



FIRM BROCHURE
(Part 2A of Form ADV)

March 30, 2018

Altisource Asset Management Corporation

5100 Tamarind Reef
Christiansted, VI 00820
Phone: (340) 692-1055
Fax: (340) 692-4428

This Brochure provides information about the qualifications and business practices of Altisource Asset Management Corporation. If you have any questions about the contents of this Brochure, please contact us at (340) 692-1055. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Altisource Asset Management Corporation is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

Summary of Material Changes

This Brochure dated March 30, 2018 amends the Adviser's amended Brochure dated March 31, 2017. A Summary of the Material Changes since the initial Brochure follows:

1. In Item 4, the Amount of Client Assets Managed has been updated to reflect that the Adviser managed approximately \$175,790,000 of regulatory assets under management, on a non-discretionary basis, as of December 31, 2017.
2. In Item 4, the Brochure has been amended to update the description of business the Adviser's primary client, Front Yard Residential Corporation, formerly Altisource Residential Corporation ("Front Yard"), to further update Front Yard's evolving business strategy and reflect Front Yard's new name and branding, which became effective February 21, 2018.
3. In Item 4, the description of the Adviser's principal owners has been updated to update the share ownership in the Adviser.
4. In Item 8, the description of Front Yard's Investment Analysis and Risks have been updated to further reflect Front Yard's evolving single family rental business and portfolio.

The Adviser, within 120 days after its fiscal year end of December 31, will ensure that its client receives either a Brochure along with a Summary of Material Changes, or a Summary of Material Changes accompanied by an offer to provide a full copy of this Brochure. To the extent that the Adviser experiences material changes in the future, clients will receive the Summary of Material Changes with a copy of this Brochure, or the Summary of Material Changes accompanied by an offer to provide a full copy of this Brochure.

ITEM 3: TABLE OF CONTENTS

<u>Item Number</u>	<u>Page</u>
ITEM 1: COVER PAGE	1
ITEM 2: MATERIAL CHANGES	2
ITEM 3: TABLE OF CONTENTS	2
ITEM 4: ADVISORY BUSINESS	4
ITEM 5: FEES AND COMPENSATION	7
ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	8
ITEM 7: TYPES OF CLIENTS	9
ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	9
ITEM 9: DISCIPLINARY INFORMATION	11
ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	11
ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	11

ITEM 12: BROKERAGE PRACTICES	12
ITEM 13: REVIEW OF ACCOUNTS	12
ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION	12
ITEM 15: CUSTODY	12
ITEM 16: INVESTMENT DISCRETION	13
ITEM 17: VOTING CLIENT SECURITIES	13
ITEM 18: FINANCIAL INFORMATION	13

ITEM 4: ADVISORY BUSINESS

Description of Firm

Altisource Asset Management Corporation (the “Adviser”) is a United States Virgin Islands publicly traded corporation (NYSE MKT:AAMC) that provides investment advisory services to its affiliated company, Front Yard Residential Corporation, formerly known as Altisource Residential Corporation (“Front Yard”), a publicly traded real estate investment trust (NYSE:RESI) that is an industry leader in providing quality, affordable rental homes to America’s families. Front Yard is currently the Adviser’s primary client. The Adviser also provides asset management services for its wholly-owned subsidiary, NewSource Reinsurance Company Ltd. (“NewSource”), a corporation organized in Bermuda that is an insurance and reinsurance company focused on real estate related insurance products in Bermuda.

The Adviser was organized in May 2012 but did not commence operations until December 21, 2012. The Adviser administers the business and operations of Front Yard and facilitates certain of Front Yard’s corporate governance functions. The Adviser also provides portfolio management services to Front Yard in acquiring and managing single-family rental assets.

The Adviser is committed to assisting Front Yard in executing its strategy of being one of the top single-family rental REITs serving working class American families and their communities with a view to providing consistent and robust returns on equity and long-term growth for its investors.

Front Yard’s Business Managed by the Adviser

The Adviser is committed to Front Yard being one of the top SFR REITs serving American families and their communities with a view to providing consistent and robust returns on equity and long-term growth for its investors. The Adviser believes that Front Yard’s business model provides it with a competitive advantage and that Front Yard’s operating capabilities under the Adviser’s management are difficult to replicate. Front Yard’s portfolio of SFR properties has grown substantially in recent years, and we continue to manage Front Yard’s rental homes efficiently, effectively and in line with its key operating metric targets.

The Adviser believes there is a compelling opportunity in the SFR market and that it has implemented the right strategic plan for Front Yard to capitalize on the sustained growth in SFR demand. Under our management, Front Yard targets the moderately priced single-family home market to acquire rental properties, which in the Adviser’s view offer desirable yield opportunities. In the current market, the Adviser believes that tighter credit availability for lower-income buyers and the relative scarcity of institutional buyers and operators should result in reduced price competition for reasonably priced homes. The Adviser believes that, when combined with sustained renter demand for quality, affordable homes, Front Yard’s lower home acquisition costs and its careful evaluation of capital expenditure requirements prior to acquisition will offer attractive yield opportunities. The Adviser views this as a significant differentiator for Front Yard.

Front Yard expects to hold SFR property assets over the long term with a focus on developing its brand. The Adviser also believes that the forecasted growth for the SFR marketplace, particular in affordable housing, in combination with Front Yard’s ability to acquire and effectively manage assets

with attractive yields in strategic markets, provides Front Yard with a significant opportunity to establish itself as a leading SFR equity REIT.

From an operational standpoint, Front Yard's Property Managers both employ established, nationwide renovation and property management infrastructures under the management and advice of the Adviser which provide Front Yard with geographic reach and a low cost scalable property management structure that has allowed Front Yard to grow in a cost-efficient manner.

Through the judicious use of cash under the Adviser's management, Front Yard's strong financing relationships and the sale of mortgage loans and REO properties that will not become SFR properties, Front Yard has capitalized on opportunities to buy pools of stabilized rental homes and individual residential properties at attractive yields. The Adviser anticipates that Front Yard will execute upon similar opportunities as they become available.

In addition, Front Yard will continue its efforts, through its mortgage servicers, to continue to grow its SFR portfolio through the resolution of the remaining sub-performing and non-performing loans ("NPLs") in its portfolio, which will result in a portion of the underlying properties being converted to rental units. The Adviser also anticipates additional REO liquidations or sales of SFR units in sub-optimal regions will generate cash that may be reinvested in acquiring additional SFR properties.

The Adviser has been successful in its pursuit of this strategy on Front Yard's behalf, having increased Front Yard's SFR portfolio by 1,425% from 787 properties at December 31, 2014 to approximately 12,000 properties in the SFR at December 31, 2017 and 95% year-over-year from December 31, 2016 to December 31, 2017. Front Yard is expected to continue to opportunistically source, bid on and acquire additional SFR properties that meet its targeted metrics over the course of 2018.

The Adviser also manages the assets of NewSource, a Bermuda-organized corporation of which the Adviser owns 100% of the outstanding common stock. NewSource is an insurance and reinsurance company focused on real estate related insurance products in Bermuda. The Adviser provides asset management services to NewSource under an asset management agreement in connection with the insurance and reinsurance business, but Marsh IAS Management Services (Bermuda) Ltd. administers NewSource's day-to-day operations. Due to the currently inactive status of NewSource and because NewSource is a wholly-owned subsidiary of the Adviser, effective October 1, 2015, the Adviser suspended further charges to NewSource for services under the management agreement.

Principal Owners of the Adviser

The Adviser originally was formed as a subsidiary of ASPS. On December 21, 2012, the Adviser and Front Yard separated from ASPS to become stand-alone publicly traded companies. ASPS contributed to the Adviser \$5 million of equity capital and distributed shares of the common stock of the Adviser to the then-current stockholders of ASPS.

William C. Erbey, the Adviser's Chairman of the Board of Directors from inception to January 16, 2015 (when Mr. Erbey stepped down as the Chairman of the Board of the Adviser and Front Yard), owns approximately 46.7% of the outstanding common stock of the Adviser. Other than Mr. Erbey,

no stockholder owns more than 25% of the outstanding common stock of the Adviser. No one in the Adviser's senior management owns more than 25% of the Adviser.

Types of Advisory Services Offered

The Adviser specializes in managing real-estate related investment vehicles, particularly with respect to single-family rental properties and related assets. It advises clients with respect to the acquisition and management of single family rental homes throughout the United States. The properties are acquired for the Adviser's client either in bulk portfolios, mini-bulk portfolios or on a one-by-one basis with a view toward renting quality, affordable properties to America's families. The portfolio that the Adviser manages includes mortgage loans that the Adviser's client had previously acquired with a view to converting as many of the loans into single family rental properties and selling those mortgages for properties that do not meet Front Yard's rental specifications. Once loans are converted into single family rental properties, the Adviser then advises Front Yard on the renovation of the properties and Front Yard then leases the properties to families throughout the United States. The Adviser finds, retains and manages third party Property Managers for the rental properties and real-estate owned properties that Front Yard owns.

The Adviser selects investments for Front Yard, and places bids and offers to purchase real-estate assets on behalf of Front Yard. Please refer to Item 8 for further information on the Adviser's methods of analysis and investment strategies, including details on the specific risks associated with these strategies.

Advisory Agreements

The Adviser entered into an asset management agreement with Front Yard concurrently with its separation from Altisource on December 21, 2012. On March 31, 2015, the Adviser and Front Yard entered into a new Asset Management Agreement (the "Current AMA") to replace the original agreement.

Pursuant to the Current AMA, the Adviser designs and implements Front Yard's business strategy and provides corporate governance services, subject to oversight by Front Yard's Board of Directors. The Adviser is responsible for, among other duties: (1) performing and administering all of Front Yard's day-to-day operations; (2) defining investment criteria in Front Yard's investment policy in cooperation with its Board of Directors; (3) sourcing, analyzing and executing asset acquisitions, including the related financing activities; (4) analyzing and executing sales of REO properties and residential mortgage loans; (5) overseeing the Property Managers' renovation, leasing and property management of Front Yard's SFR properties; (6) overseeing the servicing of Front Yard's remaining residential mortgage loans; (7) performing asset management duties and (8) performing corporate governance and other management functions, including financial, accounting and tax management services.

The Adviser provides Front Yard with a management team and support personnel who have substantial experience in the acquisition and management of residential properties and managing residential mortgage loans. The Adviser's management also has significant corporate governance experience that enables it to manage Front Yard's business and organizational structure efficiently.

The fee structure under the Current AMA is described below under “Item 5 – Fees and Compensation.”

Amount of Client Assets Managed

As of December 31, 2017, the Adviser managed approximately \$175,790,000 of regulatory assets under management, on a non-discretionary basis. These assets included mortgage loans held for use, mortgage loans held for sale and cash and cash equivalents. Among other things, the Adviser sources, analyzes and recommends asset acquisitions for Front Yard and advises Front Yard and facilitates its entry into financing activities to enable Front Yard to acquire and leverage its real estate related portfolio. All investments and financing resources must be approved by Front Yard’s full Board of Directors, or as applicable, an Investment Committee appointed by the Front Yard Board of Directors to ensure that the investments and financing resources meet the objectives and restrictions of Front Yard’s investment policy. Due to the fact that Front Yard’s Board of Directors or Investment Committee approved of Front Yard’s Investments, the Adviser’s control over the regulatory assets of Front Yard is non-discretionary.

ITEM 5: FEES AND COMPENSATION

The following chart summarizes the fees and compensation to the Adviser by Front Yard under the Current AMA dated March 31, 2015:

Type of Fee	Description of Fee (Payable by Front Yard – a public REIT)
Base Management Fee	An annual base management fee equal to 1.5% of the product of (i) Front Yard’s invested equity capital (as defined in the Current AMA) for the quarter multiplied by (ii) 0.25, while it has fewer than 2,500 single-family rental properties actually rented (“Rental Properties”). The Base Management Fee percentage increases to 1.75% of average invested capital while Front Yard has between 2,500 and 4,499 Rental Properties and increases to 2.0% of average invested capital while it has 4,500 or more Rental Properties. Currently, Front’s Yard’s portfolio of Rental Properties exceeds 4,500 homes. The base management fee was designed to cover the Adviser’s employee salary, bonus, benefits, payroll tax and other overhead expenses of the Adviser.
Incentive Fee	A quarterly incentive management fee equal to 20% of the amount by which Front Yard’s return on invested capital (based on AFFO, defined as net income attributable to holders of common stock calculated in accordance with GAAP plus real estate depreciation expense minus recurring capital expenditures on all real estate assets owned by Front Yard) exceeds an annual hurdle return rate of between 7.0% and 8.25% (depending on the 10-year treasury rate). The Incentive Management Fee increases to 22.5% while Front Yard has between 2,500 and 4,499 Rental Properties and increases to 25% while it has 4,500 or more Rental Properties.

Conversion Fee for Single-Family Rentals	A quarterly conversion fee equal to 1.5% of the market value of the single-family homes leased by Front Yard for the first time during the quarter.
Termination Fee	<p>The Current AMA provides for an initial term of 15 years to March 31, 2030, with two automatic five-year extensions, subject to Front Yard achieving an average annual return on invested capital of at least 7% in each term.</p> <p>Front Yard may terminate earlier upon certain “good reason” events, including failure to achieve a 7% return on invested capital for two consecutive years, failure to pay a dividend after declared and a material breach of a debt of Front Yard that causes acceleration not caused by the Adviser, in which case Front Yard shall pay the Adviser a termination fee of one times the average annual fees payable over the last 24-month period prior to termination.</p> <p>Front Yard may terminate earlier upon certain “for cause” termination events with no termination fee.</p> <p>In the event of a change of control of Front Yard, Front Yard may terminate the Adviser subject to a payment of a termination fee of up to three times the average annual incentive fee earned under the Current AMA over the prior 24 months.</p>

To the extent Front Yard has an aggregate shortfall in its return rate over the previous seven quarters, that aggregate return rate shortfall gets added to the normal quarterly 1.75% return hurdle for the next quarter before the Adviser entitled to an Incentive Management Fee. Front Yard has the flexibility to pay up to 25% of the Incentive Management Fee to the Adviser in shares of its common stock.

Fees paid by Front Yard will be calculated by the Adviser within 35 days after the end of each quarter. Payment will be made by Front Yard after delivery of a written statement setting forth the computation of the fee for such quarter.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Performance-based fees are in the form of the “incentive management fees” described in Item 5.

Front Yard is currently the Adviser’s primary client that is not a wholly-owned subsidiary of the Adviser. The Adviser provides corporate governance services to Front Yard in addition to asset management services; therefore, the Adviser’s executive officers are also the executive officers of Front Yard.

ITEM 7: TYPES OF CLIENTS

The Adviser provides investment advice to Front Yard, a publicly traded REIT. Front Yard does not have suitability or net worth qualifications. Currently, the Adviser provides services to Front Yard and NewSource, and does not generally offer services to the public.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

Front Yard's investment objective is to generate attractive risk adjusted return over the long term. The Adviser utilizes proprietary analytical and portfolio management expertise and technology to review potential investments real-estate assets with a view to building Front Yard's SFR business. The Adviser may also provide advice to Front Yard on acquiring its properties for SFR management through strategies that include clean-up call options; residential mortgage backed securities; securitization loans and other similar investments. The investment analysis review process involves, among other things, facilitating entry into financing arrangements for Front Yard to better leverage its portfolio and asset-buying power, reviewing SFR collateral asset characteristics, aggregating portfolio profiles, providing cash flow analysis and advising on the structure and execution of investment opportunities.

Material Risks

Set forth below is a summary of risks generally applicable to Front Yard's investment portfolio:

- *Real Estate Risk:* Residential property values are subject to volatility and may be affected adversely by a number of factors, including, but not limited to, national, regional and local economic conditions (which may be adversely affected by industry slowdowns and other factors); local real estate conditions (such as an oversupply of housing); construction quality, age and design; demographic factors; and retroactive changes to building or similar codes. Decreases in property values could cause the Adviser's clients to suffer losses.
- *Interest Rate Risk:* Real estate investments are subject to interest rate risk in connection with (a) acquisition and ownership of residential mortgage loans and (b) debt financing activities for Front Yard's single-family rental property and mortgage loan portfolio. Interest rate risk is highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond the Adviser's or its clients' control. Changes in interest rates may affect the fair value of the residential mortgage loans and real estate portfolios as well as their financing interest rate expense. To date, Front Yard has not hedged the risk associated with the residential mortgage loans and real estate portfolios. However, the Adviser has undertaken and may continue to undertake risk mitigation activities with respect to Front Yard's debt financing interest rate obligations. Front Yard's debt financing, at times, may be based on a floating rate of interest calculated on a fixed spread over the relevant index, as determined by the particular financing arrangement. A significantly rising interest rate environment could have an adverse effect on the cost of Front Yard's financing. To mitigate this risk, Front Yard has entered into more fixed rate financing arrangements and has also used and may continue to use derivative financial instruments, such as interest rate swaps and

interest rate caps, in an effort to reduce the variability of earnings caused by changes in the interest rates paid on its debt.

These derivative transactions will be entered into solely for risk management purposes, not for investment purposes. When undertaken, these derivative instruments likely will expose Front Yard to certain risks such as price and interest rate fluctuations, timing risk, volatility risk, credit risk, counterparty risk and changes in the liquidity of markets. Therefore, although the Adviser expects to transact in these derivative instruments purely for risk management, they may not adequately protect Front Yard from fluctuations in its financing interest rate obligations.

In September 2016, Front Yard entered into its first interest rate cap in order to manage the economic risk of increases in the floating rate portion of a seller financing arrangement for one of Front Yard's single-family rental property acquisitions. Front Yard will be reimbursed by the counterparty in the purchase transaction of the interest rate cap to the extent that the one-month LIBOR exceeds the strike rate based on the scheduled notional amount of the interest rate cap.

Front Yard is also exposed to counterparty risk should the counterparty fail to meet its obligations under the terms of the agreement. Front Yard currently borrows funds on its repurchase facilities at variable rates using secured financings. At December 31, 2017, Front Yard had \$464.4 million of variable rate debt outstanding that was not protected by interest rate hedge contracts and \$489.3 million that was protected by the interest rate cap.

- **Market Risk:** Market risk represents the potential loss in value of financial instruments caused by movements in market factors, including, but not limited to, market liquidity, investor sentiment, interest and foreign exchange rates. The investments in which the Adviser invests may trade in limited markets or have restrictions on resale or transfer and may not be able to be liquidated on demand if needed. The value assigned to these investments may differ significantly from the values that would have been used had a ready market existed and such differences could be material to the financial statements. Adverse changes in economic conditions are more likely to lead to a weakened capacity of borrowers to make principal payments and interest payments. An economic downturn could severely affect the ability of highly leveraged borrowers to service their debt obligations or to repay their obligations.
- **Leverage Risk:** As part of its investment strategy, the Adviser may advise Front Yard to utilize borrowings, including repurchase agreements, which have mark-to-market risk for Front Yard. Financing may not always be available on acceptable terms, in the necessary amounts, or for the period needed.
- Additional risks and risk factors applicable to the Adviser's services to Front Yard are set forth in Front Yard's publicly filed documents:
 - o Front Yard's most recent Annual Report on Form 10-K for the year ended December 31, 2017, filed with the Securities and Exchange Commission (the "SEC") on March 1, 2018; and
 - o Front Yard's most recent quarterly report on Form 10-Q.

ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of an adviser or the integrity of its management. The Adviser has disclosed, in the Adviser's Annual Report on Form 10-K for the year ended December 31, 2017 filed with the SEC on March 1, 2018, the risks legal and/or disciplinary events that are material to both Front Yard and the Adviser.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Financial Industry Activities

Front Yard has entered into a property management agreement with each of ASPS and MSR, its Property Managers, to provide renovation, property management and leasing services to Front Yard, under management by the Adviser. Front Yard has also entered into mortgage servicing agreements three separate servicers to service all of the remaining residential mortgage loans and real estate owned properties held by Front Yard, although as Front Yard completes its transition to a full single-family equity REIT, its use of mortgage loan servicers will decline substantially.

Affiliations

In providing investment advisory services, the Adviser uses the expertise of its management team and staff, as well as its Servicers and Property Managers. Each of Front Yard's Servicers receives compensation or compensation in kind as a result of servicing the remaining residential mortgage loans held by Front Yard. Front Yard's Property Managers also receive compensation or compensation in kind as a result of providing renovation, property management, leasing and valuation services for Front Yard's real estate portfolio. Please see the Risk Factor disclosure about potential conflicts of interest in Front Yard's publicly filed documents.

The Adviser believes that its agreements with its service providers provide efficiency and predictability in certain major components of its cost structure and that its efforts will benefit from the efficiency and predictability provided by these agreements. The Adviser believes that its relationship with the Property Managers provides the Adviser a distinct advantage as it allows the Adviser to bid on large attractive portfolios, mini-bulk portfolios or properties on a one-by-one basis for Front Yard.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

As an investment adviser, the Adviser owes a fiduciary duty to its clients. Accordingly, the Adviser and its employees will not act or behave in any manner or engage in any activity that (i) creates even the suspicion or appearance of the misuse of material non-public information, (ii) gives rise to, or appears to give rise to, any breach of a duty owed to any client or (iii) creates any undisclosed and/or unaddressed conflict of interest, between any client, on the one hand, and the Adviser or any employee, on the other hand, or between clients. The Adviser seeks to foster and maintain a reputation for honesty, integrity and professionalism.

The Adviser has adopted a Code of Business Conduct and Ethics that sets forth standards of ethical and business conduct expected of the Adviser's personnel and addresses conflicts that may arise from personal trading by such personnel. The Code of Business Conduct and Ethics, among other things, requires compliance with the federal securities laws, reflects the Adviser's fiduciary responsibilities and those of their advisory personnel, prohibits certain personal securities transactions, require the Adviser's personnel to periodically report their personal securities transactions and to pre-clear certain securities transactions and addresses prevention of the misuse of material non-public information. The Code of Business Conduct and Ethics is publicly available on the Adviser's web site, and will be provided to any Client upon request

ITEM 12: BROKERAGE PRACTICES

Not Applicable.

ITEM 13: REVIEW OF ACCOUNTS

At the Adviser's recommendation, Front Yard's Board of Directors has formed an investment committee comprised of its Chairman of the Board of Directors, its Chief Executive Officer and its Chief Financial Officer. Among other things, the investment committee primarily is responsible for reviewing the performance of investments recommended for Front Yard against projections and for determining conformity of the investment recommendations with Front Yard's investment policies and objectives. The Front Yard investment committee will review and consider Front Yard's portfolio periodically. More frequent reviews of Front Yard's portfolio may be undertaken by the Adviser's other investment professionals as deemed appropriate, taking into account revisions in investment objectives, material movement in the market and other like and unlike factors.

The Adviser prepares periodic detailed reports covering Front Yard's portfolio, which are provided to the Front Yard board of directors. In addition, because Front Yard's shares are registered with the SEC, the following are examples of reports covering Front Yard's operations which are available to the public:

1. Annual Reports on Form 10-K on an annual basis.
2. Quarterly Reports on Form 10-Q, filed quarterly.
3. Current Reports on Form 8-K filed for material activity affecting Front Yard.
4. Proxy Statements on an annual basis for Front Yard's annual meeting of stockholders.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

The Adviser does not currently have any relationship with any third-party firm or individual whose purpose is marketing and/or gathering assets for us.

ITEM 15: CUSTODY

It is the Adviser's general policy to not have physical custody of any client assets. To the extent that the Adviser might otherwise be deemed to have custody, the Adviser will operate in reliance upon the reporting requirement exemption in the Custody Rule with respect to Front Yard by causing Front Yard to distribute audited financial statements annually, prepared in accordance with GAAP, to

shareholders no later than 120 days after the end of each fiscal year, which Front Yard meets each year with its Form 10-K filing with the SEC as a publicly traded company.

ITEM 16: INVESTMENT DISCRETION

Pursuant to the asset management agreement and subject to oversight by Front Yard's board of directors and/or investment committee, the Adviser administers Front Yard's business activities and day-to-day operations and facilitates certain of Front Yard's corporate governance functions. Front Yard's board of directors has approved an investment policy that sets forth Front Yard's investment objectives, policies and restrictions. All investments must be approved by Front Yard's investment committee which has been formed by Front Yard's Board of Directors to ensure that the investments meet the objectives and restrictions of the investment policy. For certain material transactions, the Board of Directors of Front Yard has maintained the ability to approve such material transactions.

For Front Yard's investments, the Adviser is responsible for (1) sourcing, analyzing, recommending and executing asset acquisitions approved by Front Yard's investment committee, including its acquisitions of single-family rental portfolios, its purchase of single-family homes on a one by one basis or its acquisition of sub-performing and non-performing residential mortgage loan portfolios and related financing activities, (2) analyzing and recommending sales of properties, (3) overseeing ASPS's and MSR's renovation, leasing and property management of Front Yard's single-family rental properties, (4) overseeing the servicing of Front Yard's residential mortgage loan portfolios and (5) performing related asset management duties.

ITEM 17: VOTING CLIENT SECURITIES

Front Yard typically does not hold voting securities, and, consequently, the Adviser does not vote proxies on behalf of Front Yard. To the extent Front Yard holds voting securities in the future, the Adviser has been delegated the authority to vote proxies regarding Front Yard's portfolio securities. To the extent that the Adviser does vote proxies, they will be voted in the Adviser's clients' best interests and according to the Adviser's proxy voting policy. A copy of the proxy voting policy and/or record of how proxies, if any, have been voted are available to clients upon request.

ITEM 18: FINANCIAL INFORMATION

The Adviser does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. The Adviser does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients and has not been the subject of a bankruptcy proceeding.