

CORELOGIC, INC.
Form 10-Q
April 30, 2014

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, 2014

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"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

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 25, 2014 there were 91,839,844 shares of common stock outstanding.

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, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$122,906	\$134,741
Marketable securities	22,334	22,220
Accounts receivable (less allowance for doubtful accounts of \$12,062 and \$12,930 as of March 31, 2014 and December 31, 2013, respectively)	194,024	196,282
Prepaid expenses and other current assets	49,864	50,674
Income tax receivable	19,977	13,516
Deferred income tax assets, current	89,041	86,158
Assets of discontinued operations	134,315	138,023
Total current assets	632,461	641,614
Property and equipment, net	375,175	195,645
Goodwill, net	1,765,932	1,390,674
Other intangible assets, net	305,935	175,808
Capitalized data and database costs, net	338,983	330,188
Investment in affiliates, net	112,885	95,343
Restricted cash	12,630	12,050
Other assets	176,017	162,033
Total assets	\$3,720,018	\$3,003,355
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$158,368	\$154,526
Accrued salaries and benefits	72,549	101,715
Deferred revenue, current	253,888	223,323
Current portion of long-term debt	43,874	28,154
Liabilities of discontinued operations	29,419	30,309
Total current liabilities	558,098	538,027
Long-term debt, net of current	1,480,675	811,776
Deferred revenue, net of current	363,852	377,086
Deferred income tax liabilities, long term	100,105	74,308
Other liabilities	162,656	147,583
Total liabilities	2,665,386	1,948,780
Redeemable noncontrolling interests	10,439	10,202
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; 91,814 and 91,254 shares issued and outstanding as of March 31, 2014 and December 31, 2013, respectively	1	1
Additional paid-in capital	661,762	672,165

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Retained earnings	423,030	425,796
Accumulated other comprehensive loss	(40,600) (53,589
Total equity	1,044,193	1,044,373
Total liabilities and equity	\$3,720,018	\$3,003,355

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)

	For the Three Months Ended March 31,	
(in thousands, except per share amounts)	2014	2013
Operating revenues	\$310,417	\$331,301
Cost of services (excluding depreciation and amortization shown below)	177,381	167,629
Selling, general and administrative expenses	89,944	82,196
Depreciation and amortization	29,439	34,141
Total operating expenses	296,764	283,966
Operating income	13,653	47,335
Interest expense:		
Interest income	1,171	724
Interest expense	16,828	12,375
Total interest expense, net	(15,657)	(11,651)
(Loss)/gain on investments and other, net	(4,351)	1,339
(Loss)/income from continuing operations before equity in earnings of affiliates and income taxes	(6,355)	37,023
(Benefit)/provision for income taxes	(362)	14,222
(Loss)/income from continuing operations before equity in earnings of affiliates	(5,993)	22,801
Equity in earnings of affiliates, net of tax	2,382	8,788
Net (loss)/income from continuing operations	(3,611)	31,589
Income from discontinued operations, net of tax	1,083	3,697
Loss from sale of discontinued operations, net of tax	—	(1,744)
Net (loss)/income	(2,528)	33,542
Less: Net income/(loss) attributable to noncontrolling interests	264	(26)
Net (loss)/income attributable to CoreLogic	\$(2,792)	\$33,568
Amounts attributable to CoreLogic stockholders:		
Net (loss)/income from continuing operations	\$(3,875)	\$31,615
Income from discontinued operations, net of tax	1,083	3,697
Loss from sale of discontinued operations, net of tax	—	(1,744)
Net (loss)/income attributable to CoreLogic	\$(2,792)	\$33,568
Basic (loss)/income per share:		
Net (loss)/income from continuing operations	\$(0.04)	\$0.33
Income from discontinued operations, net of tax	0.01	0.04
Loss from sale of discontinued operations, net of tax	—	(0.02)
Net (loss)/income attributable to CoreLogic	\$(0.03)	\$0.35
Diluted (loss)/income per share:		
Net (loss)/income from continuing operations	\$(0.04)	\$0.32
Income from discontinued operations, net of tax	0.01	0.04
Loss from sale of discontinued operations, net of tax	—	(0.02)
Net (loss)/income attributable to CoreLogic	\$(0.03)	\$0.34
Weighted-average common shares outstanding:		
Basic	91,433	97,113
Diluted	91,433	99,056

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,	
	2014	2013
Net (loss)/income	\$(2,528	) \$33,542
Other comprehensive income/(loss):		
Market value adjustments to marketable securities, net of tax	70	(184)
Market value adjustments on interest rate swap, net of tax	(73	) 554
Reclassification adjustment for loss on terminated interest rate swap included in net income	2,555	—
Foreign currency translation adjustments	10,502	(933)
Supplemental benefit plans adjustments, net of tax	(65	) 25
Total other comprehensive income/(loss)	12,989	(538)
Comprehensive income	10,461	33,004
Less: Comprehensive income/(loss) attributable to the noncontrolling interests	264	(26)
Comprehensive income attributable to CoreLogic	\$10,197	\$33,030

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

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

(in thousands)	For the Three Months Ended	
	March 31, 2014	2013
Cash flows from operating activities:		
Net (loss)/income	\$(2,528)	) \$33,542
Less: Income from discontinued operations, net of tax	1,083	3,697
Less: Loss from sale of discontinued operations, net of tax	—	(1,744)
Net (loss)/income from continuing operations	(3,611)	) 31,589
Adjustments to reconcile net income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	29,439	34,141
Provision for bad debt and claim losses	3,688	4,928
Share-based compensation	7,924	8,103
Excess tax benefit related to stock options	(5,942)	) (2,321)
Equity in earnings of affiliates, net of taxes	(2,382)	) (8,788)
Loss on early extinguishment of debt	593	—
Deferred income tax	44	3,342
Loss/(gain) on investments and other, net	4,351	(1,339)
Change in operating assets and liabilities, net of acquisitions:		
Accounts receivable	13,252	(6,262)
Prepaid expenses and other current assets	2,913	4,027
Accounts payable and accrued expenses	(31,044)	) (22,181)
Deferred revenue	(9,537)	) 15,572
Income taxes	(7,856)	) 26,138
Dividends received from investments in affiliates	4,258	11,236
Other assets and other liabilities	6,581	(16,113)
Net cash provided by operating activities - continuing operations	12,671	82,072
Net cash provided by operating activities - discontinued operations	3,982	9,003
Total cash provided by operating activities	\$16,653	\$91,075
Cash flows from investing activities:		
Purchases of capitalized data and other intangible assets	\$(7,185)	) \$(9,489)
Purchases of property and equipment	(13,427)	) (18,050)
Cash paid for acquisitions, net of cash acquired	(665,758)	) (7,027)
Purchases of investments	—	(2,351)
Cash received from sale of discontinued operations	—	2,263
Change in restricted cash	(580)	) (40)
Net cash used in investing activities - continuing operations	(686,950)	) (34,694)
Net cash used in investing activities - discontinued operations	(6)	) (87)
Total cash used in investing activities	\$(686,956)	) \$(34,781)
Cash flows from financing activities:		
Proceeds from long-term debt	\$689,641	\$—
Debt issuance costs	(14,042)) —
Repayment of long-term debt	(5,154)	) (4,400)
Proceeds from issuance of stock related to stock options and employee benefit plans	2,730	4,621
Minimum tax withholding paid on behalf of employees for restricted stock units	(14,314)) (6,437)
Shares repurchased and retired	(6,850)) (75,676)

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Excess tax benefit related to stock options	5,942	2,321	
Net cash provided by/(used in) financing activities - continuing operations	657,953	(79,571)
Net cash provided by financing activities - discontinued operations	—	—	
Total cash provided by/(used in) financing activities	\$657,953	\$(79,571)
Effect of exchange rate on cash	482	(26)
Net decrease in cash and cash equivalents	(11,868	)	(23,303)
Cash and cash equivalents at beginning of period	134,741	151,986	
Less: Change in cash and cash equivalents - discontinued operations	3,976	8,916	
Plus: Cash swept from discontinued operations	4,009	8,866	
Cash and cash equivalents at end of period	\$122,906	\$128,633	
Supplemental disclosures of cash flow information:			
Cash paid for interest	\$6,845	\$2,800	
Cash paid for income taxes	\$1,103	\$1,355	
Cash refunds from income taxes	\$—	\$13,756	

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, 2013	91,254	\$1	\$672,165	\$425,796	\$ (53,589)	\$1,044,373
Net loss	—	—	—	(2,792)	—	(2,792)
Shares issued in connection with share-based compensation	776	—	2,730	—	—	2,730
Tax withholdings related to net share settlements of restricted stock units	—	—	(14,314)	—	—	(14,314)
Share-based compensation	—	—	8,031	—	—	8,031
Shares repurchased and retired	(216)	—	(6,850)	—	—	(6,850)
Purchase of subsidiary shares from noncontrolling interests	—	—	—	26	—	26
Other comprehensive loss	—	—	—	—	12,989	12,989
Balance as of March 31, 2014	91,814	\$1	\$661,762	\$423,030	\$ (40,600)	\$1,044,193

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 operation 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, 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 that provide products used in connection with loan originations, including appraisal management services, title insurance and other settlement services. These joint ventures are reflected as investments in affiliates on our consolidated balance sheets and our share of the income is reflected as equity in earnings of affiliates in our consolidated statements of income.

Our condensed consolidated financial information included in this report has been prepared in accordance with accounting principles generally accepted in the United States ("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 2013 year-end condensed consolidated balance sheet was derived from the Company's audited financial statements for the year ended December 31, 2013. The principles for interim financial information do 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, 2013, as amended.

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.

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, 2014 and December 31, 2013:

	2014	2013
Cumulative foreign currency translation	\$(40,285)	\$(50,787)
Cumulative supplemental benefit plans	(633)	(568)
Net unrecognized losses on interest rate swap	—	(2,482)
Net unrealized gains on marketable securities	318	248
Accumulated other comprehensive loss	\$(40,600)	\$(53,589)

Escrow Administration Arrangements

We administer escrow deposits as a service to our customers in connection with our tax services business. These deposits are maintained in segregated accounts for the benefit of our customers. Escrow deposits totaled \$4.1 billion as of March 31, 2014 and \$317.2 million as of December 31, 2013. Because these deposits are held on behalf of our customers, they are not our funds and, therefore, are not included in the accompanying consolidated balance sheets.

Escrow deposits are generally held by the Company for a period of two to five business days and we typically either receive earnings credits or earn interest income from these funds through a highly-rated, liquid investment, such as bank deposit products. We bear the risk of any losses on any such investment. 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.

Recent Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board (“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. Next, the elimination of the component's operations, cash flows and significant continuing involvement conditions have been removed. Lastly, 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. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In July 2013, the FASB issued updated guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss (“NOL”), a similar tax loss, or a tax credit carryforward exists. An unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset (“DTA”) for a NOL carryforward, a similar tax loss, or a tax credit carryforward. However, to the extent a NOL carryforward, similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction and the entity does not intend to use the DTA for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability. The updated guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2013. Adoption of this guidance did not have a material impact on our consolidated financial statements.

In March 2013, the FASB issued updated guidance related to release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a foreign entity. This update clarifies that the

release of cumulative translation adjustments into net income is required for both an entity ceasing to have a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a foreign entity and when there is a loss of a controlling financial interest in a foreign entity or a step acquisition involving an equity method investment that is a foreign entity. The updated guidance is effective for annual and interim periods beginning after December 15, 2013. 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 \$2.4 million and \$8.8 million for the three months ended March 31, 2014 and 2013, respectively. Income tax expense of \$1.5 million and \$5.4 million was recorded on these earnings for the three months ended March 31, 2014 and 2013, respectively.

One of our subsidiaries owns a 50.1% interest in RELS LLC ("RELS"), a joint venture that provides products and services used in connection with loan originations. This investment in affiliate contributed 87.6% and 69.8% of our total equity in earnings of affiliates, net of tax, for the three months ended March 31, 2014 and 2013, respectively. Based on the terms and conditions of the RELS joint venture agreement, we have significant influence over but do not have control of, nor a majority voting interest in, the joint venture.

The following summarized financial information for this investment (assuming 100% ownership interest), has been revised to correct an error in the financial statements prepared by RELS related to the presentation of expenses and other from a net basis to a gross basis for certain costs. The effect of the change is an increase to previously reported revenue and an increase to previously reported expenses and other of \$1.8 million for the three months ended March 31, 2013. There is no net income impact and therefore no impact on the total equity in earnings of affiliates recorded by the Company for this investment. Accordingly, this investment is accounted for under the equity method. The summarized information is as follows:

(in thousands)	For the Three Months Ended March 31,	
	2014	2013
Statements of income		
Total revenues	\$47,523	\$93,184
Expenses and other	40,808	72,772
Net income attributable to RELS LLC	\$6,715	\$20,412
CoreLogic equity in earnings of affiliate, pre-tax	\$3,364	\$10,226

In March 2014, we acquired certain equity interests, assets and intellectual property; which we collectively refer to as "MSB/DataQuick." See Note 13 - Acquisitions for additional information. The acquisition included a 29.4% interest in Symbility Solutions Inc. ("Symbility"). In connection with the purchase price allocation, we preliminarily recorded \$18.3 million to reflect our basis in Symbility, which we account for under the equity method of accounting as we have significant influence over but do not have control of, or a majority voting interest in, Symbility.

See Note 10 - Fair Value of Financial Instruments for further discussion on investment in affiliates, net measured at fair value on a nonrecurring basis.

Note 3 – Marketable Securities

Our marketable securities consist primarily of investments in preferred stock of \$22.3 million and \$22.2 million as of March 31, 2014 and December 31, 2013, respectively. We classify our marketable 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. There were no gains or losses recognized on sales of marketable securities for the three months ended March 31, 2014 and 2013.

Note 4 - Property and Equipment, Net

Property and equipment, net as of March 31, 2014 and December 31, 2013 consists of the following:

(in thousands)	2014	2013
Land	\$4,000	\$4,000
Buildings	11,010	10,780
Furniture and equipment	99,352	88,794
Capitalized software	667,369	481,662
Leasehold improvements	51,554	50,001
	833,285	635,237
Less accumulated depreciation	(458,110)	(439,592)
Property and equipment, net	\$375,175	\$195,645

Depreciation expense for property and equipment was approximately \$13.8 million and \$18.3 million for the three months ended March 31, 2014 and 2013, respectively. See Note 10 - Fair Value of Financial Instruments for further discussion on property and equipment, net measured at fair value on a nonrecurring basis.

Note 5 – Goodwill, net

A reconciliation of the changes in the carrying amount of goodwill and accumulated impairment losses, by reporting unit, for the three months ended March 31, 2014, is as follows:

(in thousands)	D&A	TPS	Consolidated
Balance as of January 1, 2014			
Goodwill	\$689,442	\$708,757	\$1,398,199
Accumulated impairment losses	(600)	(6,925)	(7,525)
Goodwill, net	688,842	701,832	1,390,674
Acquisitions	337,378	29,900	367,278
Translation adjustments	5,665	—	5,665
Other	2,315	—	2,315
Balance as of March 31, 2014			
Goodwill, net	\$1,034,200	\$731,732	\$1,765,932

In connection with our acquisition of MSB/DataQuick, we preliminarily recorded \$333.5 million of goodwill within our Data & Analytics ("D&A") reporting unit and \$29.9 million of goodwill within our Technology and Processing Solutions ("TPS") reporting unit for the three months ended March 31, 2014. Further, we preliminarily recorded \$2.1 million of goodwill in connection with our acquisition of Terralink International Limited ("Terralink") and \$1.7 million of goodwill in connection with an acquisition that was not significant, both within our D&A reporting unit, for the three months ended March 31, 2014. See Note 13 - Acquisitions for additional information.

Note 6 – Other Intangible Assets, net

Other intangible assets consist of the following:

(in thousands)	March 31, 2014			December 31, 2013		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Customer lists	\$390,566	\$(169,292)	) \$221,274	\$315,639	\$(162,278)	) \$153,361
Non-compete agreements	9,142	(6,869)	) 2,273	9,150	(6,659)	) 2,491
Trade names and licenses	94,611	(12,223)	) 82,388	31,108	(11,152)	) 19,956
	\$494,319	\$(188,384)	) \$305,935	\$355,897	\$(180,089)	) \$175,808

Amortization expense for other intangible assets was \$7.6 million and \$8.5 million for the three months ended March 31, 2014 and 2013, respectively.

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

(in thousands)	
Remainder of 2014	\$33,653
2015	40,083
2016	33,666
2017	32,792
2018	31,728
Thereafter	134,013
	\$305,935

Note 7 – Long-Term Debt

Our long-term debt consists of the following:

(in thousands)	March 31, 2014	December 31, 2013
Acquisition-related note:		
Non-interest bearing acquisition note due in \$5.0 million installment on March 2016	\$4,408	\$9,276
Notes:		
7.25% senior notes due June 2021	393,000	393,000
5.7% senior debentures due August 2014	825	825
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 3.35% at March 31, 2014	215,000	—
Term loan facility borrowings due March 2019, weighted-average interest rate of 2.80% at March 31, 2014	850,000	—
Revolving line of credit borrowings due May 2016, weighted-average interest rate of 1.9% at December 31, 2013, extinguished in March 2014	—	100,000
Term loan facility borrowings through May 2016, weighted-average interest rate of 2.9% at December 31, 2013, extinguished in March 2014	—	275,625
Other debt:		
Various interest rates with maturities through 2017	1,671	1,559
Total long-term debt	1,524,549	839,930
Less current portion of long-term debt	43,874	28,154
Long-term debt, net of current portion	\$1,480,675	\$811,776

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 17 - 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, 2014, 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 ("Terminated Credit Agreement"). The Credit Agreement provides for a \$850.0 million five-year

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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. As of March 31, 2014, we were in compliance with all of our covenants under the Credit Agreement.

As of March 31, 2014 and December 31, 2013, we have recorded \$12.6 million and \$4.6 million, respectively, of accrued interest expense.

Debt Issuance Costs

In connection with entering into the Credit Agreement, we incurred approximately \$14.0 million of debt issuance costs of which \$0.3 million was recorded as interest expense in the accompanying condensed consolidated statements of operations for the three months ended March 31, 2014. We capitalized the remaining \$13.7 million of debt issuance costs, within other assets in the accompanying condensed consolidated balance sheet as of March 31, 2014 and will amortize these costs over the term of the Credit Agreement. As of March 31, 2014, we had unamortized costs of \$5.4 million related to previously recorded debt issuance costs, which we will amortize over the term of the Credit Agreement. In connection with entering into the Credit Agreement, during the three months ended March 31, 2014, we wrote-off \$0.6 million of unamortized debt issuance costs.

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, 2014, the discounted balance outstanding under the note was \$4.4 million.

Interest Rate Swaps

In March 2014, the amortizing interest rate swap transactions ("Swaps") previously entered 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.

Unrealized losses of less than \$0.1 million (net of less than \$0.1 million in deferred taxes) and unrealized gains of \$0.6 million (net of \$0.3 million in deferred taxes) were recognized in other comprehensive income/(loss) related to the Swaps for the three months ended March 31, 2014 and 2013, respectively.

Note 8 – 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 a 5.7% benefit and a 38.4% expense for the three months ended March 31, 2014 and 2013, respectively. The change in the effective income tax rates was primarily attributable to foreign rate differentials in jurisdictions with tax rates lower than the US as well as valuation allowance recorded against certain foreign losses.

Income taxes included in equity in earnings of affiliates were \$1.5 million and \$5.4 million for the three months ended March 31, 2014 and 2013, 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, 2014, the Company effectively settled its 2007-2010 CoreLogic US, Inc. and Subsidiaries Internal Revenue Service ("IRS") exam, which resulted in a reversal of approximately \$0.3 million of unrecognized tax benefit. It is reasonably possible that the amount of the unrecognized benefit with respect to certain unrecognized tax positions could significantly increase or decrease within the next 12 months. These changes may be the result of items such as ongoing audits, competent authority proceedings related to transfer pricing, or the expiration of federal and state statutes of limitation for the assessment of taxes. The Company is currently under examination for tax years 2006 through 2011 by the U.S. and various state taxing authorities.

Note 9 – Earnings Per Share

The following is a reconciliation of net income per share, using the treasury-stock method:

	For the Three Months Ended March 31,	
	2014	2013
(in thousands, except per share amounts)		
Numerator for basic and diluted net income/(loss) per share:		
Net (loss)/income from continuing operations	\$(3,875	) \$31,615
Income from discontinued operations, net of tax	1,083	3,697
Loss from sale of discontinued operations, net of tax	—	(1,744
Net (loss)/income attributable to CoreLogic	\$(2,792	) \$33,568
Denominator:		
Weighted-average shares for basic income/(loss) per share	91,433	97,113
Dilutive effect of stock options and restricted stock units	—	1,943
Weighted-average shares for diluted income/(loss) per share	91,433	99,056
Income/(loss) per share		
Basic:		
Net (loss)/income from continuing operations	\$(0.04	) \$0.33
Income from discontinued operations, net of tax	0.01	0.04
Loss from sale of discontinued operations, net of tax	—	(0.02
Net (loss)/income attributable to CoreLogic	\$(0.03	) \$0.35
Diluted:		
Net (loss)/income from continuing operations	\$(0.04	) \$0.32
Income from discontinued operations, net of tax	0.01	0.04
Loss from sale of discontinued operations, net of tax	—	(0.02
Net (loss)/income attributable to CoreLogic	\$(0.03	) \$0.34

For the three months ended March 31, 2013, 0.3 million stock options were excluded from the weighted-average diluted common shares outstanding due to their antidilutive effect. There was no dilutive effect for the three months ended March 31, 2014.

Note 10 – 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.

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, 2014 are presented in the following table:

(in thousands)	Fair Value Measurements Using		Fair Value
	Level 1	Level 2	
Financial Assets:			
Cash and cash equivalents	\$122,906	\$—	\$122,906
Restricted cash	—	12,630	12,630
Equity securities	22,334	—	22,334
Total Financial Assets	\$145,240	\$12,630	\$157,870
Financial Liabilities:			
Total debt	—	1,544,009	1,544,009
Total Financial Liabilities	\$—	\$1,544,009	\$1,544,009

The fair values of our financial instruments as of December 31, 2013 are presented in the following table:

(in thousands)	Fair Value Measurements Using		Fair Value
	Level 1	Level 2	
Financial Assets:			
Cash and cash equivalents	\$134,741	\$—	\$134,741
Restricted cash	—	12,050	12,050
Equity securities	22,220	—	22,220
Total Financial Assets	\$156,961	\$12,050	\$169,011
Financial Liabilities:			
Total debt	—	869,232	869,232
Total Financial Liabilities	\$—	\$869,232	\$869,232
Derivatives:			
Liability for interest rate swap agreements	\$—	\$4,020	\$4,020

The following 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:

	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	—	—	30	360
	\$—	\$—	\$30	\$508

The following non-financial instruments were measured at fair value, on a nonrecurring basis, as of March 31, 2013 and impairment losses for the three months ended March 31, 2013:

	As of March 31, 2013			Impairment Losses For the three months ended March 31, 2013
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	
Property and equipment, net	\$—	\$—	\$—	\$844

We recorded non-cash impairment charges of \$0.1 million and \$0.8 million for the three months ended March 31, 2014 and 2013, respectively, in our property and equipment, net primarily related to internally developed software. Finally, 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 11 – Stock-Based Compensation

We currently issue equity awards under the CoreLogic, Inc. 2011 Performance Incentive Plan (the “Plan”) which was approved by our stockholders at our Annual Meeting held on May 19, 2011. The Plan permits the grant of restricted stock units (“RSUs”), performance-based restricted stock units (“PBRsUs”), stock options, stock appreciation rights, stock bonuses and other forms of awards granted or denominated in our common stock, as well as cash bonus awards. The Plan was adopted, in part, to make an additional 18,000,000 shares of the Company's common stock available for award grants, so we have sufficient authority and flexibility to adequately provide for future incentives. Prior to the approval of the Plan, we issued share-based awards under the CoreLogic, Inc. 2006 Incentive Plan (the “2006 Plan”).

We primarily utilize 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, 2014 and 2013, we awarded 657,932 and 593,164 RSUs, respectively, with an estimated grant date fair value of \$20.2 million and \$15.5 million, respectively. The RSU awards will vest ratably over three years.

RSU activity for the three months ended March 31, 2014 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, 2013	1,466	\$ 22.13
RSUs granted	658	\$ 30.72
RSUs vested	(497	) \$ 20.11
RSUs forfeited	(29	) \$ 22.45
Unvested RSUs outstanding at March 31, 2014	1,598	\$ 26.28

As of March 31, 2014, there was \$33.1 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 the Company's common stock on the date of grant.

Performance-Based Restricted Stock Units

For the three months ended March 31, 2014 and 2013, we awarded 330,075 and 390,091 PBRsUs, respectively, with an estimated grant date fair value of \$10.4 million and \$10.2 million, respectively. These awards are subject to service-based, performance-based and market-based vesting. 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 2014 awards will vest on December 31, 2016.

The performance period for the PBRsUs awarded during the three months ended March 31, 2013 is from January 1, 2013 to December 31, 2015 and the performance metric is adjusted earnings per share and market-based conditions. Subject to satisfaction of the performance criteria, the 2013 awards will vest on December 31, 2015. The fair values of the 2013 awards were estimated using Monte-Carlo simulation with the following weighted-average assumptions.

The fair values of the 2014 and 2013 awards were estimated using Monte-Carlo simulation with the following weighted-average assumptions.

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	For the Three Months Ended March 31,			
	2014		2013	
Expected dividend yield	—	%	—	%
Risk-free interest rate ⁽¹⁾	0.70	%	0.35	%
Expected volatility ⁽²⁾	27.87	%	30.59	%
Average total shareholder return ⁽²⁾	(0.84	)%	8.21	%

(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 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, 2014, is as follows:

(in thousands, except weighted-average fair value prices)	Number of	Weighted-Average
	Shares	Grant-Date Fair Value
Unvested PBRSUs outstanding at December 31, 2013	1,247	\$ 18.52
PBRSUs granted	330	\$ 31.57
PBRSUs vested	(612	) \$ 16.92
PBRSUs forfeited	(11	) \$ 19.81
Unvested PBRSUs outstanding at March 31, 2014	954	\$ 22.02

As of March 31, 2014, there was \$16.4 million of total unrecognized compensation cost related to unvested PBRSUs that is expected to be recognized over a weighted-average period of 2.3 years. The fair value of PBRSUs is based on the market value of the Company's common stock on the date of grant.

Stock Options

In 2014 and 2013, we issued stock options as incentive compensation for certain key employees. The exercise price of each stock option is the closing market price of our common stock on the date of grant. The 2014 and 2013 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		2013	
Expected dividend yield	—	%	—	%
Risk-free interest rate ⁽¹⁾	1.74	%	0.90	%
Expected volatility ⁽²⁾	37.92	%	41.65	%
Expected life ⁽³⁾	5.5		5.50	

(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 and 2013, we awarded 242,687 and 402,511 options, respectively, with an estimated fair value of \$7.7 million and \$10.5 million, respectively. Option activity for the three months ended March 31, 2014 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, 2013	2,663	\$ 21.12		
Options granted	243	\$ 31.59		
Options exercised	(70)	\$ 17.50		
Options canceled	(16)	\$ 20.66		
Options outstanding at March 31, 2014	2,820	\$ 22.11	5.5	\$22,775
Options vested and expected to vest at March 31, 2014	2,771	\$ 22.02	5.4	\$22,600
Options exercisable at March 31, 2014	1,914	\$ 21.37	4.2	\$16,590

As of March 31, 2014, there was \$6.2 million of total unrecognized compensation cost related to unvested stock options that is expected to be recognized over a weighted-average period of 2.2 years.

The intrinsic value of options exercised was \$1.0 million and \$1.5 million for the three months ended March 31, 2014 and 2013, 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 discount during the last offering period.

The following table sets forth the stock-based compensation expense recognized for the three months ended March 31, 2014 and 2013.

(in thousands)	For the Three Months Ended March 31,	
	2014	2013
RSUs	\$5,473	\$5,100
PBRsUs	1,243	2,155
Stock options	1,105	683
Employee stock purchase plan	265	204
	\$8,086	\$8,142

The above share-based compensation expense includes \$0.3 million and \$0.1 million within cost of services in the accompanying condensed consolidated statements of operations for the three months ended March 31, 2014 and 2013, respectively. It also includes \$0.1 million and less than \$0.1 million of share-based compensation expense for the three months ended March 31, 2014 and 2013, respectively, reported within income from discontinued operations in the accompanying condensed consolidated statements of operations.

Note 12 – 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. We record expenses for legal fees as incurred.

FDIC

On May 9, 2011, the Federal Deposit Insurance Corporation (the “FDIC”), as Receiver of Washington Mutual Bank (“WaMu”), filed a complaint in the United States District Court for the Central District of California (the “Court”) against CoreLogic Valuation Services, LLC (“CVS”), as successor to eAppraiseIT, LLC (“eAppraiseIT”) and several of its current and former affiliates.

The FDIC complaint alleged that eAppraiseIT was grossly negligent and breached its contract with WaMu in the provision of appraisal services in 2006 and 2007 relating to 194 residential mortgage loans. On November 14, 2011, the Court granted the defendants' motion to dismiss the FDIC's gross negligence, alter ego, single business enterprise and joint venture claims, and a portion of the breach of contract claim. On November 30, 2011, the FDIC filed its first amended complaint, alleging only breach of contract claims and naming only CVS and its parent CoreLogic Real Estate Solutions, LLC f/k/a First American Real Estate Solutions, LLC as defendants. The amended complaint sought to recover losses of at least \$129.0 million that the FDIC alleges WaMu suffered on loans allegedly related to these appraisal services. On February 6, 2012, the Court granted the defendants' motion to dismiss the FDIC's \$16.0 million breach of contract claim related to 26 appraisal services allegedly provided before the effective date of the WaMu - eAppraiseIT Agreement. On February 16, 2012, the FDIC filed a second amended complaint reasserting that claim. On April 25, 2012, the court granted the defendants' motion to dismiss that \$16.0 million claim with prejudice. On December 4, 2012, the FDIC filed its third amended complaint further reducing the total number of transactions at issue to 160 and reducing the amount of its purported losses to at least \$108.0 million. On June 20, 2013, the court dismissed 14 additional transactions with prejudice pursuant to a stipulation between the parties. As a result, the number of transactions at issue has been reduced to 146 and the amount of the FDIC's purported losses has been reduced to at least \$98.9 million.

The defendants intend to defend against the remaining claims vigorously; however, they may not be successful. At this time, we cannot predict the ultimate outcome of this claim or the potential range of damages, if any.

RESPA 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.

CVS, as the successor to eAppraiseIT, intends to defend against this claim vigorously; however, it may not be successful. At this time we cannot predict the ultimate outcome of this claim or the potential range of damages, if any.

Separation

Following the spin-off of our financial services businesses into a new, publicly-traded, New York Stock Exchange-listed company called First American Financial Corporation (“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 in accordance with GAAP. At March 31, 2014, 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 13 – 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 \$650.1 million in cash, which was funded through borrowings. The acquisition of MSB/DataQuick significantly expands our footprint in property and casualty insurance and adds additional scale to our existing property data and analytics business, which is 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 D&A segment and DataQuick's flood zone determination and credit servicing operations are reported within our 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 is recognized as goodwill. The purchase price allocation is subject to change based on our final determination of fair value. The preliminary allocation of the purchase price is as follows:

	Purchase Price
Cash and cash equivalents	\$36
Accounts receivable	9,227
Prepaid expenses and other current assets	2,047
Deferred income tax assets, current	1,848
Property and equipment	177,311
Goodwill (1)	363,295
Other intangible assets	129,400
Investment in affiliates	18,300
Total assets acquired	\$701,464

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Accounts payable and accrued expenses	3,446
Income taxes payable	31
Deferred revenue, current	22,403
Deferred revenue, net of current	1,663
Deferred income tax liabilities, long term	23,821
Net assets acquired	\$650,100

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(1) Goodwill of \$363.3 million includes \$133.6 million of deductible basis for tax purposes.

We reported revenues totaling approximately \$1.5 million from the MSB/DataQuick acquisition 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 the beginning of the period presented. 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 each of the periods presented. The pro forma financial information for all periods 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 and 2013 combines our results of operations for the periods presented.

	Pro Forma	
	2014	2013
Net revenues	\$332,801	\$356,925
Net income	\$6,325	\$23,815

In January 2014, we completed our acquisition of Terralink for NZD\$14.5 million, or \$11.9 million, which is included as a component of our D&A reporting 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 unobservables. We recorded preliminary property and equipment of \$2.1 million with an estimated average life of 5 years, preliminary customer lists of \$1.6 million with an estimated average life of 15 years, preliminary trade names of \$0.2 million with an estimated average life of 12 years, preliminary capitalized data and database costs of \$6.0 million with an estimated average life of 15 years and preliminary goodwill of \$2.1 million, which is fully deductible for tax purposes. The allocation of purchase price is subject to change based on our final determination of fair value. The business combination did not have a material impact on our consolidated financial statements.

In December 2013, we completed our acquisition of EQECAT for \$22.2 million, including working capital adjustments. EQECAT is included as a component of the D&A 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 unobservables. We recorded \$3.9 million of customer lists with an estimated average life of 14 years, \$0.6 million of trade names with an estimated average life of 10 years and goodwill of \$15.3 million. The business combination did not have a material impact on our consolidated financial statements.

For the three months ended March 31, 2014, we incurred \$8.3 million of acquisition-related costs within selling, general and administrative expenses on our condensed consolidated statements of operations.

Note 14 – 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 not less than their initial fair value. Any adjustments to the redemption value impacts retained earnings.

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 their

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. For the three months ended March 31, 2014, we recognized less than \$0.3 million of net income in connection with the redeemable noncontrolling interest.

Note 15 – Discontinued Operations

For the three months ended March 31, 2013, we recorded a \$1.7 million loss from the sale of discontinued operations, net, which was primarily related to the sale and exit of a product line within the Asset Management and Processing Solutions ("AMPS") businesses in the prior year.

In December 2013, we concluded the businesses comprising the AMPS segment were not core to our long term strategy and thus we would actively pursue the sale of the AMPS reporting segment. As part of the process of marketing the sale of these businesses, we developed our long-term projections and obtained indicative fair market values from potential participants. The level of indicative values was below the net book value of the businesses being marketed; therefore, we recorded a pre-tax non-cash impairment charge related to goodwill of \$51.8 million for the year ended December 31, 2013. During the three months ended March 31, 2014, we updated our long-term projections and assessed whether events or circumstances occurred that potentially indicate that the carrying amounts of these assets may not be recoverable. The marketing process for AMPS is on-going and there were no indicators of additional impairment as of March 31, 2014. In the future, there could be triggering events that could require future fair value assessments and could lead to additional impairments.

Summarized below are certain assets and liabilities classified as discontinued operations as of March 31, 2014 and December 31, 2013:

(in thousands)	D&A		TPS		
As of March 31, 2014	Marketing	Consumer	Appraisal	AMPS	Total
Accounts receivable	\$—	\$—	\$—	\$29,460	\$29,460
Other current assets	177	149	200	3,082	3,608
Property and equipment, net	—	—	—	3,160	3,160
Goodwill and other identifiable intangible assets, net	—	—	—	97,577	97,577
Other assets	—	—	—	510	510
Total assets	\$177	\$149	\$200	\$133,789	\$134,315
Accounts payable and accrued expenses	\$397	\$—	\$3,519	\$9,290	\$13,206
Other liabilities	222	88	559	15,344	16,213
Total liabilities	\$619	\$88	\$4,078	\$24,634	\$29,419
As of December 31, 2013					
Accounts receivable	\$—	\$—	\$—	\$32,811	\$32,811
Other current assets	177	149	200	3,052	3,578
Property and equipment, net	—	—	—	3,594	3,594
Goodwill and other identifiable intangible assets, net	—	—	—	97,577	97,577
Other assets	—	—	—	463	463
Total assets	\$177	\$149	\$200	\$137,497	\$138,023
Accounts payable and accrued expenses	\$676	\$—	\$3,127	\$9,693	\$13,496
Other liabilities	259	88	568	15,898	16,813
Total liabilities	\$935	\$88	\$3,695	\$25,591	\$30,309

Summarized below are the components of our income/(loss) from discontinued operations for three months ended March 31, 2014 and 2013:

(in thousands)	D&A		TPS		Total
For the three months ended March 31, 2014	Marketing	Consumer	Appraisal	AMPS	
Operating revenue	\$—	\$—	\$—	\$42,792	\$42,792
(Loss)/income from discontinued operations before income taxes	(250	) —	(600	) 2,617	1,767
Income tax (benefit)/expense	(96	) —	(229	) 1,009	684
(Loss)/income from discontinued operations, net of tax	\$(154	) \$—	\$(371	) \$1,608	\$1,083
For the three months ended March 31, 2013					
Operating revenue	\$—	\$—	\$—	\$65,868	\$65,868
(Loss)/income from discontinued operations before income taxes	(110	) 196	(1,148	) 7,981	6,919
Income tax (benefit)/expense	(42	) 75	(439	) 3,628	3,222
(Loss)/income from discontinued operations, net of tax	\$(68	) \$121	\$(709	) \$4,353	\$3,697

Note 16 – 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 characteristic information, property risk and replacement cost, and information on mortgage-backed securities. We both license our data directly to our customers and provide our customers with analytical products for risk management, 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 data. Our primary customers are commercial banks, mortgage lenders and brokers, investment banks, fixed-income investors, real estate agents, property and casualty insurance companies, title insurance companies and government-sponsored enterprises.

Our D&A segment includes intercompany revenues of \$0.8 million and \$3.5 million for the three months ended March 31, 2014 and 2013, respectively. The segment also includes intercompany expenses of \$0.2 million and \$1.4 million for the three months ended March 31, 2014 and 2013, 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 and mortgage-related business process outsourcing. The segment's primary customers are large, national mortgage lenders and servicers, but we also serve regional mortgage lenders and brokers, credit unions, commercial banks, and government agencies.

Our TPS segment includes intercompany revenues of \$0.7 million and \$0.7 million for the three months ended March 31, 2014 and 2013, respectively. The segment also includes intercompany expenses of \$0.7 million and \$3.3 million for the three months ended March 31, 2014 and 2013, 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 customers for each product and service offered.

Selected financial information by reportable segment is as follows:

(in thousands)

For the three months ended March 31, 2014	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	\$ 142,533					