditions

- A. The Employee hereby represents and covenants that (a) any Share acquired upon the vesting of the RSU Award will be acquired for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), unless such acquisition has been registered under the Securities Act and any applicable state securities law; (b) any subsequent

sale of any such Shares shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws; and (c) if requested by the Company, the Employee shall submit a written statement, in form satisfactory to the Company, to the effect that such representation (x) is true and correct as of the date of acquisition of any Shares hereunder or (y) is true and correct as of the date of any sale of any such Shares, as applicable. As a further condition precedent to the delivery to the Employee of any Shares subject to the RSU Award, the Employee shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance of the Shares and, in connection therewith, shall execute any documents which the Company shall in its sole discretion deem necessary or advisable.

- B. The RSU Award is subject to the condition that if the listing, registration or qualification of the Shares subject to the RSU Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the vesting or delivery of the Shares hereunder, the Shares subject to the RSU Award shall not vest or be delivered, in whole or in part, unless such listing, registration, qualification, consent or approval shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company shall use reasonable efforts to effect or obtain any such listing, registration, qualification, consent or approval.

11. Definitions.

- A. As used herein, the term “Board of Directors” shall mean the Board of Directors or Compensation Committee of Altisource or any Successor Entity, as applicable, and the term “Compensation Committee” shall mean the Compensation Committee of the Board of Directors of Altisource.
- B. As used herein, the term “Cause” shall mean, as reasonably determined by the Board of Directors (excluding the Employee, if he/she is then a member of the Board of Directors), either (i) any willful or grossly negligent conduct (including but not limited to fraud or embezzlement) committed by the Employee in connection with the Employee’s employment by the Company, which conduct in the reasonable determination of the Board of Directors has had or will have a material detrimental effect on the Company’s business, or (ii) the Employee’s conviction of, or entering into a plea of *nolo contendere* to, a felony involving fraud or embezzlement, whether or not committed in the course of the Employee’s employment with the Company. For avoidance of doubt, termination of employment as a result of a business reorganization or reduction in force will be deemed termination without Cause for purposes of the RSU Award.
- C. As used herein, “Change of Control/Restructuring Date” shall mean either the date which includes the “closing” of the transaction which makes a Change of Control/Restructuring Event effective if the Change of Control/Restructuring Event is made effective through a transaction which has a “closing” or the date a Change of Control/Restructuring Event is reported in accordance with applicable law as effective to the Securities and Exchange Commission if the Change of Control/Restructuring Event is made effective other than through a transaction which has a “closing.”
- D. As used herein, a “Change of Control/Restructuring Event” shall mean (i) the acquisition by any person or entity, or two or more persons and/or entities acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), of outstanding shares of voting stock of the Company at any time if after giving effect to such acquisition, and as a result of such acquisition, such person(s) or entity(ies) own more than fifty percent (50%) of such outstanding voting stock, (ii) the sale in one or more transactions of substantially all of the Company’s assets to any person or entity, or two or more persons and/or entities acting in concert, or (iii) the merger, consolidation or similar transaction resulting in a reduction of the interest in the Company’s stock of the pre-transaction stockholders to less than fifty percent (50%) of the post-transaction ownership. Notwithstanding anything herein to the contrary, the definition of Change of Control Event set forth herein shall not be broader than the definition of “change in control

event” as set forth under Section 409A of the Internal Revenue Code of 1986, as amended, and the guidance promulgated thereunder, and if a transaction or event does not otherwise fall within such definition of change in control event, it shall not be deemed a Change in Control for purposes of this Agreement.

- E. As used herein, “Confidential Information” means all non-public, commercially valuable information relating to Company, including any of its customers, vendors, and affiliates, of any kind whatsoever; know-how; experience; expertise; business plans; ways of doing business; business results or prospects; financial books, data and plans; pricing; supplier information and agreements; investor or lender data and information; business processes (whether or not the subject of a patent), computer software and specifications therefore; leases; and any and all agreements entered into by Company or its affiliates and any information contained therein; database mining and marketing; customer relationship management programs; any technical, operating, design, economic, client, customer, consultant, consumer or collector related data and information, marketing strategies or initiatives and plans which at the time or times concerned is either capable of protection as a trade secret or is considered to be of a confidential nature regardless of form. Confidential Information shall not include: (i) information that is or becomes generally available to the public other than as a result of a disclosure in breach of this Agreement, (ii) information that was available on a non-confidential basis prior to the date hereof or becomes available from a person other than the Company who was not otherwise bound by confidentiality obligations to the Company and was not otherwise prohibited from disclosing the information or (iii) Confidential Information that is required by law to be disclosed, in which case, the Employee will provide the Company with notice of such obligation immediately to allow the Company to seek such intervention as it may deem appropriate to prevent such disclosure including and not limited to initiating legal or administrative proceedings prior to disclosure. As used herein, the term “Disability” shall mean a physical or mental impairment which, as reasonably determined by the Board of Directors, renders the Employee unable to perform the essential functions of his employment with the Company, even with reasonable accommodation that does not impose an undue hardship on the Company, for more than one hundred and eighty (180) days in any twelve (12) month period, unless a longer period is required by federal or state law, in which case that longer period would apply.
- F. As used here, “Restrictive Period” shall mean a period of one (1) year following the Employee’s departure from the Company; provided however that if the Employee previously executed one or more equity award agreements with the Company containing a longer restrictive period, such restrictive period shall apply.
- G. As used herein, the term “Successor Entity” means the person that is formed by, replaces or otherwise survives the Company as a result of a transaction, series of transaction or restructuring with the effect that the Company ceases to exist.
- H. Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the 2009 Plan.

12. Amendment.

In the event that the Board of Directors amends the 2009 Plan under the provisions of Section 9 of the 2009 Plan and such amendment shall modify or otherwise affect the subject matter of this Agreement, this Agreement shall, to that extent, be deemed to be amended by such amendment to the 2009 Plan. The Company shall notify the Employee in writing of any such amendment to the 2009 Plan and this Agreement as soon as practicable after its approval. Notwithstanding any other provision of this Agreement or the 2009 Plan, the Employee’s rights under this Agreement may not be amended in a way that materially diminishes the value of the award without the Employee’s consent to the amendment.

13. Construction.

In the event of any conflict between the 2009 Plan and this Agreement, the provisions of the 2009 Plan shall control. This Agreement shall be governed in all respects by the laws of the State of Georgia. No provision of this Agreement shall limit in any way whatsoever any right that the Company may otherwise have to terminate the employment of the Employee at any time.

If any provision of this Agreement is held to be unenforceable, then this provision will be deemed amended to the extent necessary to render the otherwise unenforceable provision, and the rest of this Agreement, valid and enforceable. If a court declines to amend this Agreement as provided herein, the invalidity or unenforceability of any particular provision thereof shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision had been omitted.

Except as otherwise required by applicable law, rule or regulation, the Board of Directors shall have full discretion with respect to any actions to be taken or determinations to be made in connection with this Agreement (including, without limitation, any determination with regard to Section 3, Section 6 Subsection C and Section 8), and its determinations shall be final, binding and conclusive.

14. Entire Agreement.

This Agreement, together with the 2009 Plan, constitutes the entire agreement between the Company and the Employee and supersedes all other discussions, correspondence, representations, understandings and agreements between the parties, with respect to the subject matter hereof.

15. Headings.

The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed a part hereof.

16. Confirming Information.

By accepting this Agreement, either through electronic means or by providing a signed copy, the Employee (i) acknowledges and confirms that he/she has read and understood the 2009 Plan and this Agreement and (ii) acknowledges that acceptance through electronic means is equivalent to doing so by providing a signed copy.

**CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, William B. Shepro, hereby certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended March 31, 2019 of Altisource Portfolio Solutions S.A.;
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 officer 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 officer 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: April 25, 2019

By: /s/ William B. Shepro

William B. Shepro

Director and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION BY THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Michelle D. Esterman, hereby certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended March 31, 2019 of Altisource Portfolio Solutions S.A.;
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 officer 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 officer 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: April 25, 2019

By: /s/ Michelle D. Esterman

Michelle D. Esterman
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

**CERTIFICATION UNDER SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(UNITED STATES CODE, TITLE 18, CHAPTER 63, SECTION 1350)
ACCOMPANYING QUARTERLY REPORT ON FORM 10-Q OF
ALTISOURCE PORTFOLIO SOLUTIONS S.A. FOR THE QUARTER ENDED
MARCH 31, 2019**

In connection with the Quarterly Report on Form 10-Q of Altisource Portfolio Solutions S.A. (the “Company”) for the quarterly period ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), William B. Shepro, as Chief Executive Officer of the Company, and Michelle D. Esterman, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ William B. Shepro
William B. Shepro
Director and Chief Executive Officer
(Principal Executive Officer)

April 25, 2019

By: /s/ Michelle D. Esterman
Michelle D. Esterman
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)
April 25, 2019