



**FRONT YARD RESIDENTIAL CORPORATION
AUDIT COMMITTEE CHARTER**

I. DEFINITIONS

As used in this Audit Committee Charter (this "Charter"), the following capitalized terms have the following meanings:

"Board" means the board of directors of the Company.

"Committee" means the audit committee formed pursuant to this Charter.

"Company" means Front Yard Residential Corporation.

II. PURPOSE OF THE COMMITTEE

The Committee's purpose is to provide assistance to the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Company and its subsidiaries. This includes, without limitation,

- (a) Assisting the Board's oversight of:
 - (i) the integrity of the Company's financial statements,
 - (ii) the Company's compliance with legal and regulatory requirements,
 - (iii) the Company's independent registered public accounting firm's qualifications and independence and
 - (iv) the performance of the Company's independent registered public accounting firm and the Company's internal audit function,and
- (b) preparing the report required to be prepared by the Committee pursuant to the rules of the Securities and Exchange Commission (the "SEC") for inclusion in the Company's annual proxy statement.

III. COMPOSITION OF THE COMMITTEE

The Committee shall be comprised of three or more directors as determined from time to time by resolution of the Board. Each member of the Committee shall be qualified to serve on the Committee pursuant to the requirements of the New York Stock Exchange (the "NYSE") and the Securities Exchange Act of 1934 (the "Exchange Act"), and the rules and regulations promulgated by the SEC pursuant to the Exchange Act. Director's fees (including any additional amounts paid to chairs of committees and to members of committees of the Board) are the only compensation a member of the Committee may receive from the Company.

No director may serve as a member of the Committee if such director serves on the audit committee of more than three public companies (including the Company), unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee. Any such determination must be disclosed in the Company's annual proxy statement.

The chairperson of the Committee shall be designated by the Board, provided that if the Board does not so designate a chairperson, the members of the Committee, by a majority vote, may designate a chairperson. Each member of the Committee must be "financially literate," as such qualification is interpreted by the Board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the Committee. In addition, at least one member of the Committee must have "accounting or related financial management expertise." as the Board interprets such qualification in its business judgment. Further, either (i) at least one member of the Committee must be an "audit committee financial expert," as such term is defined in the rules and regulations promulgated by the SEC, or (ii) if no member of the Committee is a "financial expert," the Committee shall so inform the Company.

Any vacancy on the Committee shall be filled by majority vote of the Board at the next meeting of the Board following the occurrence of the vacancy. No member of the Committee may be removed except by majority vote of the Independent Directors then in office.

IV. MEETINGS OF THE COMMITTEE

The Committee shall meet once every fiscal quarter or more frequently as it shall determine is necessary to carry out its duties and responsibilities. The Committee, in its discretion, may ask members of management, any directors or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Committee should meet separately on a periodic basis with (i) management, (ii) the senior executive of the Company's internal audit department or other person responsible for the internal audit function and (iii) the Company's independent registered public accounting firm, in each case to discuss any matters that the Committee or any of the above persons or firms believes should be discussed privately.

A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

The Committee shall maintain minutes of its meetings and records relating to those meetings and provide copies of such minutes to the Board.

V. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

In carrying out its duties and responsibilities, the Committee's policies and procedures should remain flexible so that it may be in a position to best react or respond to changing circumstances or conditions. The following are within the authority of the Committee:

(a) Obtain and review at least annually the Company's internal audit plan, internal audit budget and risk management report;

(b) Select for shareholder approval, in its sole discretion, the independent registered public accounting firm to audit the books and accounts of the Company and its subsidiaries for each fiscal year, instruct the Company's independent registered public accounting firm that they are ultimately accountable to the Committee and approve the independent registered public accounting firm's annual engagement letter, including compensation, as well as all audit and, as provided in the Exchange Act, all permitted non-audit engagements and relationships between the Company and such auditors and pre-approve all audit and, unless the de minimus exception of applicable law permits otherwise, permitted non-audit services to be performed by the independent registered public accounting firm subject to such procedures as may be established by the Committee. The Committee delegates to the Chairperson of the Committee the authority to grant such pre-approvals between Committee meetings;

(c) Review the performance of the Company's independent registered public accounting firm, including the lead partner of the independent registered public accounting firm, and, in its sole discretion, make decisions regarding the replacement or termination of the independent registered public accounting firm when circumstances warrant;

(d) Obtain and review at least annually the report of the independent registered public accounting firm describing:

- (i) the independent registered public accounting firm's internal quality-control procedures;
- (ii) any material issues raised by the most recent internal quality-control review, by a peer review or by any inquiry or investigation by any governmental or professional authority of the independent registered public accounting firm, within the preceding five years, with respect to one

or more independent audits carried out by the independent registered public accounting firm, and any steps taken to deal with any such issues and

- (iii) all relationships between the independent registered public accounting firm and the Company (including a description of each category of services provided by the independent registered public accounting firm to the Company and a list of the fees billed for each such category);

The Committee should present its conclusions with respect to the above matters, as well as its review of the lead partner of the independent registered public accounting firm, and its views on whether there should be a regular rotation of the independent registered public accounting firm, to the Board;

(e) Oversee the independence of the independent registered public accounting firm by, among other things:

- (i) actively engaging in a dialogue with the independent registered public accounting firm with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent registered public accounting firm and taking appropriate action to satisfy itself of the auditor's independence;
- (ii) confirming that the lead audit partner and reviewing audit partner responsible for the audit of the Company's financial statements have not performed audit services for the Company for more than the previous five consecutive fiscal years of the Company or at any time during the five-year period after being rotated;
- (iii) confirming that the chief executive officer, controller, chief financial officer, chief accounting officer or other persons serving in an equivalent position of the Company, was not, within one year prior to the initiation of the audit, an employee of the independent auditor who participated in any capacity in the Company's audit and
- (iv) considering whether there should be a regular rotation of the Company's independent registered public accounting firm;

(f) Review the annual audit plan of the Company's independent registered public accounting firm, including the scope of the audit, and monitor such plan's progress and results during the year;

(g) Review the results of the year-end audit of the Company by the independent registered public accounting firm, including any significant matters regarding internal controls over financial reporting that have come to their attention during the conduct of their audit;

(h) Meet to review and discuss with management and the independent registered public accounting firm the Company's annual audited financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations disclosures, and recommend to the Board whether the audited financial statements should be included in the Company's Annual Report on Form 10-K;

(i) Meet to review and discuss with management and the independent registered public accounting firm, the Company's quarterly financial statements, Management's Discussion and Analysis and the results of the independent auditor's review of the quarterly financial statements;

(j) Review with management, the Company's independent registered public accounting firm and the senior executive of the Company's internal audit department, the following:

- (i) critical accounting policies and such other accounting policies of the Company as are deemed appropriate for review by the Committee prior to any interim or year-end filings with the SEC or other regulatory body, including any financial reporting issues which could have a material impact on the Company's financial statements;
- (ii) any significant changes in the Company's selection or application of accounting principles;
- (iii) alternative treatments of financial information that have been discussed by the independent registered public accounting firm and management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the auditors;
- (iv) all other material written communications between the independent registered public accounting firm and management;
- (v) the effect of regulatory and accounting initiatives on the financial statements of the Company; and
- (vi) the effect of off-balance sheet structures on the financial statements of the Company;

(k) Review with the Chief Executive Officer, Chief Financial Officer and independent registered public accounting firm, periodically, the following:

- (i) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process,

summarize and report financial data, including any material weaknesses in internal controls identified by the Company's independent registered public accounting firm;

- (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls and
- (iii) any significant changes in internal controls over financial reporting, including any corrective actions with regard to significant deficiencies and material weaknesses;

(l) Attempt to resolve all disagreements between the Company's independent registered public accounting firm and management regarding financial reporting;

(m) Review on a regular basis with the Company's independent registered public accounting firm any issues or difficulties encountered by the independent registered public accounting firm in the course of any audit work, including management's response with respect thereto, any restrictions on the scope of the independent auditor's activities or on access to requested information and any significant disagreements with management. In connection therewith, the Committee should review with the independent registered public accounting firm the following:

- (i) any accounting adjustments that were noted or proposed by the independent registered public accounting firm but were rejected by management;
- (ii) any significant consultations on matters that are otherwise required to be disclosed to the Committee made with the independent auditor's national office respecting auditing or accounting issues;
- (iii) any "management" or "internal control" letter issued by the independent registered public accounting firm to the Company; and
- (iv) the responsibilities, budget and staffing of the Company's internal audit function;

(n) Confirm that the Company's interim financial statements included in Quarterly Reports on Form 10-Q have been reviewed by the Company's independent registered public accounting firm;

(o) Review:

- (i) the adequacy and effectiveness of the Company's accounting and internal control policies and procedures on a regular basis, including the responsibilities, budget and staffing of the Company's internal audit function, through inquiry and discussions with the Company's internal auditors and management of the Company; and
- (ii) any required report prepared by management, and attested to by the Company's independent registered public accounting firm regarding the effectiveness of the Company's internal controls over financial reporting and stating management's responsibility to establish and maintain such internal controls, prior to its inclusion in the Company's annual report;

(p) Review with management the Company's administrative, operational and accounting internal controls, including any special steps adopted in light of the discovery of material control deficiencies, and evaluate whether the Company is operating in accordance with its prescribed policies, procedures and codes of conduct;

(q) Receive periodic reports from management to assess the impact on the Company of significant accounting or financial reporting developments that may have a bearing on the Company;

(r) Establish and maintain free and open means of communication between and among the Board, the Committee, the Company's independent registered public accounting firm, the Company's internal auditing department and management, including providing such parties with appropriate opportunities to meet separately and privately with the Committee on a periodic basis;

(s) Review and discuss the Company's earnings press releases (especially the use of "pro forma" or "adjusted" information not prepared in compliance with generally accepted accounting principles), as well as financial information and earnings guidance provided by the Company to analysts and rating agencies which review may be done generally (i.e., discussion of the types of information to be disclosed and type of presentations to be made), and the Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance;

(t) Establish clear hiring policies by the Company for employees or former employees of the Company's independent registered public accounting firm, as needed;

(u) Discuss guidelines and policies governing the process by which senior management of the Company assesses and manages the Company's exposure to risk, as well as the Company's major financial risk exposures, including the Company's credit risk, liquidity risk, regulatory risk, operational risk and enterprise risk, and the steps management has taken to monitor and control such exposures;

(v) Meet regularly with the Company's internal auditors and the independent accountants to discuss the scope and plan for the internal audit and include management in its review of accounting and financial controls, assessment of business risks and legal and ethical compliance programs;

(w) Meet at least annually with the general counsel, and outside counsel when appropriate, to review legal and regulatory matters, including any matters that may have a material impact on the financial statements of the Company;

(x) Prepare the report required by the rules of the SEC to be included in the Company's annual proxy statement;

(y) Review the Company's program to monitor compliance with the Company's Code of Business Conduct and Ethics, and meet periodically with the Company's compliance officer to discuss compliance with the Company's Code of Business Conduct and Ethics;

(z) Obtain from the Company's independent registered public accounting firm any information pursuant to Section 10A of the Exchange Act, if triggered;

(aa) Establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

(bb) Review, approve, ratify or disapprove of transactions with related persons;

(cc) Secure independent expert advice to the extent the Committee determines it to be appropriate, including retaining independent counsel, accountants, consultants or others, to assist the Committee in fulfilling its duties and responsibilities, the cost of such independent expert advisors to be borne by the Company;

(dd) Conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and retain, at the Company's expense, such independent counsel or other advisers as it deems necessary;

(ee) Review and approve or disapprove all proposed transactions with executive officers and directors that require Committee review in accordance with the Company's Code of Business Conduct and Ethics. No member of the Committee having an interest in a transaction being reviewed shall participate in any decision regarding such transaction;

(ff) Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements;

(gg) Discuss significant, complex or unusual transactions with management and the independent auditor;

(hh) Report regularly to the Board on its activities, as appropriate. In connection therewith, the Committee should review with the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent registered public accounting firm or the performance of the internal audit function; and

(ii) Prepare and review with the Board an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this Charter, and set forth the goals and objectives of the Committee for the upcoming year. The evaluation should include a review and assessment of the adequacy of the Committee's Charter. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.

While the Committee has the duties and responsibilities set forth in this Charter, the Committee is not responsible for planning or conducting the audit or for determining whether the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles.

In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not full-time employees of the Company. It is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards. Each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee absent actual knowledge to the contrary (which shall be promptly reported to the Board) and (iii) statements made by management or third parties as to any information technology, internal audit and other non-audit services provided by the auditors to the Company.

AUDIT COMMITTEE CHARTER

Adopted December 20, 2012
Reviewed and Approved January 24, 2013
Reviewed and Approved March 4, 2014
Reviewed and Approved March 5, 2015
Reviewed and Approved March 15, 2016
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