GLAUCUS
RESEARCH GROUP

March 19, 2014

Glaucus Research Group California LLC
1300 Bristol Street North
Suite 100
Newport Beach, CA 92660

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

To: Independent Directors of Altisource Residential Corporation
Michael A. Eruzione (independent director)
Robert J. Fitzpatrick (independent director)
James H. Mullen, Jr. (independent director)
David B. Reiner (independent director)

Dear Sirs,

On March 19, 2014, we published our investment opinion on ALTISOURCE ASSET MANAGEMENT CORP ("AAMC") and ALTISOURCE RESIDENTIAL CORP ("RESI"). We have enclosed a copy of this report with this letter or you can download a copy of the report on our website at www.glaucusresearch.com.

We believe that AAMC's Incentive Fee is at **least four to seven times higher than the compensation received by similarly situated asset managers**, and as such, is a sweetheart deal that will unjustly enrich insiders with a beneficial stake in AAMC at the expense of RESI's shareholders.

AAMC's $2.7 billion market capitalization reflects the net present value that the market places on AAMC's rights under the Asset Management Agreement. By **firing or internalizing your asset manager** (or substantially renegotiating AAMC's fees), you could capture much of the value of AAMC's management fees for RESI's shareholders, which we estimate would **increase RESI's share price by 114%** **and** **boost its 2015 dividends by at least $0.15 per quarter per share**.

A termination provision in the Asset Management Agreement gives you the right to cancel or renegotiate the contract in the event that **two-thirds** of you find that AAMC's Incentive Fee is unreasonable, which in our opinion, is self-evident.

As shareholders of RESI we believe that you, as independent directors, **have a fiduciary duty to either terminate or substantially renegotiate RESI's Asset Management Agreement with AAMC**. To terminate the Asset Management Agreement at the earliest date permitted under the contract (**December 21, 2014**), you must give notice of your intent to do so by **June 24, 2014** (97 days from today).

Time is of the essence. With each passing quarter, AAMC's Termination Fee will only get larger. We estimate that if RESI terminates the contract in December 2014, the Termination Fee under the contract will be ~**$55 million**. By December 2015, we estimate that the Termination Fee will rise to a whopping ~**$120 million**. If you have any questions regarding my report, please contact us at [redacted]@glaucusresearch.com and I would be happy to speak with you.

Sincerely,

Matthew Wiechert