CORELOGIC, INC.
Form 10-Q
July 25, 2014

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

FORM 10-Q

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

For the quarterly period ended June 30, 2014

OR

o 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	95-1068610
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
40 Pacifica, Irvine, California	92618-7471
(Address of principal executive offices)	(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 x No o

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 x No o

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	x	Accelerated filer	o
Non-accelerated filer	o (Do not check if a smaller reporting company)	Smaller reporting company	o

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

Yes o No x

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

On July 21, 2014 there were 91,138,779 shares of common stock outstanding.

CoreLogic, Inc.
INFORMATION INCLUDED IN REPORT

PART I: FINANCIAL INFORMATION
Item 1. Financial Statements.
CoreLogic, Inc.
Condensed Consolidated Balance Sheets
(unaudited)

(in thousands, except par value)	June 30, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	$140,909	$134,741
Marketable securities	22,299	22,220
Accounts receivable (less allowance for doubtful accounts of $11,912 and $12,930 as of June 30, 2014 and December 31, 2013, respectively)	197,662	196,282
Prepaid expenses and other current assets	50,861	50,674
Income tax receivable	—	13,516
Deferred income tax assets, current	88,995	86,158
Assets of discontinued operations	132,246	138,023
Total current assets	632,972	641,614
Property and equipment, net	372,846	195,645
Goodwill, net	1,774,013	1,390,674
Other intangible assets, net	297,039	175,808
Capitalized data and database costs, net	341,563	330,188
Investment in affiliates, net	103,346	95,343
Restricted cash	12,544	12,050
Other assets	164,445	162,033
Total assets	$3,698,768	$3,003,355
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued expenses	$160,652	$154,526
Accrued salaries and benefits	74,184	101,715
Income taxes payable	35,000	—
Deferred revenue, current	252,093	223,323
Current portion of long-term debt	33,339	28,154
Liabilities of discontinued operations	42,358	30,309
Total current liabilities	597,626	538,027
Long-term debt, net of current	1,440,262	811,776
Deferred revenue, net of current	362,444	377,086
Deferred income tax liabilities, long term	103,184	74,308
Other liabilities	134,481	147,583
Total liabilities	2,637,997	1,948,780
Redeemable noncontrolling interests	10,669	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; 91,133 and 91,254 shares issued and outstanding as of June 30, 2014 and December 31, 2013, respectively	1	1

Additional paid-in capital	645,338	672,165
Retained earnings	439,020	425,796
Accumulated other comprehensive loss	(34,257)	(53,589)
Total equity	1,050,102	1,044,373
Total liabilities and equity	$3,698,768	$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 June 30,		For the Six Months Ended June 30,	
(in thousands, except per share amounts)	2014	2013	2014	2013
Operating revenues	$349,421	$348,201	$659,838	$679,501
Cost of services (excluding depreciation and amortization shown below)	182,222	168,060	359,603	335,689
Selling, general and administrative expenses	89,763	98,476	179,709	180,667
Depreciation and amortization	35,333	34,154	64,772	68,295
Total operating expenses	307,318	300,690	604,084	584,651
Operating income	42,103	47,511	55,754	94,850
Interest expense:				
Interest income	1,041	685	2,213	1,409
Interest expense	17,321	12,438	34,149	24,814
Total interest expense, net	(16,280)	(11,753)	(31,936)	(23,405)
Gain on investments and other, net	6,992	393	2,642	1,734
Income from continuing operations before equity in earnings of affiliates and income taxes	32,815	36,151	26,460	73,179
Provision for income taxes	11,305	13,529	10,942	27,751
Income from continuing operations before equity in earnings of affiliates	21,510	22,622	15,518	45,428
Equity in earnings of affiliates, net of tax	3,874	9,347	6,257	18,132
Net income from continuing operations	25,384	31,969	21,775	63,560
(Loss)/income from discontinued operations, net of tax	(9,165)	11,581	(8,082)	15,277
Loss from sale of discontinued operations, net of tax	—	—	—	(1,744)
Net income	16,219	43,550	13,693	77,093
Less: Net income/(loss) attributable to noncontrolling interests	230	—	495	(26)
Net income attributable to CoreLogic	$15,989	$43,550	$13,198	$77,119
Amounts attributable to CoreLogic stockholders:				
Net income from continuing operations	$25,154	$31,969	$21,280	$63,586
(Loss)/income from discontinued operations, net of tax	(9,165)	11,581	(8,082)	15,277
Loss from sale of discontinued operations, net of tax	—	—	—	(1,744)
Net income attributable to CoreLogic	$15,989	$43,550	$13,198	$77,119
Basic income/(loss) per share:				
Net income from continuing operations	$0.27	$0.33	$0.23	$0.66
(Loss)/income from discontinued operations, net of tax	(0.10)	0.12	(0.09)	0.16
Loss from sale of discontinued operations, net of tax	—	—	—	(0.02)
Net income attributable to CoreLogic	$0.17	$0.45	$0.14	$0.80
Diluted income/(loss) per share:				
Net income from continuing operations	$0.27	$0.33	$0.23	$0.65
(Loss)/income from discontinued operations, net of tax	(0.10)	0.12	(0.09)	0.16
Loss from sale of discontinued operations, net of tax	—	—	—	(0.02)
Net income attributable to CoreLogic	$0.17	$0.45	$0.14	$0.79
Weighted-average common shares outstanding:				
Basic	91,750	95,516	91,591	96,315
Diluted	93,062	97,180	93,235	98,120

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

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in thousands)	2014	2013	2014	2013
Net income	$16,219	$43,550	$13,693	$77,093
Other comprehensive income:				
Market value adjustments to marketable securities, net of tax	(22)	345	49	162
Market value adjustments on interest rate swap, net of tax	(612)	694	(684)	1,248
Reclassification adjustment for loss on terminated interest rate swap included in net income	—	—	2,555	—
Foreign currency translation adjustments	7,041	(39,000)	17,541	(39,934)
Supplemental benefit plans adjustments, net of tax	(65)	28	(129)	52
Total other comprehensive income/(loss)	6,342	(37,933)	19,332	(38,472)
Comprehensive income	22,561	5,617	33,025	38,621
Less: Comprehensive income/(loss) attributable to the noncontrolling interests	230	—	495	(26)
Comprehensive income attributable to CoreLogic	$22,331	$5,617	$32,530	$38,647

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

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

	For the Six Months Ended June 30,	
(in thousands)	2014	2013
Cash flows from operating activities:		
Net income	$13,693	$77,093
Less: (Loss)/income from discontinued operations, net of tax	(8,082)	15,277
Less: Loss from sale of discontinued operations, net of tax	—	(1,744)
Net income from continuing operations	21,775	63,560
Adjustments to reconcile net income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	64,772	68,295
Provision for bad debt and claim losses	6,958	8,469
Share-based compensation	15,504	16,711
Excess tax benefit related to stock options	(6,275)	(2,652)
Equity in earnings of affiliates, net of taxes	(6,257)	(18,132)
Gain on sale of property and equipment	(24)	—
Loss on early extinguishment of debt	763	—
Deferred income tax	3,603	3,737
Gain on investments and other, net	(2,642)	(1,734)
Change in operating assets and liabilities, net of acquisitions:		
Accounts receivable	9,681	(11,324)
Prepaid expenses and other current assets	1,916	(1,463)
Accounts payable and accrued expenses	(27,884)	(32,863)
Deferred revenue	(12,956)	26,014
Income taxes	44,723	11,878
Dividends received from investments in affiliates	26,052	23,868
Other assets and other liabilities	(14,235)	(19,624)
Net cash provided by operating activities - continuing operations	125,474	134,740
Net cash provided by operating activities - discontinued operations	10,059	30,458
Total cash provided by operating activities	$135,533	$165,198
Cash flows from investing activities:		
Purchases of capitalized data and other intangible assets	$(16,533)	$(18,928)
Purchases of property and equipment	(26,296)	(34,410)
Cash paid for acquisitions, net of cash acquired	(670,036)	(6,852)
Purchases of investments	—	(2,351)
Cash received from sale of discontinued operations	—	2,263
Proceeds from sale of property and equipment	36	—
Change in restricted cash	(494)	2,093
Net cash used in investing activities - continuing operations	(713,323)	(58,185)
Net cash used in investing activities - discontinued operations	—	(253)
Total cash used in investing activities	$(713,323)	$(58,438)
Cash flows from financing activities:		
Proceeds from long-term debt	$690,017	$551
Debt issuance costs	(14,042)	—
Repayment of long-term debt	(56,550)	(4,423)
Proceeds from issuance of stock related to stock options and employee benefit plans	4,440	7,119

Minimum tax withholding paid on behalf of employees for restricted stock units	(15,034)	(6,680)
Shares repurchased and retired	(32,041)	(75,676)
Excess tax benefit related to stock options	6,275	2,652
Net cash provided by/(used in) financing activities - continuing operations	583,065	(76,457)
Net cash provided by financing activities - discontinued operations	—	—
Total cash provided by/(used in) financing activities	$583,065	$(76,457)
Effect of exchange rate on cash	903	(2,574)
Net increase in cash and cash equivalents	6,178	27,729
Cash and cash equivalents at beginning of period	134,741	151,986
Less: Change in cash and cash equivalents - discontinued operations	10,059	30,205
Plus: Cash swept from discontinued operations	10,049	28,471
Cash and cash equivalents at end of period	$140,909	$177,981
Supplemental disclosures of cash flow information:		
Cash paid for interest	$29,398	$23,326
Cash paid for income taxes	$3,067	$37,935
Cash refunds from income taxes	$27,110	$13,810

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 income	—	—	—	13,198	—	13,198
Shares issued in connection with share-based compensation	944	—	4,440	—	—	4,440
Tax withholdings related to net share settlements of restricted stock units	—	—	(15,034)	—	—	(15,034)
Share-based compensation	—	—	15,808	—	—	15,808
Shares repurchased and retired	(1,065)	—	(32,041)	—	—	(32,041)
Adjustment to redeemable noncontrolling interest to redemption value	—	—	—	26	—	26
Other comprehensive loss	—	—	—	—	19,332	19,332
Balance as of June 30, 2014	91,133	$1	$645,338	$439,020	$ (34,257)	$1,050,102

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.

Out-of-Period Adjustment

During the second quarter of 2014, we identified an error which understated the year-end 2013 Asset Management and Processing Solutions ("AMPS") goodwill impairment charge by $3.3 million, net of tax, reflected within discontinued operations. We recorded an out-of-period adjustment to correct the error during the three months ended June 30, 2014, and reduced basic and diluted net income per share by $0.04 for both the three and six months ended June 30, 2014. This adjustment had no impact on net income and net income per share from continuing operations. 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 2014.

Comprehensive Income

Comprehensive income 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.

The following table shows the components of accumulated other comprehensive loss, net of taxes as of June 30, 2014 and December 31, 2013:

	2014	2013
Cumulative foreign currency translation	$(33,244)	$(50,787)
Cumulative supplemental benefit plans	(697)	(568)
Net unrecognized losses on interest rate swap	(612)	(2,482)
Net unrealized gains on marketable securities	296	248
Accumulated other comprehensive loss	$(34,257)	$(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 $1.0 billion as of June 30, 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 June 2014, the Financial Accounting Standards Board (“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 customers 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 customers. 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. 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 $3.9 million and $9.3 million for the three months ended June 30, 2014 and 2013, respectively, and $6.3 million and $18.1 million for the six months ended June 30, 2014 and 2013, respectively. We recorded income tax expense on these earnings of $2.4 million and $5.8 million for the three months ended June 30, 2014 and 2013, respectively, and $3.9 million and $11.2 million for the six months ended June 30, 2014 and 2013, respectively.

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 83.8% and 74.2% of our total equity in earnings of affiliates, net of tax, for the three months ended June 30, 2014 and 2013, respectively, and 84.9% and 74.2% for the six months ended June 30, 2014 and 2013.

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 six months ended June 30, 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.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in thousands)	2014	2013	2014	2013
Statements of income				
Total revenues	$60,978	$117,273	$108,501	$210,456
Expenses and other	50,526	94,205	91,334	166,976
Net income attributable to RELS LLC	$10,452	$23,068	$17,167	$43,480

CoreLogic equity in earnings of affiliate, pre-tax	$5,236	$11,557	$8,601	$21,783

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. The purchase allocation included $11.3 million of basis difference between the purchase price and our interest in the net assets of Symbility, which is comprised of an indefinite-lived component of $2.0 million and a finite-lived component of $9.4 million with an estimated weighted-average life of 15 years.

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 June 30, 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 and six months ended June 30, 2014 and 2013.

Note 4 - Property and Equipment, Net

Property and equipment, net as of June 30, 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	100,707	88,794
Capitalized software	668,737	481,662
Leasehold improvements	51,079	50,001
	835,533	635,237
Less accumulated depreciation	(462,687)	(439,592)
Property and equipment, net	$372,846	$195,645

Depreciation expense for property and equipment was approximately $17.1 million and $18.0 million for the three months ended June 30, 2014 and 2013, respectively, and $30.9 million and $36.3 million for the six months ended June 30, 2014 and 2013. 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 six months ended June 30, 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	340,294	30,092	370,386
Translation adjustments	10,237	—	10,237
Other	2,716	—	2,716
Balance as of June 30, 2014			
Goodwill, net	$1,042,089	$731,924	$1,774,013

In connection with our acquisition of MSB/DataQuick, we preliminarily recorded $333.9 million of goodwill within our Data & Analytics ("D&A") reporting unit and $30.1 million of goodwill within our Technology and Processing

Solutions ("TPS") reporting unit for the six months ended June 30, 2014. Further, for the six months ended June 30, 2014, we recorded $2.3 million of goodwill in connection with our acquisition of Terralink International Limited ("Terralink") and preliminarily recorded $4.1 million of goodwill in connection with acquisitions that were not significant, all of which were within our D&A reporting unit. See Note 13 - Acquisitions for additional information.

Note 6 – Other Intangible Assets, net

Other intangible assets consist of the following:

	June 30, 2014			December 31, 2013		
(in thousands)	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Customer lists	$391,728	$(177,287)	$214,441	$315,639	$(162,278)	$153,361
Non-compete agreements	9,349	(7,031)	2,318	9,150	(6,659)	2,491
Trade names and licenses	94,826	(14,546)	80,280	31,108	(11,152)	19,956
	$495,903	$(198,864)	$297,039	$355,897	$(180,089)	$175,808

Amortization expense for other intangible assets was $10.0 million and $8.7 million for the three months ended June 30, 2014 and 2013, respectively, and $17.6 million and $17.0 million for the six months ended June 30, 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	$21,120
2015	40,554
2016	34,479
2017	32,557
2018	31,453
Thereafter	136,876
	$297,039

Note 7 – Long-Term Debt

Our long-term debt consists of the following:

(in thousands)	June 30, 2014	December 31, 2013
Acquisition-related note:		
Non-interest bearing acquisition note, $5.0 million installment due March 2016	$4,480	$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 2.73% at June 30, 2014	185,000	—
Term loan facility borrowings due March 2019, weighted-average interest rate of 2.07% at June 30, 2014	828,750	—
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	1,901	1,559
Total long-term debt	1,473,601	839,930
Less current portion of long-term debt	33,339	28,154
Long-term debt, net of current portion	$1,440,262	$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 June 30, 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 (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 six months ended June 30, 2014, 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 June 30, 2014, we were in compliance with all of our covenants under the Credit Agreement.

As of June 30, 2014 and December 31, 2013, we have recorded $5.2 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 $0.5 million was recorded as interest expense in the accompanying condensed consolidated statements of operations for the six months ended June 30, 2014. We capitalized the remaining $13.5 million of debt issuance costs, within other assets in the accompanying condensed consolidated balance sheet, as of June 30, 2014 and will amortize these costs over the term of the Credit Agreement. When we entered into the Credit Agreement, 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 six months ended June 30, 2014, we wrote-off $0.8 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 June 30, 2014, the discounted balance outstanding under the note was $4.5 million.

Interest Rate Swaps

In May 2014, we entered into an amortizing interest rate swap transactions ("Swaps"). The Swaps become effective on December 31, 2014 and terminate on 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 notional amount of $250.0 million. Previous Swaps entered in June 2011 were terminated with a realized loss of $4.1 million for the six months ended June 30, 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 $1.0 million and $4.0 million at June 30, 2014 and December 31, 2013, respectively, which is included in the accompanying consolidated balance sheets as a component of other liabilities.

Unrealized losses of $0.6 million (net of less than $0.4 million in deferred taxes) and unrealized gains of $0.7 million (net of $0.4 million in deferred taxes) were recognized in other comprehensive income related to the Swaps for the three months ended June 30, 2014 and 2013, respectively. In addition, unrealized losses of $0.7 million (net of less than $0.4 million in deferred taxes) and unrealized gains of $1.2 million (net of $0.8 million in deferred taxes) were recognized in other comprehensive income related to the Swaps for the six months ended June 30, 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 34.5% and 37.4% for the three months ended June 30, 2014 and 2013, respectively, and 41.4% and 37.9% for the six months ended June 30, 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 U.S. as well as a valuation allowance recorded against certain foreign losses.

Income taxes included in equity in earnings of affiliates were $2.4 million and $5.8 million for the three months ended June 30, 2014 and 2013, respectively, and $3.9 million and $11.2 million for the six months ended June 30, 2014 and 2013, respectively. For the purpose of segment reporting, these amounts are not reflected at the segment level but are recorded within corporate.

For the three and six months ended June 30, 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 $0.2 million and $0.5 million, respectively, of unrecognized tax benefits. 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. The decrease in the Company’s reserves for uncertain tax positions during the current period relates primarily to the settlement of the Company's claim, on behalf of FAFC, for an uncertain tax position on a prior year tax return. The claim is for FAFC losses reported and is subject to indemnification from FAFC under the Tax Sharing Agreement. As of June 30, 2014, the liability was reduced by approximately $29.6 million of which the impact to net income was zero.

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 June 30,				For the Six Months Ended June 30,			
	2014		2013		2014		2013	
(in thousands, except per share amounts)								
Numerator for basic and diluted net income/(loss) per share:								
Net income from continuing operations	$25,154		$31,969		$21,280		$63,586	
(Loss)/income from discontinued operations, net of tax	(9,165	)	11,581		(8,082	)	15,277	
Loss from sale of discontinued operations, net of tax	—		—		—		(1,744	)
Net income attributable to CoreLogic	$15,989		$43,550		$13,198		$77,119	
Denominator:								
Weighted-average shares for basic income per share	91,750		95,516		91,591		96,315	
Dilutive effect of stock options and restricted stock units	1,312		1,664		1,644		1,805	
Weighted-average shares for diluted income per share	93,062		97,180		93,235		98,120	
Income/(loss) per share								
Basic:								
Net income from continuing operations	$0.27		$0.33		$0.23		$0.66	
(Loss)/income from discontinued operations, net of tax	(0.10	)	0.12		(0.09	)	0.16	
Loss from sale of discontinued operations, net of tax	—		—		—		(0.02	)
Net income attributable to CoreLogic	$0.17		$0.45		$0.14		$0.80	
Diluted:								
Net income from continuing operations	$0.27		$0.33		$0.23		$0.65	

(Loss)/income from discontinued operations, net of tax	(0.10)	0.12	(0.09)	0.16
Loss from sale of discontinued operations, net of tax	—	—	—	(0.02)
Net income attributable to CoreLogic	$0.17	$0.45	$0.14	$0.79

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For the three months ended June 30, 2014 and 2013, 0.7 million and 1.1 million stock options and restricted stock units ("RSUs"), respectively, were excluded from the weighted-average diluted common shares outstanding due to their antidilutive effect. For the six months ended June 30, 2014 and 2013, 0.2 million stock options and 1.0 million stock options and RSUs, respectively, were excluded from the weighted average diluted common shares outstanding due to their antidilutive effect.

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 June 30, 2014 are presented in the following table:

(in thousands)	Fair Value Measurements Using Level 1	Level 2	Fair Value
Financial Assets:			
Cash and cash equivalents	$140,909	$—	$140,909
Restricted cash	—	12,544	12,544
Equity securities	22,299	—	22,299
Total Financial Assets	$163,208	$12,544	$175,752
Financial Liabilities:			
Total debt	$—	$1,501,733	$1,501,733
Derivatives:			
Liability for interest rate swap agreements	$—	$991	$991

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

(in thousands)	Fair Value Measurements Using Level 1	Level 2	Fair Value
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
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 June 30, 2014 and impairment losses for the three and six months ended June 30, 2014:

	As of June 30, 2014 Fair Value Measurements Using			Impairment Losses	
	Level 1	Level 2	Level 3	For the Three Months Ended June 30, 2014	For the Six Months Ended June 30, 2014
Assets of discontinued operations	$—	$—	$93,677	$3,900	$3,900
Property and equipment, net	—	—	—	174	322
Investment in affiliates, net	—	—	—	360	360
	$—	$—	$93,677	$4,434	$4,582

The following non-financial instruments were measured at fair value, on a nonrecurring basis, as of June 30, 2013 and impairment losses for the three and six months ended June 30, 2013:

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	As of June 30, 2013 Fair Value Measurements Using			Impairment Losses	
	Level 1	Level 2	Level 3	For the Three Months Ended June 30, 2013	For the Six Months Ended June 30, 2013
Assets of discontinued operations	$—	$—	$—	$200	$200
Property and equipment, net	—	—	—	677	1,521
Investment in affiliates, net	—	—	—	1,246	1,246
	$—	$—	$—	$2,123	$2,967

We recorded pre-tax non-cash impairment charges of $3.9 million and $0.2 million for the three and six months ended June 30, 2014 and 2013, respectively, in our assets of discontinued operations. In addition, we recorded non-cash impairment charges of $0.2 million and $0.7 million for the three months ended June 30, 2014 and 2013, respectively, and $0.3 million and $1.5 million for the six months ended June 30, 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 and $1.2 million for the three and six months ended June 30, 2014 and 2013, respectively, 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 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 six months ended June 30, 2014 and 2013, we awarded 772,238 and 664,116 RSUs, respectively, with an estimated grant date fair value of $23.6 million and $17.2 million, respectively. The RSU awards will vest ratably over three years.

RSU activity for the six months ended June 30, 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	772	$ 30.57
RSUs vested	(592)	$ 20.47
RSUs forfeited	(64)	$ 25.11
Unvested RSUs outstanding at June 30, 2014	1,582	$ 26.75

As of June 30, 2014, there was $30.8 million of total unrecognized compensation cost related to unvested RSUs that is expected to be recognized over a weighted-average period of 2.2 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 six months ended June 30, 2014 and 2013, we awarded 367,558 and 397,443 PBRSUs, respectively, with an estimated grant date fair value of $11.6 million and $10.3 million, respectively. These awards are subject to service-based, performance-based and market-based vesting. The performance period for the majority of PBRSUs awarded during the six months ended June 30, 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 six months ended June 30, 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 2014 and 2013 awards were estimated using Monte-Carlo simulation with the following weighted-average assumptions:

	For the Six Months Ended June 30,			
	2014		2013	
Expected dividend yield	—	%	—	%
Risk-free interest rate [1]	0.74	%	0.39	%
Expected volatility [2]	27.88	%	29.97	%
Average total shareholder return [2]	(0.90	)%	13.01	%

(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 six months ended June 30, 2014, 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, 2013	1,247		$ 18.52
PBRSUs granted	368		$ 31.46
PBRSUs vested	(612	)	$ 16.92
PBRSUs forfeited	(38	)	$ 26.87
Unvested PBRSUs outstanding at June 30, 2014	965		$ 22.14

As of June 30, 2014, there was $13.0 million of total unrecognized compensation cost related to unvested PBRSUs that is expected to be recognized over a weighted-average period of 2.2 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 majority of 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:

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	For the Six Months Ended June 30,			
	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		5.5	

(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 six months ended June 30, 2014 and 2013, we awarded 290,737 and 415,745 options, respectively, with an estimated fair value of $9.1 million and $10.8 million, respectively. Option activity for the six months ended June 30, 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	291	$ 31.46		
Options exercised	(118)	$ 17.88		
Options canceled	(29)	$ 21.62		
Options outstanding at June 30, 2014	2,807	$ 22.32	5.3	$22,930
Options vested and expected to vest at June 30, 2014	2,765	$ 22.23	5.2	$22,794
Options exercisable at June 30, 2014	2,076	$ 21.23	4.1	$18,947

As of June 30, 2014, there was $5.6 million of total unrecognized compensation cost related to unvested stock options that is expected to be recognized over a weighted-average period of 2.1 years.

The intrinsic value of options exercised was $1.5 million and $2.2 million for the six months ended June 30, 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 six months ended June 30, 2014 and 2013.

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(in thousands)	For the Three Months Ended June 30, 2014	2013	For the Six Months Ended June 30, 2014	2013
RSUs	$5,010	$3,834	$10,429	$7,302
PBRSUs	1,503	3,400	2,746	7,188
Stock options	1,116	1,445	2,221	2,128
Employee stock purchase plan	148	112	412	315
	$7,777	$8,791	$15,808	$16,933

The above includes $0.6 million and $0.2 million of stock-based compensation expense within cost of services in the accompanying condensed consolidated statements of operations for the three months ended June 30, 2014 and 2013, respectively, and $0.9 million and $0.4 million for the six months ended June 30, 2014 and 2013, respectively. It also includes $0.2 million and $0.2 million for the three months ended June 30, 2014 and 2013, respectively, and $0.3 million and $0.2 million for the six months ended June 30, 2014 and 2013, respectively, of stock-based compensation expense reported within (loss)/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. 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.

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 was reduced to 146 and the amount of the FDIC's purported losses was reduced to at least $98.9 million. On May 28, 2014 the parties settled the case with the defendants agreeing to pay a total of $12.0 million; which was recorded within loss from discontinued operations, net of tax for the three months ended June 30, 2014. Following payment of the settlement amount on July 2, 2014, the case was dismissed with prejudice on July 7, 2014.

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. Following discovery, on July 1, 2014 the defendant filed motions for summary judgment and to decertify the class.

CVS, as the successor to eAppraiseIT, is defending against this claim vigorously; however, predicting the outcome of litigation is inherently difficult. While at this time we cannot predict the ultimate outcome of this claim, nor estimate the range of reasonably possible loss were liability to be established, we do not believe that a material adverse outcome is likely.

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. At June 30, 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 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 purchase price allocation is preliminary subject to the finalization of certain tax and working capital matters. The preliminary 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	2,047
Deferred income tax assets, current	1,848
Property and equipment	177,311
Goodwill (1)	364,000
Other intangible assets	129,400
Investment in affiliates	18,300
Total assets acquired	$702,169
Accounts payable and accrued expenses	4,151
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

(1) Goodwill of $364.0 million includes $133.6 million of deductible basis for tax purposes.

We reported revenues totaling approximately $23.6 million from the MSB/DataQuick acquisition from the acquisition date of March 25, 2014 through June 30, 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 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 and six months ended June 30, 2014 and 2013 combines our results of operations for the periods presented.

	Pro Forma			
	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in thousands)	2014	2013	2014	2013
Net revenues	$367,151	$374,417	$699,952	$731,341
Net income	$13,626	$42,577	$22,147	$66,393

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 property and equipment of $2.1 million with an estimated average life of 5 years, customer lists of $1.4 million with an estimated average life of 15 years, trade names of $0.2 million with an estimated average life of 12 years, capitalized data and database costs of $6.0 million with an estimated average life of 15 years and goodwill of $2.3 million, which is fully deductible for tax purposes. 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 and six months ended June 30, 2014, we incurred $1.1 million and $9.7 million, respectively, 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 and six months ended June 30, 2014, we recognized $0.2 million and $0.5 million, respectively, of net income in connection with the redeemable noncontrolling interest.

Note 15 – Discontinued Operations

For the six months ended June 30, 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 six months ended June 30, 2014, we identified an error which understated the 2013 goodwill impairment charge by $3.9 million (or $3.3 million, net of tax) reflected within discontinued operations. We recorded the impairment charge in the three months ended June 30, 2014. See Note 1 - Basis of Condensed Consolidated Financial Statements for further discussion. Due to changes in our marketing strategy, 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 June 30, 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 June 30, 2014 and December 31, 2013:

(in thousands)	D&A		TPS		
As of June 30, 2014	Marketing	Consumer	Appraisal	AMPS	Total
Accounts receivable	$—	$—	$—	$31,704	$31,704
Other current assets	177	149	200	3,121	3,647
Property and equipment, net	—	—	—	2,724	2,724
Goodwill and other identifiable intangible assets, net	—	—	—	93,677	93,677
Other assets	—	—	—	494	494
Total assets	$177	$149	$200	$131,720	$132,246
Accounts payable and accrued expenses	$937	$—	$19,866	$7,643	$28,446
Other liabilities	195	88	558	13,071	13,912
Total liabilities	$1,132	$88	$20,424	$20,714	$42,358
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 and six months ended June 30, 2014 and 2013:

(in thousands) For the Three Months Ended June 30, 2014	D&A Marketing	Consumer	TPS Appraisal	AMPS	Total
Operating revenue	$—	$—	$—	$48,841	$48,841
(Loss)/income from discontinued operations before income taxes	(640)	—	(17,341)	1,802	(16,179)
Income tax benefit	(245)	—	(6,632)	(137)	(7,014)
(Loss)/income from discontinued operations, net of tax	$(395)	$—	$(10,709)	$1,939	$(9,165)
For the Three Months Ended June 30, 2013					
Operating revenue	$—	$—	$—	$78,771	$78,771
(Loss)/income from discontinued operations before income taxes	(507)	—	(1,614)	20,878	18,757
Income tax (benefit)/expense	(194)	—	(617)	7,987	7,176
(Loss)/income from discontinued operations, net of tax	$(313)	$—	$(997)	$12,891	$11,581

For the Six Months Ended June 30, 2014	D&A Marketing	Consumer	TPS Appraisal	AMPS	Total
Operating revenue	$—	$—	$—	$91,633	$91,633
(Loss)/income from discontinued operations before income taxes	(890)	—	(17,941)	4,418	(14,413)
Income tax (benefit)/expense	(340)	—	(6,861)	870	(6,331)
(Loss)/income from discontinued operations, net of tax	$(550)	$—	$(11,080)	$3,548	$(8,082)
For the Six Months Ended June 30, 2013					
Operating revenue	$—	$—	$—	$144,639	$144,639
(Loss)/income from discontinued operations before income taxes	(617)	196	(2,762)	28,859	25,676
Income tax (benefit)/expense	(236)	75	(1,058)	11,618	10,399
(Loss)/income from discontinued operations, net of tax	$(381)	$121	$(1,704)	$17,241	$15,277

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 $1.1 million and $2.6 million for the three months ended June 30, 2014 and 2013, respectively, and $1.9 million and $6.0 million for the six months ended June 30, 2014 and 2013, respectively. The segment also includes intercompany expenses of $1.6 million and $1.0 million for the three months ended June 30, 2014 and 2013, respectively, and $1.4 million and $2.5 million for the six months ended June 30, 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 $0.8 million and $0.8 million for the three months ended June 30, 2014 and 2013, respectively, and $1.4 million and $1.5 million for the six months ended June 30, 2014 and 2013, respectively. The segment also includes intercompany expenses of $1.2 million and $2.3 million for the three months ended June 30, 2014 and 2013, respectively, and $1.9 million and $5.7 million for the six months ended June 30, 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 June 30, 2014	Operating Revenues	Depreciation and Amortization	Operating Income/(Loss)	Equity in (Loss)/Earnings of Affiliates, Net of Tax	Net Income/(Loss) From Continuing Operations	Capital Expenditures
D&A	$174,066	$26,329	$28,849	$ (202)	$ 28,668	$15,427
TPS	177,263	6,065	33,632	6,409	45,980	1,776
Corporate	(61)	2,939	(20,378)	(2,333)	(49,264)	5,014
Eliminations	(1,847)	—	—	—	—	—
Consolidated (excluding discontinued operations)	$349,421	$35,333	$42,103	$ 3,874	$ 25,384	$22,217
For the Three Months Ended June 30, 2013						
D&A	$153,045	$19,141	$29,880	$ 546	$ 30,559	$13,799
TPS	198,509					