

Altisource Portfolio Solutions S.A.

Form 10-K

February 18, 2011

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

**FORM 10-K**

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010  
OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_  
Commission File Number: 001-34354**

**Altisource Portfolio Solutions S.A.  
(Exact name of registrant as specified in its charter)**

**Luxembourg**  
(State or other jurisdiction of incorporation or  
organization)

**Not Applicable**  
(I.R.S. Employer Identification No.)

**291, Route d Arlon  
L-1150 Luxembourg  
Grand Duchy of Luxembourg  
(352) 24 69 79 00**

(Address and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

<b>Title of each class</b>	<b>Name of each exchange on which registered</b>
Common Stock, \$1.00 par value	NASDAQ Global Select Market
Securities registered pursuant to Section 12(g) of the Act:	
None	

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes ☐ No ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required

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to submit and post such files). Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein and will not be contained, to the best of the Registrant's knowledge, in the definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐  
(Do not check if a smaller  
reporting company)

Smaller reporting  
company ☐

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

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of June 30, 2010 was \$462,059,307 based on the closing share price as quoted on the NASDAQ Global Market on that day and the assumption that all directors and executive officers of the Company, and their families, are affiliates. This determination of affiliate status is not necessarily a conclusive determination for any other purpose.

The number of the Registrant's common shares outstanding as of January 31, 2011 was 24,880,951.

### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement to be filed subsequent to the date hereof with the Commission pursuant to Regulation 14A in connection with the registrant's 2011 Annual Meeting of Stockholders are incorporated by reference into Part III of this Report. Such Definitive Proxy Statement will be filed with the Securities and Exchange Commission not later than 120 days after the conclusion of the registrant's fiscal year ended December 31, 2010.

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**PART I**

**ITEM 1. BUSINESS**

*This Annual Report on Form 10-K and the documents incorporated herein by reference contain forward-looking statements based on expectations, estimate, and projections based on the date of this filing. Actual results may differ materially from those expressed in forward-looking statements. See Item 1A of Part 1 Risk Factors .*

**Overview**

Altisource Portfolio Solutions S.A., together with its subsidiaries, is a provider of services focused on high value, knowledge-based functions principally related to real estate and mortgage portfolio management, asset recovery and customer relationship management. Utilizing integrated technology that includes decision models and behavioral based scripting engines, we provide solutions that improve clients' performance and maximize their returns. Except as otherwise indicated or unless the context otherwise requires, Altisource, we, us, our and the Company to Altisource Portfolio Solutions S.A., a Luxembourg société anonyme, or public limited company, and its subsidiaries.

We are a technology enabled global knowledge process provider initially focused on the entire mortgage services lifecycle and credit to cash lifecycle management spaces. During 2010, our first full calendar year as a separate entity, we achieved several milestones:

Recognized revenue of \$301.4 million, representing a 49% increase over the year-ended December 31, 2009.

Recognized diluted earnings per share of \$1.88 representing a 76% increase over the year-ended December 31, 2009.

Generated \$52.8 million of operating cash flow representing on average \$0.21 for every dollar of Service Revenue generated.

In addition, we sought to strategically deploy cash generated during 2010 to either facilitate long-term growth or return such cash to shareholders:

Acquired The Mortgage Partnership of America, LLC ( MPA ), manager of Best Partners Mortgage Cooperative, Inc. ( BPMC ) doing business as Lenders One Mortgage Cooperative ( Lenders One ). Lenders One is a national alliance of independent mortgage bankers.

Returned \$17.8 million to shareholders through the repurchase of 0.7 million shares.

Expended \$11.6 million on capital projects to facilitate the growth of operations, primarily as a result of the growth of the residential loan portfolio of our largest customer Ocwen Financial Corporation ( Ocwen ).

We are publicly traded on the NASDAQ Global Select market under the symbol ASPS. We were incorporated under the laws of Luxembourg on November 4, 1999 as Ocwen Luxembourg S.à r.l., renamed Altisource Portfolio Solutions S.à r.l. on May 12, 2009 and converted into Altisource Portfolio Solutions S.A. on June 5, 2009.

On August 10, 2009 (the Separation Date ), we became a stand-alone public company in connection with our separation from Ocwen (the Separation ). Prior to the Separation, our businesses were wholly-owned subsidiaries of Ocwen. On the Separation Date, Ocwen distributed all of the Altisource common stock to Ocwen's shareholders (the Distribution ). Ocwen's stockholders received one share of Altisource common stock for every three shares of Ocwen common stock held as of August 4, 2009 (the Record Date ). In addition, holders of Ocwen's 3.25% Contingent Convertible Unsecured Senior Notes due 2024 received one share of Altisource common stock deemed held on an as if converted basis.

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In connection with the Separation, we entered into various agreements with Ocwen that define our relationship after the Separation including a Separation Agreement, a Tax Matters Agreement, an Employee Matters Agreement, an Intellectual Property Agreement, a Data Center and Disaster Recovery Agreement, a Technology Products Services Agreement, a Transition Services Agreement and certain long-term servicing contracts (collectively, the Agreements ).

**Reportable Segments**

We classify our businesses into three reportable segments. Mortgage Services consists of mortgage management services that span the mortgage lifecycle. Financial Services principally consists of unsecured asset recovery and customer relationship management. Technology Services (formerly Technology Products) consists of modular, comprehensive integrated technological solutions for loan servicing, vendor management and invoice presentment and payment as well as providing infrastructure support.

We conduct portions of our operations in all 50 states and in three countries outside of the United States.

*Mortgage Services*

Mortgage Services provides the services that loan originators and loan servicers typically outsource to third parties. These services extend across the lifecycle of a mortgage loan.

Our Mortgage Services segment generates revenue principally by providing outsourced services for Ocwen or with respect to the residential loan portfolio serviced by Ocwen. During 2010, we achieved significant growth in our Mortgage Services segment primarily driven by the development and execution of default oriented mortgage services over an expanding national platform. In addition, during 2010 Ocwen successfully grew its residential loan portfolio primarily as a result of the acquisitions of a \$6.9 billion servicing portfolio from Saxon Mortgage Services ( Saxon ) in May, 2010 and a \$22.4 billion portfolio from HomEq Servicing, the United States mortgage servicing business from Barclays Bank, ( HomEq ) in September, 2010. As our largest customer, this growth in Ocwen s residential portfolio should facilitate significant growth for us during 2011.

In addition, we are committed to developing into a full service provider in the mortgage services vertical including the provision of our services to mortgage originators. Through our acquisition of MPA in February 2010 we have preferred access to financial institutions which we believe constitutes 6% of the total residential mortgage origination market. In addition, we signed an agreement with Members United Corporate Federal Credit Union ( Members United ) which gives us access to over 2,000 diverse financial institutions.

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The table below presents revenues for our Mortgage Services segment for the past three annual periods:

(in thousands)	For the Years Ended December 31,		
	2010	2009	2008
Revenue:			
Asset Management Services	\$ 78,999	\$ 30,464	\$ 1,167
Component Services and Other	40,473	19,196	11,683
Residential Property Valuation	33,502	26,800	28,882
Closing and Title Services	28,056	17,444	13,173
Default Management Services	23,741	9,194	51
Total Revenue	\$ 204,771	\$ 103,098	\$ 54,956
Transactions with Related Parties:			
Asset Management Services	\$ 78,999	\$ 30,464	\$ 1,161
Residential Property Valuation	32,525	25,762	27,301
Closing and Title Services	17,379	13,496	13,173
Default Management Services	6,752	4,367	
Total	\$ 135,655	\$ 74,089	\$ 41,635
Reimbursable Expenses (included in Revenue) <sup>(1)</sup> :			
Asset Management Services	\$ 41,920	\$ 14,308	\$
Default Management Services	2,328	1,769	
Closing and Title Services	302		
Total	\$ 44,550	\$ 16,077	\$

<sup>(1)</sup> Reimbursable Expenses include costs we incur that we are able to pass through to our customers without any mark-up.

*Residential Property Valuation.* We provide our customers with a broad range of traditional appraisal and other valuation services, including broker price opinions, delivered through our network of experienced valuation experts with proven track records. Our customers have the ability to outsource their appraisal management functions to us taking advantage of our national vendor network and enhanced quality reviews.

*Closing and Title Services.* We provide an array of closing services (e.g., document preparation) and title services (e.g., pre-foreclosure title search, title insurance) applicable to the residential foreclosure process and the sale of residential property. Historically, we have focused on closing support services and un-insured title searches principally around Real Estate Owned ( REO ) sale transactions. During 2010, we began building out our title agency operations nationally in order to be able to expand our title search and insurance footprint.

*Default Management Services.* We provide non-legal back-office support for foreclosure, bankruptcy and eviction attorneys as well as non-judicial foreclosure services in California and Nevada. We do not execute or notarize foreclosure affidavits of debt or lost note affidavits.

*Asset Management.* Asset management services principally include property preservation, property inspection, REO asset management and REO brokerage. In the first quarter of 2010, we completed our national network for property preservation and REO disposition including our real estate broker referral network.



*Component Services and Other.* We provide our customers with loan underwriting, quality control, insurance and claims processing, call center services and analytical support. In addition, since February 2010, we have included the operations of MPA within Component Services and Other.

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**Table of Contents***Financial Services*

Our Financial Services segment provides collection and customer relationship management services primarily to debt originators (e.g., credit card, auto loans, retail credit) and the utility industry.

We generate the majority of our revenue in Financial Services from contingent collection activity on behalf of third parties. For this segment, we are focused on expansion of our global delivery platform, development of an enhanced technology platform and reduced cost structure.

The following table represents revenues for our Financial Services segment for the past three annual periods:

(in thousands)	For the Years Ended December 31,		
	2010	2009	2008
Revenue:			
Asset Recovery Management	\$ 48,050	\$ 51,019	\$ 62,771
Customer Relationship Management	11,929	13,415	11,064
Total Revenue	\$ 59,979	\$ 64,434	\$ 73,835
Transactions with Related Parties:			
Asset Recovery Management	\$ 166	\$ 98	\$ 1,181
Reimbursable Expenses (included in Revenue) <sup>(1)</sup> :			
Asset Recovery Management	\$ 2,899	\$	\$

<sup>(1)</sup> Reimbursable Expenses include costs we incur that we are able to pass through to our customers without any mark-up.

*Asset Recovery Management.* We provide post-charge-off consumer debt collection (e.g., credit cards, auto loans, second mortgages) on a contingent fee basis where we are paid a percentage of the cash collected.

*Customer Relationship Management.* We provide customer care (e.g., connects/disconnects for utilities) and early stage collections services for which we are generally compensated on a per-call, per-person or per-minute basis.

*Technology Services*

Technology Services comprises our REALSuite of applications as well as our IT infrastructure services. We only provide our IT infrastructure services to Ocwen and ourselves.

Our Technology Services segment is focused on (i) supporting the growth of Mortgage Services, Financial Services and Ocwen, (ii) developing technology solutions to facilitate delivery of services for Lenders One and Members United and (iii) commercializing our service offerings to expand their applicability.

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The following table presents revenues for our Technology Services segment for the past three annual periods:

(in thousands)	For the Years Ended December 31,		
	2010	2009	2008
Revenue:			
REALSuite	\$ 31,214	\$ 25,784	\$ 20,463
IT Infrastructure Services	20,799	21,669	24,820
Total Revenue	\$ 52,013	\$ 47,453	\$ 45,283
Transactions with Related Parties <sup>(1)</sup> :			
REALSuite	\$ 11,226	\$ 9,899	\$ 9,134
IT Infrastructure Services	7,941	10,811	26,012
Total	\$ 19,167	\$ 20,710	\$ 35,146

<sup>(1)</sup> Includes revenue earned from other segments related to RealSuite and IT infrastructure services of \$1.8 million and \$13.7 million, respectively in 2008.

The REALSuite platform includes a comprehensive, modular based technology suite that primarily consists of commercial and residential servicing platforms, a vendor management system and an invoice presentment and payment system. A brief description of key offerings within our REALSuite is provided below:

*REALServicing*<sup>®</sup> an enterprise residential mortgage loan servicing product that offers an efficient and effective platform for loan servicing including default administration. This technology solution features automated workflows, scripting and robust reporting capabilities. The solution spans the loan administration cycle from loan boarding to satisfaction including all collections, payment processing and reporting. We also offer REALSynergy<sup>®</sup>, an enterprise commercial loan servicing system.

*REALTrans*<sup>®</sup> a patented electronic business-to-business exchange that automates and simplifies the ordering, tracking and fulfilling of mortgage and other services. This technology solution, whether web-based or integrated into a servicing system, connects multiple service providers through a single platform and forms an efficient method for managing a large scale network of vendors.

*REALRemit*<sup>®</sup> a patented electronic invoice presentment and payment system that provides vendors with the ability to submit invoices electronically for payment and to have invoice payments deposited directly to their respective bank accounts.

*IT Infrastructure Services.* We provide a full suite of IT services (e.g., desktop applications, network management, telephony, help desk) through which we perform remote management of IT functions internally and for Ocwen.

**Corporate Items and Eliminations**

Corporate items principally includes expenditures related to corporate support functions such as finance, legal, human resources, risk management and consumer behavior. Prior to the Separation Date, this segment included eliminations of transactions between the reporting segments as well as expenditures recognized by us related to the Separation.

**Customers**

As of year-end, our active client base included companies primarily in the financial services, consumer products and services, utilities, government, real estate services and mortgage servicing sectors.

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Our three largest customers in 2010 accounted for 68% of our total revenue. Our largest customers include Ocwen, American Express Company ( American Express ) and Assurant, Inc ( Assurant ) which accounted for 51%, 8% and 9%, respectively, of Altisource's total revenue in 2010.

Ocwen remains our largest customer. Following the Separation, Ocwen is contractually obligated to purchase certain Mortgage Services and Technology Services from us under service agreements. These agreements extend until August 2017 subject to termination under certain provisions. Ocwen is not restricted from redeveloping these services. We settle amounts with Ocwen on a daily, weekly or monthly basis based upon the nature of the services and when the service is completed.

We consider certain services to be derived from Ocwen's loan servicing portfolio rather than provided to Ocwen because such services are charged to the mortgagee and/or the investor and are not expenses to Ocwen. Ocwen, or services derived from Ocwen's loan servicing portfolio, as a percentage of each of our segment revenues and as a percentage of consolidated revenues was as follows for the year ended December 31:

	For the Years Ended December 31,	
	2010	2009
Mortgage Services	66%	72%
Technology Services	37	44
Financial Services	< 1	< 1
Consolidated Revenues	51%	47%

We record revenues we earn from Ocwen under the various long-term servicing contracts at rates we believe to be market rates as they are consistent with one or more of the following: the fees we charge to other customers for comparable services; the rates Ocwen pays to other service providers; fees commensurate with market surveys prepared by unaffiliated firms; or prices being charged by our competitors.

**Sales and Marketing**

We have experienced sales personnel with subject matter expertise for each of our primary services. These individuals maintain relationships throughout the industry sectors we serve and play an important role in generating new client leads as well as identifying opportunities to expand our services with existing clients. Additional leads are also generated through request for proposal processes from key industry participants. Our sales team works collaboratively and is compensated principally with a base salary and commission for sales generated.

From a sales and marketing perspective, our primary focus is supporting the growth of our largest customer, Ocwen, and on expanding relationships with existing customers and targeting new customers that could have a material positive impact on our results of operations. Given the highly concentrated nature of the industries that we serve, the time and effort spent in expanding relationships or winning new relationships is significant.

**Intellectual Property**

We rely on a combination of contractual restrictions, internal security practices, patents, trademarks, copyrights, trade secrets and other intellectual property to establish and protect our software, technology and expertise. We also own or, as necessary and appropriate, have obtained licenses from third parties to intellectual property relating to our services, processes and business. These intellectual property rights are important factors in the success of our businesses. We actively protect our rights and intend to continue our policy of taking all measures we deem reasonable and necessary to develop and protect our patents, copyrights, trade secrets, trademarks and other intellectual property rights.

As of December 31, 2010, we held two patents that expire in 2024 and 2025, respectively. In addition, Altisource has registered trademarks or recently filed applications for registration of trademarks in a number of countries or groups of countries including the United States the European Community, India and in twelve other countries or groups of countries. These trademarks generally can be renewed indefinitely.



**Table of Contents****Competition**

The industry verticals in which we engage are highly competitive and generally consist of a few national vendors as well as a large number of regional or in-house providers resulting in a fragmented market with disparate service offerings. From an overall perspective, we compete with the global business process outsourcing firms such as Genpact Limited, WNS (Holdings) Limited and ExlService Holdings, Inc. Our Mortgage Services segment competes with national and regional third party service providers and in-house servicing operations of large mortgage lenders and servicers. Our Financial Services segment competes with other large receivables management companies as well as smaller companies and law firms focused on collections. Our Technology Services segment competes with third party data processing and software development companies.

Given the diverse nature of services that we and our competitors offer, we cannot determine our position in the market with certainty, but we believe that we represent only a small portion of very large sized markets. Given our size, some of our competitors may offer more diversified services, operate in broader geographic markets or have greater financial resources than we do. In addition, some of our larger customers retain multiple providers and continuously evaluate of our performance against our competitors.

Competitive factors in our Mortgage Services business include the quality and timeliness of our services, the size and competence of our network of vendors and the breadth of the services we offer. For Financial Services, competitive factors include the ability to achieve a collection rate comparable to our competitors; the quality and personal nature of the service; the consistency and professionalism of the service and the recruitment, training and retention of our workforce. Competitive factors in our Technology Services business include the quality of the technology-based application or service; application features and functions; ease of delivery and integration; our ability to maintain, enhance and support the applications or services and costs and enforceability of our patents.

**Employees**

As of December 31, 2010, we had the following number of employees:

	United States	India	Other	Consolidated Altisource
Mortgage Services	92	1,832	29	1,953
Financial Services <sup>(1)</sup>	655	463		1,118
Technology Services	19	506		525
Corporate	23	210	35	268
Total Employees	789	3,011	64	3,864

<sup>(1)</sup> We also have an outsource agreement with an unrelated third-party that has approximately 625 employees in India supporting the assignment.

We have not experienced any work stoppages, and we consider our relations with employees to be good. We believe that our future success will depend, in part, on our ability to continue to attract, hire and retain skilled and experienced personnel.

**Seasonality**

Our revenues are seasonal. More specifically, Financial Services revenue tends to be higher in the first half of the year, particularly the first quarter, as borrowers may utilize tax refunds to pay debts. Mortgage Services revenue is impacted by property sales which tend to be at their lowest level during winter months and highest during summer months.

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### **Government Regulation**

Our business is subject to extensive regulation by federal, state and local governmental authorities including the Federal Trade Commission and the state agencies that license our mortgage services and collection entities. We also must comply with a number of federal, state and local consumer protection laws including, among others, the Dodd-Frank Act Wall Street Reform and Consumer Protection Act ( Dodd-Frank Act ), the Gramm-Leach-Bliley Act, the Fair Debt Collection Practices Act, the Real Estate Settlement Procedures Act, the Truth in Lending Act, the Fair Credit Reporting Act, the Homeowners Protection Act and the SAFE Act. These requirements can and do change as statutes and regulations are enacted, promulgated or amended.

We are subject to certain federal, state and local consumer protection provisions. We are also subject to licensing and regulation as a mortgage service provider and/or debt collector in a number of states. We are subject to audits and examinations that are conducted by the states. Our employees may be required to be licensed by various state commissions for the particular type of service delivered and to participate in regular continuing education programs. From time to time, we receive requests from state and other agencies for records, documents and information regarding our policies, procedures and practices regarding our mortgage services and debt collection business activities. We incur ongoing costs to comply with governmental regulations.

### **Available Information**

We file annual, quarterly and current reports and other information with the Securities and Exchange Commission ( SEC ). These filings are available to the public over the Internet at the SEC 's web site at <http://www.sec.gov>. You may also read and copy any document we file at the SEC 's public reference room located at 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1 800-SEC-0330 for further information on the public reference room.

Our principal Internet address is [www.altisource.com](http://www.altisource.com) and we encourage investors to use it as a way of easily finding information about us. We promptly make available on this website, free of charge, the reports that we file or furnish with the SEC, corporate governance information (including our Code of Business Conduct and Ethics) and select press releases. The contents of our website are not, however, a part of this report.

### **ITEM 1A. RISK FACTORS**

The following risk factors and other information included in this Annual Report on Form 10-K should be carefully considered. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we presently deem less significant may also impair our business operations. If any of the following risks actually occur, our business, operating results and financial condition could be materially adversely affected.

#### ***Our ability to grow is affected by our ability to retain and expand our existing client relationships and our ability to attract new customers.***

Our ability to grow is affected by our ability to retain and expand our existing client relationships and our ability to attract new customers. Our ability to retain existing customers and expand those relationships is subject to a number of risks including the risk that we do not:

- maintain or improve the quality of services that we provide to our customers;
- maintain or improve the level of attention expected by our customers; and
- successfully leverage our existing client relationships to sell additional services.

If our efforts to retain and expand our client relationships and to attract new customers do not prove effective, it could have a material adverse effect on our business and results of operations.

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***Our continuing relationship with Ocwen may inhibit our ability to obtain and retain other customers that compete with Ocwen.***

As of December 31, 2010, our chairman owns or controls more than 15% of Ocwen's common stock and 25% of our common stock. We derived 51% of our revenues in 2010 from Ocwen or the loan servicing portfolio managed by Ocwen. Given this close and continuing relationship with Ocwen, we may encounter difficulties in obtaining and retaining other customers who compete with Ocwen. Should these and other potential customers continue to view Altisource as part of Ocwen or as too closely related to or dependent upon Ocwen, they may be unwilling to utilize our services, and our growth could be inhibited as a result.

***We are dependent on certain key customer relationships, the loss of or their inability to pay could reduce our revenues.***

We currently generate approximately 51% of our revenue from Ocwen. Following the Separation, Ocwen is contractually obligated to purchase certain Mortgage Services and Technology Services from us under service agreements that extend for eight years from the Separation Date subject to termination under certain provisions. Our largest Financial Services customer is American Express which accounted for 8% of our consolidated 2010 revenues. Our relationship with American Express is governed by an agreement that generally sets out the guidelines on which we will provide services although each assignment from American Express is separately agreed to by American Express. American Express is not contractually obligated to continue to use our services at historical levels or at all, and the relationship is terminable by American Express by giving 30 days prior written notice to us. Assurant accounted for 9% of our 2010 revenue contributing to both our Mortgage Services and Technology Services segments. Our relationship with Assurant is governed by five year agreements that establish minimum service and pricing levels and generally are not terminable except in certain circumstances.

While no other individual client represents more than 10% of our consolidated revenues, we are exposed to customer concentration. Most of our customers are not contractually obligated to continue to use our services at historical levels or at all. The loss of any of these key customers or their failure to pay us could reduce our revenues and adversely affect results of operations.

***If we do not adapt our services to changes in technology or in the marketplace, or if our ongoing efforts to upgrade our technology are not successful, we could lose customers and have difficulty attracting new customers for our services.***

The markets for our services are characterized by constant technological change, frequent introduction of new services and evolving industry standards. Our future success will be significantly affected by our ability to enhance, primarily through use of automation, econometrics and behavioral science principles, our current services and develop and introduce new services that address the increasingly sophisticated needs of our customers and their customers. These initiatives carry the risks associated with any new service development effort including cost overruns, delays in delivery and performance effectiveness. There can be no assurance that we will be successful in developing, marketing and selling new services that meet these changing demands. In addition, we may experience difficulties that could delay or prevent the successful development, introduction and marketing of these services. Finally, our services and their enhancements may not adequately meet the demands of the marketplace and achieve market acceptance. Any of these results would have a negative impact on our financial condition and results of operations.

***The Company's growth objectives are dependent on the timing and market acceptance of our new service offerings.***

Our ability to grow may be adversely affected by difficulties or delays in service development or the inability to gain market acceptance of new services to existing and new customers. There are no guarantees that new services will prove to be commercially successful.



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***Our intellectual property rights are valuable and any inability to protect them could reduce the value of our services.***

Our patents, trademarks, trade secrets, copyrights and other intellectual property rights are important assets. The efforts we have taken to protect these proprietary rights may not be sufficient or effective. The unauthorized use of our intellectual property or significant impairment of our intellectual property rights could harm our business, make it more expensive to do business or hurt our ability to compete. Protecting our intellectual property rights is costly and time consuming.

Although we seek to obtain patent protection for our innovations, it is possible we may not be able to protect some of these innovations. Changes in patent law, such as changes in the law regarding patentable subject matter, can also impact our ability to obtain patent protection for our innovations. In addition, given the costs of obtaining patent protection, we may choose not to protect certain innovations that later turn out to be important. Furthermore, there is always the possibility, despite our efforts, that the scope of the protection gained will be insufficient or that an issued patent may be deemed invalid or unenforceable.

***Technology failures could damage our business operations and increase our costs.***

System disruptions or failures may interrupt or delay our ability to provide services to our customers. Any sustained and repeated disruptions in these services may have an adverse impact on our results of operations.

The secure transmission of confidential information over the Internet is essential to maintaining consumer confidence. Security breaches and acts of vandalism could result in a compromise or breach of the technology that we use to protect our customers' personal information and transaction data and could result in the assessment of penalties. Furthermore, Congress or individual states could enact new laws regulating electronic commerce that could adversely affect us and our results of operations.

***We may be subject to claims of legal violations or wrongful conduct which may cause us to pay unexpected litigation costs or damages or modify our products or processes.***

From time to time, we may be subject to costly and time-consuming legal proceedings that claim legal violations or wrongful conduct. These lawsuits may involve clients, vendors, competitors and / or other large groups of plaintiffs and, if resulting in findings of violations, could result in substantial damages. Alternatively, the Company may be forced to settle some claims out of court and change existing company practices, services and processes that are currently revenue generating. This could lead to unexpected costs or a loss of revenue.

***If we fail to comply with privacy regulations imposed on providers of services to financial institutions, our business could be harmed.***

As a provider of services to financial institutions, we are bound by the same limitations on disclosure of the information we receive from their customers that apply to the financial institutions themselves. If we fail to comply with these regulations, we could be exposed to lawsuits or to governmental proceedings; our customer relationships and reputation could be harmed; and we could be inhibited in our ability to obtain new customers. In addition, the adoption of more restrictive privacy laws or rules in the future on the federal or state level could have an adverse impact on us.

***Our business is subject to extensive regulation, and failure to comply with existing or new regulations may adversely impact us.***

Our business is subject to extensive regulation by federal, state and local governmental authorities including the Federal Trade Commission and the state agencies that license certain of our mortgage related services and collection services. We also must comply with a number of federal, state and local consumer protection laws including, among others, the Dodd-Frank Act, the Gramm-Leach-Bliley Act, the Fair Debt Collection Practices Act, the Real Estate Settlement Procedures Act, the Truth in Lending Act, the Fair Credit Reporting Act, the Homeowners Protection Act and the SAFE Act. These requirements can and do change as statutes and regulations are enacted, promulgated or amended.

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We are subject to certain federal, state and local consumer protection provisions. We also are subject to licensing and regulation as a mortgage service provider, title insurance agency, real estate broker and/or debt collector in a number of states. We are subject to audits and examinations that are conducted by the states in which we do business. Our employees and subsidiaries may be required to be licensed by various state commissions for the particular type of service sold and to participate in regular continuing education programs. From time to time, we receive requests from state and other agencies for records, documents and information regarding our policies, procedures and practices for our mortgage services and debt collection business activities. We incur significant ongoing costs to comply with governmental regulations.

The volume of new or modified laws and regulations has increased in recent years and, in addition, some individual municipalities have begun to enact laws that restrict mortgage services activities. If our regulators impose new or more restrictive requirements, we may incur significant additional costs to comply with such requirements which could further adversely affect our results of operations or financial condition. In addition, our failure to comply with these laws and regulations can possibly lead to civil and criminal liability; loss of licensure; damage to our reputation in the industry; fines and penalties; and litigation, including class action lawsuits or administrative enforcement actions. Any of these outcomes could harm our results of operations or financial condition.

***Altisource is a Luxembourg company, and it may be difficult to enforce judgments against it or its directors and executive officers.***

Altisource is a public limited company organized under the laws of Luxembourg. As a result, Luxembourg law and the articles of incorporation govern the rights of shareholders. The rights of shareholders under Luxembourg law may differ from the rights of shareholders of companies incorporated in other jurisdictions. A significant portion of the assets of Altisource are located outside the United States. It may be difficult for investors to enforce, in the United States, judgments obtained in U.S. courts against Altisource or its directors based on the civil liability provisions of the U.S. securities laws or to enforce, in Luxembourg, judgments obtained in other jurisdictions including the United States.

### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

Not applicable.

### **ITEM 2. PROPERTIES**

As of December 31, 2010, our principal executive offices are located in leased office space in Luxembourg, Grand Duchy of Luxembourg. We also lease office space to conduct our operations in:

the United States, principally Arizona, New York (used primarily by the Financial Services segment), California (used primarily by the Mortgage Services and Financial Services segments), Missouri (used primarily by the Mortgage Services segment) and Georgia (used by all segments);  
India, principally Bangalore (used by all segments), Goa (used primarily by the Financial Services segment) and Mumbai (used primarily by the Mortgage Services and Financial Services segments); and  
Montevideo, Uruguay (used primarily by the Corporate segment).

We do not own any real property. We consider these facilities to be suitable and adequate for the management and operations of our business.

### **ITEM 3. LEGAL PROCEEDINGS**

We may from time to time be involved in litigation and claims incidental to the conduct of our business. Our businesses are also subject to extensive regulation which may result in regulatory proceedings against us. See Item 1A. Risk Factors above.

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**ITEM 4. (Removed and Reserved)**

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**Table of Contents****PART II****ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS  
AND ISSUER PURCHASES OF EQUITY SECURITIES*****Market Information***

Our common stock began trading on the NASDAQ Global Select Market under the symbol of ASPS on August 10, 2009. The following table sets forth the high and low close of day sales prices for our common stock, for the periods indicated, as reported by the NASDAQ Global Select Market since the stock was first traded:

Quarter Ended	2010	
	Low	High
March 31	\$ 21.13	\$ 27.02
June 30	21.84	28.19
September 30	24.29	31.14
December 31	24.40	30.64

Quarter Ended	2009	
	Low	High
September 30	\$ 10.10	\$ 14.51
December 31	14.41	21.21

The number of holders of record of our common stock as of January 31, 2011 was 110. The number of beneficial stockholders is substantially greater than the number of holders as a large portion of our common stock is held through brokerage firms.

**Dividends**

We have never declared or paid cash dividends on our common stock, and we do not intend to pay dividends in the foreseeable future.

**Table of Contents****Issuer Purchases of Equity Securities**

On May 19, 2010, our shareholders authorized us to purchase up to 3.8 million shares of our common stock in the open market. The following table presents information related to our repurchases of our equity securities during the three months ended December 31, 2010:

Period	Total number of shares purchased	Weighted average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs
Common shares:				
October 1 31, 2010	65,317	\$ 25.86	65,317	3,633,203
November 1 30, 2010	435,607	27.31	435,607	3,197,596
December 1 31, 2010	69,093	27.37	69,093	3,128,503
Total common shares	570,017	\$ 27.15	570,017	3,128,503

**Stock Performance Graph**

*The information contained in Altisource Common Stock Comparative Performance Graph section shall not be deemed to be soliciting material or filed or incorporated by reference in future filings with the SEC, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that we specifically request that it be treated as soliciting material or incorporate it by reference into a document filed under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.*

The graph below compares the cumulative total stockholder return on our common stock with the cumulative total return on the S&P's 500 Index for the period commencing on August 10, 2009, the first trading day of our common stock, and ending on December 31, 2010, the last trading day of fiscal year 2010. The graph assumes an investment of \$100 at the beginning of such period. The comparisons in the graphs below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common stock.

	8/10/2009	9/30/2009	12/31/2009	03/31/10	06/30/10	09/30/10	12/31/10
Altisource	\$ 100.00	\$ 118.36	\$ 172.05	\$ 183.61	\$ 202.79	\$ 255.25	\$ 235.33
S&P 500	100.00	104.54	110.72	115.65	101.94	112.86	124.38
NASDAQ Composite	100.00	106.53	113.90	120.37	105.87	118.89	133.16

**Table of Contents****ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA**

The consolidated financial statements as of and for the years ended December 31, 2010 and 2009 and the combined consolidated statement of operations for the year ended December 31, 2008 were derived from our audited consolidated financial statements that are included elsewhere in this filing. The combined consolidated statement of operations for the year ended December 31, 2007 and the combined consolidated balance sheet as of December 31, 2008 is derived from our audited financial statements not included in this report. The combined statement of operations data for the year ended December 31, 2006 and the combined balance sheet data as of December 31, 2007 and 2006 are derived from unaudited financial statements not included in this report. The unaudited financial statements have been prepared on the same basis as the audited financial statements and, in the opinion of our management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information set forth in this report.

The historical results presented below may not be indicative of our future performance and do not necessarily reflect what our financial position and results of operations would have been had we operated as a separate, stand-alone entity for periods ending prior to August 9, 2009 (as discussed in Note 1 to the consolidated financial statements).

The selected consolidated financial data should be read in conjunction with the information contained in Item 7 of Part II, Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and notes thereto in Item 8 of Part II, Financial Statements and Supplementary Data.

<i>(in thousands, except per share data)</i>	Years Ended December 31,				
	2010 <sup>(1)</sup>	2009	2008	2007 <sup>(2)</sup>	2006
Revenue	\$ 301,378	\$ 202,812	\$ 160,363	\$ 134,906	\$ 96,603
Cost of Revenue	189,059	126,797	115,048	96,954	72,163
Gross Profit	112,319	76,015	45,315	37,952	24,440
Selling, General and Administrative Expenses	57,352	39,473	28,088	27,930	17,622
Income from Operations	54,967	36,542	17,227	10,022	6,818
Other Income (Expense), net	804	1,034	(2,626)	(1,743)	205
Income before Income Taxes	55,771	37,576	14,601	8,279	7,023
Income Tax Benefit (Provision)	403	(11,605)	(5,382)	(1,564)	(1,616)
Net Income	56,174	25,971	9,219	6,715	5,407
Net Income Attributable to Non Controlling Interests	(6,903)				
Net Income Attributable to Altisource	\$ 49,271	\$ 25,971	\$ 9,219	\$ 6,715	\$ 5,407
Net Income per Share <sup>(3)</sup>					
Basic	\$ 1.96	\$ 1.08	\$ 0.38	\$ 0.28	\$ 0.22
Diluted	\$ 1.88	\$ 1.07	\$ 0.38	\$ 0.28	\$ 0.22

Transactions with Related Parties  
included above:

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Revenue	\$ 154,988	\$ 94,897	\$ 64,251	\$ 59,350	\$ 51,971
Selling, General and Administrative Expenses	1,056	4,308	6,208	8,864	9,103
Interest Expense		1,290	2,269	965	503

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(in thousands)	As of December 31,				
	2010 <sup>(1)</sup>	2009	2008	2007 <sup>(2)</sup>	2006
Cash and Cash Equivalents	\$ 22,134	\$ 30,456	\$ 6,988	\$ 5,688	\$
Accounts Receivable, net	53,495	30,497	9,077	16,770	7,925
Premises and Equipment, net	17,493	11,408	9,304	12,173	9,826
Intangible Assets, net	72,428	33,719	36,391	38,945	
Goodwill	11,836	9,324	11,540	14,797	1,618
Total Assets	197,800	120,556	76,675	92,845	22,205
Lines of Credit and Other Secured Borrowings			1,123	147	
Capital Lease Obligations	1,532	664	1,356	3,631	3,219
Total Liabilities	45,902	34,208	16,129	17,171	7,357

- (1) The operations of MPA are included in our financial statements effective February 12, 2010, the date of acquisition (see Note 4 to the consolidated financial statements). Total goodwill and intangibles were \$51.6 million at December 31, 2010. MPA and its consolidated subsidiary contributed \$18.0 million of revenue, including \$6.9 million attributable to non-controlling interests, for the year ended December 31, 2010. Operating expenses (including both Cost of Revenue and Selling, General and Administrative Expenses) were \$4.9 million for the year ended December 31, 2010.
- (2) The operations of NCI are included in our financial statements effective June 6, 2007, the date of acquisition. NCI is a receivables management company specializing in contingency collections and customer relationship management for credit card issuers and other consumer credit providers. Total goodwill and intangibles were \$31.1 million, \$41.4 million and \$46.3 million, at December 31, 2010, 2009 and 2008, respectively. NCI revenues were \$60.0 million, \$63.1 million and \$69.6 million for the years ended December 31, 2010, 2009 and 2008, respectively. NCI operating expenses (including both Cost of Revenue and Selling, General and Administrative Expenses) were \$62.9 million, \$69.0 million and \$74.8 million for the years ended December 31, 2010, 2009 and 2008, respectively.
- (3) For all periods prior to the Separation, the number of shares issued in the capitalization (24.1 million) is being used for diluted earnings per share (EPS) as for basic EPS as no common stock of Altisource was traded prior to August 10, 2009 and no Altisource equity awards were outstanding prior to that date.

## **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Management's discussion and analysis of results of operations and financial condition (MD&A) is a supplement to the accompanying consolidated financial statements and provides additional information on our businesses, current developments, financial condition, cash flows and results of operations. MD&A is organized as follows:

*Overview.* This section, beginning on page 19, provides a description of recent developments we believe are important in understanding the results of operations and financial condition or in understanding anticipated future trends.

*Consolidated Results of Operations.* This section, beginning on page 22, provides an analysis of our consolidated results of operations for the three years ended December 31, 2010. In addition, a brief description is provided of significant transactions and events that affect the comparability of results being analyzed.

*Segment Results of Operations.* This section, beginning on page 28, provides an analysis of each business segment for the three years ended December 31, 2010 as well as our Corporate segment. In addition, we discuss significant transactions, events and trends that may affect the comparability of the results being analyzed.



*Liquidity and Capital Resources.* This section, beginning on page 41, provides an analysis of our cash flows for the three years ended December 31, 2010. We also discuss restrictions on cash movements, future commitments and capital resources.

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*Critical Accounting Judgments.* This section, beginning on page 43, identifies those accounting principles we believe are most important to our financial results and that require significant judgment and estimates on the part of management in application. We provide all of our significant accounting policies in Note 2 to the accompanying consolidated financial statements.

*Other Matters.* This section, beginning on page 44, provides a discussion of off-balance sheet arrangements to the extent they exist. In addition, we provide a tabular discussion of contractual obligations and discuss any significant commitments or contingencies.

## **FORWARD-LOOKING STATEMENTS**

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including statements regarding guidance, industry prospects or future results of operations of financial position, made in this Annual Report on Form 10-K are forward looking. You can identify these forward-looking statements by the use of words such as outlook, believes, expects, potential, continues, may, will, should, seeks, approximately, predicts, intend, anticipates or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. We believe these factors include but are not limited to those described under section entitled Risk Factors in this report, as such factors may be updated from time to time in our periodic filings with the Securities and Exchange Commission ( SEC ), which are accessible on the SEC s website at [www.sec.gov](http://www.sec.gov). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report and in our other periodic filings. We undertake no obligation to publicly update or review any forward-looking statement whether as a result of new information, future developments or otherwise.

## **OVERVIEW**

### **Our Business**

We are a provider of services focused on high value, knowledge-based functions principally related to real estate and mortgage portfolio management, asset recovery and customer relationship management. Utilizing integrated technology that includes decision models and behavioral based scripting engines, we provide solutions that improve clients performance and maximize their returns.

Further discussion regarding our business may be found under Part I, Item 1, Business .

### *Strategic Update*

Our objective for 2010 was to more fully develop into a global knowledge process provider initially focused on the entire mortgage services lifecycle and credit to cash lifecycle management spaces. To accomplish this objective, we focused on four strategic initiatives:

*Existing Customer Penetration.* Within our Mortgage Services segment, we sought to expand the revenues derived from Ocwen s loan portfolio principally by executing our national rollout plans. During 2010, we generated \$135.7 million of revenue, an 83% increase over the prior year, from Ocwen s portfolio. This growth was principally due to the successful rollout of services including asset management services nationally and default management services to 26 states during the year. In 2011, we intend to rollout our title insurance services to key states including California for which we obtained our agency licenses in December 2010. In addition, we plan to continue to add states for existing and new services where the business volume supports the expansion.

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We also sought to expand relationships with key customers in our Financial Services segment. During 2010, we had mixed results. Although we saw increases in revenues from a key credit card customer and a key first party customer, these were generally offset by declines in revenues from American Express.

*New Customer Acquisition.* We expanded and diversified our customer base principally via our acquisition of MPA, which gives us access to what we believe represents approximately 6% of the total origination market.

*Invest in New Service Offerings:* While we made significant investments in the roll-out of our default oriented services, we also invested in several new service offerings. This included the GoHoming.com real estate portal, the launch of REALRemit for use by external customers other than Ocwen and the launch of our title insurance services.

*Highest Quality at Lowest Operating Costs.* Our global workforce and robust quality assurance program have allowed us to develop and deliver high quality, new services at a low cost. In 2011, we are focused on improving our delivery model by enhancing our proprietary technologies to further drive quality and margin improvements for these services. Our 2011 strategic initiatives recognize that our primary objective is to create shareholder value while we become a premier global, technology-enabled knowledge based outsource provider that delivers superior results for our customers:

*Improve operating effectiveness.* By improving operating effectiveness we intend to deliver high quality services that meet or exceed customers' performance expectations, ultimately driving higher revenues and margins for our customers. For example, in our Mortgage Services segment, we are principally focused on assisting our customers in reducing foreclosure and REO disposition timelines while maintaining high quality work. In our Financial Services segment, we have recommitted ourselves to perform in the top quartile for all key customers. Finally, in our Technology Services segment, we are focused on many initiatives including the development and deployment of business process management solutions to effectively manage our growing portfolio.

*Expand Service Offerings.* In 2011, we will primarily sell our expanded services offerings to Ocwen and the members of Lenders One. For Ocwen, we are primarily focused on expanding title agency services. For Lenders One, we are developing origination oriented services including valuation, title and fulfillment services that we intend to deliver over an enhanced technology platform that recognizes the unique requirements of the customers.

*Balance Service Offerings.* By developing a more balanced portfolio of service offerings, we believe we will be able to generate long-term consistent revenue and earnings growth. In our Mortgage Services segment a significant facet of this is building out the previously mentioned origination services whether as a direct provider, reseller, vendor manager or lead generator. In addition, we plan to invest in Correspondent One (formerly called Lend One) to facilitate the sale of mortgages by members of Lenders One while at the same time driving the adoption of our origination services by the members. In our Technology Services segment, we are focused on supporting the rollout of origination services through the development of an origination vendor portal.

*Bring Financial Services to Profitability.* We remain committed to improving the financial performance of our Financial Services segment principally through excellent performance for our customers. This includes initiatives such as the development of optimal resolution models deployed through dynamic scripts and ensuring that we perform in the top quartile for our key accounts. In addition, we intend to grow our global delivery platform across the services we offer in this segment.

*Enhance Leadership Team.* Our accelerated growth, entry into new services and expanding regulatory requirements requires us to continue to add additional talent in key areas.

We believe we will be able to accomplish these objectives during 2011 via the free cash flow generated from our current operations and will not require additional capital.

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### *Basis of Presentation*

We have prepared our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ( GAAP ). For periods prior to the Separation, our results include revenues and expenses directly attributable to our operations and allocations of expense from Ocwen which may not necessarily reflect what our consolidated results of operations, financial position and cash flows would have been had we operated as an independent company during that entire period.

### **Acquisition of MPA**

MPA and its consolidated subsidiary contributed \$18.0 million of revenue, including \$6.9 million attributable to non-controlling interests, and \$9.2 million of EBITDA since the February 2010 acquisition date. This revenue and EBITDA was substantially in line with our internal projections. Through December 31, 2010, MPA has 179 Members.

### **Stock Repurchase Plan**

We intend to limit dilution caused by option exercises, including anticipated exercises, and acquisitions by repurchasing shares on the open market. On May 19, 2010, our shareholders authorized us to purchase 15% of our outstanding share capital, or 3.8 million shares of our common stock, in the open market. Through December 31, 2010, we purchased 0.7 million shares of our common stock on the open market at an average price of \$27.11, leaving 3.1 million shares still available for purchase.

### **Factors Affecting Comparability**

The following items may impact the comparability of our results:

In February 2010, we acquired all of the outstanding membership interests of MPA. MPA was formed with the purpose of managing BPMC which operates as Lenders One. Lenders One is a national alliance of independent mortgage bankers that provides its Members with education and training along with revenue enhancing, cost reducing and market share expanding opportunities. The results of operations of BPMC have been consolidated under the variable interest model since the acquisition date;

During 2010, to further align the interests of management with shareholders, we expanded our use of equity compensation. For the year ended December 31, 2010, we have recognized \$3.1 million of equity compensation expense as compared to \$0.3 million for the full year ending December 31, 2009.

Contributing to the increase was the attainment of certain market performance criteria which triggered vesting of a portion of the awards and acceleration in the expense recognition of these grants;

In the fourth quarter of 2010, we recognized \$2.8 million of goodwill impairment related to the Financial Services segment;

During the year ended December 31, 2009, we recognized \$3.4 million of one-time costs in our Corporate segment in anticipation of the Separation from Ocwen; and

During the year ended December 31, 2009, we recognized \$1.9 million of facility closure costs, \$1.4 million of litigation settlement losses (both recognized in Selling, General and Administrative Expenses) and a \$2.3 million litigation settlement gain in Other Income in our Financial Services segment.

**Table of Contents****CONSOLIDATED RESULTS OF OPERATIONS****Summary Consolidated Results**

Following is a discussion of our consolidated results of operations for each of the years in the three year period ended December 31, 2010. For a more detailed discussion of the factors that affected the results of our business segments in these periods, see **SEGMENT RESULTS OF OPERATIONS** below.

The following table sets forth information regarding our results of operations for the years ended December 31, 2010, 2009, and 2008.

<i>(dollars in thousands)</i>	Years Ended December 31,				
	2010	(*)	2009	(*)	2008
Service Revenue	\$ 247,026	32%	\$ 186,735	16%	\$ 160,363
Reimbursable Expenses	47,449	195	16,077	100	
Cooperative Non-controlling Interests	6,903	100			
Total Revenue	301,378	49	202,812	26	160,363
Cost of Revenue	189,059	(49)	126,797	(10)	115,048
Gross Profit	112,319	48	76,015	68	45,315
Gross Profit/Service Revenue	45%		41%		28%
Selling, General and Administrative Expenses	57,352	(45)	39,473	(41)	28,088
Income from Operations	54,967	50	36,542	112	17,227
Income from Operations/Service Revenue	22%		20%		11%
Other Income (Expense), net	804	(22)	1,034	139	(2,626)
Income Before Income Taxes	55,771	48	37,576	157	14,601
Income Tax Benefit (Provision)	403	104	(11,605)	(116)	(5,382)
Net Income	56,174	116	25,971	182	9,219
Net Income Attributable to Non-controlling Interests	(6,903)	(100)			
Net Income Attributable to Altisource	\$ 49,271	90%	\$ 25,971	182%	\$ 9,219
Transactions with Related Parties:					
Revenue	\$ 154,988		\$ 94,897		\$ 64,251
Selling, General and Administrative Expenses	1,056		4,308		6,208
Interest Expense			1,290		2,269

(\*) Represents percentage change (better/(worse)) from prior period.



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### Revenue

The following table presents our revenues for the years ended December 31, 2010, 2009 and 2008:

<i>(dollars in thousands)</i>		Years Ended December 31,			
	2010	(*)	2009	(*)	2008
<b>Mortgage Services:</b>					
Service Revenue	\$ 153,318	76%	\$ 87,021	58%	\$ 54,956
Reimbursable Expenses	44,550	177	16,077	100	
Cooperative Non-controlling Interest	6,903	100			
<b>Mortgage Services Total Revenue</b>	<b>204,771</b>	<b>99</b>	<b>103,098</b>	<b>88</b>	<b>54,956</b>
<b>Financial Services:</b>					
Service Revenue	57,080	(11)	64,434	(13)	73,835
Reimbursable Expenses	2,899	100			
<b>Financial Services Total Revenue</b>	<b>59,979</b>	<b>(7)</b>	<b>64,434</b>	<b>(13)</b>	<b>73,835</b>
<b>Technology Services</b>	<b>52,013</b>	<b>10</b>	<b>47,453</b>	<b>5</b>	<b>45,283</b>
<b>Eliminations</b>	<b>(15,385)</b>	<b>(26)</b>	<b>(12,173)</b>	<b>11</b>	<b>(13,711)</b>
<b>Total Revenue</b>	<b>\$ 301,378</b>	<b>49%</b>	<b>\$ 202,812</b>	<b>26%</b>	<b>\$ 160,363</b>
<b>Transactions with Related Parties:</b>					
Mortgage Services	\$ 135,655		\$ 74,089		\$ 41,635
Financial Services	166		98		1,181
Technology Services <sup>(1)</sup>	19,167		20,710		35,146

<sup>(1)</sup> Includes revenue earned from other segments related to REALSuite and IT infrastructure services of \$1.8 million and \$13.7 million, respectively in 2008.

(\*) Represents percentage change (better/(worse)) from prior period.

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Service Revenue consists of amounts attributable to our fee based services. Reimbursable Expenses consists of amounts that we incur on behalf of our customers in performing our fee based services, but we pass such costs directly on to our customers without any additional markup. Cooperative Non-controlling Interests is attributable to the Members of Lenders One. In evaluating our performance, we utilize Service Revenue to neutralize the impact of amounts for which we earn no margin.

The growth in Total Revenues was principally driven by our Mortgage Services segment. This growth in fee based Mortgage Services was the result of the development and execution of default oriented mortgage services over an expanding national platform and the expansion of Ocwen's residential loan portfolio primarily as a result of the acquisitions of a \$6.9 billion servicing portfolio from Saxon in May, 2010 and a \$22.4 billion portfolio from HomeEq in September, 2010. The expansion of Ocwen's platform was also the primary contributor to growth with respect to Technology Services revenues. In addition, from a Total Revenues perspective, the expansion of our asset management and default services businesses was the primary contributor to the increase in Reimbursable Expenses. Finally, our acquisition of MPA contributed to the overall increase in Total Revenues and to the inclusion of Cooperative Non-controlling Interests.

Partially offsetting our growth in Service Revenue in Mortgage Services and Technology Services was a decline in the Financial Services segment. Contributing factors to the general decline in revenues include reduced placements from our largest customer in this segment partially offset by placements from other customers. In addition, we continue to build out a global delivery platform for collections which sometimes results in lower revenues per account although at higher margins.

The principal driver of the increase in revenue during 2009 compared to 2008 was our development and rollout of residential default oriented services which facilitated our expanded relationship with Ocwen. The increase was primarily in default management, asset management and closing and title services. Our Technology Services segment also ended the year with an increase in revenue as decreases in infrastructure support revenue were offset by increases in REALServicing principally with one third-party customer. Finally, Financial Services revenues continued to be negatively impacted by the overall economic conditions resulting in a decrease in revenues for this segment.

Our revenues are seasonal. More specifically, Financial Services revenue tends to be higher in the first half of the year as borrowers may utilize tax refunds to pay debts. Mortgage Services revenue is impacted by Real Estate Owned ( REO ) sales which tend to be at their lowest level during winter months and highest during summer months.



**Table of Contents***Cost of Revenue*

Cost of revenue principally includes payroll and employee benefits associated with personnel employed in customer service and operations roles, fees paid to external providers related to provision of services, reimbursable expenses, technology and telephony expenses as well as depreciation and amortization of operating assets. The components of Cost of Revenue were as follows for the years ended December 31, 2010, 2009 and 2008:

(dollars in thousands)	Years Ended December 31,				
	2010	(*)	2009	(*)	2008
Compensation and Benefits	\$ 62,791	(23)%	\$ 51,251	14%	\$ 59,311
Outside Fees and Services	60,583	(41)	43,026	(20)	35,825
Reimbursable Expenses	47,449	(195)	16,077	(100)	
Technology and Communication	18,236	(11)	16,443	17	19,912
Cost of Revenue	\$ 189,059	(49)%	\$ 126,797	(10)%	\$ 115,048
Gross Profit Percentage					
Gross Profit/Service Revenue	45%		41%		28%

(\*) Represents percentage change (better/(worse)) from prior period.

On a consolidated basis, our gross margins based on Service Revenue for the year ended December 31, 2010 increased as a result of the composition of revenues being more weighted towards the higher margin Mortgage Services segment, the acquisition of MPA in 2010 and our ability to efficiently scale our operations as our referral base grows. Our gross profit percentage increased in 2009 compared to 2008 reflecting the composition of revenues being more weighted towards Mortgage Services. In addition, we aggressively reduced our compensation cost within our Financial Services segment both by reducing the overall number of collectors as well as redistributing collectors to less expensive locations.

Compensation and Benefits costs grew in 2010 to support the national rollout of services and the growth in Ocwen's residential loan portfolio. In addition, for periods subsequent to the Separation Date, we treat compensation costs associated with segment executive management and segment marketing activities as a component of Selling, General and Administrative Expenses. The decrease in 2009 compared to 2008 was related to the decreased compensation costs in our Financial Services segment as discussed above.

In 2010 and 2009, Outside Fees and Services primarily increased in our Mortgage Services segment consistent with the expansion of our services. Outside Fees and Services in 2010 also increased when compared to the prior year in our Financial Services segment as a result of an increase in placements we service using external collectors.

During 2009, Outside Fees and Services increased compared to 2008 in our Financial Services segment as we attempted to collect on more accounts in 2009 than in 2008 and, therefore, incurred greater costs. Our Financial Services segment increased its use of external collectors resulting in a shift in cost from Compensation and Benefits to Outside Fees and Services.

As noted above in our discussion of Total Revenue, the expansion of our asset management and default services was the primary contributor to the increase in Reimbursable Expenses which are reflected as a component of Cost of Revenues.

The increase in Technology and Communication Costs in 2010 is primarily related to costs associated with the new data center. In addition, costs increased as a result of the addition of new facilities and the expansion of bandwidth and server capacity to handle the increased demands experienced due to growth in Ocwen's portfolio and our services.

In 2009, Technology and Communications decreased compared to 2008 in part due to the reduction of telephony costs, as well as lower overall technology costs due to fewer collectors in the Financial Services segment. Finally, we incurred lower depreciation in 2009 as several assets became fully depreciated late in 2008. This included the

acceleration of depreciation of certain obsolete technology that impacted the 2008 periods but not those in 2009.

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**Table of Contents***Selling, General and Administrative Expenses*

Selling, General and Administrative Expenses include payroll, employee benefits, occupancy and other costs associated with personnel employed in executive, sales, marketing, human resources, consumer behavior, internal audit and finance roles. This category also includes professional fees, depreciation and amortization on non-operating assets. The components of Selling, General and Administrative Expenses were as follows for the years ended December 31, 2010, 2009 and 2008:

<i>(dollars in thousands)</i>	Years Ended December 31,				
	2010	(*)	2009	(*)	2008
Compensation and Benefits	\$ 19,116	N/M	\$ 4,096	34%	\$ 6,208
Professional Services	8,026	22%	10,252	(214)	3,270
Occupancy Related Costs	12,154	(44)	8,456	(4)	8,125
Amortization of Intangible Assets	4,891	(83)	2,672	(5)	2,554
Goodwill Impairment	2,816	(100)			
Other	10,349	26	13,997	(77)	7,931
Total Selling, General and Administrative Expenses	\$ 57,352	(45)%	\$ 39,473	(41)%	\$ 28,088
Operating Margin Percentage					
Income from Operations/Service Revenue	22%		20%		11%

N/M Not meaningful.

(\*) Represents percentage change (better/(worse)) from prior period.

Compensation and Benefits increased in 2010 primarily as a result of the cost of being a separate public company for a full year; the need to have separate support functions such as accounting, legal and human resources; the previously mentioned reclassification of certain executive and marketing related compensation costs from Cost of Revenues; and increased equity compensation for senior executives. Compensation and Benefits in 2008 primarily represent expenses allocated from Ocwen through the Separation Date for certain corporate functions as discussed more fully in

*SECTION 1 OVERVIEW, Separation* above. Subsequent to the Separation Date, these types of expenses (although no longer allocated from Ocwen) are included in all of the Selling, General and Administrative Expense categories above. As a result, the decrease in 2009 is the result of allocations from Ocwen only representing a partial period compared to a full year of allocations from Ocwen in the 2008.

Costs associated with Professional Services have increased in 2010 after we consider the impact of 2009 one-time costs. The increase in Professional Services is primarily attributable to costs associated with being a separate public company for a full year including increased audit and legal fees as well as insurance. Professional Services increased in 2009 compared to 2008 primarily due to \$3.4 million of one-time separation related expenses, \$1.4 million increase in legal expense primarily due to litigation (see Note 17 to the consolidated financial statements) and an increase in costs associated with being a public company such as audit fees along with Director and Officer insurance.

Occupancy Related Costs increased in 2010 primarily as a result of our expansion of services which led to new leased facilities in India and the United States. The increase was partially offset by decreases associated with lease facility closures in the Financial Services segment in 2009.

Amortization of Intangible Assets increased in 2010 as a result of the intangibles acquired in connection with the acquisition of MPA (see Notes 4 and 8 to the consolidated financial statements). In addition, we impaired the remaining \$2.8 million of goodwill in 2010 related to the Financial Services segment.

Other Selling, General and Administrative Expenses in 2010 was comparable to 2009 when adjusting for the \$1.9 million in facility closure costs recognized in 2009 consisting of lease exit costs and severance for closure of facilities in Miramar, Florida and Victoria, British Columbia, Canada. These facility closure costs also led to the increase in 2009 as compared to 2008.

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**Table of Contents*****EBITDA***

Altisource evaluates performance based on several factors of which a primary financial measure is income before interest, tax, depreciation and amortization ( EBITDA ). In addition, we adjusted EBITDA for goodwill impairment and Net Income Attributable to Non-controlling Interests. We believe that this non-GAAP financial measure is useful to investors and analysts in analyzing and assessing our overall business performance since we utilize this information for making operating decisions, for compensation decisions and for forecasting and planning future periods. While the Company uses non-GAAP financial measures as a tool to enhance its understanding of certain aspects of its financial performance and to provide incremental insight into the underlying factors and trends affecting both the Company's performance and its cash-generating potential, the Company does not consider these measures to be a substitute for, or superior to, the information provided by GAAP financial measures. Consistent with this approach, the Company believes that disclosing non-GAAP financial measures to the readers of its financial statements provides such readers with useful supplemental data that, while not a substitute for GAAP financial measures, allows for greater transparency in the review of its financial and operational performance and enables investors to more fully understand trends in its current and future performance.

<i>(dollars in thousands)</i>	Years Ended December 31,				
	2010	(*)	2009	(*)	2008
Income Before Income Taxes	\$ 55,771	48%	\$ 37,576	157%	\$ 14,601
Interest, net	87	95	1,644	38	2,655
Depreciation and Amortization	7,158	(32)	5,432	31	7,836
Amortization of Intangibles	4,891	(83)	2,672	(5)	2,554
Goodwill Impairment	2,816				
Net Income attributable to Non-controlling Interests	(6,903)	(100)			
EBITDA	\$ 63,820	35%	\$ 47,324	71%	\$ 27,646
EBITDA Margin:					
EBITDA/Service Revenue	26%		25%		17%

(\*) Represents percentage change (better/(worse)) from prior period.

(1) See *SECTION 3 SEGMENT RESULTS OF OPERATIONS* below for a reconciliation of the most directly comparable GAAP measure to EBITDA.

EBITDA margins based on Service Revenue increased only slightly in 2010 as a result of the revenue and expenses changes discussed above as continued reinvestment in our business, particularly to support the national rollout of default oriented services and the growth in Ocwen's residential loan portfolio.

For 2011, we will continue to invest in our service offerings. Significant investments in 2011 are expected to include the development and national rollout of title insurance and origination services in our Mortgage Services segment and our REALSuite of services within our Technology Services segment. These investments are important for our growth in future periods, but will continue to minimize expansion of EBITDA margins against Service Revenue.

In addition to the changes in 2009 as compared to 2008 in revenue and expenses discussed above, the increase in EBITDA also benefited from \$2.3 million of Other Income recorded in 2009 relating to a litigation settlement (see Note 17 to the consolidated financial statements).



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### **Income Taxes**

Our income tax (benefit) / provision was \$(0.4) million, \$11.6 million and \$5.4 million in 2010, 2009 and 2008, respectively. Our effective tax rate was (0.8)%, 30.9% and 36.9% for 2010, 2009 and 2008, respectively. Our consolidated effective income tax rate for financial reporting purposes may change periodically due to changes in enacted tax rates, fluctuations in the mix of income earned from our domestic and international operations which may be subject to differing tax rates, and based on our ability to utilize net operating loss and tax credit carryforwards. The primary reason for the recognition of a benefit in 2010 was due to the receipt of a favorable ruling in June 2010 regarding the treatment of certain intangibles that exist for purposes of determining the Company's taxable income. The ruling is retroactive to the Separation Date. As a result of the ruling, the Company recognized a \$3.4 million credit attributable to 2009 in the second quarter 2010. This ruling did not have a material impact on our deferred tax assets or liabilities. In addition, the change in the mix of income in various taxing jurisdictions also worked to reduce our rate, including a decline in the performance of our Financial Services segment which served to reduce our taxes in the United States. Our income tax provision computed by applying the Luxembourg statutory tax rate of 28.6% differs from our effective tax rate primarily because of the effect of the favorable tax ruling as well as the varying tax rates in multiple taxing jurisdictions.

The principal contributing factor to the reduction in rate during 2009 is the composition of Pre-Tax Income by jurisdiction when compared to prior periods.

For periods prior to the Separation Date, we are included in Ocwen's tax returns. Our responsibility with respect to these periods is governed by a tax sharing agreement. In accordance with this agreement, U.S. income taxes were allocated as if they had been calculated on a separate company basis except that benefits for any net operating losses will be provided to the extent such loss is utilized in the consolidated U.S. federal tax return. The provision for income taxes prior to the Separation Date has been determined on a pro-forma basis as if we had filed separate income taxes under our current structure for the periods presented.

### **Recent Accounting Pronouncements**

There are no pending accounting pronouncements that are expected to have a material impact upon adoption.

### **SEGMENT RESULTS OF OPERATIONS**

The following section provides a discussion of pre-tax results of operations of our business segments for the years ended December 31, 2010, 2009 and 2008. Transactions between segments are accounted for as third-party arrangements for purposes of presenting Segment Results of Operations. Intercompany transactions primarily consist of information technology infrastructure services and charges for the use of certain REAL services from our Technology Services segment to our other two segments. Generally, we reflect these charges within Technology and Communication in the segment receiving the services except for consulting services which we reflect in professional services.

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For the Year Ended December 31, 2010					
<i>(in thousands)</i>	Mortgage Services	Financial Services	Technology Services	Corporate Items and Eliminations	Consolidated Altisource
Revenue	\$ 204,771	\$ 59,979	\$ 52,013	\$ (15,385)	\$ 301,378
Cost of Revenue	124,485	49,781	28,909	(14,116)	189,059
Gross Profit	80,286	10,198	23,104	(1,269)	112,319
Selling, General and Administrative Expenses	14,890	19,567	4,985	17,910	57,352
Income (Loss) from Operations	65,396	(9,369)	18,119	(19,179)	54,967
Other income (expense), net	781	(50)	(60)	133	804
Income (Loss) Before Income Taxes	\$ 66,177	\$ (9,419)	\$ 18,059	\$ (19,046)	\$ 55,771
Reconciliation to EBITDA					
Income (Loss) Before Income Taxes	\$ 66,177	\$ (9,419)	\$ 18,059	\$ (19,046)	\$ 55,771
Interest, net	(11)	55	64	(21)	87
Depreciation <sup>(1)</sup>	268	1,972	4,499	419	7,158
Amortization of Intangibles	2,218	2,673			4,891
Goodwill Impairment		2,816			2,816
Net Income attributable to Non controlling interests	(6,903)				(6,903)
EBITDA	\$ 61,749	\$ (1,903)	\$ 22,622	\$ (18,648)	\$ 63,820
Transactions with Related Parties Included Above:					
Revenue	\$ 135,655	\$ 166	\$ 19,167	\$	\$ 154,988
Selling, General and Administrative Expenses				1,056	1,056
Interest Expense					

For the Year Ended December 31, 2009					
<i>(in thousands)</i>	Mortgage Services	Financial Services	Technology Services	Corporate Items and Eliminations	Consolidated Altisource
Revenue	\$ 103,098	\$ 64,434	\$ 47,453	\$ (12,173)	\$ 202,812
Cost of Revenue	60,735	52,871	24,477	(11,286)	126,797
Gross Profit	42,363	11,563	22,976	(887)	76,015



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Selling, General and Administrative Expenses	5,625	19,267	4,731	9,850	39,473
Income (Loss) from Operations	36,738	(7,704)	18,245	(10,737)	36,542
Other income (expense), net	31	1,324	(319)	(2)	1,034
Income (Loss) Before Income Taxes	\$ 36,769	\$ (6,380)	\$ 17,926	\$ (10,739)	\$ 37,576
Reconciliation to EBITDA					
Income (Loss) Before Income Taxes	\$ 36,769	\$ (6,380)	\$ 17,926	\$ (10,739)	\$ 37,576
Interest, net	28	1,314	318	(16)	1,644
Depreciation <sup>(1)</sup>	48	2,402	2,906	76	5,432
Amortization of Intangibles		2,672			2,672
EBITDA	\$ 36,845	\$ 8	\$ 21,150	\$ (10,679)	\$ 47,324
Transactions with Related Parties Included Above:					
Revenue	\$ 74,089	\$ 98	\$ 20,710	\$	\$ 94,897
Selling, General and Administrative Expenses	2,712	467	1,517	(388)	4,308
Interest Expense	30	1,029	231		1,290

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For the Year Ended December 31, 2008					
<i>(in thousands)</i>	Mortgage Services	Financial Services	Technology Services	Corporate Items and Eliminations	Consolidated Altisource
Revenue	\$ 54,956	\$ 73,835	\$ 45,283	\$ (13,711)	\$ 160,363
Cost of Revenue	36,392	62,590	29,777	(13,711)	115,048
Gross Profit	18,564	11,245	15,506		45,315
Selling, General and Administrative Expenses	5,027	17,168	6,118	(225)	28,088
Income (Loss) from Operations	13,537	(5,923)	9,388	225	17,227
Other income (expense), net	(58)	(1,952)	(391)	(225)	(2,626)
Income (Loss) Before Income Taxes	\$ 13,479	\$ (7,875)	\$ 8,997	\$	\$ 14,601
Reconciliation to EBITDA					
Income (Loss) Before Income Taxes	\$ 13,479	\$ (7,875)	\$ 8,997	\$	\$ 14,601
Interest, net	58	2,025	572		2,655
Depreciation <sup>(1)</sup>	34	3,202	4,600		7,836
Amortization of Intangibles		2,554			2,554
EBITDA	\$ 13,571	\$ (94)	\$ 14,169	\$	\$ 27,646
Transactions with Related Parties Included Above:					
Revenue	\$ 41,635	\$ 1,181	\$ 35,146	\$ (13,711)	\$ 64,251
Selling, General and Administrative Expenses	3,633	595	1,980		6,208
Interest Expense	58	1,833	378		2,269

<sup>(1)</sup> Includes depreciation and amortization of \$1.0 million, \$2.0 million and \$2.8 million in the years ended December 31, 2010, 2009 and 2008, respectively, for assets reflected in the Technology Services segment but utilized by the Financial Services segment.

**Table of Contents*****Mortgage Services***

The following table presents our results of operations for our Mortgage Services segment for the years ended December 31:

<i>(dollars in thousands)</i>	Years Ended December 31,				2008
	2010	(*)	2009	(*)	
Service Revenue	\$ 153,318	76%	\$ 87,021	58%	\$ 54,956
Reimbursable Expenses	44,550	177	16,077	100	
Cooperative Non-controlling Interest	6,903	100		100	
Total Revenue	204,771	99	103,098	88	54,956
Cost of Revenue	124,485	(105)	60,735	(67)	36,392
Gross Profit	80,286	90	42,363	128	18,564
Gross Profit/Service Revenue	52%		49%		34%
Selling, General and Administrative Expenses	14,890	(165)	5,625	(12)	5,027
Income from Operations	\$ 65,396	78%	\$ 36,738	171%	\$ 13,537
Income from Operations/Service Revenue	43%		42%		25%
EBITDA <sup>(1)</sup>	\$ 61,749	68%	\$ 36,845	171%	\$ 13,571
Transactions with Related Parties:					
Revenue	\$ 135,655		\$ 74,089		\$ 41,635
Selling, General and Administrative Expenses			2,712		3,633
Interest Expense			30		58

(\*) Represents percentage change (better/(worse)) from prior period.

(1) See table at the beginning of this section for a reconciliation of the most directly comparable GAAP measure to EBITDA.

Our Mortgage Services segment continued to be the primary driver of our overall growth for the periods presented. The growth in Mortgage Services has been driven by our development and national rollout of default oriented Mortgage Services over our national delivery platform. This segment was also aided by the growth in Ocwen's residential loan portfolio and our acquisition of MPA in February 2010.

We are committed to providing a suite of mortgage origination services including valuation, title, fulfillment and flood certification services. Through our acquisition of MPA, we have preferred access to financial institutions which we believe constitutes 6% of the total residential mortgage origination market. In addition, for members of MPA, we believe that over time we can work with Ocwen and other partners to provide additional avenues to sell loans beyond the current preferred investor arrangements resulting in improved capital markets execution. We expect this will facilitate the sale of our services to the members.

Although we believe the development of origination services is important to balancing out our service offerings, it will require a significant investment in personnel, technology and management. In addition, given the significant growth in our default oriented services, we continue to invest significant resources to ensure that we meet the demands of our customers. In addition, investments will be made in development stage services such as an enhanced consumer real estate portal. These investments could limit our ability to significantly expand margins during 2011.

We experienced significant growth in our Mortgage Services segment in 2009 as compared to 2008 as we rolled out our residential default related services. We were able to develop and rollout these services and still achieve a 36% EBITDA margin in 2009 which includes the impact of expense reimbursements. We did this by leveraging our global delivery model and our experience with technological based solutions, econometrics and behavioral science.

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*Revenue*

<i>(dollars in thousands)</i>	Years Ended December 31,				
	2010	(*)	2009	(*)	2008
Revenue:					
Asset Management Services	\$ 78,999	159%	\$ 30,464	N/M	\$ 1,167
Component Services and Other	40,473	111	19,196	64%	11,683
Residential Property Valuation	33,502	25	26,800	(7)	28,882
Closing and Title Services	28,056	61	17,444	(32)	13,173
Default Management Services	23,741	158	9,194	N/M	51
Total Revenue	\$ 204,771	99%	\$ 103,098	88%	\$ 54,956
Reimbursable Expenses:					
Asset Management Services	\$ 41,920		\$ 14,308		\$
Default Management Services	2,328		1,769		
Closing and Title Services	302				
Reimbursable Expenses	\$ 44,550		\$ 16,077		\$