

CORELOGIC, INC.  
Form 10-Q  
April 24, 2015

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the quarterly period ended March 31, 2015

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 001-13585

CoreLogic, Inc.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or  
organization)

95-1068610  
(I.R.S. Employer Identification No.)

40 Pacifica, Irvine, California  
(Address of principal executive offices)

92618-7471  
(Zip Code)

(949) 214-1000  
(Registrant's telephone number, including area code)

Not Applicable  
(Former name, former address and former fiscal year, if changed since last report)

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

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

Yes  No

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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

On April 20, 2015 there were 90,211,566 shares of common stock outstanding.

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CoreLogic, Inc.  
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## PART I: FINANCIAL INFORMATION

## Item 1. Financial Statements.

CoreLogic, Inc.

Condensed Consolidated Balance Sheets

(Unaudited)

(in thousands, except par value)

	March 31, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$89,706	\$104,677
Marketable securities	21,950	22,264
Accounts receivable (less allowance for doubtful accounts of \$10,153 and \$10,826 as of March 31, 2015 and December 31, 2014, respectively)	226,495	214,344
Prepaid expenses and other current assets	55,037	51,375
Income tax receivable	13,328	13,357
Deferred income tax assets, current	90,341	90,341
Assets of discontinued operations	4,723	4,267
Total current assets	501,580	500,625
Property and equipment, net	359,275	368,614
Goodwill, net	1,769,199	1,780,758
Other intangible assets, net	266,131	278,270
Capitalized data and database costs, net	329,227	333,265
Investment in affiliates, net	101,715	103,598
Restricted cash	12,214	12,360
Other assets	134,634	138,872
Total assets	\$3,473,975	\$3,516,362
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$178,921	\$170,418
Accrued salaries and benefits	69,817	99,786
Deferred revenue, current	254,322	255,330
Current portion of long-term debt	16,194	11,352
Liabilities of discontinued operations	12,805	13,704
Total current liabilities	532,059	550,590
Long-term debt, net of current	1,278,881	1,319,211
Deferred revenue, net of current	394,580	389,308
Deferred income tax liabilities, long term	64,426	63,979
Other liabilities	159,059	161,084
Total liabilities	2,429,005	2,484,172
Redeemable noncontrolling interests	16,783	18,023
Equity:		
CoreLogic stockholders' equity:		
Preferred stock, \$0.00001 par value; 500 shares authorized, no shares issued or outstanding	—	—
Common stock, \$0.00001 par value; 180,000 shares authorized; 90,194 and 89,343 shares issued and outstanding as of March 31, 2015 and December 31, 2014, respectively	1	1
Additional paid-in capital	613,152	605,511

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Retained earnings	523,068	492,441	
Accumulated other comprehensive loss	(108,034	) (83,786	)
Total equity	1,028,187	1,014,167	
Total liabilities and equity	\$3,473,975	\$3,516,362	

The accompanying notes are an integral part of these condensed consolidated financial statements.

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CoreLogic, Inc.  
Condensed Consolidated Statements of Operations  
(Unaudited)

(in thousands, except per share amounts)	For the Three Months Ended	
	March 31, 2015	2014
Operating revenues	\$364,772	\$326,104
Cost of services (excluding depreciation and amortization shown below)	185,543	187,660
Selling, general and administrative expenses	93,986	93,963
Depreciation and amortization	35,920	29,506
Impairment loss	58	148
Total operating expenses	315,507	311,277
Operating income	49,265	14,827
Interest expense:		
Interest income	1,458	1,171
Interest expense	13,835	16,828
Total interest expense, net	(12,377	) (15,657
Gain/(loss) on investments and other, net	309	(4,351
Income/(loss) from continuing operations before equity in earnings of affiliates and income taxes	37,197	(5,181
Provision for income taxes	11,465	114
Income/(loss) from continuing operations before equity in earnings of affiliates	25,732	(5,295
Equity in earnings of affiliates, net of tax	3,766	2,382
Net income/(loss) from continuing operations	29,498	(2,913
(Loss)/income from discontinued operations, net of tax	(111	) 385
Net income/(loss)	29,387	(2,528
Less: Net income attributable to noncontrolling interests	208	264
Net income/(loss) attributable to CoreLogic	\$29,179	\$(2,792
Amounts attributable to CoreLogic stockholders:		
Net income/(loss) from continuing operations	\$29,290	\$(3,177
(Loss)/income from discontinued operations, net of tax	(111	) 385
Net income/(loss) attributable to CoreLogic	\$29,179	\$(2,792
Basic income per share:		
Net income/(loss) from continuing operations	\$0.33	\$(0.03
(Loss)/income from discontinued operations, net of tax	—	—
Net income/(loss) attributable to CoreLogic	\$0.33	\$(0.03
Diluted income per share:		
Net income/(loss) from continuing operations	\$0.32	\$(0.03
(Loss)/income from discontinued operations, net of tax	—	—
Net income/(loss) attributable to CoreLogic	\$0.32	\$(0.03
Weighted-average common shares outstanding:		
Basic	89,751	91,433
Diluted	91,117	91,433

The accompanying notes are an integral part of these condensed consolidated financial statements.

CoreLogic, Inc.  
Condensed Consolidated Statements of Comprehensive Income  
(Unaudited)

(in thousands)	For the Three Months Ended March 31,	
	2015	2014
Net income/(loss)	\$29,387	\$(2,528)
Other comprehensive (loss)/income:		
Market value adjustments to marketable securities, net of tax	(194)	) 70
Market value adjustments on interest rate swap, net of tax	(2,180)	) (73)
Reclassification adjustment for loss on terminated interest rate swap included in net income	—	2,555
Foreign currency translation adjustments	(21,776)	) 10,502
Supplemental benefit plans adjustments, net of tax	(98)	) (65)
Total other comprehensive (loss)/income	(24,248)	) 12,989
Comprehensive income	5,139	10,461
Less: Comprehensive income attributable to the noncontrolling interests	208	264
Comprehensive income attributable to CoreLogic	\$4,931	\$10,197

The accompanying notes are an integral part of these condensed consolidated financial statements.

CoreLogic, Inc.  
Condensed Consolidated Statements of Cash Flows  
(Unaudited)

	For the Three Months Ended	
	March 31,	
(in thousands)	2015	2014
Cash flows from operating activities:		
Net income/(loss)	\$29,387	\$(2,528)
Less: (Loss)/income from discontinued operations, net of tax	(111)	) 385
Net income/(loss) from continuing operations	29,498	(2,913)
Adjustments to reconcile net income/(loss) from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	35,920	29,506
Impairment loss	58	148
Provision for bad debt and claim losses	2,612	3,688
Share-based compensation	8,732	8,011
Excess tax benefit related to stock options	(4,575)	) (5,942)
Equity in earnings of affiliates, net of taxes	(3,766)	) (2,382)
Loss on early extinguishment of debt	—	593
Deferred income tax	1,978	44
(Gain)/loss on investments and other, net	(309)	) 4,351
Change in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(12,070)	) 11,768
Prepaid expenses and other current assets	(3,662)	) 2,863
Accounts payable and accrued expenses	(19,570)	) (32,264)
Deferred revenue	4,264	(8,554)
Income taxes	(2,359)	) (7,856)
Dividends received from investments in affiliates	8,420	4,258
Other assets and other liabilities	(3,927)	) 6,525
Net cash provided by operating activities - continuing operations	41,244	11,844
Net cash (used in)/provided by operating activities - discontinued operations	(1,010)	) 4,809
Total cash provided by operating activities	\$40,234	\$16,653
Cash flows from investing activities:		
Purchases of property and equipment	\$(11,397)	) \$(13,427)
Purchases of capitalized data and other intangible assets	(11,244)	) (7,185)
Cash paid for acquisitions, net of cash acquired	—	(665,758)
Purchases of investments	(388)	) —
Change in restricted cash	146	(580)
Net cash used in investing activities - continuing operations	(22,883)	) (686,950)
Net cash used in investing activities - discontinued operations	—	(6)
Total cash used in investing activities	\$(22,883)	) \$(686,956)
Cash flows from financing activities:		
Proceeds from long-term debt	\$135	\$689,641
Debt issuance costs	—	(14,042)
Repayment of long-term debt	(35,551)	) (5,154)
Proceeds from issuance of stock related to stock options and employee benefit plans	10,701	2,730
Minimum tax withholding paid on behalf of employees for restricted stock units	(11,792)	) (14,314)
Shares repurchased and retired	—	(6,850)
Excess tax benefit related to stock options	4,575	5,942



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Net cash (used in)/provided by financing activities - continuing operations	(31,932	) 657,953
Net cash provided by financing activities - discontinued operations	—	—
Total cash (used in)/provided by financing activities	\$(31,932	) \$657,953
Effect of exchange rate on cash	67	482
Net decrease in cash and cash equivalents	(14,514	) (11,868 )
Cash and cash equivalents at beginning of period	104,677	134,419
Less: Change in cash and cash equivalents - discontinued operations	(1,010	) 4,803
Plus: Cash swept (to)/from discontinued operations	(1,467	) 4,477
Cash and cash equivalents at end of period	\$89,706	\$122,225
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$9,834	\$6,845
Cash paid for income taxes	\$8,947	\$1,103
Cash refunds from income taxes	\$2,147	\$—
Non-cash investing activities:		
Capital expenditures included in accounts payable and accrued liabilities	\$3,402	\$1,967

The accompanying notes are an integral part of these condensed consolidated financial statements.

CoreLogic, Inc.  
Condensed Consolidated Statement of Equity  
(Unaudited)

(in thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance as of December 31, 2014	89,343	\$1	\$605,511	\$492,441	\$ (83,786 )	\$1,014,167
Net income	—	—	—	29,179	—	29,179
Shares issued in connection with share-based compensation	851	—	10,701	—	—	10,701
Tax withholdings related to net share settlements of restricted stock units	—	—	(11,792 )	—	—	(11,792 )
Share-based compensation	—	—	8,732	—	—	8,732
Adjustment to redeemable noncontrolling interest to redemption value	—	—	—	1,448	—	1,448
Other comprehensive loss	—	—	—	—	(24,248 )	(24,248 )
Balance as of March 31, 2015	90,194	\$1	\$613,152	\$523,068	\$ (108,034 )	\$1,028,187

The accompanying notes are an integral part of these condensed consolidated financial statements.

## Note 1 – Basis of Condensed Consolidated Financial Statements

CoreLogic, Inc., together with its subsidiaries (collectively "we", "us" or "our"), is a leading global property information, analytics and data-enabled services provider operating in North America, Western Europe and Asia Pacific. Our combined data from public, contributory and proprietary sources provides detailed coverage of property, mortgages and other encumbrances, property risk and replacement cost, consumer credit, tenancy, location, hazard risk and related performance information. The markets we serve include real estate and mortgage finance, insurance, capital markets and the public sector. We deliver value to clients through unique data, analytics, workflow technology, advisory and managed services. Clients rely on us to help identify and manage growth opportunities, improve performance and mitigate risk. We are also a party to several joint ventures both domestically and abroad.

Our condensed consolidated financial information included in this report has been prepared in accordance with accounting principles generally accepted in the U. S. ("GAAP") for interim financial information pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") including the instructions to Form 10-Q and Article 10 of SEC Regulation S-X. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the condensed consolidated financial statements and accompanying notes. Actual amounts may differ from these estimated amounts. Certain information and disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. The 2014 year-end condensed consolidated balance sheet was derived from the Company's audited financial statements for the year ended December 31, 2014. Interim financial information does not require the inclusion of all the information and footnotes required by GAAP for complete financial statements. Therefore, these financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2014.

The accompanying unaudited condensed consolidated interim financial statements reflect all adjustments, consisting of only normal recurring items which, in the opinion of management, are necessary for a fair statement of the results of operations for the periods shown. The results of operations for such periods are not necessarily indicative of the results expected for the full year or for any future periods.

### Out-of-Period Adjustment

During the first quarter of 2015, we identified an error which overstated our interest expense by \$5.2 million (\$3.1 million, net of tax), reflected within continuing operations, for the year ended December 31, 2014. We recorded an out-of-period adjustment to correct the error in the quarter ended March 31, 2015, which increased basic and diluted net income per share by \$0.03. We assessed the materiality of this error in accordance with the SEC's Staff Accounting Bulletin ("SAB") No. 99 and SAB No. 108, and concluded the error was not material to the results of operations or financial condition for the prior annual or interim periods, and the correction is not expected to be material to the full year results for fiscal year 2015.

### Comprehensive Income/(Loss)

Comprehensive income/(loss) includes all changes in equity except those resulting from investments by owners and distributions to owners. Specifically, foreign currency translation adjustments, amounts related to supplemental benefit plans, unrealized gains and losses on interest rate swap transactions and unrealized gains and losses on investment are recorded in other comprehensive income/(loss).

The following table shows the components of accumulated other comprehensive loss, net of taxes as of March 31, 2015 and December 31, 2014:

	2015	2014
Cumulative foreign currency translation	\$(99,236 )	\$(77,460 )
Cumulative supplemental benefit plans	(4,364 )	(4,266 )
Net unrecognized losses on interest rate swap	(4,515 )	(2,335 )
Net unrealized gains on marketable securities	81	275
Accumulated other comprehensive loss	\$(108,034 )	\$(83,786 )

### Marketable Securities

Debt securities are carried at fair value and consist primarily of investments in obligations of various corporations and mortgage-backed securities. Equity securities are carried at fair value and consist primarily of investments in marketable common and preferred stock. We classify our publicly traded debt and equity securities as available-for-sale and carry them at fair value with unrealized gains or losses classified as a component of accumulated other comprehensive income/(loss). As of March 31, 2015 and December 31, 2014, our marketable securities consist primarily of investments in preferred stock of \$22.0 million and \$22.3 million, respectively. There were no gains or losses recognized on sales of marketable securities for the three months ended March 31, 2015 and 2014.

### Tax Escrow Disbursement Arrangements

We administer tax escrow disbursements as a service to our clients in connection with our tax services business. These deposits are maintained in segregated accounts for the benefit of our clients. Tax escrow deposits totaled \$4.6 billion as of March 31, 2015 and \$265.6 million as of December 31, 2014. Because these deposits are held on behalf of our clients, they are not our funds and, therefore, are not included in the accompanying condensed consolidated balance sheets.

These deposits generally remain in the accounts for a period of two to five business days and we invest the funds in a highly-rated, liquid investment, such as bank deposit products or AAA-rated money market funds. We earn interest income from these investments and bear the risk of any losses. However, we have not historically incurred any investment losses and do not anticipate incurring any future investment losses. As a result, we do not maintain any reserves for losses in value of these investments.

Under our contracts with our clients, if we make a payment in error or fail to pay a taxing authority when a payment is due, we could be held liable to our clients for all or part of the financial loss they suffer as a result of our act or omission. We maintained claim reserves relating to incorrect disposition of assets of \$20.2 million as of March 31, 2015 and December 31, 2014.

### Recent Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board (“FASB”) issued guidance, which requires that debt issuance costs be presented in the balance sheet as a deduction from the carrying amount of the related liability, rather than as a deferred charge. The updated guidance is effective retroactively for financial statements covering fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted but we do not anticipate electing early adoption. We are currently evaluating the impact of the adoption of this guidance on our consolidated financial statements.

In February 2015, the FASB issued guidance, which modifies the analysis regarding the evaluation of certain types of entities to be consolidated. Specifically, it (1) modifies the assessment of whether limited partnerships are variable interest entities (VIEs), (2) eliminates the presumption that a limited partnership should be consolidated by its general partner, (3) removes certain conditions for the evaluation of whether a fee paid to a decision maker constitutes a variable interest, and (4) modifies the evaluation concerning the impact of related parties in the determination of the primary beneficiary of a VIE. The updated guidance is effective for annual reporting periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted but we do not anticipate electing early adoption. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In January 2015, the FASB issued guidance, which completely eliminates all references to and guidance concerning the concept of an extraordinary item from GAAP. The updated guidance is effective for annual reporting periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted but we do not anticipate electing early adoption. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In August 2014, the FASB issued updated guidance related to determining whether substantial doubt exists about an entity's ability to continue as a going concern. The amendment provides guidance for determining whether conditions or events give rise to substantial doubt that an entity has the ability to continue as a going concern within one year following issuance of the financial statements, and requires specific disclosures regarding the conditions or events leading to substantial doubt. The updated guidance is effective for annual reporting periods and interim periods within those annual periods beginning after December 15, 2016. Earlier adoption is permitted but we do not anticipate electing early adoption. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In June 2014, the FASB issued updated guidance related to stock compensation. The amendment requires that a performance target that affects vesting and that could be achieved after the requisite period, be treated as a performance condition. The updated guidance is effective for annual reporting periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted but we do not anticipate electing early adoption. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In May 2014, the FASB issued updated guidance on revenue recognition in order to 1) remove inconsistencies in revenue requirements, 2) provide a better framework for addressing revenue issues, 3) improve comparability across entities, industries, etc., 4) provide more useful information through improved disclosures, and 5) simplify the preparation of financial statements by reducing the number of requirements to which an entity must refer. Under the amendment, an entity should recognize revenue to depict the transfer of promised goods or services to clients in the amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also specifies the accounting treatment for the incremental costs of obtaining a contract, which would not have been incurred had the contract not been obtained. Further, an entity is required to disclose sufficient information to enable the user of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows from contracts with clients. The updated guidance is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early adoption is not permitted. We are currently evaluating the impact of the adoption of this guidance on our consolidated financial statements.

In April 2014, the FASB issued updated guidance on reporting discontinued operations and disclosures of disposals of components of an entity. Under the amendment only those disposals of components of an entity that represent a strategic shift that has (or will have) a major effect on an entity's operations and financial results will be reported as discontinued operations in the financial statements. Additionally, the elimination of the component's operations, cash flows and significant continuing involvement conditions have been removed. Further, an equity method investment could be reported as discontinued operations. The updated guidance is effective prospectively for all disposals or classifications as held for sale that occur within annual periods beginning after December 15, 2014. Adoption of this guidance did not have a material impact on our consolidated financial statements.

#### Note 2 – Investment in Affiliates, Net

Investments in affiliates are accounted for under the equity method of accounting as we are deemed to have significant influence over the affiliate but do not control or have a majority voting interest in the affiliate. Investments are carried at the cost of acquisition, including subsequent capital contributions and loans from us, plus our equity in undistributed earnings or losses since inception of the investment. We recorded equity in earnings of affiliates, net of tax of \$3.8 million and \$2.4 million for the three months ended March 31, 2015 and 2014, respectively. For the three months ended March 31, 2015 and 2014 we recorded \$4.3 million and \$4.0 million, respectively, of operating revenues and \$3.4 million and \$3.0 million, respectively, of operating expenses related to our investment in affiliates.

One of our subsidiaries owns a 50.1% interest in RELS LLC ("RELS"), a provider of appraisals and appraisal management services used in connection with mortgage loan originations. This investment in affiliate contributed 81.3% and 84.7% of our total equity in earnings of affiliates, net of tax, for the three months ended March 31, 2015 and 2014, respectively. The following summarized financial information for this investment (assuming 100% ownership interest), is as follows:

(in thousands)	For the Three Months Ended March 31,	
	2015	2014

Statements of income		
Total revenues	\$58,446	\$47,523
Expenses and other	48,262	40,808
Net income attributable to RELS LLC	\$10,184	\$6,715
CoreLogic equity in earnings of affiliate, pre-tax	\$5,102	\$3,364

See Note 9 - Fair Value of Financial Instruments for further discussion on investment in affiliates, net, measured at fair value on a nonrecurring basis.



## Note 3 - Property and Equipment, Net

Property and equipment, net as of March 31, 2015 and December 31, 2014 consists of the following:

(in thousands)	2015	2014
Land	\$4,000	\$4,000
Buildings	230	230
Furniture and equipment	91,323	91,397
Capitalized software	706,601	701,482
Leasehold improvements	29,927	30,001
	832,081	827,110
Less accumulated depreciation	(472,806 )	(458,496 )
Property and equipment, net	\$359,275	\$368,614

Depreciation expense for property and equipment was approximately \$17.9 million and \$13.8 million for the three months ended March 31, 2015 and 2014, respectively. See Note 9 - Fair Value of Financial Instruments for further discussion on property and equipment, net measured at fair value on a nonrecurring basis.

## Note 4 – Goodwill, Net

A reconciliation of the changes in the carrying amount of goodwill and accumulated impairment losses, by operating segment and reporting unit, for the three months ended March 31, 2015, is as follows:

(in thousands)	D&A	TPS	Consolidated
Balance as of January 1, 2015			
Goodwill	\$957,929	\$876,470	\$1,834,399
Accumulated impairment losses	(600 )	(53,041 )	(53,641 )
Goodwill, net	957,329	823,429	1,780,758
Translation adjustments	(11,324 )	(235 )	(11,559 )
Other	(100 )	100	—
Balance as of March 31, 2015			
Goodwill, net	\$945,905	\$823,294	\$1,769,199

## Note 5 – Other Intangible Assets, Net

Other intangible assets consist of the following:

(in thousands)	March 31, 2015			December 31, 2014		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Client lists	\$390,839	\$(198,521 )	\$192,318	\$394,070	\$(192,612 )	\$201,458
Non-compete agreements	9,316	(7,504 )	1,812	9,332	(7,351 )	1,981
Trade names and licenses	92,767	(20,766 )	72,001	93,497	(18,666 )	74,831
	\$492,922	\$(226,791 )	\$266,131	\$496,899	\$(218,629 )	\$278,270

Amortization expense for other intangible assets was \$9.8 million and \$7.6 million for the three months ended March 31, 2015 and 2014, respectively.



Estimated amortization expense for other intangible assets for the next five years is as follows:

(in thousands)	
Remainder of 2015	\$29,930
2016	33,662
2017	31,715
2018	30,911
2019	27,673
Thereafter	112,240
	\$266,131

#### Note 6 – Long-Term Debt

Our long-term debt consists of the following:

(in thousands)	March 31, 2015	December 31, 2014
Acquisition-related note:		
Non-interest bearing acquisition note, \$5.0 million installment due March 2016	\$4,695	\$4,623
Notes:		
7.25% senior notes due June 2021	393,000	393,000
7.55% senior debentures due April 2028	59,645	59,645
Bank debt:		
Revolving line of credit borrowings due March 2019, weighted-average interest rate of 2.85% and 2.41% at March 31, 2015 and December 31, 2014, respectively	60,000	85,000
Term loan facility borrowings due March 2019, weighted-average interest rate of 2.77% and 2.41% at March 31, 2015 and December 31, 2014, respectively	775,625	786,250
Other debt:		
Various interest rates with maturities through 2018	2,110	2,045
Total long-term debt	1,295,075	1,330,563
Less current portion of long-term debt	16,194	11,352
Long-term debt, net of current portion	\$1,278,881	\$1,319,211

As of March 31, 2015 and December 31, 2014, we have recorded \$11.7 million and \$9.2 million, respectively, of accrued interest expense on our debt-related instruments.

#### Senior Notes

On May 20, 2011, we issued \$400.0 million aggregate principal amount of 7.25% senior notes due 2021 (the "Notes"). The Notes are guaranteed on a senior unsecured basis by each of our existing and future direct and indirect subsidiaries that guarantee our Credit Agreement (defined below). Separate financial statements for each guarantor subsidiary are not included in this filing because each guarantor subsidiary is 100% owned and the guarantees of the Notes are joint and several and full and unconditional. The combined accounts of the guarantor subsidiaries, the combined accounts of the non-guarantor subsidiaries, the combined consolidating adjustments and eliminations and the consolidated accounts for CoreLogic, Inc. (the "Parent") for the dates and periods indicated are included in Note

16 - Guarantor Subsidiaries. The guarantees are subject to release under certain customary circumstances. The indenture governing the Notes provides that the guarantees may be automatically and unconditionally released only upon the following circumstances: 1) the guarantor is sold or sells all of its assets in compliance with the terms of the indenture; 2) the guarantor is released from its guarantee obligations under the Credit

Agreement; 3) the guarantor is properly designated as an "unrestricted subsidiary;" or 4) the requirements for legal or covenant defeasance or satisfaction and discharge have been satisfied. The maximum potential amounts that could be required to be paid under the guarantees are essentially equal to the outstanding principal and interest under the Notes. There are no significant restrictions on the ability of the Parent or any guarantor subsidiary to obtain funds from its subsidiaries by dividend or loan. The Notes bear interest at 7.25% per annum and mature on June 1, 2021. Interest is payable semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2011. As of March 31, 2015, we were in compliance with all of our covenants under the indenture.

#### Credit Agreement

On March 25, 2014, we entered into a senior secured credit facility (the "Credit Agreement") with Bank of America, N.A. as administrative agent and other financial institutions, which replaced our previous senior secured credit facility that was entered into on May 23, 2011 (the "Terminated Credit Agreement"). The Credit Agreement provides for an \$850.0 million five-year term loan facility (the "Term Facility") and a \$550.0 million revolving credit facility (the "Revolving Facility"). The Revolving Facility includes a \$100.0 million multicurrency revolving sub-facility and a \$50.0 million letter of credit sub-facility. The Credit Agreement also provides for the ability to increase the Term Facility and Revolving Facility by up to \$500.0 million in the aggregate. For the three months ended March 31, 2015, we prepaid \$10.6 million of outstanding indebtedness under the Term Facility. This prepayment was applied to the most current portion of the term loan amortization schedule. As of March 31, 2015, we were in compliance with all of our covenants under the Credit Agreement.

#### 7.55% Senior Debentures

In April 1998, we issued \$100.0 million in aggregate principal amount of 7.55% senior debentures due 2028. In April 2010, in anticipation of the Separation, we commenced a cash tender offer for these debentures and also solicited consent from the holders thereof to expressly affirm that the Separation would not conflict with the terms of the debentures. See Note 11 - Litigation and Regulatory Contingencies for further discussion on the Separation. In April 2010, we announced that valid consents were tendered representing over 50.0% of the outstanding debentures. Accordingly, we received the requisite approvals from debenture holders and amended the related indentures. The indentures governing these debentures, as amended, contain limited restrictions on the Company.

#### Acquisition-Related Notes

In March 2011, we entered into a settlement services joint venture with Speedy Title & Appraisal Review Services LLC ("STARS"). Our initial investment in STARS was \$20.0 million and we also issued a note payable for an additional \$15.0 million of consideration, which is non-interest bearing and due in three equal installments. As of March 31, 2015, the discounted balance outstanding under the note was \$4.7 million.

#### Interest Rate Swaps

In May 2014, we entered into amortizing interest rate swap transactions ("Swaps"). The Swaps become effective on December 31, 2014 and terminate in March 2019. The Swaps are for an initial notional balance of \$500.0 million, with a fixed interest rate of 1.57%, and amortize quarterly by \$12.5 million through December 31, 2017 and \$25.0 million through December 31, 2018, with a remaining notional amount of \$250.0 million. Previous amortizing interest rate swap transactions entered into in June 2011 were terminated with a realized loss of \$4.1 million for the three months ended March 31, 2014 upon full repayment of the underlying debt associated with the Terminated Credit Agreement.

We entered into the Swaps in order to convert a portion of our interest rate exposure on the Term Facility floating rate borrowings from variable to fixed. We have designated the Swaps as cash flow hedges. The estimated fair value of these cash flow hedges resulted in a liability of \$7.3 million and \$3.8 million at March 31, 2015 and December 31, 2014, respectively, which is included in the accompanying consolidated balance sheets as a component of other liabilities.

Unrealized gains of \$2.2 million (net of \$1.4 million in deferred taxes) and unrealized losses of less than \$0.1 million were recognized in other comprehensive (loss)/income related to the Swaps for the three months ended March 31, 2015 and 2014, respectively.

## Note 7 – Income Taxes

The effective income tax rate, provision or benefit, for income taxes as a percentage of income from continuing operations before equity in earnings of affiliates and income taxes was 30.8% and 2.2% for the three months ended March 31, 2015 and 2014, respectively. The change in the effective tax rate was primarily attributable to research and development credits, uncertain tax benefits and foreign rate differentials in jurisdictions with tax rates lower than the U.S., as well as, the prior year release of a valuation allowance recorded against certain foreign losses.

Income taxes included in equity in earnings of affiliates were \$2.4 million and \$1.5 million for the three months ended March 31, 2015 and 2014, respectively. For the purpose of segment reporting, these amounts are not reflected at the segment level but are recorded within corporate.

During the three months ended March 31, 2015, due to the settlement of an Internal Revenue Service ("IRS") exam, we reversed \$1.9 million of reserves related to the acquisition of MSB/DataQuick. The reserve was presented as a reduction to deferred tax assets for net operating loss carryforwards whose reversal results in \$1.9 million increase to net income.

We are currently under examination for the years 2005 to 2011 by the U.S. and various taxing authorities. It is reasonably possible the amount of unrecognized tax benefit with respect to certain unrecognized tax positions could significantly increase or decrease within the next twelve months. We estimate the unrecognized tax benefit could decrease by up to \$21.6 million within the next twelve months. The estimated change is primarily related to IRS audits, subject to the FAFC indemnification, and will have no impact to net income. See Note 11 - Litigation and Regulatory Contingencies for further discussion on FAFC.

## Note 8 – Earnings Per Share

The following is a reconciliation of net income per share:

	For the Three Months Ended March 31,	
	2015	2014
(in thousands, except per share amounts)		
Numerator for basic and diluted net income/(loss) per share:		
Net income/(loss) from continuing operations	\$29,290	\$(3,177)
(Loss)/income from discontinued operations, net of tax	(111)	) 385
Net income/(loss) attributable to CoreLogic	\$29,179	\$(2,792)
Denominator:		
Weighted-average shares for basic income per share	89,751	91,433
Dilutive effect of stock options and restricted stock units	1,366	—
Weighted-average shares for diluted income per share	91,117	91,433
Income per share		
Basic:		
Net income/(loss) from continuing operations	\$0.33	\$(0.03)
(Loss)/income from discontinued operations, net of tax	—	—
Net income/(loss) attributable to CoreLogic	\$0.33	\$(0.03)
Diluted:		
Net income/(loss) from continuing operations	\$0.32	\$(0.03)
(Loss)/income from discontinued operations, net of tax	—	—
Net income/(loss) attributable to CoreLogic	\$0.32	\$(0.03)

The dilutive effect of stock-based compensation awards have been calculated using the treasury-stock method. For the three months ended March 31, 2015, an aggregate of 0.3 million restricted stock units ("RSUs"), performance-based restricted stock units ("PBRsUs") and stock options were excluded from the weighted-average diluted common shares outstanding due to their anti-dilutive effect. There was no dilutive effect for the three months ended March 31, 2014.

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## Note 9 – Fair Value of Financial Instruments

Fair value is the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). We utilize market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable.

The market approach is applied for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Fair value balances are classified based on the observability of those inputs.

A fair value hierarchy prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). Level 2 measurements utilize observable inputs in markets other than active markets.

In estimating the fair value of the financial instruments presented, we used the following methods and assumptions:

### Cash and cash equivalents

For cash and cash equivalents, we believe that the carrying value is a reasonable estimate of fair value due to the short-term nature of the instruments.

### Restricted cash

Restricted cash is comprised of certificates of deposit that are pledged for various letters of credit secured by the Company. We deem the carrying value to be a reasonable estimate of fair value due to the nature of these instruments.

### Marketable securities

Equity securities are classified as available-for-sale securities and are valued using quoted prices in active markets for similar assets.

### Long-term debt

The fair value of long-term debt was estimated based on the current rates available to us for similar debt of the same remaining maturities and consideration of our default and credit risk.

### Interest rate swap agreements

The fair value of the interest rate swap agreements were estimated based on market value quotes received from the counter parties to the agreements.

The fair values of our financial instruments as of March 31, 2015 are presented in the following table:

(in thousands)	Fair Value Measurements Using		Fair Value
	Level 1	Level 2	
<b>Financial Assets:</b>			
Cash and cash equivalents	\$89,706	\$—	\$89,706
Restricted cash	—	12,214	12,214
Marketable securities	21,950	—	21,950
<b>Total Financial Assets</b>	<b>\$111,656</b>	<b>\$12,214</b>	<b>\$123,870</b>
<b>Financial Liabilities:</b>			
Total debt	\$—	\$1,319,710	\$1,319,710
<b>Derivatives:</b>			
Liability for interest rate swap agreements	\$—	\$7,312	\$7,312

The fair values of our financial instruments as of December 31, 2014 are presented in the following table:

(in thousands)	Fair Value Measurements Using		Fair Value
	Level 1	Level 2	
<b>Financial Assets:</b>			
Cash and cash equivalents	\$104,677	\$—	\$104,677
Restricted cash	—	12,360	12,360
Marketable securities	22,264	—	22,264
<b>Total Financial Assets</b>	<b>\$126,941</b>	<b>\$12,360</b>	<b>\$139,301</b>
<b>Financial Liabilities:</b>			
Total debt	\$—	\$1,323,201	\$1,323,201
<b>Derivatives:</b>			
Liability for interest rate swap agreements	\$—	\$3,781	\$3,781

The following table presents non-financial instruments were measured at fair value, on a nonrecurring basis, as of March 31, 2015 and impairment losses for the three months ended March 31, 2015:

(in thousands)	As of March 31, 2015			Impairment Losses For the Three Months Ended March 31, 2015
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	
Property and equipment, net	\$—	\$—	\$—	\$58

The following table presents non-financial instruments were measured at fair value, on a nonrecurring basis, as of March 31, 2014 and impairment losses for the three months ended March 31, 2014:

(in thousands)	As of March 31, 2014			Impairment Losses For the Three Months Ended March 31, 2014
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	
Property and equipment, net	\$—	\$—	\$—	\$ 148
Investment in affiliates, net	—	—	—	360
	\$—	\$—	\$—	\$ 508

We recorded non-cash impairment charges of \$0.1 million for the three months ended March 31, 2015 and 2014 in our property and equipment, net primarily related to internally developed software. In addition, we recorded non-cash impairment charges of \$0.4 million for the three months ended March 31, 2014 in our investment in affiliates, net, due to other than temporary loss in value from the absence of an ability to recover the carrying amount of the investment.

#### Note 10 – Stock-Based Compensation

We currently issue equity awards under the CoreLogic, Inc. 2011 Performance Incentive Plan which was approved by our stockholders at our Annual Meeting held on May 19, 2011 and amended on July 29, 2014 (the “Plan”). The Plan includes the ability to grant RSUs, PBRsUs and stock options. Prior to the approval of the Plan, we issued share-based awards under the CoreLogic, Inc. 2006 Incentive Plan (the “2006 Plan”). The Plan provides for up to 21,930,000 shares of the Company’s common stock to be available for award grants.

We have primarily utilized RSUs, PBRsUs and stock options as our share-based compensation instruments for employees and directors. The fair value of any share-based compensation instrument grant is based on the market value of our shares on the date of grant and is recognized as compensation expense over its vesting period.

#### Restricted Stock Units

For the three months ended March 31, 2015 and 2014, we awarded 693,584 and 657,932 RSUs, respectively, with an estimated grant date fair value of \$23.8 million and \$20.2 million, respectively. The RSU awards will vest ratably over three years.

RSU activity for the three months ended March 31, 2015 is as follows:

(in thousands, except weighted-average fair value prices)	Number of Shares	Weighted-Average Grant-Date Fair Value
Unvested RSUs outstanding at December 31, 2014	1,380	\$ 27.17
RSUs granted	694	\$ 34.26
RSUs vested	(525	) \$ 24.46
RSUs forfeited	(17	) \$ 27.08
Unvested RSUs outstanding at March 31, 2015	1,532	\$ 31.31

As of March 31, 2015, there was \$37.0 million of total unrecognized compensation cost related to unvested RSUs that is expected to be recognized over a weighted-average period of 2.4 years. The fair value of RSUs is based on the market value of our common stock on the date of grant.



## Performance-Based Restricted Stock Units

For the three months ended March 31, 2015 and 2014, we awarded 219,378 and 330,075 PBRsUs, respectively, with an estimated grant date fair value of \$7.4 million and \$10.4 million, respectively. These awards are subject to service-based, performance-based and market-based vesting conditions. The performance period for the PBRsUs awarded during the three months ended March 31, 2015 is from January 1, 2015 to December 31, 2017 and the performance metric is adjusted earnings per share and market-based conditions. Subject to satisfaction of the performance criteria, the 2015 awards will vest on December 31, 2017.

The performance period for the PBRsUs awarded during the three months ended March 31, 2014 is from January 1, 2014 to December 31, 2016 and the performance metric is adjusted earnings per share and market-based conditions. Subject to satisfaction of the performance criteria, the majority of the 2014 awards will vest on December 31, 2016.

The fair values of the 2015 and 2014 awards were estimated using Monte-Carlo simulation with the following weighted-average assumptions:

	For the Three Months Ended March 31,			
	2015		2014	
Expected dividend yield	—	%	—	%
Risk-free interest rate <sup>(1)</sup>	0.93	%	0.70	%
Expected volatility <sup>(2)</sup>	24.01	%	27.87	%
Average total shareholder return <sup>(2)</sup>	8.37	%	0.84	%

(1) The risk-free interest rate for the periods within the contractual term of the PBRsUs is based on the U.S. Treasury yield curve in effect at the time of the grant.

(2) The expected volatility and average total shareholder return is a measure of the amount by which a stock price has fluctuated or is expected to fluctuate based primarily on our and our peers' historical data.

PBRsU activity for the three months ended March 31, 2015 is as follows:

(in thousands, except weighted-average fair value prices)	Number of Shares	Weighted-Average Grant-Date Fair Value
Unvested PBRsUs outstanding at December 31, 2014	903	\$ 22.19
PBRsUs granted	219	\$ 33.95
PBRsUs vested	(408	) \$ 16.50
PBRsUs forfeited	(2	) \$ 28.35
Unvested PBRsUs outstanding at March 31, 2015	712	\$ 29.07

As of March 31, 2015, there was \$14.3 million of total unrecognized compensation cost related to unvested PBRsUs that is expected to be recognized over a weighted-average period of 2.5 years. The fair value of PBRsUs is based on the market value of our common stock on the date of grant.

## Stock Options

In 2014, we issued stock options as incentive compensation for certain employees. The exercise price of each stock option is the closing market price of our common stock on the date of grant. The options will vest in three equal annual installments on the first, second and third anniversaries of grant and expire ten years after the grant date. The fair values of these stock options were estimated using the Black-Scholes valuation model with the following weighted-average assumptions:

	For the Three Months Ended March 31, 2014	
Expected dividend yield	—	%
Risk-free interest rate <sup>(1)</sup>	1.74	%
Expected volatility <sup>(2)</sup>	37.92	%
Expected life <sup>(3)</sup>	5.5	

(1) The risk-free interest rate for the periods within the contractual term of the options is based on the U.S. Treasury yield curve in effect at the time of the grant.

(2) The expected volatility is a measure of the amount by which a stock price has fluctuated or is expected to fluctuate based primarily on our and our peers' historical data.

(3) The expected life is the period of time, on average, that participants are expected to hold their options before exercise based primarily on our historical data.

For the three months ended March 31, 2014, we awarded 242,687 options, with an estimated fair value of \$7.7 million, respectively. There were no options awarded for the three months ended March 31, 2015. Option activity for the three months ended March 31, 2015 is as follows:

(in thousands, except weighted-average price)	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Options outstanding at December 31, 2014	2,562	\$ 22.32		
Options granted	—	\$ —		
Options exercised	(203	) \$ 22.24		
Options canceled	(5	) \$ 28.35		
Options outstanding at March 31, 2015	2,354	\$ 22.31	5.0	\$ 30,492
Options vested and expected to vest at March 31, 2015	2,337	\$ 22.26	4.9	\$ 30,403
Options exercisable at March 31, 2015	2,061	\$ 21.33	4.4	\$ 28,737

As of March 31, 2015, there was \$2.8 million of total unrecognized compensation cost related to unvested stock options that is expected to be recognized over a weighted-average period of 1.6 years.

The intrinsic value of options exercised was \$2.5 million and \$1.0 million for the three months ended March 31, 2015 and 2014, respectively. This intrinsic value represents the difference between the fair market value of the Company's common stock on the date of exercise and the exercise price of each option.

## Employee Stock Purchase Plan

The employee stock purchase plan allows eligible employees to purchase our common stock at 85.0% of the lesser of the closing price on the first day or the last day of each quarter. Our employee stock purchase plan was approved by

our stockholders at our 2012 annual meeting of stockholders and the first offering period commenced in October 2012. We recognized an expense for the amount equal to the estimated fair value of the discount during the last offering period.

The following table sets forth the stock-based compensation expense recognized for the three months ended March 31, 2015 and 2014.

(in thousands)	For the Three Months Ended March 31,	
	2015	2014
RSUs	\$6,015	\$5,473
PBRsUs	1,780	1,243
Stock options	563	1,105
Employee stock purchase plan	374	265
	\$8,732	\$8,086

The above includes \$0.6 million and \$0.3 million of stock-based compensation expense within cost of services in the accompanying condensed consolidated statements of operations for the three months ended March 31, 2015 and 2014, respectively. It also includes \$0.1 million for the three months ended March 31, 2014 of stock-based compensation expense reported within income from discontinued operations in the accompanying condensed consolidated statements of operations.

#### Note 11 – Litigation and Regulatory Contingencies

We have been named in various lawsuits. Also, we may from time to time be subject to audit or investigation by governmental agencies. Currently, governmental agencies are auditing or investigating certain of our operations.

With respect to matters where we have determined that a loss is both probable and reasonably estimable, we have recorded a liability representing our best estimate of the financial exposure based on known facts. While the ultimate disposition of each such audit, investigation or lawsuit is not yet determinable, we do not believe that the ultimate resolution of these matters, either individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or cash flows. In addition, we do not believe there is a reasonable possibility that a material loss exceeding amounts already accrued may have been incurred. The ability to predict the ultimate outcome of such matters involves judgments, estimates and inherent uncertainties. The actual outcome of such matters could differ materially from management's estimates. We record expenses for legal fees as incurred.

#### Real Estate Settlement Procedures Act Class Action

On February 8, 2008, a purported class action was filed in the United States District Court for the Northern District of California, San Jose Division, against WaMu and eAppraiseIT alleging breach of contract, unjust enrichment, and violations of the Real Estate Settlement Procedures Act ("RESPA"), the California Unfair Competition Law and the California Consumers Legal Remedies Act. The complaint alleged a conspiracy between WaMu and eAppraiseIT to allow WaMu to direct appraisers to artificially inflate appraisals in order to qualify higher value loans that WaMu could then sell in the secondary market. Plaintiffs subsequently voluntarily dismissed WaMu on March 9, 2009. On August 30, 2009, the court dismissed all claims against eAppraiseIT except the RESPA claim.

On July 2, 2010, the court denied plaintiff's first motion for class certification. On November 19, 2010, the plaintiffs filed a renewed motion for class certification. On April 25, 2012, the court granted plaintiffs' renewed motion and certified a nationwide class of all persons who, on or after June 1, 2006, received home loans from WaMu in connection with appraisals that were obtained through eAppraiseIT. On July 12, 2012, the Ninth Circuit Court of Appeals declined to review the class certification order. Following discovery, on July 1, 2014, the defendant filed motions for summary judgment and to decertify the class. On September 16, 2014, the trial court granted summary judgment against one named plaintiff but denied it as to the other, denied the motion to decertify the class, and



bifurcated trial into two phases with the first phase to begin November 24, 2014. The parties thereafter conducted a court-ordered mediation and subsequently reached an agreement in principle to settle the case for a total of \$9.9 million, inclusive of attorney fees and subject to court approval. We previously recorded an accrual for this amount within loss from discontinued operations, net of tax.

On December 12, 2014 the court preliminarily approved the settlement. Notice to the class has been made and the final fairness hearing is set for April 24, 2015.

## Separation

Following the spin-off of our financial services businesses into a new, publicly-traded, New York Stock Exchange-listed company called FAFC in June 2010 (the "Separation"), we are responsible for a portion of FAFC's contingent and other corporate liabilities. In the Separation and Distribution Agreement we entered into in connection with the Separation, we agreed with FAFC to share equally in the cost of resolution of a small number of corporate-level lawsuits, including certain consolidated securities litigation matters from which we have since been dropped. There were no liabilities incurred in connection with the consolidated securities matters. Responsibility to manage each case has been assigned to either FAFC or us, with the managing party required to update the other party regularly and consult with the other party prior to certain important decisions, such as settlement. The managing party will also have primary responsibility for determining the ultimate total liability, if any, related to the applicable case. We will record our share of any such liability when the responsible party determines a reserve is necessary. At March 31, 2015, no reserves were considered necessary.

In addition, the Separation and Distribution Agreement provides for cross-indemnities principally designed to place financial responsibility for the obligations and liabilities of our predecessor, The First American Corporation's ("FAC") financial services business, with FAFC and financial responsibility for the obligations and liabilities of FAC's information solutions business with us. Specifically, each party will, and will cause its subsidiaries and affiliates to, indemnify, defend and hold harmless the other party, its respective affiliates and subsidiaries and each of its respective officers, directors, employees and agents for any losses arising out of or otherwise in connection with the liabilities each such party assumed or retained pursuant to the Separation and Distribution Agreement; and any breach by such party of the Separation and Distribution Agreement.

## Note 12 – Acquisitions

In March 2014, we completed the acquisition of Marshall & Swift/Boeckh ("MSB") and DataQuick Information Systems ("DataQuick"). In addition, we acquired the assets of the credit, flood services and automated valuation model operations of DataQuick Lending Solutions and certain intellectual property assets of Decision Insight Information Group S.à r.l. The total consideration paid in connection with the MSB/DataQuick acquisition was approximately \$652.5 million in cash, which was primarily funded through borrowings. The acquisition of MSB/DataQuick significantly expanded our footprint in property and casualty insurance and added scale to our existing property data and analytics business, which was a contributing factor to the recording of goodwill. The operations of MSB's and DataQuick's data licensing and analytics units are reported within our Data & Analytics ("D&A") segment and DataQuick's flood zone determination and credit servicing operations are reported within our Technology and Processing Solutions ("TPS") segment. The purchase price was allocated to the assets acquired and liabilities assumed using a variety of valuation techniques including discounted cash flow analysis, which included significant unobservable inputs. Any excess of the purchase price over the fair value of identified assets acquired and liabilities assumed was recognized as goodwill. The allocation of the purchase price is as follows:

(in thousands)

Cash and cash equivalents	\$36
Accounts receivable	9,227
Prepaid expenses and other current assets	2,190
Deferred income tax assets, current	6,658
Property and equipment	177,311
Goodwill (1)	307,773
Other intangible assets	129,400
Deferred income tax, net of current	29,760
Investment in affiliates	18,300

Total assets acquired	\$680,655
Accounts payable and accrued expenses	3,911
Income taxes payable	31
Deferred revenue, current	22,371
Deferred revenue, net of current	1,823
Net assets acquired	\$652,519

(1) Goodwill of \$307.8 million includes \$167.8 million of deductible basis for tax purposes.

We reported revenues of approximately \$1.5 million from MSB/DataQuick from the acquisition date of March 25, 2014 through March 31, 2014. The financial information in the table below summarizes the combined results of operations of MSB/DataQuick and us on a pro forma basis as though the companies had been combined as of January 1, 2013. The pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the period presented. The pro forma financial information for the period presented also includes elimination of intercompany revenue, the impact of fair value adjustments to deferred revenue, amortization expense from acquired intangible assets, adjustments to interest expense and related tax effects.

The pro forma financial information for the three months ended March 31, 2014 combines our results of operations for the period presented.

(in thousands)

Net revenues	\$348,488
Net income	\$6,325

#### Note 13 – Redeemable Noncontrolling Interest

Noncontrolling interests that are redeemable at the option of the holder are classified as redeemable noncontrolling interests in the mezzanine section of our condensed consolidated balance sheet between liabilities and stockholders' equity. Redeemable noncontrolling interests are reported at their estimated redemption value in each reporting period, but contractually not less than their initial fair value. Any adjustments to the redemption value impacts retained earnings. As of March 31, 2015 and December 31, 2014, we recorded adjustments to redeemable noncontrolling interest and retained earnings to reduce the estimated redemption value by \$1.4 million and increase the estimated redemption value by \$6.6 million, respectively.

In September 2013, we acquired an additional 10% interest in Property IQ Ltd. ("PIQ") for NZD\$3.3 million, or \$2.6 million, resulting in a 60.0% controlling interest. In connection with the acquisition, the seller has the right to sell its remaining noncontrolling shares in PIQ to us (the "put") and we have the right to purchase the remaining noncontrolling interest in PIQ at fair value (the "call"). As the call and put do not represent separate assets or liabilities and the exercise of the put is outside of our control, the noncontrolling interest of NZD\$13.2 million, or \$10.2 million, was recorded on the date of acquisition as redeemable noncontrolling interest in the accompanying condensed consolidated balance sheet. We recognized \$0.2 million and \$0.3 million for the three months ended March 31, 2015 and 2014, respectively, of net income in connection with the redeemable noncontrolling interest.

## Note 14 – Discontinued Operations

On September 30, 2014, we completed the sale of our collateral solutions and field services businesses for total consideration of \$29.1 million, subject to working capital adjustments, as well as potential earn-outs of up to \$20.0 million, which will be recognized only when realized.

Summarized below are certain assets and liabilities classified as discontinued operations as of March 31, 2015 and December 31, 2014:

(in thousands)	D&A		TPS		
As of March 31, 2015	Marketing	Consumer	Appraisal	AMPS	Total
Deferred income tax asset and other current assets	177	149	3,808	589	4,723
Total assets	\$177	\$149	\$3,808	\$589	\$4,723
Accounts payable and accrued expenses	\$141	\$—	\$9,958	\$1,518	\$11,617
Other liabilities	110	88	256	734	1,188
Total liabilities	\$251	\$88	\$10,214	\$2,252	\$12,805
As of December 31, 2014					
Deferred income tax asset and other current assets	\$177	\$149	\$3,808	\$133	\$4,267
Total assets	\$177	\$149	\$3,808	\$133	\$4,267
Total liabilities	\$194	\$88	\$10,941	\$2,481	\$13,704

Summarized below are the components of our (loss)/income from discontinued operations for the three months ended March 31, 2015 and 2014:

(in thousands)	D&A		TPS			
For the Three Months Ended March 31, 2015	Marketing	Consumer	Appraisal	AMPS	Total	
Operating revenue	\$—	\$—	\$—	\$2	\$2	
Loss from discontinued operations before income taxes	(85	) —	(2	) (94	) (181	)
Income tax benefit	(33	) —	(1	) (36	) (70	)
Loss from discontinued operations, net of tax	\$(52	) \$—	\$(1	) \$(58	) \$(111	)
For the Three Months Ended March 31, 2014						
Operating revenue	\$—	\$—	\$—	\$27,106	\$27,106	
(Loss)/income from discontinued operations before income taxes	(250	) —	(600	) 1,442	592	
Income tax (benefit)/provision	(96	) —	(230	) 533	207	
(Loss)/income from discontinued operations, net of tax	\$(154	) \$—	\$(370	) \$909	\$385	

Note 15 – Segment Information

We have organized our reportable segments into the following two segments: D&A and TPS.

**Data & Analytics.** Our D&A segment owns or licenses data assets including loan information, criminal and eviction records, employment verification, property sales and characteristic information, property risk and replacement cost, and information on mortgage-backed securities. We both license our data directly to our clients and provide our clients with analytical products and workflow solutions for risk management, multiple listing services ("MLS"), insurance underwriting, collateral assessment, loan quality reviews and fraud assessment. We are also a provider of geospatial proprietary software and databases combining geographic mapping and our data assets. Our primary clients are commercial banks, mortgage lenders and brokers, investment banks, fixed-income investors, real estate agents, MLS companies, property and casualty insurance companies, title insurance companies and government agencies and sponsored enterprises.

Our D&A segment includes intercompany revenues of \$1.2 million and \$0.8 million for the three months ended March 31, 2015 and 2014, respectively. The segment also includes intercompany expenses of \$1.3 million and \$0.7 million for the three months ended March 31, 2015 and 2014, respectively.

**Technology and Processing Solutions.** Our TPS segment provides property tax monitoring, flood zone certification and monitoring, credit services, mortgage loan administration and production services, lending solutions, mortgage-related business process outsourcing, technology solutions and compliance-related services. The segment's primary clients are large, national mortgage lenders and servicers, but we also serve regional mortgage lenders and brokers, credit unions, commercial banks, government agencies and casualty insurance companies.

Our TPS segment includes intercompany revenues of \$1.2 million and \$1.6 million for the three months ended March 31, 2015 and 2014, respectively. The segment also includes intercompany expenses of \$1.1 million and \$0.7 million for the three months ended March 31, 2015 and 2014, respectively.

Corporate consists primarily of investment gains and losses, corporate personnel and other expenses associated with our corporate functions and facilities, equity in earnings of affiliates, net of tax, and interest expense.

It is impracticable to disclose revenues from external clients for each product and service offered.

Selected financial information by reportable segment is as follows:

(in thousands)

For the Three Months Ended March 31, 2015	Operating Revenues	Depreciation and Amortization	Operating Income/(Loss)	Equity in Earnings/(Loss) of Affiliates, Net of Tax	Net Income/(Loss) From Continuing Operations	Capital Expenditures
D&A	\$ 165,551	\$ 25,603	\$ 26,406	\$ (522 )	\$ 25,844	\$ 16,934
TPS	201,620	6,772	44,178	6,663	50,765	1,437
Corporate	18	3,545	(21,319 )	(2,375 )	(47,111 )	4,270
Eliminations	(2,417 )	—	—	—	—	—
Consolidated (excluding discontinued operations)	\$ 364,772	\$ 35,920	\$ 49,265	\$ 3,766	\$ 29,498	\$ 22,641
For the Three Months Ended March 31, 2014						
D&A	\$ 138,858	\$ 20,092	\$ 15,816	\$ (13 )	\$ 15,780	\$ 12,250
TPS	189,613	6,479	25,280	3,977	29,123	2,861
Corporate	58	2,935	(26,269 )	(1,582 )	(47,816 )	5,501
Eliminations	(2,425 )	—	—	—	—	—
Consolidated (excluding discontinued operations)	\$ 326,104	\$ 29,506	\$ 14,827	\$ 2,382	\$ (2,913 )	\$ 20,612

(in thousands)

	As of March 31, 2015	As of December 31, 2014
Assets		
D&A	\$ 1,854,351	\$ 1,886,478
TPS	1,301,870	1,297,903
Corporate	5,087,681	5,102,328
Eliminations	(4,774,650 )	(4,774,614 )
Consolidated (excluding assets of discontinued operations)	\$ 3,469,252	\$ 3,512,095

#### Note 16 - Guarantor Subsidiaries

As discussed in Note 6 - Long-Term Debt, the Notes are guaranteed on a senior unsecured basis by each of our existing and future direct and indirect subsidiaries that guarantee our Credit Agreement. These guarantees are required in support of the Notes, are coterminous with the terms of the Notes and would require performance upon certain events of default referred to in the respective guarantees. The guarantees are subject to release under certain customary circumstances. The indenture governing the notes provides that the guarantees may be automatically and unconditionally released only upon the following circumstances: 1) the guarantor is sold or sells all of its assets in compliance with the terms of the indenture; 2) the guarantor is released from its guarantee obligations under the Credit Agreement; 3) the guarantor is properly designated as an "unrestricted subsidiary;" or 4) the requirements for legal or covenant defeasance or satisfaction and discharge have been satisfied.

The maximum potential amounts that could be required to be paid under the guarantees are essentially equal to the outstanding principal and interest under the Notes. The following condensed consolidating financial information reflects the separate accounts of CoreLogic, Inc. (the "Parent"), the combined accounts of the guarantor subsidiaries, the combined accounts of the non-guarantor subsidiaries, the combined consolidating adjustments and eliminations and the Parent's consolidated accounts for the dates and periods indicated.





## Condensed Balance Sheet

As of March 31, 2015

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating/ Eliminating Adjustments	Total
<b>Assets:</b>					
Cash and cash equivalents	\$48,893	\$3,584	\$37,229	\$ —	\$89,706
Accounts receivable	—	201,648	24,847	—	226,495
Other current assets	55,390	126,122	4,240	(373 )	185,379
Property and equipment, net	16,381	319,236	23,658	—	359,275
Goodwill, net	—	1,612,389	156,810	—	1,769,199
Other identifiable intangible assets, net	276	233,924	31,931	—	266,131
Capitalized data and database cost, net	—	255,455	73,772	—	329,227
Investments in affiliates, net	—	101,422	293	—	101,715
Deferred income tax assets, long-term	49,365	—	—	(49,365 )	—
Restricted cash	11,035	—	1,179	—	12,214
Investment in subsidiaries	2,374,115	—	—	(2,374,115 )	—
Intercompany receivable	86,774	199,282	—	(286,056 )	—
Other assets	103,579	29,708	1,347	—	134,634
<b>Total assets</b>	<b>\$2,745,808</b>	<b>\$3,082,770</b>	<b>\$355,306</b>	<b>\$ (2,709,909 )</b>	<b>\$3,473,975</b>
<b>Liabilities and equity:</b>					
Current liabilities	\$109,298	\$385,756	\$37,378	\$ (373 )	\$532,059
Long-term debt, net of current	1,277,645	1,236	—	—	1,278,881
Deferred revenue, net of current	—	394,578	2	—	394,580
Deferred income taxes, long term	—	91,644	22,147	(49,365 )	64,426
Intercompany payable	199,282	22,325	64,449	(286,056 )	—
Other liabilities	131,396	26,191	1,472	—	159,059
Redeemable noncontrolling interest	—	—	16,783	—	16,783
Total CoreLogic stockholders' equity	1,028,187	2,161,040	213,075	(2,374,115 )	1,028,187
<b>Total liabilities and equity</b>	<b>\$2,745,808</b>	<b>\$3,082,770</b>	<b>\$355,306</b>	<b>\$ (2,709,909 )</b>	<b>\$3,473,975</b>

Condensed Balance Sheet  
December 31, 2014

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating/ Adjustments	Eliminating	Total
<b>Assets:</b>						
Cash and cash equivalents	\$61,602	\$8,733	\$34,342	\$ —		\$104,677
Accounts receivable	—	189,138	25,206	—		214,344
Other current assets	55,867	120,531	5,206	—		181,604
Property and equipment, net	17,261	325,638	25,715	—		368,614
Goodwill, net	—	1,612,388	168,370	—		1,780,758
Other identifiable intangible assets, net	290	242,170	35,810	—		278,270
Capitalized data and database cost, net	—	254,236	79,029	—		333,265
Investments in affiliates, net	—	103,598	—	—		103,598
Deferred income tax assets, long-term	49,365	—	—	(49,365	)	—
Restricted cash	11,035	—	1,325	—		12,360
Investment in subsidiaries	2,350,467	—	—	(2,350,467	)	—
Intercompany receivable	89,780	158,939	—	(248,719	)	—
Other assets	105,262	31,925	1,685	—		138,872
<b>Total assets</b>	<b>\$2,740,929</b>	<b>\$3,047,296</b>	<b>\$376,688</b>	<b>\$ (2,648,551</b>	<b>)</b>	<b>\$3,516,362</b>
<b>Liabilities and equity:</b>						
Current liabilities	\$123,196	\$389,170	\$38,224	\$ —		\$550,590
Long-term debt, net of current	1,313,270	5,941	—	—		1,319,211
Deferred revenue, net of current	—	389,302	6	—		389,308
Deferred income taxes, long term	—	91,197	22,147	(49,365	)	63,979
Intercompany payable	158,939	22,325	67,455	(248,719	)	—
Other liabilities	131,357	27,930	1,797	—		161,084
Redeemable noncontrolling interest	—	—	18,023	—		18,023
Total CoreLogic stockholders' equity	1,014,167	2,121,431	229,036	(2,350,467	)	1,014,167
<b>Total liabilities and equity</b>	<b>\$2,740,929</b>	<b>\$3,047,296</b>	<b>\$376,688</b>	<b>\$ (2,648,551</b>	<b>)</b>	<b>\$3,516,362</b>

## Condensed Statement of Operations

For the Three Months Ended March 31, 2015

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating/ Adjustments	Eliminating )	Total
Operating revenues	\$—	\$331,904	\$32,868	\$ —		\$364,772
Intercompany revenues	—	—	198	(198	)	—
Cost of services (exclusive of depreciation and amortization below)	—	173,720	11,841	(18	)	185,543
Selling, general and administrative expenses	18,998	68,419	6,749	(180	)	93,986
Depreciation and amortization	1,253	28,590	6,077	—		35,920
Impairment loss	—	58	—	—		58
Operating (loss)/income	(20,251	) 61,117	8,399	—		49,265
Total interest expense, net	(11,400	) (463	) (514	) —		(12,377
Gain on investments and other, net	309	—	—	—		309
(Benefit)/provision for income taxes	(13,346	) 22,159	2,652	—		11,465
Equity in earnings/(loss) of affiliates, net of tax	—	3,855	(89	) —		3,766
Equity in earnings of subsidiary, net of tax	47,175	—	—	(47,175	)	—
Net income from continuing operations, net of tax	29,179	42,350	5,144	(47,175	)	29,498
Loss from discontinued operations, net of tax	—	(111	) —	—		(111
Net income	29,179	42,239	5,144	(47,175	)	29,387
Less: Net income attributable to noncontrolling interest	—	—	208	—		208
Net income attributable to CoreLogic	\$29,179	\$42,239	\$4,936	\$ (47,175	)	\$29,179
Net income	\$29,179	\$42,239	\$5,144	\$ (47,175	)	\$29,387
Total other comprehensive loss	(24,248	) —	(21,776	) 21,776		(24,248
Less: Comprehensive income attributable to noncontrolling interests	—	—	208	—		208
Comprehensive income/(loss) attributable to CoreLogic	\$4,931	\$42,239	\$ (16,840	) \$ (25,399	)	\$4,931

## Condensed Statement of Operations

For the Three Months Ended March 31, 2014

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating/ Adjustments	Eliminating )	Total
Operating revenues	\$—	\$294,761	\$ 31,343	\$ —		\$326,104
Intercompany revenues	—	—	58	(58	)	—
Cost of services (exclusive of depreciation and amortization below)	—	174,247	13,327	86		187,660
Selling, general and administrative expenses	18,592	66,785	8,730	(144	)	93,963
Depreciation and amortization	1,147	22,003	6,356	—		29,506
Impairment loss	—	148	—	—		148
Operating (loss)/income	(19,739	) 31,578	2,988	—		14,827
Total interest expense, net	(14,987	) (95	) (575	) —		(15,657
Loss on investment and other, net	(3,991	) (360	) —	—		(4,351
(Benefit)/provision for income taxes	(13,740	) 10,735	3,119	—		114
Equity in earnings of affiliates, net of tax	—	2,382	—	—		2,382
Equity in earnings of subsidiary, net of tax	22,185	—	—	(22,185	)	—
Net (loss)/income from continuing operations, net of tax	(2,792	) 22,770	(706	) (22,185	)	(2,913
Income from discontinued operations, net of tax	—	385	—	—		385
Net (loss)/income	(2,792	) 23,155	(706	) (22,185	)	(2,528
Less: Net income attributable to noncontrolling interest	—	—	264	—		264
Net (loss)/income attributable to CoreLogic	\$(2,792	) \$23,155	\$ (970	) \$ (22,185	)	\$(2,792
Net (loss)/income	\$(2,792	) \$23,155	\$ (706	) \$ (22,185	)	\$(2,528
Total other comprehensive income	12,989	—	10,502	(10,502	)	12,989
Less: Comprehensive income attributable to noncontrolling interests	—	—	264	—		264
Comprehensive income attributable to CoreLogic	\$10,197	\$23,155	\$ 9,532	\$ (32,687	)	\$10,197

Condensed Statement of Cash Flows  
 For the Three Months Ended March 31, 2015

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating/ Adjustments	Eliminating	Total
Cash flows from operating activities:						
Net cash (used in)/provided by operating activities - continuing operations	\$(25,382	)	\$53,934			