

Altisource Residential Corp
Form DEFC14A
April 27, 2016

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

SCHEDULE 14A INFORMATION

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

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

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

Payment of Filing Fee (Check the appropriate box):

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

(1) Amount Previously Paid:

N/A

(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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N/A

April 27, 2016

Dear Fellow Stockholder:

On behalf of the Board of Directors, I cordially invite you to attend the 2016 Annual Meeting of Stockholders of Altisource Residential Corporation, which will be held on June 1, 2016 at 9:00 a.m., Atlantic Standard Time at the Buccaneer Hotel, located at 5007 Estate Shoys, Christiansted, United States Virgin Islands 00820. The matters to be considered by stockholders at the 2016 Annual Meeting of Stockholders are described in detail in the accompanying materials.

It is very important that you be represented at the 2016 Annual Meeting of Stockholders regardless of the number of shares you own or whether you are able to attend the meeting in person. We urge you to authorize your WHITE proxy in one of the manners described in the accompanying materials even if you plan to attend the 2016 Annual Meeting of Stockholders. This will not prevent you from voting in person but will ensure that your vote is counted if you are unable to attend.

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

Sincerely,
David B. Reiner
Chairman of the Board of Directors

ALTISOURCE RESIDENTIAL CORPORATION

NOTICE OF THE 2016 ANNUAL MEETING OF STOCKHOLDERS AND
IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 1, 2016

NOTICE

The 2016 Annual Meeting of Stockholders of Altisource Residential Corporation (the “Company”), a Maryland corporation, will be held:

Date: June 1, 2016

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

Location: The Buccaneer Hotel
5007 Estate Shoys
Christiansted, United States Virgin Islands 00820

PURPOSE

- To elect five (5) Directors nominated by the Board of Directors of the Company to serve until the 2017 Annual Meeting of Stockholders and/or until their successors are duly elected and qualified;
- To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2016;
- To approve the adoption of the Altisource Residential Corporation 2016 Equity Incentive Plan (the “2016 Equity Incentive Plan”);
- To approve, on an advisory basis, the compensation of the Company’s named executive officers, as disclosed in the proxy statement;
- To approve, on an advisory basis, the frequency with which an advisory vote on executive compensation should be presented to the Company’s stockholders; and
- To transact such other business as may properly come before the 2016 Annual Meeting of Stockholders and any postponement or adjournment thereof.

PROCEDURES

• Our Board of Directors has fixed the close of business on April 11, 2016 as the record date for the determination of stockholders entitled to notice of and to vote at the 2016 Annual Meeting of Stockholders.

• Only stockholders of record at the close of business on the record date will be entitled to receive notice of and vote at the 2016 Annual Meeting of Stockholders.

The proxy statement for our 2016 Annual Meeting of Stockholders and our annual report to stockholders on Form 10-K for the year ended December 31, 2015 are available on our website under Shareholders-Investor Relations-Financial Information at <http://ir.altisourceresi.com/financials.cfm>.

Please note that BLR Partners LP, together with other participants in the solicitation (collectively, “RESI Shareholders Group”) has notified the Company of its intent to nominate three (3) nominees for election to the Board of Directors at the 2016 Annual Meeting of Stockholders. You may receive solicitation materials from RESI Shareholders Group,

including a proxy statement and proxy card. We are not responsible for the accuracy of any information provided by or relating to RESI Shareholders Group or its nominees contained in solicitation material filed or disseminated by or on behalf of RESI Shareholders Group or any other statements RESI Shareholders Group may make.

AFTER DUE CONSIDERATION, THE BOARD OF DIRECTORS DOES NOT ENDORSE ANY OF RESI SHAREHOLDERS GROUP NOMINEES AND UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE

ELECTION OF EACH OF THE NOMINEES PROPOSED BY THE BOARD OF DIRECTORS ON THE WHITE PROXY CARD. OUR BOARD OF DIRECTORS STRONGLY URGES YOU NOT TO SIGN OR RETURN ANY PROXY CARD SENT TO YOU BY RESI SHAREHOLDERS GROUP. IF YOU PREVIOUSLY SUBMITTED A PROXY CARD SENT TO YOU BY RESI SHAREHOLDERS GROUP, YOU CAN REVOKE THAT PROXY AND VOTE FOR OUR BOARD OF DIRECTORS' NOMINEES AND ON THE OTHER MATTERS TO BE VOTED ON AT THE ANNUAL MEETING BY USING THE ENCLOSED WHITE PROXY CARD. ONLY THE LATEST VALIDLY EXECUTED PROXY THAT YOU SUBMIT WILL BE COUNTED.

Your vote is important. Please be sure to vote your shares on the WHITE proxy card TODAY.

Your attention is directed to the proxy statement accompanying this Notice for a more complete statement of the matters to be considered at the meeting.

YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" EACH NOMINEE FOR DIRECTOR LISTED IN PROPOSAL ONE, AND "FOR" PROPOSALS TWO, THREE AND FOUR, AND "3 YEARS" FOR PROPOSAL FIVE.

PLEASE DATE, SIGN AND MAIL THE ENCLOSED WHITE PROXY CARD OR SUBMIT YOUR PROXY USING THE INTERNET LINK OR TELEPHONE NUMBER SET FORTH ON THE WHITE PROXY CARD.

By Order of the Board of Directors,
Michael G. Lubin
Corporate Secretary

April 27, 2016
Christiansted, United States Virgin Islands

If you have any questions, require assistance in voting your WHITE proxy card, or need additional copies of the Company's proxy materials, please contact Innisfree at the phone numbers listed below.

Innisfree M&A Incorporated
501 Madison Avenue, 20th Floor

New York, NY 10022

Stockholders call toll free at (888) 750-5834

Banks and Brokers may call collect at (212) 750-5833

ALTISOURCE RESIDENTIAL CORPORATION
PROXY STATEMENT
2016 ANNUAL MEETING OF STOCKHOLDERS

General Information

We have made this proxy statement (“Proxy Statement”) available to you on or about April 27, 2016 as a holder of common stock of Altisource Residential Corporation, a Maryland corporation (“we”, “our”, “Residential” or the “Company”) because our Board of Directors is soliciting your proxy to be exercised at the 2016 Annual Meeting of Stockholders and at any postponement or adjournment thereof (“Annual Meeting”). The Annual Meeting will be held at the Buccaneer Hotel, located at 5007 Estate Shoys, Christiansted, United States Virgin Islands 00820 on June 1, 2016, at 9:00 a.m., Atlantic Standard Time for the purposes listed in the Notice of Annual Meeting of Stockholders. Stockholders are requested to arrive at the Annual Meeting on time, as there will be no admittance once the Annual Meeting has begun.

At the Annual Meeting, our stockholders will be asked to consider and vote upon (1) the election of five (5) Directors to serve until the 2017 Annual Meeting and/or until their successors are duly elected and qualified, (2) the ratification of the appointment of Deloitte & Touche LLP to be our independent registered public accounting firm for the year ending December 31, 2016, (3) the adoption of the 2016 Equity Incentive Plan, (4) the approval, on an advisory basis, of the compensation of the Company’s named executive officers, as disclosed in this Proxy Statement and (5) the approval, on an advisory basis, of the frequency with which an advisory vote on executive compensation should be presented to the Company’s stockholders.

If any other matters properly come before the Annual Meeting, the persons designated as proxies intend to vote in accordance with their discretion on such matters.

Proxy Materials

On or about April 27, 2016, we will mail the proxy materials consisting of this Proxy Statement, the WHITE proxy card and the Annual Report to each of our stockholders. We also expect our proxy documents to be made available to stockholders on or about April 27, 2016 through the Shareholders link on our website at www.altisourceresi.com. Our annual report on Form 10-K for the year ended December 31, 2015 was filed with the SEC and made available on our website on February 29, 2016.

Stockholders of Record. If your shares are registered in your own name, you will receive a full set of the proxy documents in the mail. As a stockholder of record, you have the right to vote in person or to be represented by proxy at the Annual Meeting. The Company has enclosed a WHITE proxy card for you to use. You may also submit voting instructions via the Internet or by telephone by following the instructions on the WHITE proxy card.

Beneficial Stockholders. If your shares are not registered in your name, you should receive proxy materials and a WHITE voting instruction form from your bank or broker. We recommend that you contact your bank or broker if you do not receive these instructions. As the beneficial owner, you have the right to direct your bank, broker or other holder of record how to vote your shares by using the voting instructions you received.

Voting Procedures

You may vote by attending the Annual Meeting in person, by completing and returning a proxy by mail or by using the Internet or telephone. You may submit your proxy by mail by marking your vote on the enclosed WHITE proxy

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card, then following the instructions on the card. To submit your proxy using the Internet or by telephone, see the instructions on the WHITE proxy card and have the WHITE proxy card available when you access the Internet website or place your telephone call. If you are authorizing a proxy to vote your shares over the Internet or by telephone, you will need to provide the control number that is printed on the proxy card that you receive. If you are a stockholder of record and wish to vote in person at the Annual Meeting, you may do so.

If you are the beneficial owner of shares held in “street name” by a bank or broker and wish to vote in person at the Annual Meeting, you must obtain a legal proxy from the bank, broker or other institution holding your shares and bring such proxy with you to hand in with your ballot.

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Even if you plan to attend the Annual Meeting, we recommend that you authorize a proxy to vote your shares in advance of the Annual Meeting as described above so that your vote will be counted if you later decide not to attend the Annual Meeting.

How a Proxy Works

All valid proxies received prior to the Annual Meeting will be voted in accordance with the directions on the proxies, unless such proxies have previously been revoked. If you submit a WHITE proxy card with no voting direction indicated, the shares will be voted as the Board recommends, which is as follows:

• “FOR” the election of each of the five (5) nominees to the Board listed in this Proxy Statement and on the WHITE proxy card (Proposal One);

• “FOR” the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2016 (Proposal Two);

• “FOR” the approval of the adoption of the 2016 Equity Incentive Plan (Proposal Three);

• “FOR” the approval, on an advisory basis, of the compensation of the Company’s named executive officers, as disclosed in the Proxy Statement (Proposal Four); and

• “3 YEARS” as the frequency with which an advisory vote on executive compensation should be presented to the Company’s stockholders (Proposal Five).

By returning a signed WHITE proxy card by mail or by duly submitting a proxy by Internet or telephone, you will confer discretionary authority on the named proxies to vote on any other business that properly comes before the meeting or any adjournment or postponement thereof for which discretionary authority is permitted. The persons named on the WHITE proxy card as proxies or their substitutes will vote or act in their discretion with respect to such other matters. Any such matters shall be determined by a majority vote of the stockholders present in person or represented by proxy.

How to Revoke or Change a Proxy

The Board strongly urges you not to sign or return any proxy card sent to you by or on behalf of BLR Partners LP, together with other participants in the solicitation (collectively, “RESI Shareholders Group”). Submitting a proxy card sent to you by or on behalf of RESI Shareholders Group will revoke votes you have previously cast via our WHITE proxy card, Internet or telephonically.

If you have already submitted a proxy card that you received from RESI Shareholders Group, you may revoke such proxy and vote for the Board’s nominees. You have the power to revoke your proxy at any time before it is exercised at the Annual Meeting by:

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

Michael G. Lubin, Corporate Secretary
Altisource Residential Corporation
c/o Altisource Asset Management Corporation
36C Strand Street

Christiansted, United States Virgin Islands 00820

Written revocations must be received by the Corporate Secretary no later than 5:00 p.m., Atlantic Standard Time, on May 31, 2016;

submitting a properly executed WHITE proxy card bearing a later date by a later telephone or Internet vote (subject to the telephone or Internet voting deadline); or

appearing at the Annual Meeting and giving the Corporate Secretary notice of your intention to vote in person. Attending the Annual Meeting will not, by itself, revoke a properly executed proxy.

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If your shares are held by a bank or broker and you have instructed such bank or broker to vote your shares, you must follow directions received from your bank or broker to change these instructions.

Who May Vote

You are entitled to vote at the Annual Meeting or any postponement or adjournment of the Annual Meeting if you are a holder of record of our common stock at the close of business on April 11, 2016, the record date for the Annual Meeting. At the close of business on April 11, 2016, there were 54,696,077 shares of common stock issued, outstanding and able to be voted and no other class of equity securities outstanding. Each share of our common stock is entitled to cast one (1) vote at the Annual Meeting on all matters properly presented before the Annual Meeting.

Quorum and Voting Information

The presence at the Annual Meeting of a majority of the votes of our common stock entitled to be cast, represented in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. Abstentions, or, with regard to the election of Directors, "WITHHOLD" votes, and "broker non-votes", if any, will be treated as present for purposes of determining the presence of a quorum.

If you are the beneficial owner of shares held in "street name" by a bank or broker, your bank or broker, as the record holder of the shares, must vote those shares in accordance with your instructions. Generally, in an uncontested election, and in accordance with the rules of the New York Stock Exchange (the "NYSE"), certain matters submitted to a vote of stockholders are considered by the NYSE to be "routine" items upon which brokerage firms may vote in their discretion on behalf of their customers if such customers have not furnished voting instructions within a specified period prior to the meeting. However, when a beneficial owner of shares held by a bank, broker or other nominee fails to provide the record holder with voting instructions, and such organization lacks the discretionary voting power to vote those shares with respect to a particular "non-routine" proposal, a "broker non-vote" occurs.

Given the contested nature of the election, the rules of the NYSE governing brokers' discretionary authority generally do not permit brokers to exercise discretionary authority regarding any of the proposals to be voted on at the Annual Meeting, whether "routine" or not. Therefore, we do not expect there to be any broker non-votes at the Annual Meeting. Thus, if you do not give instructions to the organization holding your shares, then we do not expect that organization to be able to vote your shares and, consequently, the shares held by that organization would not be entitled to vote on any matter to be considered at the Annual Meeting. It is therefore important that you provide instructions to the organization holding your shares so that your vote with respect to the proposals to be voted on at the Annual Meeting is counted.

To vote your shares, you will need to follow the directions your bank, brokerage firm or other nominee provides you. You should instruct your bank, brokerage firm or other nominee to vote your shares by following the voting instructions provided by your bank, brokerage firm or other nominee. Please contact your bank, brokerage firm or other nominee for further information.

Proposal One – Election of Directors: Assuming a quorum, each of the five (5) nominees for Director will be elected as Directors of the Company by a plurality of the votes cast in person or by proxy at the Annual Meeting. You may vote "FOR" all nominees, "WITHHOLD" your vote as to all nominees, or vote "FOR" all nominees except those specific nominees from whom you "WITHHOLD" your vote. A properly executed proxy marked "WITHHOLD" with regard to the election of one or more Directors will not be voted with regard to the Director or Directors indicated. "Plurality" means that the five (5) individuals who receive the greatest number of votes cast "FOR" are elected as Directors.

Cumulative voting in the election of Directors is not permitted.

A decision to withhold your vote as to all nominees or to withhold your vote with respect to a specific nominee will not be counted in the votes cast in connection with Proposal One and will have no effect on the results of the vote on Proposal One.

THE BOARD DOES NOT ENDORSE ANY OF RESI SHAREHOLDERS GROUP'S NOMINEES AND UNANIMOUSLY RECOMMENDS THAT YOU DISREGARD ANY PROXY CARD OR SOLICITATION

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MATERIALS THAT MAY BE SENT TO YOU BY RESI SHAREHOLDERS GROUP. VOTING TO “WITHHOLD” WITH RESPECT TO ANY RESI SHAREHOLDERS GROUP NOMINEE ON ITS PROXY CARD IS NOT THE SAME AS VOTING FOR THE NOMINEES OF THE COMPANY’S BOARD BECAUSE A VOTE TO “WITHHOLD” WITH RESPECT TO ANY RESI SHAREHOLDERS GROUP NOMINEE ON ITS PROXY CARD WILL REVOKE ANY PROXY YOU PREVIOUSLY SUBMITTED, INCLUDING ANY PROXY THAT YOU PREVIOUSLY SUBMITTED VOTING “FOR” THE BOARD’S NOMINEES.

Proposal Two – Ratification of Appointment of Independent Registered Public Accounting Firm: Assuming a quorum, the proposal to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2016 requires the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting. You may vote “FOR” or “AGAINST” or “ABSTAIN” on Proposal Two.

Abstentions will not be counted in determining the votes cast in connection with Proposal Two and will have no effect on the results of the vote on Proposal Two.

Proposal Three – Approval of the Adoption of the 2016 Equity Incentive Plan: Assuming a quorum, the proposal to adopt the 2016 Equity Incentive Plan requires the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting. You may vote “FOR” or “AGAINST” or “ABSTAIN” on Proposal Three.

Abstentions will not be counted in determining the votes cast in connection with Proposal Three and will have no effect on the results of the vote on Proposal Three.

Proposal Four – Approval, on an advisory basis, of the Compensation of the Company’s Named Executive Officers, as Disclosed in the Proxy Statement: Assuming a quorum, the proposal to approve the compensation of the Company’s named executive officers requires the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting. You may vote “FOR” or “AGAINST” or “ABSTAIN” on Proposal Four.

Abstentions will not be counted in determining the votes cast in connection with Proposal Four and will have no effect on the results of the vote on Proposal Four.

Proposal Five – Approval, on an advisory basis, of every "3 Years" as the Frequency with which an Advisory Vote on Executive Compensation Should be Presented to the Company’s Stockholders: Assuming a quorum, the frequency of the advisory vote on executive compensation receiving the greatest number of votes (every 1, 2 or 3 years) will be considered the frequency recommendation by stockholders.

Abstentions will not be counted in determining the votes cast in connection with Proposal Five and will have no effect on the results of the vote on Proposal Five.

The below table summarizes the voting requirements to elect Directors and to approve each of the proposals in this Proxy Statement:

Proposal	Vote Required
1. Election of Directors	Plurality of votes cast
2. Ratification of Deloitte & Touche, LLP	Majority of shares represented at meeting in person or by proxy and entitled to vote
3. Approval of Adoption of 2016 Equity Incentive Plan	Majority of shares represented at meeting in person or by proxy and entitled to vote
4. Approval of executive compensation on an advisory basis	Majority of shares represented at meeting in person or by proxy and entitled to vote
5. Approval of every "3 years" as the frequency with which an advisory vote on executive compensation should be presented to the Company's stockholders	The frequency of the advisory vote on executive compensation receiving the greatest number of votes (every 1, 2 or 3 years) will be considered the frequency recommendation by stockholders

Board Recommendation

The Board recommends that you vote as follows:

• "FOR" the election of each of the five (5) nominees to the Board listed in this Proxy Statement and on the WHITE proxy card (Proposal One);

• "FOR" the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2016 (Proposal Two);

• "FOR" the approval of the adoption of the 2016 Equity Incentive Plan (Proposal Three);

• "FOR" the approval, on an advisory basis, of the compensation of the Company's named executive officers, as disclosed in the Proxy Statement (Proposal Four); and

• "3 YEARS" as the frequency with which an advisory vote on executive compensation should be presented to the Company's stockholders (Proposal Five).

Any properly authorized proxy as to which no instructions are given will be voted in accordance with the foregoing recommendations.

Costs of Solicitation

We will bear the cost of the solicitation of proxies by the Company. In addition to mail and e-mail, proxies may be solicited personally, via the Internet or by telephone or facsimile, by a few of our regular employees without additional compensation. We will reimburse brokers and other persons holding stock in their names, or in the names of nominees, for their expenses for forwarding proxy materials to principals and beneficial owners and obtaining their proxies. As a result of the potential proxy solicitation by RESI Shareholders Group, we may incur additional costs in connection with our solicitation of proxies. Annex A sets forth information relating to certain of our Directors, officers and employees who are considered "participants" in this proxy solicitation under the rules of the Securities and Exchange Commission, by reason of their position or because they may be soliciting proxies on our behalf.

We have hired Innisfree M&A Incorporated (“Innisfree”), 501 Madison Avenue, 20th Floor, New York, NY 10022 to assist us in the solicitation of proxies for a fee of up to \$380,000 plus out-of-pocket expenses. Innisfree expects that approximately 30 of its employees will assist in the solicitation. Our expenses related to the solicitation of proxies from stockholders this year will significantly exceed those normally spent for an Annual Meeting. Such costs are expected to aggregate approximately \$1,350,000. To date, we have incurred approximately \$500,000 of these solicitation costs.

BACKGROUND OF THE RESI SHAREHOLDERS GROUP SOLICITATION

On August 14, 2015, the Company's Chief Executive Officer, George G. Ellison, and Chief Financial Officer, Robin N. Lowe, had a telephone conversation with Bradley Radoff of BLR Partners, a member of the RESI Shareholders Group, in response to an email request by Mr. Radoff. At this meeting, Mr. Radoff shared his views on the Company's business strategy.

On November 10, 2015, Messrs. Ellison and Lowe had a second telephone conversation with Mr. Radoff in response to an email request by Mr. Radoff. At this meeting, Messrs. Radoff, Ellison and Lowe further discussed Mr. Radoff's views on the Company's business strategy.

On December 11, 2015, the Company received an email from outside counsel representing a stockholder of the Company requesting to obtain the Company nominee questionnaire required pursuant to the Company's Bylaws for a stockholder to nominate candidates for election to the Board at the Annual Meeting.

On December 15, 2015, the Company sent an email to such outside counsel requesting the name and contact information of the stockholder requesting the questionnaire, and later in the day on December 15, 2015, such outside counsel provided the name of the stockholder as BLR Partners LP.

On December 16, 2015, the Company provided the nominee questionnaire to RESI Shareholders Group's outside counsel.

On December 18, 2015, the Company received correspondence from RESI Shareholders Group stating its intention to nominate four potential candidates – William King, Andrew L. Platt, Clifford Press and Joshua E. Schechter – for election to the Board of Directors at the Annual Meeting.

On January 11, 2016, RESI Shareholders Group provided a supplement to its notice of stockholder nominations of individuals for election as Director at the Annual Meeting (the "Nomination Letter"), including disclosure of changes to the shareholdings of the various members of RESI Shareholders Group.

On January 14, 2016, Mr. Lowe received email and voicemail correspondence from Mr. Radoff requesting a teleconference about the Nomination Letter and to seek a dialogue with the Company's management team.

On January 15, 2016, Mr. Lowe and the Company's Chief Administrative Officer, Stephen H. Gray, had a telephone conversation with Mr. Radoff informing him that the Company was in a pre-earnings "black-out period" and, as a result, representatives of the Company would be restricted in what they could discuss unless representatives of RESI Shareholders Group were willing to execute a customary confidentiality agreement. Mr. Radoff informed Mr. Lowe that RESI Shareholders Group would not execute a confidentiality agreement. Mr. Lowe informed Mr. Radoff that representatives of the Company could have a conference call to hear and further understand RESI Shareholders Group's views, but that without a confidentiality agreement, the Company would not be able to share any material non-public information.

On January 19, 2016, Messrs. Lowe and Gray had a telephone conversation with Mr. Radoff, and listened to the views of RESI Shareholders Group. Messrs. Lowe and Gray informed Mr. Radoff that they would be able to have a more comprehensive discussion with RESI Shareholders Group if they were to execute a customary confidentiality agreement and they would have the Company's outside counsel reach out to RESI Shareholders Group's outside

counsel to discuss a potential confidentiality agreement.

On January 20, 2016, RESI Shareholders Group issued a press release indicating that it had nominated three of the four potential Director candidates, Messrs. Platt, Press and Schechter, for election to the Company's Board of Directors at the Annual Meeting.

Also on January 20, 2016, the Company issued a press release of a statement in response to RESI Shareholders Group's press release of earlier in the day.

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On January 21, 2016, RESI Shareholders Group provided a second supplement to its Nomination Letter, including disclosure of changes to the shareholdings of the members of RESI Shareholders Group.

On January 27, 2016, each of the Company's non-management independent Directors received a letter dated January 26, 2016 from Clifford Press of Oliver Press Partners LLC, a member of RESI Shareholders Group, in which Mr. Press conveyed his views on the Company's business strategy.

On January 29, 2016, David B. Reiner, Chairman of the Board of Directors, sent a letter to Mr. Press on behalf of the Board of Directors, informing him that the Board of Directors was considering his letter and would provide a further response in due course.

On February 10, 2016, Mr. Reiner sent a further letter to Mr. Press indicating that the Company's management team would be pleased to organize a further meeting with representatives of RESI Shareholders Group prior to the Company's year-end 2015 earnings announcement scheduled for February 29, 2016. Mr. Reiner again noted to RESI Shareholders Group that the Company was in a pre-earnings "black-out period" and, as a result, representatives of the Company would be restricted in what they could discuss unless representatives of RESI Shareholders Group were willing to execute a customary confidentiality agreement.

On February 11, 2016, RESI Shareholders Group provided a third supplement to its Nomination Letter, including disclosure of changes to the shareholdings of the various members of RESI Shareholders Group.

On February 16, 2016, in response to a request from outside counsel to RESI Shareholders Group, Mr. Reiner and Robert Fitzpatrick, a Director and Chairman of the Company's Audit Committee, along with Mr. Gray and the Company's General Counsel, Michael G. Lubin, had a telephone conversation with Messrs. Radoff, Press and Schechter. During the conversation, Messrs. Radoff, Press and Schechter presented their views on the Company's business strategy and suggested an in-person meeting after the Company's announcement of fourth quarter and full year 2015 results scheduled for February 29, 2016.

On February 18, 2016, RESI Shareholders Group issued a press release of an open letter to the Company's Board of Directors presenting their views on the Company's business strategy, management and RESI Shareholders Group's Director nominees.

On February 24, 2016, RESI Shareholders Group issued a press release of an open letter to Mr. Ellison regarding their views on the Company's business strategy.

On February 29, 2016, the Company issued a press release reporting on the Company's fourth quarter and full year 2015 results and announcing a special dividend to shareholders. The Company also filed its annual report on Form 10-K and hosted an earnings call.

Also on February 29, 2016, outside counsel to RESI Shareholders Group contacted the Company's outside counsel to request a meeting between representatives of the Company and RESI Shareholders Group.

On March 3, 2016, outside counsel to the Company contacted RESI Shareholders Group's outside counsel to propose potential times for a meeting between representatives of the Company and RESI Shareholders Group. Outside counsel to the Company also inquired about the availability of RESI Shareholders Group's Director nominees to be interviewed by representatives of the Company's Nomination/Governance Committee.

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On March 4, 2016, outside counsel to RESI Shareholders Group contacted the Company's outside counsel to confirm the availability of Messrs. Radoff, Press and Schechter for a meeting with representatives of the Company and specifically requested to meet with Mr. Reiner and William P. Wall as Directors of the Company.

Also on March 4, 2016, RESI Shareholders Group issued a press release of an open letter to Mr. Reiner regarding their views on the Company's business strategy and the Company's announcement of fourth quarter and full year 2015 results.

On March 7, 2016, the Company issued a press release of an open letter to stockholders regarding management's and the Board of Directors' assessment of, among other matters, the Company's market opportunities, progress on

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its business strategy and strategic partnerships and the alignment of the Board of Directors and management with the interests of stockholders.

On March 14, 2016, in response to the request from outside counsel to RESI Shareholders Group, Messrs. Reiner and Wall, along with Messrs. Gray and Lubin, met with Messrs. Radoff, Press and Schechter. Messrs. Radoff, Press and Schechter presented their views on the Company's business strategy and suggested that the Board of Directors consider alternatives.

On March 15, 2016, the Nominating/Governance Committee met and discussed the composition of the current Board of Directors as well as the background and experience of RESI Shareholders Group's nominees in light of the Company's criteria for nominations of Directors to the Board.

On March 24, 2016, RESI Shareholders Group provided a fourth supplement to its Nomination Letter, including disclosure that various members of RESI Shareholders Group had decreased their aggregate shareholdings in the Company from approximately 4.5% of outstanding common stock to approximately 1.5% of outstanding common stock.

On March 29, 2016, the Board of Directors met to further discuss and consider RESI Shareholders Group's nominees, their background and experience, the Company's criteria for the nomination of Directors to the Board of Directors and the unanimous recommendation of the Nominating/Governance Committee. After careful consideration, the Board of Directors unanimously determined not to include RESI Shareholders Group's nominees in the Company's slate of nominees for election at the Annual Meeting. The Company believes that the current Board is very active and effective because it is comprised of highly qualified and proven leaders who have broad and diverse experience, industry knowledge, leadership abilities, high ethical standards and independence to exercise judgment. The Board is also committed to refreshing itself with two of its sitting members having been added in the past year.

On April 8, 2016, the Company filed its preliminary proxy statement with the SEC.

On April 12, 2016 RESI Shareholders Group issued a press release of an open letter to the Company's stockholders in response to the filing of the Company's preliminary proxy statement.

On April 13, 2016, RESI Shareholders Group filed a preliminary proxy statement with the SEC nominating three individuals for election to the Company's Board of Directors.

On April 14, 2016, RESI Shareholders Group provided a fifth supplement to its Nomination Letter, including disclosure of changes to the shareholdings of the various members of RESI Shareholders Group.

On April 22, 2016, RESI Shareholders Group filed a revised preliminary proxy statement with the SEC.

ELECTION OF DIRECTORS

(Proposal One)

Our Charter and Bylaws provide that that the number of our Directors will be fixed by a majority of our entire Board of Directors but may not be fewer than the minimum required under the Maryland General Corporation Law, which is one, nor more than fifteen. Currently, we have five members of our Board of Directors.

The five (5) nominees listed below for election as Directors at the Annual Meeting have been recommended by our Nomination/Governance Committee and nominated by our Board of Directors to serve on the Board until the 2017 Annual Meeting and/or until their successors are duly elected and qualified. Assuming a quorum, the five (5) nominees for Director will be elected as Directors by a plurality of the votes cast in person or by proxy at the meeting. All of the Company’s nominees currently serve as our Directors. There are no arrangements or understandings between any of the Company’s nominee and any other person for selection as a nominee.

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

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE ON THE WHITE PROXY CARD “FOR” ALL OF THE BOARD OF DIRECTORS’ NOMINEES FOR ELECTION TO BE ELECTED AND TO SERVE AS DIRECTORS OF THE COMPANY UNTIL OUR 2017 ANNUAL MEETING AND/OR UNTIL THEIR SUCCESSORS ARE ELECTED AND QUALIFIED. IT IS INTENDED THAT THE WHITE PROXIES WILL BE VOTED FOR THE FIVE BOARD NOMINEES SET FORTH IN THIS PROPOSAL. THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS USING THE ENCLOSED WHITE PROXY CARD TO VOTE “FOR” ALL OF THE BOARD OF DIRECTORS’ FIVE NOMINEES FOR DIRECTOR.

Nominees for Director

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

Name	Age (1)	Director Since	Audit Committee	Compensation Committee	Nomination/Governance Committee
David B. Reiner	60	2012	X	X (2)	X
Michael A. Eruzione	61	2012			X
Robert J. Fitzpatrick	55	2012	X (2)	X	
George G. Ellison	57	2015			
William P. Wall	53	2016	X	X	X (2)

(1) As of the date of this Proxy Statement.

(2) Committee Chair.

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

David B. Reiner. Mr. Reiner was elected to the Board of Directors in December 2012 and became Chairman of the Board of Directors on January 16, 2015. Mr. Reiner is currently a Managing Director with Regional Real Estate

Investment Corporation (“RREIC”), a registered investment advisor that manages private investment funds that make opportunistic real estate investments. Prior to joining RREIC, Mr. Reiner served as a Managing Director of Grosvenor Investment Management US Inc. (“GIM”), a real estate investment fund, from 2003 to 2011. At GIM, Mr. Reiner was responsible for the development and implementation of business strategy, capital markets activities, fund and investment development, fund-raising, fund operations and investor relations. He also was a member of the Management and Investment Committees for GIM’s Investment Funds business and served on the Capital Markets Committee of Grosvenor Fund Management Ltd. Prior to that, Mr. Reiner was a Co-founder and Managing Director of Legg Mason Real Estate Investors, Inc., from 2000 until 2003, a specialty real estate lender that provided

mezzanine and bridge loans to the commercial real estate industry. From December 2011 to October 2015, Mr. Reiner served on the board of directors and as chairman of the audit committee of Home Loan Servicing Solutions, Ltd. (“HLSS”). Prior to joining the HLSS board, he served three years on the board of directors of Ocwen Financial Corporation (“Ocwen”), where he was also a member of both the audit committee and the nomination/governance committee. Mr. Reiner holds a Bachelor of Arts from the University of South Carolina in Columbia, South Carolina and a Juris Doctorate from George Mason University School of Law in Fairfax, Virginia. He also completed graduate work in international affairs and economics at the Fletcher School of Law & Diplomacy at Tufts University in Medford, Massachusetts and the Johns Hopkins School of Advanced International Studies in Washington, DC.

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

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

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

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

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

George G. Ellison. Mr. Ellison was elected to our Board of Directors on August 25, 2015. Mr. Ellison has served as our Chief Executive Officer since June 15, 2015, as our President since March 31, 2015 and as the Chief Executive Officer of Altisource Asset Management Corporation (“AAMC”) since February 17, 2015. Prior to joining AAMC, Mr. Ellison had been employed for 19 years at Bank of America and its predecessor, NationsBank. Mr. Ellison held several roles over his career at Bank of America, most recently being the executive leading the team that managed the valuation and disposition of Bank of America’s legacy mortgage loan portfolio and a leading member of Bank of America’s Special Initiatives team that worked to resolve Bank of America’s representation and warranty litigation. Prior to his most recent roles, Mr. Ellison was Global Head of the Structured Products division within Bank of America’s Investment Banking platform. His responsibilities involved all Structured Products including RMBS, ABS, ABCP Conduit and CMBS securities, among others. Mr. Ellison holds a Bachelor of Science in Industrial Engineering

from the University of Pittsburgh and a Master's of Business Administration from the Wharton School of Business.

Mr. Ellison's extensive mortgage, real estate, structured products and transactional experience provides the Board of Directors with subject matter expertise in the markets in which the Company competes. In addition, through his position as Chief Executive Officer of AAMC and Residential, Mr. Ellison has acquired significant experience in our business and offers the Board of Directors insight into Company specific operational and transactional matters.

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William P. Wall. Mr. Wall was appointed to our Board of Directors on March 1, 2016. Mr. Wall is the managing member of Ottauquechee Partners, LLC, a private investment firm headquartered in Lexington, MA. Mr. Wall has served as a Director of Haynes International since 2004 and is the Chairman of the Corporate Governance and Nominating Committee and a member of the Audit Committee. Mr. Wall is also a member of the Board of Directors of STAAR Surgical, Inc., where he serves as Chairman of the Nominating and Governance Committee and a member of the Compensation Committee. From February 2006 until June 2015, Mr. Wall served as general counsel of Abrams Capital Management, LLC, a value-oriented investment firm headquartered in Boston. Prior to joining Abrams Capital, Mr. Wall was a partner at a hedge fund for two years and was employed with Fidelity Investments for seven years, concluding as a Managing Director in its private investment group. Mr. Wall began his career as an Associate at the law firm of Ropes & Gray. Previously, Mr. Wall served as a Director of Automobile Holdings, Nations Commercial Finance and Eightfold Capital Management. Mr. Wall received his Bachelor of Arts from the University of Massachusetts at Amherst and a Master's of Public Administration and Juris Doctorate from Harvard University.

Mr. Wall provides the Board of Directors with extensive investment and corporate governance expertise and has substantial experience as a member of other public company boards of directors.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS YOU VOTE "FOR" THE ELECTION OF THE NOMINEES LISTED ABOVE BASED UPON THEIR RESPECTIVE EXPERIENCES, QUALIFICATIONS AND SKILLS IDENTIFIED ABOVE.

In the absence of other instructions, properly signed and delivered WHITE proxy cards will be voted "FOR" the election of each of these nominees.

The Board does NOT endorse any RESI Shareholders Group nominee and strongly urges you not to sign or return any proxy card that may be sent to you by or on behalf of RESI Shareholders Group, including those sent to you by RESI Shareholders Group. A WITHHOLD vote with respect to any RESI Shareholders Group nominee on its proxy card is NOT the same as a vote for any of our Board's nominees, because a WITHHOLD vote with respect to any of RESI Shareholders Group's nominees on its proxy card will revoke any previous proxy that you submitted. If you have already voted using a proxy card sent to you by or on behalf of RESI Shareholders Group, you have every right to change it. The Board urges you to revoke that proxy and to vote "FOR" the Board's nominees by following the instructions on the enclosed WHITE proxy card to vote for the Board's nominees and mailing the proxy card in the enclosed pre-paid envelope. Only the latest validly executed proxy that you submit will be counted.

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Meetings of the Board of Directors

The Board of Directors plays an active role in overseeing management and representing the interests of our stockholders. Directors are expected to attend all meetings of the Board of Directors and the meetings of committees on which they serve. Directors are also consulted for advice and counsel between formal meetings. Our current Board of Directors held twenty-one (21) meetings in 2015. Each incumbent Director attended all of these meetings as well as the meetings held by all committees of our Board of Directors on which they served during the year. The Board of Directors also regularly held executive sessions of the independent Directors. While we do not have a formal policy regarding Director attendance at the Annual Meeting, all of the incumbent members of our Board of Directors attended our 2015 Annual Meeting with the exception of Mr. Wall, who was not a Director at the time of such meeting.

Independence of Directors

Our Corporate Governance Guidelines provide that our Board of Directors must be comprised of a majority of Directors who qualify as independent Directors under the standards of the NYSE.

Our Board of Directors annually reviews the direct and indirect relationships that we have with each Director. The purpose of this review is to determine whether any such transactions or relationships are inconsistent with a determination that the Director is independent. Only those Directors who are determined by our Board of Directors to have no material relationship with Residential and otherwise qualify as independent under applicable SEC and NYSE rules are considered independent. This determination is based in part on the analysis of questionnaire responses that follow the independence standards and qualifications established by NYSE rules and federal securities law. Our current Board of Directors has determined that Messrs. Eruzione, Fitzpatrick, Reiner and Wall are independent Directors. The Board of Directors also previously reached this independence determination for Dr. James H. Mullen, Jr., who retired from the Board of Directors on March 1, 2016.

Board Leadership Structure

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

Director Stock Ownership Guidelines

We recognize the importance of aligning our Board's interests with those of our shareholders. As a result, in 2016 the Board adopted stock ownership guidelines for all of our Directors. Under these guidelines, each Director is expected to accumulate, by July 1, 2021 (or, if later, by July 1 of the fifth year following the year of becoming a Director), Company stock having a fair market value equal to five times such Director's annual base cash retainer from time to time. For purposes of these guidelines, shares held in trust or retirement accounts, deferred stock units and restricted

stock units count toward the ownership guidelines. Each Director is expected to retain 100% of the net after-tax shares received upon vesting and exercise of equity incentive awards until the guidelines are satisfied.

Committees of the Board of Directors

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

Audit Committee. The Audit Committee of our Board of Directors oversees the relationship with our independent registered public accounting firm, reviews and advises our Board of Directors with respect to reports by our

independent registered public accounting firm and monitors our compliance with laws and regulations applicable to our operations, including the evaluation of significant matters relating to the financial reporting process and our system of accounting, internal controls, auditing and federal securities law matters and the review of the scope and results of the annual audit conducted by the independent registered public accounting firm.

The members of the Audit Committee in 2015 were Mr. Fitzpatrick, Mr. Reiner and Dr. James H. Mullen, Jr. Dr. Mullen retired from the Board of Directors on March 1, 2016, and Mr. Wall was contemporaneously appointed to the Audit Committee to fill the vacancy created by Dr. Mullen's departure. Mr. Fitzpatrick was the Chair of the Audit Committee. Each member of our Audit Committee is independent as defined in regulations adopted by the SEC and NYSE listing standards. Our Board of Directors has determined that all members of our Audit Committee are financially literate and possess accounting or related financial management expertise. Our Board of Directors has also determined that each of Mr. Fitzpatrick, Mr. Reiner and Mr. Wall qualify as "audit committee financial experts" as that term is defined in SEC rules. The Audit Committee met eleven (11) times in 2015 and held six (6) executive sessions outside the presence of our management.

Our Audit Committee operates under a written charter approved by our Board of Directors, a copy of which is available on our website at www.altisourceresi.com and is available in print to any stockholder who requests it. On an annual basis, the Audit Committee will review and approve its charter. The Audit Committee will also evaluate its performance under its charter annually and deliver a report to the Board setting forth the results of its evaluation, including an assessment of the adequacy of its charter and any recommendations for amendments. The charter was last reviewed by the Audit Committee in March 2016.

Compensation Committee. The Compensation Committee of our Board of Directors oversees the compensation of our Directors. We have no employees. Our executive officers are employed by our asset manager, AAMC. Consequently, the Compensation Committee does not determine or approve the compensation of our executive officers.

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

The members of the Compensation Committee in 2015 were Mr. Reiner, Mr. Fitzpatrick and Dr. Mullen. As noted above, Dr. Mullen retired from the Board of Directors on March 1, 2016 and Mr. Wall was contemporaneously appointed to the Compensation Committee to fill the vacancy created by Dr. Mullen's departure. Mr. Reiner was the Chair of the Compensation Committee. Each member of the Compensation Committee is independent as defined by NYSE listing standards. While we have no specific qualification requirements for members of the Compensation Committee, the members of the Compensation Committee have knowledge and experience regarding compensation matters as developed through their respective business experience in both management and advisory roles, including general business management, executive compensation and employee benefits experience.

Our Compensation Committee operates under a written charter approved by our Board of Directors, a copy of which is available on our website at www.altisourceresi.com and is available in print to any stockholder who requests it. On an annual basis, the Compensation Committee will review and approve its charter. The Compensation Committee will also evaluate its performance under its charter annually and deliver a report to the Board setting forth the results of its evaluation, including an assessment of the adequacy of its charter and any recommendations for amendments. The charter was last reviewed by the Compensation Committee in March 2016. The Compensation Committee met three (3) times in 2015.

Compensation Committee Interlocks and Insider Participation

During the year ended December 31, 2015 and as of the date of this Proxy Statement, none of the members of the Compensation Committee was or is an officer or employee of the Company or had any relationship requiring disclosure pursuant to Item 404 of Regulation S-K, and no executive officer of the Company served or serves on the compensation committee or board of any company that employed or employs any member of the Company's Compensation Committee or Board.

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

The members of the Nomination/Governance Committee in 2015 were Dr. Mullen, Mr. Eruzione and Mr. Reiner. Dr. Mullen was the Chair of the Nomination/Governance Committee through his departure in March 2016. Mr. Wall became the Chair of the Nomination/Governance Committee in March 2016. Each member of our Nomination/Governance Committee is independent as defined in NYSE listing standards. The Nomination/Governance Committee met nine (9) times in 2015.

Our Nomination/Governance Committee operates under a written charter approved by our Board of Directors, a copy of which is available on our website at www.altisourceresi.com and is available in print to any stockholder who requests it. On an annual basis, the Nomination/Governance Committee will review and approve its charter. The Committee will also evaluate its performance under its charter annually and deliver a report to the Board setting forth the results of its evaluation, including an assessment of the adequacy of its charter and any recommendations for amendments. The charter was last reviewed by the Nomination/Governance Committee in March 2016.

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

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

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

In connection with this evaluation, one or more members of the Nomination/Governance Committee, and others as appropriate, will interview prospective nominees. After completing this interview and evaluation, the Nomination/Governance Committee will make a recommendation to the full Board of Directors as to the persons, if any, who should be nominated by the Board of Directors. The Board of Directors will determine the nominees after considering the recommendation of the Nomination/Governance Committee. Should a stockholder recommend a

candidate for Director, our Nomination/Governance Committee would evaluate such candidate in the same manner that it evaluates any other nominee.

If you want to recommend persons for consideration by our Nomination/Governance Committee as nominees for election to our Board of Directors, you can do so by writing to our Corporate Secretary at c/o Altisource Asset Management Corporation, 36C Strand Street, Christiansted, United States Virgin Islands 00820. You should provide each proposed nominee's name, biographical data and qualifications. Your recommendation should also include a

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written statement from the proposed nominee consenting to be named as a nominee and, if nominated and elected, to serve as a Director.

Corporate Governance Guidelines

The Corporate Governance Guidelines adopted by our Board of Directors provide guidelines for us and our Board of Directors to ensure effective corporate governance. The Corporate Governance Guidelines cover topics such as Director qualification standards, Board of Directors and committee composition, Director responsibilities, Director access to management and independent advisors, Director compensation, Director orientation and continuing education, management succession and annual performance appraisal of the Board of Directors.

Our Nomination/Governance Committee reviews our Corporate Governance Guidelines at least once a year and, if necessary, recommends changes to our Board of Directors. Our Corporate Governance Guidelines are available on our website at www.altisourceresi.com and are available to any stockholder who requests them by writing to our Corporate Secretary at c/o Altisource Asset Management Corporation, 36C Strand Street, Christiansted, United States Virgin Islands 00820.

Executive Sessions of Non-Management Directors

Non-management Directors expect to meet in executive session without management representatives periodically. Non-management Directors met in executive session without management six (6) times in 2015.

Communications with Directors

If you desire to contact our Board of Directors or any individual Director regarding Residential, you may do so by mail addressed to our Corporate Secretary at c/o Altisource Asset Management Corporation, 36C Strand Street, Christiansted, United States Virgin Islands 00820. All communications received in writing are distributed to our Board of Directors if addressed to the full Board or to individual Directors if addressed to them individually.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics that applies to our Directors and officers. We also adopted a Code of Ethics for Senior Financial Officers. Any waivers from the Code of Business Conduct and Ethics or the Code of Ethics for Senior Financial Officers must be approved by our Board of Directors or the Audit Committee and will be subsequently disclosed when required by SEC or applicable exchange rules. The Code of Business Conduct and Ethics and the Code of Ethics for Senior Financial Officers are available on our website at www.altisourceresi.com and is available to any stockholder who requests a copy by writing to our Corporate Secretary at c/o Altisource Asset Management Corporation, 36C Strand Street, Christiansted, United States Virgin Islands 00820. Any amendments to the Code of Business Conduct and Ethics or the Code of Ethics for Senior Financial Officers, as well as any waivers that are required to be disclosed under SEC or exchange rules, will either be posted on our website or otherwise disclosed in accordance with such rules.

Risk Management and Oversight Process

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

The Board of Directors and the Audit Committee monitor Residential's credit risk, liquidity risk, regulatory risk, operational risk and enterprise risk by regular reviews with management and internal and external auditors. In its

periodic meetings with internal and external auditors, the Audit Committee discusses the scope and plan for the internal audit and includes management in its review of accounting and financial controls, assessment of business risks and legal and ethical compliance programs.

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

assists the Board of Directors in monitoring the Company's governance and succession risks, and the Compensation Committee assists the Board of Directors in monitoring our compensation policies and related risks.

The Board of Directors' role in risk oversight is consistent with the Company's leadership structure, with the Chief Executive Officer and other members of senior management having responsibility for assessing and managing the Company's risk exposure, and our Chairman, the Board of Directors and its committees providing oversight in connection with these efforts. Our Investment Committee, which is comprised of our Chairman, our Chief Executive Officer and our Chief Financial Officer, has responsibility for assessing and managing the Company's risk exposure with respect to transactional and counterparty risk.

BOARD OF DIRECTORS COMPENSATION

The following table discloses compensation received by each non-management member of our Board of Directors who served as a Director during fiscal year 2015. Management members of our Board of Directors do not receive compensation for their service as a Director.

Name	Fees Earned or Paid in Cash	Stock Awards (1)	All Others	Total
William C. Erbey (2)	\$26,250	\$18,707	\$	—\$44,957
Michael A. Eruzione	62,500	29,435	—	91,935
Robert J. Fitzpatrick	78,125	29,435	—	107,560
James H. Mullen, Jr. (3)	73,750	29,435	—	103,185
David B. Reiner	125,000	29,435	—	154,435

Except for Mr. Erbey, each non-management member of the Board of Directors received 1,649 shares of the common stock of Residential on June 4, 2015 for their service on the Board for their year of service since the prior year's annual meeting of stockholders. The number of shares granted was based on a share price of \$27.28, which is the average of the high and low sales prices of our common stock on May 29, 2014, the first day of their service for the May 2014 to May 2015 service year. The value of the shares set forth in the table above is based on the average (1) of the high and low sale prices of our common stock on the date of issuance. Each Director was granted 2,481 shares on May 28, 2015, the first day of service of the current May 2015 to May 2016 service year, for the current service year, which will vest at the Annual Meeting. These shares were granted based on \$45,000 divided by the average of the high and low prices of our stock on May 28, 2015 of \$18.14 per share. The 1,649 shares are expected to vest for each of Messrs. Reiner, Eruzione and Fitzpatrick on June 1, 2016, the date of the Annual Meeting.

Mr. Erbey stepped down as the Chairman of the Board and as a Director of Residential on January 16, 2015 and no longer serves on our Board of Directors. Mr. Erbey received 1,048 shares of the common stock of Residential on (2) June 4, 2015 for his service on the Board for the period since the prior year's annual meeting of stockholders until January 16, 2015 based on the average of the high and low prices of our stock on May 29, 2014 of \$27.28 per share.

Dr. Mullen stepped down as a Director of Residential on March 1, 2016 and no longer serves on our Board of (3) Directors. Due to Dr. Mullen's departure from the Board effective March 1, 2016, it is expected that 1,265 shares will vest for Dr. Mullen on June 1, 2016, based on his partial year of service until March 1, 2016.

Cash Compensation

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

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

Beginning in 2016, we expect to provide the following cash compensation to our non-management Directors in quarterly installments, paid in arrears for their services for the prior quarter:

- an annual retainer of \$55,000;
- an additional \$50,000 to the Chairman of the Board of Directors;
- an additional \$12,500 to the Audit Committee chairperson;
- an additional \$7,500 to all committee chairpersons (other than the Audit Committee chairperson); and
- an additional \$5,000 to all committee members.

Equity Compensation

As part of Director compensation, in 2015 our non-management Directors also received shares of common stock of Residential with a fair market value of \$45,000 pursuant to the 2013 Director Equity Plan. “Fair Market Value” is defined as the average of the high and low prices of our common stock as reported on the applicable securities exchange on which Residential is listed or quoted on the first day of the service year. Equity compensation is paid for the prior year of service after the annual organizational meeting of the Board of Directors, which immediately follows the Annual Meeting. Shares of our common stock will be awarded if the Director attends an aggregate of at least 75% of all meetings of the Board of Directors and committees thereof of which the Director is a member during the service year.

For Directors serving less than a full year, such Directors receive a pro rata portion of \$45,000 of shares of our common stock based on the high and low sales prices on the first day of his or her service year, multiplied by a fraction, the numerator of which is the number of days served and the denominator of which is 365 days.

Beginning in 2016, we expect our non-management Directors to cease to receive the annual awards of shares of common stock under the 2013 Director Equity Plan as described above. We expect that they will instead receive annual grants of restricted stock units issued under the 2016 Equity Incentive Plan (as described more fully in “ADOPTION OF THE 2016 EQUITY INCENTIVE PLAN (Proposal Three)”). These restricted stock units are expected to be eligible for settlement in the number of shares of our common stock having a fair market value of \$60,000 on the date of grant. “Fair Market Value” is defined under the 2016 Equity Incentive Plan as the closing price per share of our common stock in the principal market in which our common stock is traded. These restricted stock units are expected to be granted after the annual organizational meeting of the Board of Directors, which immediately follows the Annual Meeting. The restricted stock units are expected to vest on the first anniversary of the date of grant, with distribution mandatorily deferred for an additional two years thereafter until the third anniversary of grant (subject to earlier distribution upon the applicable Director’s separation from the Board of Directors). Our non-management Directors accumulate restricted stock units earned as equity compensation on a tax-deferred basis until the earlier of the third anniversary of the grant of the restricted stock units or the applicable Director’s separation from the Board of Directors. The awards are expected to be issued together with dividend equivalent rights. In respect of dividends paid to our stockholders prior to the vesting date, dividend equivalent rights are expected to accumulate and be paid in a lump sum in cash following the vesting date, contingent on the vesting of the underlying award. During any period thereafter when the award is vested but remains subject to settlement, dividend equivalent rights are expected to be paid in cash on the same timeline as underlying dividends are actually paid to our stockholders. The awards may, in the future, be eligible for additional deferral at the election of each non-management Director.

In the event the 2016 Equity Incentive Plan is not approved by stockholders, the Company will not freeze the 2013 Director Equity Plan as to new grants as more fully described in “BUSINESS RELATIONSHIPS AND RELATED PARTY TRANSACTIONS - Stock Option Plans - Director Equity Plan” and the foregoing proposed adjustments to Director compensation will be implemented to the extent permissible under the 2013 Director Equity Plan.

Other Compensation

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

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

EXECUTIVE OFFICERS

The following table sets forth certain information with respect to each person who currently serves as one of our executive officers as of April 7, 2016.

Name	Age	Position
George G. Ellison	57	Chief Executive Officer and Director
Robin N. Lowe	51	Chief Financial Officer
Kenneth D. Najour	56	Chief Accounting Officer
Michael G. Lubin (1)	40	General Counsel and Corporate Secretary
Stephen H. Gray (1)	45	Chief Administrative Officer and Senior Counsel

(1) On January 18, 2016, Mr. Lubin was appointed as our General Counsel and Corporate Secretary and Mr. Gray was appointed as our Chief Administrative Officer and Senior Counsel.

The principal occupation for at least the last five (5) years, as well as certain other biographical information, for each of our executive officers that is not a Director is set forth below. Mr. Ellison's information is provided in the section of this Proxy Statement entitled "ELECTION OF DIRECTORS (Proposal One)."

Robin N. Lowe. Mr. Lowe has served as our Chief Financial Officer since October 2014 and has also served as the Chief Financial Officer of AAMC since October 2014. He oversees all of our financial affairs including financial reporting, treasury, tax and shareholder relations. Prior to his appointment, Mr. Lowe served as Chief Financial Officer of CitiMortgage Inc. from October 2012 to July 2014. From May 2010 to September 2012, Mr. Lowe served as Chief Financial Officer of Citibank Korea, and from October 2008 to April 2010, he served as Chief Financial Officer of Citibank's South East Asia Pacific region. From May 1995 to September 2008, Mr. Lowe served in lead finance roles with Citibank in various countries and regions. Mr. Lowe is a Fellow of the Institute of Chartered Accountants in England and Wales of which he has been a member since 1992. He holds a Master's Degree in Classics and a Bachelor of Arts, with honors, from Oxford University.

Kenneth D. Najour. Mr. Najour has served as our Chief Accounting Officer since October 2014 and has also served as the Chief Accounting Officer of AAMC since November 2014. From March 2013 to October 2014, Mr. Najour served as our and AAMC's Chief Financial Officer. Prior to joining AAMC, Mr. Najour served as Vice President, Finance and Chief Accounting Officer of Ocwen from March 2012 to March 2013. Mr. Najour joined Ocwen as Vice President, Finance in December 2010. Prior to joining Ocwen, Mr. Najour served as Senior Vice President, Chief Financial Officer Latin America and Caribbean Region for MasterCard Worldwide from 2003 to 2010. He has also held leadership positions within PepsiCo Inc. from 1994 to 2003 and was Audit Manager for PricewaterhouseCoopers LLP from 1986 to 1994. He holds a Master of Accounting from the University of Miami, a Bachelor of Science from Santa Clara University and is a Certified Public Accountant in the State of California.

Michael G. Lubin. Mr. Lubin has served as our General Counsel and Corporate Secretary and has also served as Senior Vice President of AAMC since January 18, 2016. Prior to joining the Company, Mr. Lubin served as Senior Vice President and General Counsel of Home Loan Servicing Solutions, Ltd. from March 2014 to December 2015. From July 2007 to February 2014, Mr. Lubin was an attorney in the Cayman Islands office of Ogier, an international law firm, where he was part of the firm's corporate and investment funds practice groups and specialized in corporate law and the structuring, establishment and operation of hedge funds and private equity funds. From July 2005 to July 2007, Mr. Lubin was legal counsel at Bell Canada in Toronto, Ontario where he advised the company in relation to both revenue generating and procurement transactions. From September 2003 to July 2005, he was a corporate

attorney at the law firm Davies Ward Phillips & Vineberg LLP, in Toronto, Ontario. He holds a Bachelor of Arts in English from Bishop's University and a Bachelor of Laws from the University of Manitoba.

Stephen H. Gray. Mr. Gray served as our General Counsel and Corporate Secretary from December 2012 until January 2016 when he was appointed as our Chief Administrative Officer and Senior Counsel. Mr. Gray has also served as the General Counsel and Corporate Secretary of AAMC since November 2012. Prior to joining AAMC, Mr. Gray was General Counsel and Corporate Secretary of LaBranche & Co Inc., a publicly traded financial services

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

Executive Compensation

We have no employees. Our day-to-day management functions are performed by AAMC pursuant to an asset management agreement between AAMC and us, as described more fully in “Certain Relationships and Related Party Transactions.” Pursuant to the asset management agreement, AAMC provides us with a management team, including a Chief Executive Officer, and is responsible for the compensation of the Chief Executive Officer and AAMC’s other executive officers who provide services to us. With the exception of Mr. Lubin, our named executive officers, including our Chief Executive Officer, do not receive compensation from us for services rendered to us. Mr. Lubin’s compensation was determined by our Compensation Committee. Mr. Lubin is paid by a subsidiary of AAMC, but his entire compensation and benefits are reimbursed by Residential. We appointed Michael G. Lubin as our new General Counsel and Corporate Secretary effective January 18, 2016, and Mr. Lubin is the only executive officer that receives any compensation from us. We did not provide any of our named executive officers with pension benefits, perquisites, other personal benefits in 2015, however, in 2016 and in the future, we expect to reimburse AAMC for certain benefits payable to Mr. Lubin.

Compensation Discussion and Analysis

Cash and Other Compensation

In 2015, we did not pay any cash, equity or other compensation directly to any of our named executive officers.