CORELOGIC, INC.
Form 10-K
February 27, 2019

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

FORM 10-K
x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2018
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

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

Common	New York Stock Exchange
(Title of each class)	(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No o
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x
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 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 such files). Yes x No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and "emerging growth company" in Rule 12b-2 of the Exchange Act.
Large accelerated filer x Accelerated filer o

Non-accelerated filer o	Smaller reporting company o
	Emerging growth company o

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

The aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant as of June 29, 2018, the last business day of the registrant's most recently-completed second fiscal quarter was $4,174,225,293.

On February 22, 2019, there were 80,092,020 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s definitive proxy statement with respect to the 2019 annual meeting of the stockholders are incorporated by reference in Part III of this report. The definitive proxy statement or an amendment to this Form 10-K will be filed no later than 120 days after the close of the registrant’s fiscal year.

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PART I

Item 1. Business

The Company

We are a leading global property information, analytics and data-enabled software platforms and services provider operating in North America, Western Europe and Asia Pacific. Our vision is to deliver unique property-level insights that power the global real estate economy. Our mission is to empower our clients to make smarter decisions through data-driven insights.

With our data as a foundation, we provide software platforms and value-added business services that address the unique needs of the mortgage, real estate, insurance, capital markets, public sector and rental property markets. We believe the quality of the software platforms and services we offer is distinguished by our broad range of data sources and our experience in aggregating, organizing, normalizing, processing and delivering data. Our databases include over 900 million historical property transactions, over 100 million mortgage applications and property-specific data covering approximately 99% of the United States ("US") residential properties, as well as commercial locations, totaling over 150 million records. We are also the industry's first parcel-based geocoder and have developed a proprietary parcel database covering more than 150 million parcels across the US. These databases provide our clients with detailed coverage of property, mortgages and other encumbrances, property risk and replacement cost, consumer credit, tenancy, location, hazard risk and related performance information.

We have more than one million users who rely on our data and predictive decision analytics to reduce risk, enhance transparency and improve the performance of their businesses.

We offer our clients a comprehensive national database covering real property and mortgage information, judgments and liens, building and replacement costs, parcel and geospatial data, criminal background records, eviction information, non-prime lending records, credit information, and tax information, among other data types. Using these robust datasets, we have built strong value-added analytics capabilities and business services to meet our clients’ needs for property tax processing, property valuation, mortgage and automotive credit reporting, tenancy screening, hazard risk, property risk and replacement cost, flood plain location determination and other geospatial data, analytics and related services.

We became a stand-alone public company on June 1, 2010 when we completed a transaction in which we separated from the financial services businesses of our predecessor company, The First American Corporation ("FAC") (referred to as the "Separation"). To effect the Separation, we entered into a Separation and Distribution Agreement (“Separation and Distribution Agreement”) that governs the rights and obligations of us and First American Financial Corporation ("FAFC") regarding the distribution. It also governs the on-going relationship between us and FAFC subsequent to the completion of the Separation and provides for the allocation of assets and liabilities between us and FAFC. In addition, we also entered into a Tax Sharing Agreement (“Tax Sharing Agreement”) with FAC and FAFC. FAC was incorporated in California in 1894, and as part of the Separation, we reincorporated in Delaware on June 1, 2010, changed our name to CoreLogic, Inc. and began trading on the New York Stock Exchange under the symbol “CLGX.” As used herein, the terms "CoreLogic," the "Company," "we," "our" and "us" refer to CoreLogic, Inc. and our consolidated subsidiaries, except where it is clear that the terms mean only CoreLogic, Inc. and not our subsidiaries. Our executive offices are located at 40 Pacifica, Irvine, California, 92618-7471, our telephone number is (949) 214-1000, and our website is www.corelogic.com.

Corporate Events

Business Exits & Transformation

In December 2018, we announced the intent to exit a loan origination software unit and its remaining legacy default management related platforms over the next 24 months, as well as accelerate an appraisal management company transformation program. We believe these actions will expand our overall profit margins and provide for enhanced long-term organic growth trends. We will assess and may incur cash and non-cash charges associated with these actions.

Acquisitions

We acquire, on an opportunistic basis, companies, businesses, products and services, to grow market share in the mortgage, real estate, insurance, capital markets, public sector and rental property markets. We also identify opportunities that complement our strengths and/or diversifies our exposure from the mortgage and real estate market.

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During 2018, we completed the acquisitions of eTech Solutions Limited ("eTech"), a la mode technologies, LLC ("a la mode"), Breakaway Holdings, LLC ("HomeVisit") and Symbility Solutions Inc. ("Symbility") for total net cash of approximately $219.6 million. eTech is a leading provider of innovative mobile surveying and workflow management software that enhances productivity and mitigates risk for participants in the U.K. valuation market. The acquisition of eTech expands our U.K. presence and strengthens our technology platform offerings. a la mode is a provider of subscription-based software solutions that facilitate the aggregation of data, imagery and photographs in a government-sponsored enterprise compliant format for the completion of US residential appraisals. The acquisition of a la mode contributes to our continual development and scaling of our end-to-end valuation solutions workflow suite, which includes data and market insights, analytics as well as data-enabled services and platforms. HomeVisit is a leading provider of marketing focused real estate solutions, including property listing photography, videography, 3D modeling, drone imagery and related services. Given anticipated synergy with our pre-existing real estate solutions platforms, the acquisition of HomeVisit is expected to enable the next generation of property marketing solutions for real estate professionals, MLS, brokers and agents across North America. Symbility is a leading global provider of cloud-based property claims workflow solutions for the property and casualty insurance industry, headquartered in Canada. The acquisition of Symbility further progresses our long-term strategic plan by adding scale to our insurance and spatial businesses and international presence. See Note 17 - Acquisitions of the Notes to Consolidated Financial Statements included in Item 8 - Financial Statements and Supplementary Data of this Annual Report on Form 10-K for further discussion.

Technology Transformation

In September 2018, we announced the adoption of the Google Cloud Platform ("GCP") as a foundational element of our ongoing technology transformation program to further expand infrastructure capabilities and drive efficiencies. We expect to complete the initial deployment of GCP over the next 24 months. Once implemented, CoreLogic plans to leverage the capabilities of the cloud platform to achieve best-in-class system performance and reliability and to facilitate the deployment of unique business insights fueled by gold-standard data, information and analytics. Additionally, we expect to realize significant cost efficiencies and enhanced security.

Our Data

Our data is the foundation of many of our products, analytics and services, and can generally be categorized as property information, mortgage information and consumer information. We obtain our data from a variety of sources, including, but not limited to, data gathered from public sources, data contributed by our clients and data obtained from data aggregators.

We gather a variety of data from public sources, including data and documents from federal, state and local governments. We enhance our public record information with the data we collect from other public and non-public sources to create comprehensive textual and geospatial views of each property within our coverage areas, including physical property characteristics, boundaries and tax values, current and historical ownership, voluntary and involuntary liens, tax assessments and delinquencies, replacement cost, property risk including environmental, flood and hazard information, criminal data, building permits, local trends and summary statistics.

Our client agreements typically govern the use of our client-contributed data. These contractual arrangements often permit our clients to use our solutions which incorporate their data. We generally structure our client agreements to specify the particular uses of the data our clients contribute and to provide the required levels of data privacy and protection. Our contributed data includes loan performance information (from loan servicers, trustees, securitizers, issuers and others), appraisal information, information regarding property rental and under-banked loan applications from various loan originators, and information regarding landlords and property owners.

In addition, we gather property listing and tenant/landlord rental information from Boards of Realtors®, real estate agents, brokers, landlords, and owners of multi-tenant properties. We collect appraisals and property valuations from appraisers and we license consumer credit history information from credit reporting agencies, lenders and auto dealers.

Business Segments

We have organized our business into the following two segments: Property Intelligence & Risk Management Solutions ("PIRM") and Underwriting & Workflow Solutions ("UWS").

We believe that we hold the leading market position for many of our solutions, including:

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- property tax processing, based on the number of loans under service;
- flood zone determinations, based on the number of flood zone certification reports issued;
- credit and income verification services to the US mortgage lending industry, based on the number of credit reports issued;
- property valuation and technology platform solutions, based on the number of in-house staff appraisers and inquiries received; and
- multiple listing services ("MLS"), based on the number of active desktops using our technology.

In addition to our two reporting segments, we also have a corporate group, which includes costs and expenses not allocated to our segments. More detailed financial information regarding each of our business segments is included in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations as well as Note 18 - Segment Information of the Notes to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data of Part II of this report.

Solutions

Property Intelligence & Risk Management Solutions

Our PIRM segment delivers unique housing market and property-level insights, predictive analytics and risk management capabilities. We have also developed proprietary technology and software platforms to access, automate or track this information and assist our clients with decision-making and compliance tools in the real estate industry, insurance industry and the single and multifamily industry. We deliver this information directly to our clients in a standard format over the web, through hosted software platforms or in bulk data form. Our solutions include property insights and insurance & spatial solutions in North America, Western Europe and Asia Pacific.

Our property insights combine our patented predictive analytics and proprietary and contributed data to enable our clients to improve customer acquisition and retention, detect and prevent fraud, improve mortgage transaction cycle time and cost efficiency, identify real estate trends and neighborhood characteristics, track market performance and increase market share. Our data is comprised of real estate information with crime, site inspection, neighborhood, document images and other information from proprietary sources. We also provide verification of applicant income, identity and certain employment verification services using Internal Revenue Service ("IRS") and Social Security Administration databases, as well as third-party employment data providers. Further, we maintain the leading market share of real estate listing software systems, with provisioning to more than 50% of all US and Canadian real estate agents. We also provide a full range of professional services to listing organizations and assist our clients in identifying revenue opportunities and improving member services.

Our insurance & spatial solutions provide property and casualty insurers, energy and other markets, the solutions required to more effectively locate, assess and manage property-level assets and risks through location-based data, property content, proprietary workflow solutions and analytics. In addition to the industry's first parcel-based geocoder and an industry-leading parcel database covering more than 155 million parcels across the US, we maintain critical and up-to-date information across multiple hazard databases including information on storm, land-based, fire and even non-weather-related hazards.

Underwriting & Workflow Solutions

Our UWS segment provides comprehensive mortgage origination and monitoring solutions, including underwriting-related solutions and data-enabled valuations and appraisals. We have also developed proprietary technology and software platforms to access, automate or track this information and assist our clients with vetting and on-boarding prospects, meeting compliance regulations and understanding, diagnosing and monitoring property values. Our solutions include property tax solutions, valuation solutions, credit solutions and flood services in North America.

Our property tax solutions are built from aggregated property tax information from over 20,000 taxing authorities. We use this information to advise mortgage originators and servicers of the property tax payment status of loans in their portfolio and to monitor that status over the life of the loans. If a mortgage lender requires tax payments to be impounded on behalf of its borrowers, we can also monitor and oversee the transfer of these funds to the taxing authorities and provide the lender with payment confirmation.

Our valuations solutions represent property valuation-related data-driven services and analytics combined with collateral valuation workflow technologies, which assist our clients in assessing risk of loss using both traditional and alternative forms of property valuation, driving process efficiencies, and ensuring compliance with lender and governmental regulations. We have been building collateral risk management models for more than 20 years and provide collateral

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information technology and solutions that automate property appraisal ordering, tracking, documentation and review for lender compliance with government regulations.

Our credit solutions have access to one of the largest consumer and business databases, which enables us to provide credit and income verification services to the mortgage and automotive industries. We provide comprehensive information about credit history, income verification and home address history. We normalize our data to provide a broad range of advanced business information solutions designed to reduce risk and improve business performance.

Our flood data solutions provide flood zone determinations in accordance with the US Federal legislation passed in 1994, which requires that most mortgage lenders obtain a determination of the current flood zone status at the time each loan is originated and obtain applicable updates during the life of the loan. We provide flood zone determinations primarily to mortgage lenders.

Clients

Our clients are predominantly financial services institutions in the mortgage and insurance industries. We provide our solutions to national and regional mortgage lenders, servicers, brokers, credit unions, commercial banks, investment banks, fixed-income investors, real estate agents, MLS companies, property management companies, real estate investment trusts, property and casualty insurance companies, government agencies and government-sponsored enterprises.

Our more significant client relationships tend to be long-term in nature and we typically provide a number of different solutions to each client. Because of the depth of these relationships, we derive a significant portion of our aggregate revenue from our largest clients, with 31.3% of our 2018 operating revenues being generated by our ten largest clients. None of our clients individually accounted for greater than 10% of our operating revenues for the year ended December 31, 2018.

Competition

We offer a diverse array of specialized products and services that compete directly and indirectly with similar products and services offered by national and local providers. We believe there is no single competitor who offers the same combination of products and services that we do. Therefore, we believe that we compete with a broad range of entities.

Our PIRM segment competes with entities that provide access to data or data-based analytics products and services as part of their product offerings, including Black Knight, Inc., which provides real estate information, analytics, valuation-related services and other solutions, ATTOM Data, which provides public records data, FAC, which provides real estate, home ownership and property data, Verisk Analytics, Inc., which provides data and risk assessment in the insurance and financial services industries, as well as RealPage, Inc. and Yardi Systems, Inc., which provide services in the multifamily residential industry. We also compete with departments within financial institutions that utilize internal resources to provide similar analytics and services on a captive basis. We compete based on the breadth and quality of our data sets, the exclusive nature of some of our key data sets, the quality and effectiveness of our products and the integration of our platforms into client systems. We believe the data we offer is distinguished by quality, the broad range of our data sources (including non-public sources), the volume of records we maintain and our ability to provide data spanning a historical period of time that exceeds comparable data sets of most of our competitors.

Our UWS segment competes with third-party providers such as Black Knight, Inc. and Lereta LLC, which provide tax and flood services, as well as credit and screening solutions providers such as Equifax, Inc., Credit Plus, Kroll Factual

Data; Clear Capital, Solidifi and ServiceLink, which provide valuation-related services. For these services, we compete largely based on the quality of the products and services we provide, our ability to provide scalable services at competitive prices and our ability to provide integrated platforms. We also compete with departments within financial institutions that utilize internal resources to provide similar services on a captive basis. We generally compete with captive providers based on the quality of our products and services, the scalability of our services, cost efficiencies and our ability to provide some level of risk mitigation.

Sales and Marketing

Our sales strategy is client-focused and resources are primarily assigned based on client size and complexity. Several of our sales team members and subject matter experts specialize in specific solutions, products and services. Each of our sales executives develops and maintains key relationships within each client’s business units and plays an important role in relationship management as well as developing new business. Our sales executives understand the current marketplace

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environment and demonstrate extensive knowledge of our clients' internal operating structure and business needs. The depth and breadth of our relationships with our clients allows us to develop and implement solutions that are tailored to the specific needs of each client in a prompt and efficient manner.

Smaller clients, measured by revenue or geographic coverage, are primarily managed through our inside sales operations function which is responsible for working with mortgage and real estate brokers, smaller property and casualty insurance companies, fixed-income investors, appraisers, real estate agents, correspondents and other lenders.

Several of our product and service lines have sales teams and subject matter experts who specialize in specific solutions, products and services. These sales teams and subject matter experts work collaboratively with our sales executives and our inside sales operations to assist with client sales by combining our data, products and data-enabled services to meet the specific needs of each client, and may be assigned to assist with sales in targeted markets, for certain categories of clients or for particular service groups.

Our marketing strategy is to accelerate growth by building trusted relationships with our clients and delivering superior value through unique property-related data, analytics and data-enabled solutions. We use the most efficient methods available to successfully identify, target, educate and engage potential and existing clients through their preferred channel of communication. Employing client-centric marketing initiatives and campaigns, we clearly articulate our value proposition to build awareness, familiarity and interest in our business solutions, demand for our products and services, and increase volume, quality and velocity of sales opportunities. Our marketing activities include direct marketing, advertising, public relations, event marketing, digital marketing, social media and other targeted activities.

Acquisitions and Divestitures

Historically, we have increased the scale of our existing businesses and entered new markets, products and services through selective acquisitions that we believe strengthen our overall solution offerings and value proposition to clients. We continually evaluate our business mix and opportunistically seek to optimize our business portfolio through acquisitions and divestitures.

Intellectual Property

We own significant intellectual property rights, including patents, copyrights, trademarks and trade secrets. We consider our intellectual property to be proprietary and we rely on a combination of statutory (e.g., copyright, trademark, trade secret and patent) and contractual safeguards in an intellectual property enforcement program to protect our intellectual property rights.

We have more than 50 issued patents in the US covering business methods, software and systems patents, principally relating to automated valuation, fraud detection, data gathering, flood detection, MLS technology and property monitoring. We also have 18 patent applications pending in these and other areas in the US. In addition, we have a number of issued patents and pending patent applications internationally, including in Canada and Australia. The protection of our proprietary technology is important to our success and we intend to continue to protect those intellectual property assets for which we have expended substantial research and development capital and are material to our business.

In addition, we own more than 300 trademarks in the US and foreign countries, including the names of our products and services as well as our logos and tag lines, many of which are registered. Many of our trademarks, trade names, service marks and logos are material to our business, as they assist our clients in identifying our products and services and the quality that stands behind them.

We own more than 1,000 registered and unregistered copyrights in the US and foreign countries, covering computer programs, reports and manuals. We also have other literary works, including marketing materials, handbooks, presentations and website content that are protected under common law copyright. We believe our written materials are essential to our business as they provide our clients with insight into various areas of the financial and real estate markets in which we operate.

Our research and development activities focus primarily on the design and development of our analytical tools, software applications, and data sets. We expect to continue our practice of investing in the development of new software applications and systems in response to the market and client needs we identify through client input collected in meetings, phone calls and web surveys. We also assess opportunities to integrate existing data sets to enhance our products' effectiveness.

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In order to maintain control of our intellectual property, we enter into license agreements with our clients, granting rights to use our products and services, including our software and databases. We also audit our clients from time to time to ensure compliance with our agreements. This helps to maintain the integrity of our proprietary intellectual property and to protect the embedded information and technology contained in our solutions. As a general practice, employees, contractors and other parties with access to our proprietary information enter into agreements that prohibit the unauthorized use or disclosure of our proprietary rights, information and technology.

Information Technology

Information technology is a significant focus area and we maintain a long-term strategic technology plan which is reassessed annually. Our information technology initiatives are driven by internal technology staff with support from a number of external technology firms. Our existing technology infrastructure is a private, dedicated cloud-based computing environment hosted in a primary and secondary technology centers owned and managed by the NTT Data Corporation ("NTT").

We maintain an innovation development center ("IDC") to develop, enhance and expand our next generation cloud-agnostic IDC platform on which new products can be rapidly built, scaled, modified and deployed. In addition, the IDC plays a leading role in research and development in the areas of employing hardware advancements, data and analytics, mobility and the application of machine learning and mobility solutions. We supplement the IDC with a number of strategic alliances, including Google and Pivotal Software, Inc.

Technology Operations

Our private, dedicated cloud computing environment hosted by NTT is designed to enable us to deliver secure and compliant data, analytics and services to support client needs. This network of systems, combined with enterprise-level service operations, positions us as a leading property insights provider to the financial services market. Additionally, our platform stores, processes and delivers our data and our proprietary technologies that are the foundation of our business and critical to the development of our solutions. In conjunction with NTT, we operate a computing technology environment intended to allow us to provide flexible systems at all times, enabling us to deliver increased capacity as needed or when client needs demand increased speed of delivery. Additionally, our unified network architecture allows us to operate multiple systems as a single resource capable of delivering our applications, data and analytics as a combined solution to our clients.

Security

We have deployed a wide range of physical and digital security measures, along with a formal governance program, designed to secure our information technology infrastructure, personnel and data. Our governance program is based on corporate information security policies, an information security awareness training program along with an enterprise compliance program. Both our technology managers and NTT’s technology infrastructure managers are Information Technology Infrastructure Library certified. NTT is contractually obligated to comply with our information security policies and procedures. Our digital security framework provides layered protection designed to secure both active and inactive virtual machines in the data centers we use. This approach enables dedicated virtual machines to regularly scan all of our systems. These measures help to detect and prevent intrusions, monitor firewall integrity, inspect logs, catch and quarantine malware and prevent data breaches. Our physical and digital security solutions run in tandem, enabling us to better identify suspicious activities and implement preventive measures.

Regulation

We are subject to a number of US federal, state and local and foreign laws and regulations that involve various aspects of our businesses. Failure to satisfy those legal and regulatory requirements, or the adoption of new laws or regulations, could have a significant negative impact on our ability to provide certain products and services or could result in the imposition of fines or penalties or the incurrence of damages. US federal, state and local and foreign laws and regulations are evolving and can be subject to significant change. There are also a number of legislative proposals pending before the US Congress, various state legislative bodies and foreign governments concerning consumer and data protection that could affect us. In addition, the application and interpretation of these laws and regulations are often uncertain. These laws are enforced by regulatory agencies in the jurisdictions where we operate and, in some instances, also through private civil litigation. Among the more significant areas of regulation for our business are the following:

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US Consumer Financial Regulations and Data Protection

Our US operations are subject to numerous laws and regulations governing the collection, protection and use of consumer data and other information, and provide for sanctions for the misuse of such information or unauthorized access to data. The laws and regulations that affect our US operation include, but are not limited to, the following:

- Fair Credit Reporting Act ("FCRA"). The FCRA governs the practices of consumer reporting agencies that are engaged in the business of collecting and analyzing certain types of information about consumers, including credit eligibility information. The FCRA also governs the submission of information to consumer reporting agencies, the access to and use of information provided by consumer reporting agencies and the ability of consumers to access and dispute information held about them. Some of our services are subject to regulation under the FCRA. Violation of the FCRA can result in civil and criminal penalties and the FCRA contains an attorney fee shifting provision to provide an incentive for consumers to bring individual or class action lawsuits for violations of the FCRA. Regulatory enforcement of the FCRA is under the purview of the US Federal Trade Commission, the Consumer Financial Protection Bureau ("CFPB"), and state attorneys general, acting alone or in concert with one another. Many states have also enacted laws with requirements similar to FCRA. Some of these state laws impose additional, or more stringent, requirements than FCRA.

- Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act"). The Dodd-Frank Act gave the CFPB supervisory authority over "larger participants" in the market for consumer financial services, as the CFPB defines by rule. In July 2012, the CFPB finalized its regulation regarding larger participants in the consumer reporting market. Under the regulation, certain of our credit services businesses are considered larger participants. As a result, the CFPB has the authority to conduct examinations of the covered credit services businesses and we expect that we will continue to be examined by the CFPB as part of this authority. In addition, the CFPB serves as the principal federal regulator of providers of consumer financial products and services. As such, the CFPB has significant rulemaking authority under existing federal statutes that regulate many of our products and services, as well as the authority to conduct examinations of certain providers of financial products and services, including our tax services business. The CFPB also has the authority to initiate an investigation of our other businesses if it believes that a federal consumer financial law is being violated. In addition to transferring authority under certain existing laws to the CFPB and providing it with examination and supervisory authority, the Dodd-Frank Act also prohibits unfair, deceptive or abusive acts or practices ("UDAAP") with respect to consumer financial products and provides the CFPB with authority to enforce those provisions. The CFPB has stated that its UDAAP authority may allow it to find statutory violations even where a specific regulation does not prohibit the relevant conduct, or prior published regulatory guidance or judicial interpretation has found the activity to be in accordance with law.

- Privacy Laws. The privacy and protection of consumer information remains a developing area and we continue to monitor legislative and regulatory developments at the federal, state and local levels. We expect that there will continue to be enhanced state and/or federal regulation in the area of financial and consumer data privacy, including regulation similar to the California Consumer Privacy Act ("CCPA"). As enacted, the CCPA may require us to make new disclosures to consumers about our data collection, use and sharing practices and afford consumers new abilities to opt out of certain data sharing with third parties. It also provides a new cause of action for data breaches. As currently enacted, the CCPA takes effect on January 1, 2020, but is subject to further rulemaking proceedings by the California Attorney General. Any such additional regulation could significantly impact some of our business practices.

Other federal and state laws also impose requirements relating to the privacy of information held by us. For our businesses that involve the collection, processing and distribution of personal public and non-public data, certain of their solutions and services are subject to regulation under federal, state and local laws in the US and, to a lesser extent, foreign countries. These laws impose requirements regarding the collection, protection, use and distribution of some of the data we have, and provide for sanctions and penalties in the event of violations of these requirements. In addition, certain state laws may impose breach notice responsibilities in the event of the loss of data due to third-party security breaches, employee error, or other events resulting in persons gaining unauthorized access to our data (including, in some cases, for losses that are incurred through our clients' errors or systems). Some of these laws require additional data protection measures over and above the Gramm-Leach-Bliley Act ("GLBA") data safeguarding requirements. If data within our system is compromised by a breach, we may be subject to provisions of various state security breach laws. Most states have adopted data security breach laws that require notice be given to affected consumers in the event of a breach of personal information, and in some cases the provision of additional benefits such as free credit monitoring to affected individuals. If data

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within our system is compromised by a breach, we may be subject to provisions of various state security breach laws.

- Gramm-Leach-Bliley Act. The GLBA regulates the sharing of non-public personal financial information held by financial institutions and applies indirectly to companies that provide services to financial institutions. In addition to regulating information sharing, the GLBA requires that non-public personal financial information be safeguarded using physical, administrative and technological means. Certain of the non-public personal information we hold is subject to protection under the GLBA.

- Real Estate Settlement Procedures Act (“RESPA”). RESPA is enforced by the CFPB and generally prohibits the payment or receipt of fees or any other item of value for the referral of real estate-related settlement services. RESPA also prohibits fee shares or splits or unearned fees in connection with the provision of residential real estate settlement services, such as mortgage brokerage services and real estate brokerage services. Notwithstanding these prohibitions, RESPA permits payments for goods furnished or for services actually performed, so long as those payments bear a reasonable relationship to the market value of the goods or services provided. Our mortgage origination-related businesses that supply credit reports, flood and tax services, valuation products, and all other settlement services to residential mortgage lenders are structured and operated in a manner intended to comply with RESPA and related regulations.

- Real estate appraisals and automated valuation models (“AVMs”) are subject to federal and state regulation. The Dodd-Frank Act implemented rules and guidance thereunder, and inter-agency guidance jointly issued by the federal financial institution regulators have expanded regulation of these activities. Regulations address appraisals, AVMs and other forms of property value estimates, which are subject to explicit and detailed regulations including licensing, pricing and quality control requirements. In addition, creditors are required to disclose information to applicants about the purpose, and provide consumers with a free copy, of any appraisal, AVM or other estimate of a home's value developed in connection with a residential real estate mortgage loan application.

In addition to the foregoing areas of regulation, several of our other businesses are subject to or impacted by additional regulation, including our tenant screening business, which is subject to certain landlord-tenant laws and insurance agency laws, and our activities in foreign jurisdictions are subject to the requirements of the Foreign Corrupt Practices Act (“FCPA”) and comparable foreign laws.

International Consumer Financial Regulations and Data Protection

We are subject to consumer and data protection laws and regulations in the foreign countries where we conduct business. We conduct business in several international jurisdictions, including Australia, New Zealand, Canada, United Kingdom and various countries in Europe. Principle regulatory bodies and regulatory laws that impact our international operations include: Office of the Australian Information Commissioner, the agency with direct responsibility for administering the Australian Privacy Principles and Part IIIA of the Privacy Act 1988; the Office of the Privacy Commissioner of New Zealand, which issued the Credit Reporting Privacy Code 2004; we are subject to the European Union Data Protection Regulation, commonly known as GDPR, which prohibits the transfer of personal information from the EU to other countries whose laws do not protect personal data to an adequate level of privacy or security; and in Canada, we are subject to the Personal Information Protection and Electronic Documents Act of 2000, as well as substantially similar provincial laws enacted in Alberta, British Columbia and Quebec. In addition to the above-mentioned regulations, we are subject to a variety of international consumer protection, privacy, data security and notification laws and regulations in each foreign jurisdiction in which we operate that may relate to our business or affect the demand for our products and services.

Compliance with current and future laws and regulations relating to our businesses, including consumer protection laws and regulations and international regulations, could have a material adverse effect on us and activities related to ongoing compliance will likely increase our compliance costs.

Employees

As of December 31, 2018, we had approximately 5,800 employees, of which approximately 4,900 were employed in the US and 900 outside the US.

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Available Information

We are required to file annual, quarterly and current reports, proxy statements and other information with the US Securities and Exchange Commission ("SEC"). The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us, at http://www.sec.gov.

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), are also available free of charge through the "Investors" page on our Internet site at http://www.corelogic.com as soon as reasonably practicable after such reports are electronically filed with or furnished to the SEC. The information on our website is not, and shall not be deemed to be, a part hereof or incorporated into this or any of our other filings with the SEC.

Item 1A. Risk Factors.

Risks Related to Our Business

A cyber-based attack, data corruption or network security breach, or inability to secure the electronic transmission of sensitive data could have a material adverse effect on our business and reputation.

We are highly dependent on information technology networks and systems, including the Internet, to securely process, transmit and store electronic information. In particular, we depend on our information technology infrastructure for business-to-business and business-to-consumer electronic commerce. Security breaches of this infrastructure, including physical or electronic break-ins, computer viruses, attacks by hackers, spoofed or manipulated electronic communications and similar breaches, can create system disruptions, shutdowns or unauthorized disclosure of confidential information, including non-public personal information and consumer data, or loss of other company assets. Unauthorized access, including through use of fraudulent schemes such as "phishing" schemes, could jeopardize the security of information stored in our systems. In addition, malware or viruses could jeopardize the security of information stored or used in a user's computer. Insider or employee cyber and security threats are also a significant concern. Despite our physical security, implementation of technical controls and contractual precautions to identify, detect and prevent the unauthorized access to and alteration and disclosure of our data, we cannot assure you that systems that access our services and databases will not be compromised or disrupted, whether as a result of criminal conduct, distributed denial of service attacks or other advanced persistent attacks by malicious actors, including hackers, nation states and criminals, breaches due to employee error or malfeasance, or other disruptions. Several highly publicized data incidents and cyberattacks have heightened consumer awareness of this issue and may embolden individuals or groups to target our systems. If we are unable to prevent, mitigate or timely respond to such security or privacy breaches, our operations could be disrupted, or we may suffer loss of reputation, financial loss, lawsuits and other regulatory imposed restrictions and penalties because of lost or misappropriated information, including sensitive consumer data.

Data security and integrity concerns have caused a growing number of legislative and regulatory bodies to adopt consumer notification and other requirements in the event that consumer information is accessed by unauthorized persons and additional regulations regarding the use, access, accuracy and security of such data are possible. In the US, federal and state laws provide for a regulatory landscape of disparate notification regime and, therefore, regulatory compliance in the event of unauthorized access would be expensive and difficult. Failure to comply with these regulations could subject us to regulatory scrutiny and additional liability through federal or state enforcement, reputational harm, or private class actions.

We rely on the ability to access data from external sources at reasonable terms and prices.

We rely extensively upon data from a variety of external sources to maintain our proprietary and non-proprietary databases, including data from third-party suppliers, various government and public record sources and data contributed by our clients. Our data sources could cease providing or reduce the availability of their data to us, increase the price we pay for their data, or limit our use of their data for a variety of reasons, including legislatively or judicially imposed restrictions on use. If a significant supplier is no longer able or are unwilling to provide us with certain data, or if our public record sources of data become unavailable or too expensive, we may need to find alternative sources. If we are unable to identify and contract with suitable alternative data suppliers and efficiently and effectively integrate these data sources into our service offerings, we could experience service disruptions, increased costs and reduced quality and availability of our services. Moreover, some of our data suppliers compete with us in certain product offerings, which may make us vulnerable to unpredictable price increases from them and they may elect to stop providing data to us. Significant price increases could have a material adverse effect on our operating margins and our financial position, in particular if we are unable to arrange for substitute replacement sources of data on favorable economic terms. There can be no assurance that we would be able to obtain data from alternative sources if

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our current sources become unavailable. Loss of such access or the availability of data in the future on commercially reasonable terms or at all may reduce the quality and availability of our services and products, which could have a material adverse effect on our business, financial condition and results of operations.

Some of our data suppliers face similar regulatory requirements as we do and, consequently, they may cease to be able to provide data to us or may substantially increase the fees they charge us for this data, which may make it financially burdensome or impossible for us to acquire data that is necessary to offer our products and services. Many consumer advocates, privacy advocates and government regulators believe that existing laws and regulations do not adequately protect privacy or ensure the accuracy of consumer-related data. As a result, such advocates and regulators are seeking further restrictions on the dissemination or commercial use of personal information to the public and private sectors as well as contemplating requirements relative to data accuracy and the ability of consumers to opt to have their personal data removed from databases such as ours. Any future laws, regulations or other restrictions limiting the dissemination or use of personal information may reduce the quality and availability of the data necessary for our products and services, which could have a material adverse effect on our business, financial condition and results of operations.

Systems interruptions may impair the delivery of our products and services.

We depend on reliable, stable, efficient and uninterrupted operation of our technology network, systems, and data centers to provide service to our clients. System interruptions may impair the delivery of our products and services, resulting in a loss of clients and a corresponding loss in revenue. Our technology infrastructure runs primarily in a private dedicated cloud-based environment hosted in NTT's technology center in Quincy, WA and we are in the process of transitioning to a cloud-based environment hosted by GCP. We cannot be sure that certain systems interruptions or events beyond our control, including issues with NTT's technology center or our third-party network and infrastructure providers or in connection with our upgrading or replatforming key systems, or the transition to the Google hosted environment, will not interrupt or terminate the delivery of our products and services to our clients. These interruptions also may interfere with our suppliers' ability to provide necessary data to us and our employees' ability to attend to work and perform their responsibilities. Any of these possible outcomes could result in a loss of clients or a loss in revenue, which could have an adverse effect on our business or operations.

We are subject to significant government regulations.

Our business is subject to various federal, state, local and foreign laws and regulations. See Item 1. Business - “Regulation” in this Form 10-K for a summary of the material US and foreign consumer and data protection laws and regulations to which we are subject. These laws and regulations, which generally are designed to protect the privacy of the public and to prevent the misuse of personal information available in the marketplace, are complex, change frequently and have tended to become more stringent over time. Our failure to comply with applicable laws and regulations could restrict our ability to provide certain services or result in the imposition of fines and penalties, substantial regulatory and compliance costs, litigation expense, adverse publicity and loss of revenue. We incur, and expect to continue to incur, significant expenses in our attempt to ensure compliance with these laws.

Public concern is high with regard to the collection, use, accuracy, correction and sharing of personal information, including Social Security numbers, dates of birth, financial information, and other behavioral data. In addition, many consumer advocates, privacy advocates, legislatures and government regulators believe that existing laws and regulations do not adequately protect privacy and have become increasingly concerned with the collection and use of this type of personal information. Highly publicized data incidents have resulted in significantly increased legislative and regulatory activity at the federal and state levels as lawmakers and regulators continue to propose a wide range of further restrictions on the collection, dissemination or commercial use of personal information, information security standards, data security incident disclosure standards. In addition, the President of the US could propose further restrictions by executive order. As a result, our businesses are subject to an increasing degree of compliance oversight by regulators and by our clients. Specifically, the CFPB has authority to enact rules affecting the business of consumer reporting agencies and also to supervise, conduct examinations of, and enforce compliance with federal consumer financial protection laws and regulations with respect to certain “larger participants” that offer consumer financial products and services. Two of our credit businesses-CoreLogic Credco and Teletrack-are subject to the CFPB non-bank supervision program and the CFPB or other regulatory bodies could attempt to assert authority over other products or services. The CFPB and the prudential financial institution regulators such as the Office of the Comptroller of the Currency (“OCC”) also have the authority to examine us in our role as a service provider for certain services, including for tax services, to large financial institutions. In addition, several of our largest bank clients are subject to consent orders with the OCC and/or are parties to the National Mortgage Settlement, both of which require them to exercise greater oversight and perform more rigorous audits of their key vendors such as us. The CFPB may pursue administrative proceedings or litigation to enforce the laws and rules subject to its jurisdiction. In these proceedings the CFPB can obtain cease and desist orders, which can include orders for restitution to consumers or rescission of contracts, as well as other types

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of affirmative relief, and monetary penalties ranging from $5,000 per day for ordinary violations and up to $1.0 million per day for knowing violations.

In addition, our databases include certain public and non-public personal information concerning consumers, we are subject to government regulation and potential adverse publicity concerning our use of consumer data. We acquire, store, use and provide many types of consumer data and related services, some of which are subject to regulation under the FCRA, the GLBA, and the Driver's Privacy Protection Act and, to a lesser extent, various other federal, state, and local laws and regulations. These laws and regulations are designed to protect the privacy of consumers and to prevent the unauthorized access and misuse of personal information in the marketplace and we expect that there will be enhanced state and/or federal regulation in the area of financial and consumer data privacy, including regulations similar to the recently effective GDPR and recently enacted CCPA. A growing number of legislative and regulatory bodies have adopted consumer notification and other requirements in the event that consumer information is accessed by unauthorized persons and additional regulations regarding the use, access, accuracy and security of such data are possible. In the US, state laws provide for disparate notification regimes, all of which we are subject to. Any perception that our practices or products are an invasion of privacy, whether or not consistent with current or future regulations and industry practices, may subject us to public criticism, private class actions, reputational harm, or claims by regulators, which could disrupt our business and expose us to increased liability. Our failure to comply with these laws, or any future laws or regulations of a similar nature, could result in substantial regulatory penalties, litigation expense and loss of revenue.

These laws and regulations (as well as laws and regulations in the various states or in other countries) could limit our ability to pursue business opportunities we might otherwise consider engaging in, impose additional costs or restrictions on us, result in significant loss of revenue, impact the value of assets we hold, or otherwise significantly adversely affect our business. Any failure by us to comply with applicable laws or regulations could also result in significant liability to us, including liability to private plaintiffs as a result of individual or class action litigation, or may result in the cessation of our operations or portions of our operations or impositions of fines and restrictions on our ability to carry on or expand our operations. Our operations could also be negatively affected by changes to laws and regulations and enhanced regulatory oversight of our clients and us. These changes may compel us to change our prices, may restrict our ability to implement price increases, and may limit the manner in which we conduct our business or otherwise may have a negative impact on our ability to generate revenues, earnings and cash flows. If we are unable to adapt our products and services to conform to the new laws and regulations, or if these laws and regulations have a negative impact on our clients, we may experience client losses or increased operating costs, and our business and results of operations could be negatively affected.

Our revenue is affected by the strength of the economy, interest rate environment and the housing market generally.

A significant portion of our revenue is generated from solutions we provide to the mortgage, consumer lending and real estate industries and, as a result, a weak economy or housing market or adverse changes in the interest rate environment may adversely affect our business. A large portion of our client base suffers when financial markets experience volatility, illiquidity and disruption, which has occurred in the past and which could reoccur, and the potential for increased and continuing disruptions going forward, presents considerable risks to our business and revenue. The volume of mortgage origination and residential real estate transactions is highly variable. Reductions in these transaction volumes have had, and will continue to have, a direct impact on certain portions of our revenues and may materially adversely affect our business. Negative economic conditions and/or increasing interest rate environments has resulted, and may continue to result, in fluctuations in volumes, pricing and operating margins for our services. For example, we believe mortgage unit volumes decreased by greater than 15% in 2018 relative to 2017, primarily due to significantly lower mortgage refinance volumes resulting from rising interest rates and other factors which are unfavorably impacting mortgage purchase volumes. For 2019, we expect the trend in rising interest rates to continue and therefore we expect 2019 mortgage unit volumes to be approximately 5% lower relative to 2018 levels, mostly due to lower expected refinance activity. If our clients in the mortgage consumer lending and real estate industries experience economic hardship, in particular if these clients go bankrupt or otherwise exit certain businesses, it may negatively impact our revenue, earnings and liquidity.

We rely on our top ten clients for a significant portion of our revenue.

Our ten largest clients generated approximately 31.3% of our operating revenues for the year ended December 31, 2018, although none of our largest clients individually accounted for greater than 10% of our operating revenues for the year ended December 31, 2018. We expect that a limited number of our clients will continue to represent a significant portion of our revenues for the foreseeable future, and that our concentration of revenue may continue to be significant or increase. These clients face continued pressure in the current economic and regulatory climate. Many of our relationships with these clients are long-standing and are important to our future operating results, but there is no guarantee that we will be able to retain or renew existing agreements or maintain our relationships on acceptable terms or at all. In addition, in response to increased regulatory

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oversight, clients in the mortgage lending industry may have internal policies that require them to use multiple vendors or service providers, thereby causing a diversification of revenue among many vendors. Deterioration in or termination of any of these relationships, including through vendor diversification policies or merger or consolidation among our clients, could significantly reduce our revenue and could adversely affect our business, financial condition and results of operations. In addition, certain of our businesses have higher client concentration than our company as a whole. As a result, these businesses may be disproportionately affected by declining revenue from, or loss of, a significant client.

Likewise, our clients are increasingly imposing more stringent contractual obligations on us relating to our information security protections. If we are unable to maintain protections and processes at a level commensurate with that required by our clients, it could negatively affect our relationships with those clients or increase our operating costs.

We operate in a competitive business environment that is impacted by technology advancements or new product development.

The markets for our products and services are intensely competitive. Our competitors vary in size and in the scope and breadth of the services they offer. We compete for existing and new clients against both third parties and the in-house capabilities of our clients. Many of our competitors have substantial resources. Some have widely-used technology platforms that they seek to use as a competitive advantage to drive sales of other products and services. In addition, we expect that the markets in which we compete will continue to attract new competitors and new technologies. These competitors and new technologies may be disruptive to our existing technology or service offerings, resulting in operating inefficiencies and increased competitive pressure. In order to compete with current and future technologies, we must continuously improve our network operating systems, programming tools, programming languages, operating systems, data matching, data filtering and other database technologies. These improvements, as well as changes in client preferences or regulatory requirements, may require changes in the technology used to gather and process our data and deliver our services. Our future success will depend, in part, upon our ability to internally develop and implement new and competitive technologies, respond to changing client needs and regulatory requirements, and transition clients and data sources successfully to new interfaces or other technologies.

In addition, many of our products and services compete within markets characterized by frequent new product and service introductions and changing industry standards. Without the timely introduction of new products and services, our products and services could become commercially obsolete over time, in which case our revenue and operating results would suffer. The success of our new products and services will depend on several factors, including our ability to properly identify client needs; innovate and develop new technologies, services and applications; successfully commercialize new products and services in a timely manner; produce and deliver our products in sufficient volumes on time; differentiate our offerings from competitor offerings; price our products competitively, including taking into account changes in sales and use tax laws; anticipate our competitors' development of new products, services or technological innovations; and control product quality in our product development process. This product development effort requires the investment of a substantial amount of capital prior to market adoption.

We cannot provide assurance that there will be market demand for our future product offerings or that we will successfully implement new technologies, cause clients or data furnishers to implement compatible technologies or adapt our technology to evolving client, regulatory and competitive requirement. We also cannot guarantee that we will be able to effectively allocate capital to new product development to create competitive products, as compared to our peers and new market entrants. Failure to launch new and differentiated products will have an adverse effect on our growth and our business. If we fail to respond, or fail to cause our clients or data furnishers to respond, to changes in technology, regulatory requirements or client preferences, the demand for our services, the delivery of our services or our market reputation could be adversely affected.

Our reliance on outsourcing arrangements subjects us to risk and may disrupt or adversely affect our operations.

We have outsourced various business process and information technology services to third parties, including the outsourcing arrangements we entered into with a subsidiary of Cognizant Technology Solutions, an affiliate of EPAM Systems, and the technology infrastructure management services agreement we entered into with NTT. Although we have service-level arrangements with our providers, we do not ultimately control their performance, which may make our operations vulnerable to their performance failures. In addition, the failure to adequately monitor and regulate the performance of our third-party vendors could subject us to additional risk. Reliance on third parties also makes us vulnerable to changes in the vendors' business, financial condition and other matters outside of our control, including their violations of laws or regulations which could increase our exposure to liability or otherwise increase the costs associated with the operation of our business. The failure of our outsourcing partners to perform as expected or as contractually required could result in significant disruptions and costs

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to our operations and to the services we provide to our clients, which could materially and adversely affect our business, client relationships, financial condition, operating results and cash flow.

Certain outsource arrangements contemplate the utilization of lower-cost labor outside the US in countries such as India, Poland, Ukraine, Mexico and the Philippines. It is likely that the countries where our outsourcing vendors are located may be subject to higher degrees of political and social instability than the US and may lack the infrastructure to withstand political unrest or natural disasters. These countries may also have reduced protection for intellectual property rights, including trade secrets. Such disruptions could impact our ability to deliver our products and services on a timely basis, if at all, and to a lesser extent could decrease efficiency and increase our costs. Fluctuations of the US dollar in relation to the currencies used and higher inflation rates experienced in these countries may also reduce the savings we planned to achieve. Furthermore, the practice of utilizing labor based in foreign countries has come under increased scrutiny in the US and, as a result, many of our clients may require us to use labor based in the US We may not be able to pass on the increased costs of higher-priced US-based labor to our clients, which ultimately could have an adverse effect on our results of operations.

In addition, the US or the foreign countries in which we have service provider arrangements or operate could adopt new legislation or regulations that would adversely affect our business by making it difficult, more costly or impossible for us to continue our foreign activities as currently being conducted. Furthermore, in many foreign countries, particularly in those with developing economies, it is common to engage in business practices that are prohibited by laws and regulations applicable to us, such as the FCPA. Any violations of the FCPA or local anti-corruption laws by us, our subsidiaries or our local agents could have an adverse effect on our business and reputation and result in substantial financial penalties or other sanctions.

Our acquisition and integration of businesses may involve increased expenses and may not produce the desired financial or operating results.

We have acquired and expect to continue to acquire, on an opportunistic basis, companies, businesses, products and services. These activities may increase our expenses, and the expected results, synergies and growth from these initiatives may not materialize as planned. While management believes that acquisitions will improve our competitiveness and profitability, no assurance can be given that acquisitions will be successful or accretive to earnings. For a description of our recent acquisitions, see Note 17 - Acquisitions of the Notes to the Consolidated Financial Statements included in Item 8 - Financial Statements and Supplementary Data of this Annual Report on Form 10-K, which is incorporated by reference in response to this item.

We may have difficulty integrating our completed or any future acquisitions into our operations, including implementing controls, procedures and policies. If we fail to properly integrate acquired businesses, products, technologies and personnel, it could impair relationships with employees, clients and strategic partners, distract management attention from our core businesses, result in control failures and otherwise disrupt our ongoing business and harm our results of operations. We also may not be able to retain key management and other critical employees after an acquisition. Although part of our business strategy may include growth through strategic acquisitions, we may not be able to identify suitable acquisition candidates, obtain the capital necessary to pursue acquisitions or complete acquisitions on satisfactory terms in the future.

In addition, we have substantial investments in recorded goodwill as a result of prior acquisitions and an impairment of these investments could require a write-down that would reduce our net income. Goodwill is assessed for impairment annually or sooner if circumstances indicate a possible impairment. Factors that could lead to impairment of goodwill include significant under-performance relative to historical or projected future operating results, a significant decline in our stock price and market capitalization and negative industry or economic trends. In the event that the book value of goodwill is impaired, any such impairment would be charged against earnings in the period of impairment. Possible future impairment of goodwill may have a material adverse effect on our business, financial condition and results of operations.

We operate our business in international markets.

In 2018, we derived approximately 9% of our revenues from our operations outside of the US and we intend to continue to expand our international operations. We expect to continue to add personnel internationally to expand our abilities to deliver differentiated services to our international clients. Expansion into international markets may require significant resources and management's attention and will subject us to new regulatory, economic and political risks. There can be no assurance that our products or services will be accepted in any particular international market and we cannot provide assurance that our international expansion efforts will be successful. The results of our operations and our growth rate could be adversely affected by a variety of factors arising out of international commerce, some of which are beyond our control, including currency rate fluctuations, foreign laws and regulatory requirements, trade protection measures, increased data privacy and consumer protection regulations, difficulty in staffing and managing widespread operations, restrictions on the import and

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export of technologies, political and economic conditions in foreign countries, and reduced protection for intellectual property rights.

We could infringe on the proprietary rights of others.

As we continue to develop and expand our products and services, we may become increasingly subject to infringement claims from third parties such as non-practicing entities, software providers and suppliers of data. Likewise, if we are unable to maintain adequate controls over how third-party software and data are used we may be subject to claims of infringement. Any claims, whether with or without merit, could:

- be expensive and time-consuming to defend;
- cause us to cease making, licensing or using applications that incorporate the challenged intellectual property;
- require us to redesign our applications, if feasible;
- divert management's attention and resources;
- require us to enter into royalty or licensing agreements in order to obtain the right to use necessary technologies; and
- subject us to significant damages, penalties, fines, and costs associated with an adverse judgment or settlement.

We rely upon intellectual property rights to protect our, proprietary technology and information.

Our success depends, in part, upon our intellectual property rights. We rely primarily on a combination of patents, copyrights, trade secrets, and trademark laws and nondisclosure and other contractual restrictions on copying, distribution and creation of derivative products to protect our proprietary technology and information. This protection is limited, and our intellectual property could be used by others without our consent. In addition, patents may not be issued with respect to our pending or future patent applications, and our patents may not be upheld as valid or may not prevent the development of competitive products. Any infringement, disclosure, loss, invalidity of, or failure to protect our intellectual property could negatively impact our competitive position, and ultimately, our business. Moreover, litigation may be necessary to enforce or protect our intellectual property rights, to protect our trade secrets, or to determine the validity and scope of the proprietary rights of others. Such litigation could be time-consuming, result in substantial costs and diversion of resources and could harm our business, financial condition, results of operations and cash flows.

Our level of indebtedness could adversely affect our financial condition and prevent us from complying with our covenants and obligations under our outstanding debt instruments.

As of December 31, 2018, our total debt was approximately $1.8 billion and we had unused commitments of approximately $521.9 million under our Revolving Facility. Subject to the limitations contained in the Credit Agreement governing our credit facilities and our other debt instruments, we may incur additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions, or for other general corporate purposes. If we do so, the risks related to our level of debt could increase. Specifically, our level of debt could have important consequences to us, including increasing our vulnerability to adverse economic and industry conditions and compromising our flexibility to capitalize our business opportunities and to plan for, or react to, competitive pressures and changes in our business or market conditions.

The Credit Agreement governing our credit facilities imposes operating and financial restrictions on our activities. These restrictions include the financial covenants in our credit facilities, which require ongoing compliance with certain financial tests and ratios, including a minimum interest coverage ratio and maximum leverage ratio, and could limit or prohibit our ability to, among other things:

- create, incur or assume additional debt;

- create, incur or assume certain liens;
- redeem and/or prepay certain subordinated debt we might issue in the future;
- pay dividends on our stock or repurchase stock;
- make certain investments and acquisitions, including joint ventures;
- enter into or permit to exist contractual limits on the ability of our subsidiaries to pay dividends to us;
- enter into new lines of business;
- engage in consolidations, mergers and acquisitions;
- engage in specified sales of assets; and
- enter into transactions with affiliates.

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These restrictions on our ability to operate our business could negatively impact our business by, among other things, limiting our ability to take advantage of financing, merger and acquisition or other corporate opportunities that might otherwise be beneficial to us. Our failure to comply with these restrictions could result in an event of default which, if not cured or waived, could result in the acceleration of substantially all our debt.

We may not be able to generate sufficient cash to service all of our indebtedness.

Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our financial position and results of operations. If we cannot make scheduled payments on our debt, we will be in default and the lenders under our credit facilities could declare all outstanding principal and interest to be due and payable and could terminate their revolving commitments to loan money and foreclose against the assets securing their borrowings, and we could be forced into bankruptcy or liquidation.

We may not be able to attract and retain qualified management personnel.

We rely on skilled management personnel and our success depends on our ability to attract, train and retain a sufficient number of such individuals. If our attrition rate increases, our operating efficiency and productivity may decrease. We compete for talented individuals not only with other companies in our industry, but also with companies in other industries, such as software services, engineering services and financial services companies, and there is a limited pool of individuals who have the skills and training needed to grow our company, especially in the increasingly-regulated environment in which we operate. Increased attrition or competition for qualified management could have an adverse effect on our ability to expand our business and product offerings, as well as cause us to incur greater personnel expenses and training costs.

We share responsibility with First American for certain income tax liabilities for tax periods prior to and including the date of the Separation.

Under the Tax Sharing Agreement, by and between FAC and FAFC, dated as of June 1, 2010 we entered into in connection with the Separation transaction, we are generally responsible for taxes attributable to our business, assets and liabilities and FAFC is generally responsible for all taxes attributable to members of the FAFC group of companies and the assets, liabilities or businesses of the FAFC group of companies. Generally, any liabilities arising from tax adjustments to consolidated tax returns for tax periods prior to and including the date of the Separation will be shared in proportion to each company's percentage of the tax liability for the relevant year (or partial year with respect to 2010), unless the adjustment is attributable to either party, in which case the adjustment will generally be for the account of such party. In addition to this potential liability associated with adjustments for prior periods, if FAFC were to fail to pay any tax liability it is required to pay under the Tax Sharing Agreement, we could be legally liable under applicable tax law for such tax liabilities and required to make additional tax payments. Accordingly, under certain circumstances, we may be obligated to pay amounts in excess of our agreed-upon share of tax liabilities.

If certain transactions, including internal transactions, undertaken in anticipation of the Separation are determined to be taxable for US federal income tax purposes, we, our stockholders that are subject to US federal income tax and FAFC will incur significant US federal income tax liabilities.

In connection with the Separation we received a private letter ruling from the IRS to the effect that, among other things, certain internal transactions undertaken in anticipation of the Separation will qualify for favorable treatment under the US Internal Revenue Code of 1986, as amended (the ‘‘Code’’), and the contribution by us of certain assets of the financial services businesses to FAFC and the pro-rata distribution to our shareholders of the common stock of FAFC will, except for cash received in lieu of fractional shares, qualify as a tax-free transaction for US federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. In addition, we received opinions of tax counsel to similar effect. The ruling and opinions relied on certain facts, assumptions, representations and undertakings from us and FAFC regarding the past and future conduct of the companies' respective businesses and other matters. If any of these facts, assumptions, representations or undertakings is incorrect or not otherwise satisfied, we and our stockholders may not be able to rely on the ruling or the opinions of tax counsel and could be subject to significant tax liabilities. Notwithstanding the private letter ruling and opinions of tax counsel, the IRS could determine on audit that the Separation is taxable if it determines that any of these facts, assumptions, representations or undertakings were not correct or have been violated or if it disagrees with the conclusions in the opinions that were not covered by the private letter ruling, or for other reasons, including as a result of certain significant changes in the stock ownership of us

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or FAFC after the Separation. If the Separation is determined to be taxable for US federal and state income tax purposes, we and our stockholders that are subject to income tax could incur significant income tax liabilities.

In addition, under the terms of the Tax Sharing Agreement, in the event a transaction were determined to be taxable and such determination were the result of actions taken after the Separation by us or FAFC, the party responsible for such failure would be responsible for all taxes imposed on us or FAFC as a result thereof.

Moreover, the Tax Sharing Agreement generally provides that each party thereto is responsible for any taxes imposed on the other party as a result of the failure of the distribution to qualify as a tax-free transaction under the Code if such failure is attributable to post-Separation actions taken by or in respect of the responsible party or its stockholders, regardless of when the actions occur after the Separation, and the other party consents to such actions or such party obtains a favorable letter ruling or opinion of tax counsel as described above.

In connection with the Separation, we entered into a number of agreements with FAFC setting forth rights and obligations of the parties post-Separation. In addition, certain provisions of these agreements provide protection to FAFC in the event of a change of control of us, which could reduce the likelihood of a potential change of control that our stockholders may consider favorable.

In connection with the Separation, we and FAFC entered into a number of agreements that set forth certain rights and obligations of the parties post-Separation, including the Separation and Distribution Agreement, the Tax Sharing Agreement and the Restrictive Covenants Agreement. We possess certain rights under those agreements, including without limitation indemnity rights from certain liabilities allocated to FAFC. The failure of FAFC to perform its obligations under the agreements could have an adverse effect on our financial condition, results of operations and cash flows.

In addition, the Separation and Distribution Agreement gives FAFC the right to purchase the equity or assets of our entity or entities directly or indirectly owning the real property databases that we currently own upon the occurrence of certain triggering events. The triggering events include the direct or indirect purchase of the databases by a title insurance underwriter (or its affiliate) or an entity licensed as a title insurance underwriter, including a transaction where a title insurance underwriter (or its affiliate) acquires 25% or more of us. The purchase right expires June 1, 2020. Until the expiration of the purchase right, this provision could have the effect of limiting or discouraging an acquisition of us or preventing a change of control that our stockholders might consider favorable. Likewise, if a triggering event occurs, the loss of ownership of our real property database could have a material adverse effect on our financial condition, business and results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2018, our real estate portfolio of 1.2 million square feet is comprised of leased property throughout 21 states in the US totaling approximately 1.1 million square feet, with another 105,000 square feet in the aggregate in Australia, Brazil, Bulgaria, Canada, France, Germany, India, New Zealand and the United Kingdom. Our properties range in size from a single property under 1,000 square feet to our large operations center in Irving, Texas totaling approximately 329,000 square feet. The lease governing our Irving, Texas property expires in March 2032. Our corporate headquarters are located in Irvine, California, where we occupy approximately 123,000 square feet and the lease governing the property expires in July 2021. In addition, we have total land holdings of approximately 40 acres located in Texas and Mississippi.

All properties are primarily used as offices and the leases governing the properties have varying expiration dates. The office facilities we occupy are, in all material respects, in good condition and adequate for their intended use.

Item 3. Legal Proceedings

For a description of our legal proceedings, see Note 14 - Litigation and Regulatory Contingencies and our discussion of discontinued operations within Note 2 - Significant Accounting Policies of the Notes to Consolidated Financial Statements included in Item 8 - Financial Statements and Supplementary Data of this Annual Report on Form 10-K, which is incorporated by reference in response to this item.

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Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Common Stock Market Prices and Dividends

Our common stock is listed on the New York Stock Exchange and trades under the symbol "CLGX". The approximate number of record holders of our common stock on February 22, 2019 was 2,453.

Unregistered Sales of Equity Securities

During the quarter ended December 31, 2018, we did not issue any unregistered shares of our common stock.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

In October 2018, the Board of Directors canceled all prior repurchase authorizations and established a new share repurchase authorization of up to $500.0 million. As of December 31, 2018, we have $478.0 million in value of shares (inclusive of commissions and fees) available to be repurchased under the plan. The stock repurchase plan has no expiration date and repurchases may be made in the open market, in privately negotiated transactions or pursuant to a Rule 10b5-1 plan.

Under our Credit Agreement, our stock repurchase capacity is restricted to $150.0 million per fiscal year, with the ability to undertake an additional amount of repurchases in such fiscal year provided that, on a pro forma basis after giving effect to the stock repurchase, our total covenant leverage ratio does not exceed 3.50 to 1.00. While we continue to preserve the capacity to execute share repurchases under our existing share repurchase authorization, going forward we will strive to pursue a balanced approach to capital allocation and will consider the repurchase of shares of our common stock, retirement of outstanding debt and the pursuit of strategic acquisitions on an opportunistic basis.

The following table summarizes our repurchase activity under our Board-approved stock repurchase plan for the three months ended December 31, 2018:

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
October 1 to October 31, 2018	489,200	$ 40.03	489,200	$480,417,324
November 1 to November 30, 2018	60,062	$ 40.87	60,062	$477,964,717

December 1 to December 31, 2018	—	$ —	—	$477,964,717
Total	549,262	$ 40.12	549,262	

(1) Calculated inclusive of commissions.

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Stock Performance Graph

The following performance graph and related information shall not be deemed “soliciting material” or “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that it is specifically incorporated by reference into such filing.

The following graph compares the yearly percentage change in the cumulative total stockholder return on our common stock with corresponding changes in the cumulative total returns of the Russell 2000 Index and two peer group indices. The comparison assumes an investment of $100 at the close of business on December 31, 2013 and reinvestment of dividends. This historical performance is not indicative of future performance.

The 2017 Peer Group, which was used by the Board's Compensation Committee for 2017 compensation decisions, consisted of: Acxiom Corporation, Broadridge Financial Solutions, Inc., Black Knight Inc., CSG Systems International Inc., The Dun & Bradstreet Corporation, Equifax, Inc., Fair Isaac Corporation, Fidelity National Financial, Inc., First American Financial, Gartner, Inc., Jack Henry & Associates, Inc., TeraData Corporation and Verisk Analytics, Inc. In 2018, the Compensation Committee adopted the 2018 Peer Group for use in 2018 compensation decisions, modifying the 2017 Peer Group to add Euronet Worldwide, Fleetcor Technologies, Global Payments, Inc., and Paychex as well as remove CIBER Inc., and DST Systems, Inc., as they were both delisted and ceased trading. The 2018 Peer Group more accurately and appropriately reflects our business and the industries in which we compete.

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Item 6. Selected Financial Data

The selected consolidated financial data for the five-year period ended December 31, 2018 has been derived from the consolidated financial statements. The selected consolidated financial data should be read in conjunction with the consolidated financial statements and notes thereto, “Item 1—Business—Corporate Events—Acquisitions” and “Item 7—Management’s Discussion and Analysis of Financial Condition and Consolidated Results of Operations.” The consolidated statements of operations data for the years ended December 31, 2015 and 2014 and the consolidated balance sheet data as of December 31, 2016, 2015, and 2014 have been derived from financial statements not included herein.

(in thousands, except per share amounts)	For the Year Ended December 31,				
Income Statement Data:	2018	2017	2016	2015	2014
Operating revenue	$1,788,378	$1,851,117	$1,952,557	$1,528,110	$1,405,040
Operating income	$222,618	$238,618	$277,940	$203,449	$170,517
Equity in earnings/(losses) of affiliates, net of tax	$1,493	$(1,186)	$496	$13,720	$14,120
Amounts attributable to CoreLogic:					
Income from continuing operations, net of tax	$122,451	$149,534	$109,946	$128,400	$89,741
(Loss)/income from discontinued operations, net of tax	(587)	2,315	(1,466)	(556)	(16,653)
Gain/(loss) from sale of discontinued operations, net of tax	—	313	(1,930)	—	112
Net income attributable to CoreLogic	$121,864	$152,162	$106,550	$127,844	$73,200
Balance Sheet Data:					
Total assets	$4,168,990	$4,077,413	$3,907,534	$3,673,716	$3,487,295
Long-term debt	$1,779,176	$1,753,570	$1,602,047	$1,336,674	$1,301,495
Total equity	$1,000,498	$1,007,876	$1,002,984	$1,049,490	$1,014,167
Amounts attributable to CoreLogic:					
Basic income/(loss) per share:					
Income from continuing operations, net of tax	$1.51	$1.79	$1.26	$1.44	$0.99
(Loss)/income from discontinued operations, net of tax	(0.01)	0.03	(0.02)	(0.01)	(0.18)
Gain/(loss) from sale of discontinued operations, net of tax	—	—	(0.02)	—	—
Net income attributable to CoreLogic	$1.50	$1.82	$1.22	$1.43	$0.81
Diluted income/(loss) per share:					
Income from continuing operations, net of tax	$1.49	$1.75	$1.23	$1.42	$0.97
(Loss)/income from discontinued operations, net of tax	(0.01)	0.03	(0.02)	(0.01)	(0.18)
Gain/(loss) from sale of discontinued operations, net of tax	—	—	(0.02)	—	—
Net income attributable to CoreLogic	$1.48	$1.78	$1.19	$1.41	$0.79
Weighted average shares outstanding					
Basic	80,854	83,499	87,502	89,070	90,825
Diluted	82,275	85,234	89,122	90,564	92,429

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Item 7. Management's Discussion and Analysis of Financial Condition and Consolidated Results of Operations

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K and certain information incorporated herein by reference contain forward-looking statements within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. All statements included or incorporated by reference in this Annual Report, other than statements that are purely historical, are forward-looking statements. Words such as "anticipate," "expect," "intend," "plan," "believe," "seek," "estimate," "will," "sho "would," "could," "may," and similar expressions also identify forward-looking statements. The forward-looking statements include, without limitation, statements regarding our future operations, financial condition and prospects, operating results, revenues and earnings liquidity, our estimated income tax rate, unrecognized tax positions, amortization expenses, impact of recent accounting pronouncements, our cost management program, our acquisition strategy and our growth plans, expectations regarding our recent acquisitions, share repurchases, the level of aggregate US mortgage originations and the reasonableness of the carrying value related to specific financial assets and liabilities.

Our expectations, beliefs, objectives, intentions and strategies regarding future results are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from results contemplated by our forward-looking statements.

We urge you to carefully consider risks and uncertainties and review the additional disclosures we make concerning risks and uncertainties that may materially affect the outcome of our forward-looking statements and our future business and operating results, including those made in Item 1A, "Risk Factors" in this 10-K, as such risk factors may be amended, supplemented or superseded from time to time by other reports we file with the SEC. We assume no obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by applicable law. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of the filing of this Annual Report on Form 10-K.

Business Overview

We are a leading global property information, analytics and data-enabled software platforms and services provider operating in North America, Western Europe and Asia Pacific. Our combined data from public, contributory and proprietary sources provides detailed coverage of property, mortgages and other encumbrances, property risk and replacement cost, consumer credit, tenancy, location, hazard risk and related performance information. We have more than one million users who rely on our data and predictive decision analytics to reduce risk, enhance transparency and improve the performance of their businesses.

We offer our clients a comprehensive national database covering real property and mortgage information, judgments and liens, building and replacement costs, parcel and geospatial data, criminal background records, eviction information, non-prime lending records, credit information, and tax information, among other data types. Our databases include over 900 million historical property transactions, over 100 million mortgage applications and property-specific data covering approximately 99% of US residential properties, as well as commercial locations, totaling nearly 150 million records. We are also the industry's first parcel-based geocoder and have developed a proprietary parcel database covering more than 150 million parcels across the US. We believe the quality of the data we offer is distinguished by our broad range of data sources and our experience in aggregating, organizing, normalizing, processing and delivering data to our clients.

With our data as a foundation, we have built strong analytics capabilities and a variety of value-added business services to meet our clients' needs for property tax processing, property valuation, mortgage and automotive credit reporting, tenancy screening, hazard risk, property risk and replacement cost, flood plain location determination and other geospatial data analytics and related services.

Overview of Business Environment and Company Developments

Business Environment

The volume of US mortgage loan originations serves as a key market driver for more than half of our business. We believe the volume of real estate and mortgage transactions is primarily affected by real estate prices, the availability of funds for mortgage loans, mortgage interest rates, housing supply, employment levels and the overall state of the US economy. We believe mortgage origination unit volumes decreased by greater than 15% in 2018 relative to 2017, primarily due to significantly lower mortgage refinance volumes resulting from rising interest rates and other factors which are unfavorably impacting mortgage purchase volumes. Mortgage purchase volumes are also being impacted by multiple factors such as tight inventory supply, insufficient supply of new housing stock, and affordability, all of which we expect to continue for the foreseeable future. For 2019, we expect the trend in rising interest rates to continue and therefore we expect 2019 mortgage unit volumes to be approximately 5% lower relative to 2018 levels, mostly due to lower expected refinance activity.

We generate the majority of our revenues from clients with operations in the US residential real estate, mortgage origination and mortgage servicing markets. Approximately 31.3%, 38.7%, and 43.0% of our operating revenues for the year ended December 31, 2018, 2017 and 2016, respectively, were generated from our ten largest clients who consist of some of the largest US mortgage originators and servicers. None of our clients individually accounted for 10.0% or more of our operating revenues for the year ended December 31, 2018. One of our clients, Bank of America, accounted for 11.1% of our operating revenues for the year ended December 31, 2017, and two of our clients, Wells Fargo and Bank of America, accounted for 14.0% and 11.5%, respectively, of our operating revenues for the year ended December 31, 2016. Although both of our business segments report revenue from these clients, on a relative basis, UWS has higher customer concentrations.

Recent Company Developments

Business Exits & Transformation

In December 2018, we announced the intent to exit a loan origination software unit and its remaining legacy default management related platforms over the next 24 months, as well as accelerate our appraisal management company transformation program. We believe these actions will expand our overall profit margins and provide for enhanced long-term organic growth trends. We will assess and may incur cash and non-cash charges associated with these actions.

Acquisitions

During 2018, we completed the acquisitions of eTech, a la mode, HomeVisit and Symbility for total net cash of approximately $219.6 million, which were paid with available cash and additional borrowings on our Revolving Facility. See Note 17 - Acquisitions for further discussion. During 2018, we borrowed $191.2 million under the Revolving Facility. We also paid down $157.5 million, of which $90.0 million were advance payments, under the Term Facility. See Note 8 - Long Term Debt of the Notes to Consolidated Financial Statements included in Item 8 - Financial Statements and Supplementary Data of this Annual Report on Form 10-K for further discussion.

Technology Transformation

In September 2018, we announced the adoption of the GCP as a foundational element of our ongoing technology transformation program to further expand infrastructure capabilities and drive efficiencies. We expect to complete the initial deployment of GCP over the next 24 months. Once implemented, CoreLogic plans to leverage the capabilities of the cloud platform to achieve best-in-class system performance and reliability and to facilitate the deployment of unique business insights fueled by gold-standard data, information and analytics. Additionally, we expect to realize significant cost efficiencies and enhanced security.

Productivity & Cost Management

In line with our on-going commitment to operational excellence and margin expansion, we achieved our cost reduction target of $15.0 million in 2018. Savings were realized through the reduction of operating costs, selling, general and administrative costs, outsourcing certain business process functions, consolidation of facilities and other operational improvements.

Unless otherwise indicated, the Management's Discussion and Analysis of Financial Condition and Results of Operations in this Annual Report on Form 10-K relate solely to the discussion of our continuing operations.

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Consolidated Results of Operations

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Operating Revenues

Our consolidated operating revenues were $1.8 billion for the year ended December 31, 2018, a decrease of $62.7 million when compared to 2017, and consisted of the following:

(in thousands, except percentages)	2018	2017	$ Change	% Change
PIRM	$705,284	$703,032	$2,252	0.3 %
UWS	1,093,846	1,157,432	(63,586)	(5.5)
Corporate and eliminations	(10,752)	(9,347)	(1,405)	15.0
Operating revenues	$1,788,378	$1,851,117	$(62,739)	(3.4)%

Our PIRM segment revenues increased by $2.3 million, or 0.3%, when compared to 2017. Acquisition activity contributed $21.8 million in 2018. Excluding acquisition activity, the decrease of $19.5 million was primarily due to lower property insights of $6.5 million from lower volumes, lower insurance & spatial solutions of $6.9 million from lower weather event-related revenues, the impact of unfavorable foreign exchange translation of $3.5 million within property insights and lower other revenues of $2.6 million.

Our UWS segment revenues decreased by $63.6 million, or 5.5%, when compared to 2017. Acquisition activity contributed $37.7 million in 2018. Excluding acquisition activity, the decrease of $101.3 million was primarily due to lower valuation solutions of $85.9 million, credit solutions of $9.6 million, flood data services of $4.2 million and other revenues of $1.6 million, mainly driven by lower mortgage market unit volumes and the impact of planned vendor diversification from key appraisal management clients. We also recorded the benefit of accelerated revenue recognition of approximately $23.7 million resulting from the amendment of a long-term contract in property tax solutions, which was entirely offset by lower mortgage market unit volumes.

Our corporate and eliminations revenues were comprised of intercompany revenue eliminations between our operating segments.

Cost of Services (exclusive of depreciation and amortization)

Our consolidated cost of services was $921.4 million for the year ended December 31, 2018, a decrease of $53.4 million, or 5.5%, when compared to 2017. Acquisition activity contributed $22.3 million of additional cost in 2018. Excluding acquisition activity, the decrease of $75.7 million was primarily due to lower operating revenues.

Selling, General and Administrative Expense

Our consolidated selling, general and administrative expenses were $444.6 million for the year ended December 31, 2018, a decrease of $15.2 million, or 3.3%, when compared to 2017. Acquisition activity contributed an increase of $25.4 million in 2018. Excluding acquisition activity, the decrease of $40.6 million was primarily related to our ongoing operational efficiency programs, which reduced our personnel-related expenses by $36.0 million. In addition, we incurred lower legal settlement costs of $14.0 million and other expenses of $11.5 million. The decrease was partially offset by higher outsourced services of $20.9 million for initiatives and investments on data and technology capabilities.

Depreciation and Amortization

Our consolidated depreciation and amortization expense was $199.7 million for the year ended December 31, 2018, an increase of $21.9 million, or 12.3%, when compared to 2017, primarily due to acquisitions which contributed $12.5 million of additional expense. In addition, there was higher impairment charges on capitalized software of $7.7 million in the current year.

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Operating Income

Our consolidated operating income was $222.6 million for the year ended December 31, 2018, a decrease of $16.0 million, or 6.7%, when compared to 2017, and consisted of the following:

(in thousands, except percentages)	2018	2017	$ Change	% Change
PIRM	$86,784	$89,129	$(2,345)	(2.6)%
UWS	239,219	233,366	5,853	2.5
Corporate and eliminations	(103,385)	(83,877)	(19,508)	23.3
Operating income	$222,618	$238,618	$(16,000)	(6.7)%

Our PIRM segment operating income decreased by $2.3 million, or 2.6%, when compared to 2017. Acquisition activity lowered operating income by $6.7 million in 2018 primarily due to investments on data and technology capabilities, and the amortization of acquisition-related intangible assets. Excluding acquisition activity, operating income increased by $4.4 million and operating margins increased 101 basis points primarily due to lower legal settlement costs of $14.0 million, partially offset by lower operating revenues.

Our UWS segment operating income increased by $5.9 million, or 2.5%, when compared to 2017. Excluding acquisition-related activity of $6.1 million, operating income decreased $0.2 million primarily due to lower mortgage market unit volumes, unfavorable product mix and higher impairment charges on capitalized software of $7.7 million. The decrease was partially offset by the benefit of accelerated revenue recognition resulting from the amendment of a long-term contract in our property tax solutions operations. Operating margins increased 197 basis points compared to 2017.

Corporate and eliminations had an unfavorable variance of $19.5 million, or 23.3%