CORELOGIC, INC.
Form 10-K
February 25, 2013

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, 2012

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark 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. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

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

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

The aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant as of June 29, 2012, the last business day of the registrant's most recently-completed second fiscal quarter was $1,920,591,000.

On February 18, 2013, there were 97,856,346 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s definitive proxy statement with respect to the 2013 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 registrant’s fiscal year.

CoreLogic Inc.

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PART I

Item 1. Business

The Company

We are a leading property information, analytics and services provider in the United States and Australia. Our combined data from public, contributory and proprietary sources includes over 3.3 billion records spanning more than 40 years, providing detailed coverage of property, mortgages and other encumbrances, consumer credit, tenancy, location, hazard risk and related performance information. The markets we serve include real estate and mortgage finance, insurance, capital markets and government. We deliver value to clients through unique data, analytics, workflow technology, advisory and managed services. We have more than one million users who rely on our data and predictive decision analytics to help identify and manage growth opportunities, improve performance and mitigate risk.

We believe that we offer our customers among the most comprehensive databases of public, contributory and proprietary data covering real property and mortgage information, judgments and liens, parcel and geospatial data, criminal background records, national coverage eviction information, non-prime lending records, credit information, and tax information, among other data types. Our databases include over 795 million historical property transactions, over 93 million mortgage applications and property-specific data covering over 99% of U.S. residential properties exceeding 147 million records. We believe the quality of the data we offer is distinguished by our broad range of data sources and our core expertise in aggregating, organizing, normalizing, processing and delivering data to our customers.

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

We were originally incorporated in California in 1894, and were reincorporated in Delaware on June 1, 2010. Before June 1, 2010, we operated as The First American Corporation (“First American” or “FAC”). Through a transaction that we refer to as the "Separation", as more fully described below, we spun off our financial services businesses on June 1, 2010 and, in connection with the Separation, 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.

The Separation

On June 1, 2010, we completed the Separation in which we retained the information solutions businesses and spun off the financial services businesses into a new, publicly-traded, New York Stock Exchange-listed company called First American Financial Corporation (“FAFC”) through a distribution (the “Distribution”) of all of the outstanding shares of FAFC to the holders of our common shares, par value $1.00 per share, as of May 26, 2010. To effect the Separation, we entered into a Separation and Distribution Agreement with FAFC that governs the rights and obligations of us and FAFC. It also governs our on-going relationship with FAFC subsequent to the completion of the Separation and provides for the allocation of assets and liabilities between us and FAFC. In addition, we entered into a Tax Sharing Agreement with FAFC as described in Note 10 -Income Taxes, of the Notes to consolidated financial statements, included in Item 8 - Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, a Restrictive Covenants Agreement, and we issued a promissory note to FAFC in the principal amount of $19.9 million relating to certain pension liabilities. We repaid the promissory note in full in September 2011. See Note 12 - Employee Benefit Plans.

While we are a party to the Separation and Distribution Agreement and various other agreements relating to the Separation, we have determined that we have no material continuing involvement in FAFC's operations. As a result of the Separation, we reflect the FAFC businesses in our consolidated financial statements as discontinued operations for the years ended December 31, 2010 and prior. The results of the FAFC businesses in prior years have been reclassified to conform to the 2010 classification. See Note 18 – Discontinued Operations for additional disclosures.

As part of the Separation, we are responsible for a portion of FAFC's contingent and other corporate liabilities.

In connection with the Separation, we issued approximately $250.0 million in value, or 12,933,265 shares of our common stock to FAFC. Based on the closing price of our stock on June 1, 2010, the value of the equity issued to FAFC was

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$242.6 million. As a result, we made a cash payment to FAFC of $7.4 million to arrive at the full value of $250.0 million. FAFC has disposed of the shares related to the Separation. Since the Separation, we repurchased 10,433,265 shares of our common stock that was owned by FAFC or one of its subsidiaries for an aggregate purchase price of $227.7 million. See further discussion at Note 19 - Transactions with FAFC.

Our Data

Our data is the foundation of our products, analytics and services. Our data can generally be categorized as real property information, mortgage information and consumer information and includes the following:

Real Property Information	Mortgage Information	Consumer Information
* Land & Property Characteristic Information	* Recorded Mortgages, Juniors, & Private Parties	* Multi-Family Resident Screening Information
* Property Ownership Information & History	* Loans with Detailed Mortgage Type & Purpose	* Landlord/Tenant Court Records
* Property Tax Payment Amounts, Status & History	* Mortgage Modifications, Assignments & Satisfactions	* Property Rental, Auto & Loan Applications
* Property Sales information & History	* Pre-foreclosures & Foreclosures	* Consumer Credit Information & History
* MLS Listing Information & History	* Mortgage Applications	* Under-banked Credit Payments & History
* Involuntary Liens & Judgments, such as Homeowner & Mechanics Liens	* Mortgage Servicers: Delinquency, Prepayment & Performance Information	* Criminal Records
* Flood & Hazard Information	* Performance Information	* Bankruptcy Records
* Geo-coded Parcel Maps	* Non Agency MBS/ABS Securities: Delinquency, Pre-payment & Performance Information	* Involuntary Liens and Judgments
* Geospatial Polygons and Boundaries		* SSN & Income Verifications
* Legal Descriptions		* Sex Offender Registry
* Building Permits		
* Building Sketches		
* Recorded Document Images		
* Property Photos		
* Property Appraisals and Broker Price Opinions		
* Property Inspections		

We obtain our data from a variety of sources, including data contributed by our customers, data gathered from public sources and data purchased from data aggregators.

For data contributed by our customers, we generally enter into agreements with our customers that govern our use of the data they contribute. These contractual arrangements often permit our customers to use our solutions which incorporate their data. We structure our agreements with our customers to specify the particular uses of the data they contribute and to provide the levels of data privacy and protection required by the contributing party. Our contributed data includes loan performance information (from loan servicers, trustees, securitizers, issuers and others), mortgage, auto, property rental and under-banked loan applications from various loan originators, landlords and property owners.

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, broker price opinions and property valuations from appraisers, brokers and real estate agents. We receive consumer credit history information from lenders, auto dealers and other customers.

We also 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

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characteristics, boundaries and tax values, current and historical ownership, voluntary and involuntary liens, tax assessments and delinquencies, environmental, flood and hazard information, criminal data, local trends, summary statistics and household demographics.

In addition, we purchase or license data from data aggregators under contracts that we believe reflect prevailing market pricing for the data elements purchased and which govern the terms of our use of the data. Generally, these agreements have multi-year terms which may or may not automatically renew.

Products and Services

We have organized our reportable segments into the following three segments: data and analytics, mortgage origination services and asset management and processing solutions. We have renamed our default services segment to asset management and processing solutions to reflect the change in business mix away from default related business process outsourcing toward asset management, valuation and loss mitigation services. The following table sets forth the key products and services we offer in each of these three reporting segments:

Reporting Segment	Key Products and Services
Data and Analytics	Information and analytics products (including property and mortgage securities information) Tenancy data and analytics products Under-banked credit services Geospatial solutions Realtor solutions (Multiple Listing Services ("MLS"))
Mortgage Origination Services	Tax services Flood data services and licenses Credit solutions National joint ventures (providing appraisal, credit and other settlement services to loan originators) Lending solutions
Asset Management and Processing Solutions	Field services (property preservation) Broker price opinions ("BPO") Processing solutions Technology solutions Real estate owned ("REO") asset management and other default services

We believe that we hold the leading market share position for many of our products and services, including:
- tax services, based on the number of loans under service;
- flood zone determinations, based on the number of flood zone certification reports issued;
- credit reporting services to the United States mortgage lending industry, based on the number of credit reports issued;
- property data services, based on the number of inquiries;
- automated appraisals, based on the number of reports sold; and
- MLS, based on the number of active desktops.

Financial information regarding each of the Company’s business segments is included in Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and Item 8. Financial Statements and

Supplementary Data of Part II of this report.

Data and Analytics

Our data and analytics segment offers access to data assets including real estate information (such as property characteristic information, mortgage information, collateral information, and images of publicly recorded documents relating to real property), mortgage-backed securities information, criminal and eviction records, employment verification, flood and hazard information and under-banked credit information. We license our data directly to our customers and provide our customers with analytical products and services for risk management, collateral assessment and fraud prediction. We also

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provide consumer screening and risk management for the multi-family housing and under-banked credit services industries. Our primary customers are commercial banks, mortgage lenders and brokers, investment banks, fixed-income investors, real estate agents, property and casualty insurance companies, title insurance companies, property management companies and government-sponsored enterprises.

More detailed descriptions of our data and analytics key products and services are shown below:

Information and Analytics. We are a leading provider of fraud detection, collateral and mortgage performance analytics and real estate and mortgage-backed securities information. We use our data to link property location and characteristics, real estate transactions and consumer and loan information to provide useful insights and analysis for our customers. Our customers span many industries, including mortgage lending, government, capital markets, consumer-direct, property and casualty insurance, direct marketing, utilities and retail. Our products and services include:

Data and information. We obtain, normalize and aggregate real estate property and loan data and make such data available to our customers with a standard format over the web or in bulk data form. Additionally, using our data and proprietary technology, we offer a number of value-added services that help our customers make risk assessments, determine property values and track market performance.

Property valuation analytics and services. We offer our customers a host of property valuation services in an effort to assist them in assessing their risk of loss with alternative forms of property valuations, depending upon their needs and regulatory requirements. These include, among others, automated valuation models, or AVMs, collateral risk scores, appraisal review services and valuation reconciliation services.

Fraud detection analytics and services. We provide solutions designed to assist our customers in detecting and preventing mortgage fraud and managing risk through a combination of patented predictive analytics and proprietary and contributed data. We also provide verification of applicant income and identity against Internal Revenue Service and Social Security Administration databases as well as provide employment verification services.

Other predictive analytics such as mortgage-backed securities analytics and services. We offer tools that enable our customers to take proactive steps with respect to their mortgage-backed securities, loan and real property portfolios. We also provide advisory services that allow holders of mortgage-backed securities, loan and real property portfolios to gain insight on the value, quality and attributes of those assets. For example, we provide default propensity tools as well as due diligence and property valuation services in connection with the marketing and sale of loan portfolios in the secondary market. Finally, we provide document retrieval, custom fulfillment, advisory and other services that allow our customers to benefit from our specialists and their knowledge of our data to provide project-based or client-customized reports.

Tenancy Data and Analytics. We are a leading provider of screening and risk management services for the multi-family housing industry. We conduct applicant screening and generate consumer reports containing information that may include landlord-tenant court records, lease and payment performance history, credit history and criminal records history primarily for residential property managers and owners throughout the U.S. We believe that we have the largest landlord-tenant court record database in the U.S. and we access criminal records databases to create customer-configured, criminal background decision analytics. We provide statistically-validated applicant scoring models, which assess the risk of payment default by a prospective renter based on a statistical scoring model developed exclusively for the multifamily housing industry.

Geospatial Solutions. We are a leading provider of natural hazard risk management and information solutions with premium locational accuracy and spatial datasets. We enable originators, property and casualty insurers, telecommunications and energy firms and other businesses to make better decisions through the use of accurate location-based data and analytics. We provide businesses the solutions required to more effectively locate, assess and manage property-level assets and risks. In addition to the industry's first parcel-based geocoder and a proprietary parcel database covering more than 131 million parcels across the U.S., we maintain critical, accurate and up-to-date information across multiple hazard databases including information on damaging winds and sinkholes, flood data, the location of fire stations and others. We also offer specialized data and analytical models including Wildfire Risk Score, Coastal Risk Score, Flood Risk Score, Earthquake and Fire Protection Class. Our analytics and hazard data are delivered to customers through multiple methods including the RiskMeter Online platform, a leading software as a service platform targeted to insurance industry participants.

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Under-Banked Credit Services. We are a leading provider of credit reports for under-banked consumer and specialty borrowers. Our customers range in size from single proprietorships to major credit card issuers.

Realtor Solutions. We are the leading provider of real estate listing software systems, with more than 50% of all U.S. and Canadian real estate agents having access to our product. Our flagship software platform is customizable to meet our customers' needs, while maintaining a single code base. We integrate customer data with our robust property information, resulting in a comprehensive historical record on almost all residential properties in the U.S.

Mortgage Origination Services

We provide loan origination and closing-related services and solutions to mortgage originators, including tax services and flood and data services. The segment's primary customers are large, national mortgage lenders and servicers, but we also serve regional mortgage lenders and brokers, credit unions, commercial banks, government agencies and property and casualty insurance companies. We are also a member in several joint ventures that provide settlement services in connection with residential mortgage loans.

Tax Services. We believe that we are currently the largest provider of property tax services in the U.S. We procure and aggregate 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 on their loans and to monitor that status for 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. Under a typical tax service contract, we, on behalf of the mortgage originators and servicers, monitor the real estate taxes owing on properties securing such originators' and servicers' mortgage loans for the life of such loans. In general, we indemnify mortgage lenders against losses resulting from a failure to monitor delinquent taxes. We also may indemnify mortgage lenders against losses for any failure to make transfers to taxing authorities.

Flood Data Services. We believe that we are currently the largest provider of flood zone determinations in the U.S. 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 updates during the life of the loan. We primarily provide flood zone determinations to mortgage lenders. We typically furnish a mortgage originator or servicer with a report as to whether a property lies within a governmentally delineated flood hazard area and then monitor the property for flood hazard status changes for as long as the loan is active.

Credit Solutions. We believe that we are a leading provider of credit services in the U.S. mortgage and transportation markets, providing comprehensive solutions that help our customers meet their lending, leasing and other consumer credit automation needs. We are a leading reseller of credit information and also provide merged credit reports with information from each of the three U.S. primary credit bureaus.

National Joint Ventures. We are party to several joint ventures that provide products used in connection with loan originations, including title insurance, appraisal services and other settlement services. These joint ventures are reflected as investments in affiliates on our consolidated balance sheets and our share of the income is reflected as equity in earnings of affiliates in our consolidated statement of operations.

Lending Solutions. We provide cloud computing-based lending solutions to the financial services market through a comprehensive suite of enterprise lending automation solutions. Our solutions automate lending activities, consolidate functions and connect lenders with their partners and consumers in a collaborative, real-time environment in order to help lenders originate, price and fulfill consumer loans.

Asset Management and Processing Solutions

We provide analytical and outsourcing services primarily relating to defaulting and foreclosed mortgage loans to mortgage servicers, financial institutions, government and governmental-sponsored enterprises and other companies.

Field Services (Property Preservation). We inspect, preserve, maintain and, where required, register vacant properties with local authorities on behalf of our mortgage servicer customers.

Broker Price Opinions. Through our BPO business, we offer mortgage servicers and investors a cost-saving valuation alternative to traditional appraisals. BPOs validate property information with a visual external inspection by

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a qualified, licensed local real estate professional supplemented by recent sales activity and competitive listing information.

Processing Solutions. We provide outsourcing services to residential mortgage servicers. Our processing competencies provide the servicers operational, audit and quality control services throughout the default cycle, from collections to foreclosure.

REO Asset Management and Default Services. We provide services to help shorten mortgage servicers' time-to-market for REO properties, which are designed to optimize returns and mitigate fraud. We cure title issues, determine property tax status and resolve any homeowners' association and municipal code violations. We provide property recovery services, including eviction logistics. We value the asset using one or more of our full range of valuation products. We also offer marketing and closing services. Our automated asset management system is designed to be available 24 hours a day, seven days a week to our customers.

Technology Solutions. We provide mortgage servicers with a suite of hosted default management servicing applications that enable them to more efficiently manage the default process. Our component-based solution provides modules for loss mitigation, foreclosure, bankruptcy, collateral valuations, property preservation, REO asset management and claims processing. Through a combination of advanced workflow and document management capabilities, vendor transaction management services and heavy integration with our data and analytics products, this platform enables our customers to more effectively manage the default servicing process.

Corporate

In addition to our three reporting segments, we also have a corporate group, which includes costs and expenses not allocated to our segments.

The following table sets forth our revenues for the last three years from our segments:

(in thousands)	2012	% of Total Operating Revenue	2011	% of Total Operating Revenue	2010	% of Total Operating Revenue
Data and analytics	$616,110	39.3 %	$548,146	41.0 %	$463,513	36.2 %
Mortgage origination services	635,615	40.5 %	482,076	36.0 %	466,117	36.4 %
Asset management and processing solutions	335,224	21.4 %	329,273	24.6 %	368,536	28.8 %
Corporate	640	— %	41,789	3.1 %	59,125	4.6 %
Eliminations	(19,956)	(1.3)%	(62,737)	(4.7)%	(77,015)	(6.0)%
Operating revenue	$1,567,633	100.0 %	$1,338,547	100.0 %	$1,280,276	100.0 %

Customers

We focus our marketing efforts on the largest U.S. mortgage originators and servicers. We also provide our services to financial institutions, investment banks, fixed-income investors, title insurance companies, commercial banks, government agencies and government-sponsored enterprises, property and casualty insurers, credit unions and real estate agents and other real estate professionals.

Our most significant customer relationships tend to be long-term in nature and we typically provide a number of different services to each customer. Because of the depth of these relationships, we derive a significant portion of our aggregate revenue from our largest customers, with 42.6% of our 2012 operating revenues being generated by the ten largest U.S. mortgage originators. During the year ended December 31, 2012, one customer, Wells Fargo, N.A., accounted for approximately 10.8% of our consolidated operating revenues.

Competition

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We offer a diverse array of specialized products and services which 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 and therefore we compete with a broad range of entities.

Our data and analytics segment competes with entities that provide access to data, data-based analytical products and services or credit-reporting services as part of their product offerings, including Equifax Inc., Lexis-Nexis, Lender Processing Services, Inc. (LPS), the property information assets of Decision Insight Information Group, Inc. (formerly the property information assets of MacDonald Dettwiler), TransUnion Corp. and Verisk Analytics, Inc. 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 customer systems. We believe that the quality of the data we offer is distinguished by the broad range of our data sources, including non-public sources which are not widely available, the volume of records we maintain and our ability to provide data spanning a historical period of time that we believe, with respect to certain data sets, exceeds comparable data sets of most of our competitors.

Our mortgage origination and asset management and processing solutions segments compete with third-party providers such as LPS, which provides multiple product lines, as well as with niche players like Safeguard Properties, a provider of field services, and Clear-Capital.com, Inc., a provider of valuation services, as well as credit reporting agencies such as Equifax, Inc. and Experian plc. With 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. Larger-scale business process outsourcers also present an emerging competitive factor for some of our service-based businesses.

Sales and Marketing

Our sales strategy is primarily customer-focused and is structured around customer size. For our largest customers, we assign a sales executive who is exclusively responsible for managing that overall customer relationship. For our remaining large and mid-sized customers, a sales executive will have responsibility for multiple customers depending on the size of that sales executive’s customer portfolio. Our sales executives have key contacts within each customer’s business units and play an important role in maintaining current business relationships as well as prospecting for new business. The sales executives understand the current marketplace environment and have extensive knowledge of our customers’ internal operating structure and business needs. This relationship creates a strategic partnership between us and our customers which allows us to develop and implement customized solutions responsive to our customers’ needs in a prompt and efficient manner.

Smaller and more regional customers are primarily managed through our telesales operations. Our telesales operations are responsible for working with mortgage and real estate brokers, appraisers, real estate agents, as well as correspondents and other lenders.

Several of our business units have sales teams and subject matter experts that specialize in specific products and services. These sales teams and subject matter experts work collaboratively with our sales executives and our telesales operations to assist with customer sales by combining our data, products and services to meet the specific needs of each of our customers. They may be assigned to assist with sales in targeted markets, for certain categories of customers or for particular service groups. Our marketing activities include direct marketing, print advertising, media relations, public relations, trade shows, convention activities, seminars and other targeted activities. Our strategy is to use the most efficient delivery system available to successfully target and engage new customers and build awareness of our services.

Acquisitions and Divestitures

Historically, our growth into new products and services was facilitated and accelerated through acquisitions. We continually evaluate our business mix and seek to optimize our business structure through acquisitions and divestitures with a view to promoting our long-term strategy. We will continue to evaluate our existing businesses for alignment with our long-term strategy.

Intellectual Property

We own a significant number of 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 33 issued patents 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 approximately 69 patent applications pending in these and other areas. We believe the protection of our proprietary technology is important to our success and we intend to continue to seek to protect those intellectual property assets for which we have expended substantial research and development capital and which are material to our business.

In addition, we own more than 277 trademarks in the U.S. and foreign countries, including the names of our products and services and our logos and tag lines, many of which are registered. We believe many of our trademarks, trade names, service marks and logos are material to our business as they assist our customers in identifying our products and services and the quality that stands behind them.

We own more than 116 registered copyrights in the U.S., covering computer programs, reports and manuals. We also have other literary works, including marketing materials, handbooks, presentations and website contents that are protected under common law copyright. We believe our written materials are essential to our business as they provide our customers with insight into various areas of the financial and real estate markets in which we operate.

Our research and development activities are focused on the design and development of our analytical tools, software applications, and data sets, by which we mean new sources, data derived by linking across existing sources or metadata. We expect to continue our practice of investing an appropriate level of resources to maintain, enhance and extend the functionality of our analytical tools, proprietary systems and existing software applications, to develop new software applications and systems in response to the needs of the markets and our customers, and to enhance our infrastructure. Our research and development activities are designed to address customer input which we collect through in-person meetings, phone calls and web surveys. We also assess opportunities to cross-link existing data sets to enhance the effectiveness of our products. Our operating units are responsible for developing, reviewing and enhancing our various products and services and we work with our customers to determine the appropriate timing and approach to introducing technology or infrastructure changes to our applications and services.

In order to maintain control of our intellectual property, we enter into license agreements with our customers, granting each customer a license to use our products and services, including our software and databases. 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 sign agreements that prohibit the unauthorized use or disclosure of our proprietary rights, information and technology.

Information Technology

Technology. Our technology infrastructure enables us to deliver a platform of solutions to our customers. Our dedicated computing environment, which we believe is the cornerstone of our customer platform, enables us to deliver secure and compliant answers to our customers' needs. A highly secure and certified network of systems within the dual purpose-built data centers, combined with enterprise-level service operations, positions us uniquely in the market. Additionally, our platform stores, processes and delivers our data and our proprietary technologies which are the foundation of our business and the development of our solutions. We operate a leading-edge computing information technology environment that allows us to operate flexible systems designed to deliver increased capacity as needed to change when customer 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 solution to our customers.

Data Centers. We primarily operate two data centers - one in California and one in Texas. Our data centers are designed to provide our customers uninterrupted connectivity even in the event of a catastrophic regional outage.

Security. We have deployed a wide range of physical and technology measures, along with a mature governance program, designed to ensure the security of our information technology infrastructure, personnel and data. Our governance program has implemented robust corporate information security policies, an information security awareness training program along with an enterprise compliance program. For physical security, both of our primary data centers are located on Company campuses and are managed by information technology managers, all of whom are ITIL-certified. As it relates to technology measures, our digital security framework provides layered protection designed to secure both active and inactive virtual machines in our two data centers. This virtual security process employs dedicated virtual machines that regularly scan all of our systems. These measures are designed to detect and prevent intrusions, monitor firewall integrity, inspect logs, catch and

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quarantine malware, and prevent data breaches. As our physical and virtual security solutions run in tandem, we are better able to identify suspicious activities and implement preventive measures.

Technology Transformation Initiative ("TTI"). As part of our on-going cost efficiency programs, in July 2012, we announced the launch of our TTI with Dell Services. The objective of the TTI is to convert the Company's existing technology infrastructure to a new platform after a transition period by the end of 2014, which is expected to provide new functionality, increased performance and a reduction in application management and development costs.

Regulation

Various aspects of our businesses are subject to federal and state regulation. Our failure to comply with any applicable laws and regulations could result in restrictions on our ability to provide certain services, as well as the possible imposition of civil fines and criminal penalties.

Among the more significant areas of regulation for our business are the following:

Privacy and Protection of Consumer Data

Because our business involves the collection, processing and distribution of personal public and non-public data, certain of our solutions and services are subject to regulation under federal, state and local laws in the United States 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.

The Fair Credit Reporting Act ("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. A number of our databases and services are subject to regulation under the FCRA. The Fair and Accurate Credit Transactions Act of 2003 ("FACT Act") amended the FCRA to add a number of additional requirements. These include requirements concerning free annual credit reports, consumers' rights to include fraud alerts on their credit files, the development of procedures to combat identity theft, procedures for the accuracy and integrity of the information reported to consumer reporting agencies, notices in connection with credit pricing decisions based on credit report information and restrictions on the use of information shared among affiliates for marketing purposes. Certain of the FACT Act requirements are applicable to our businesses.

The Gramm-Leach-Bliley Act ("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 the sharing of information, 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.

The Drivers Privacy Protection Act prohibits the public disclosure, use or resale by any state's department of motor vehicles of personal information about an individual that was obtained by the department in connection with a motor vehicle record, except for a “permissible purpose.”

Other federal and state laws also impose requirements relating to the privacy of information held by us. Certain state laws require consumer reporting agencies to implement “credit file freezes” at an individual's request, which allows those individuals - particularly victims of identity theft - to place and lift a “freeze” on access to the credit file. A number of states also have enacted security breach notification legislation, which requires companies to notify affected consumers in the event of security breaches.

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 level.

Regulation of Credit Reporting Businesses

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd Frank Act") gave the Consumer Financial Protection Bureau ("CFPB") supervisory authority over “larger participants” of 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 businesses are considered larger participants. As a result, the CFPB has the authority to conduct examinations of the covered credit businesses. The CFPB has issued examination procedures for consumer reporting agencies, and we are in the process of reviewing our processes, procedures and controls for alignment to the CFPB's stated expectations.

Regulation of Settlement Services

The Real Estate Settlement Procedures Act ("RESPA") along with related regulations, has historically been enforced by the U.S. Department of Housing and Urban Development, but on July 21, 2011, this authority passed to the CFPB. RESPA 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 and real estate brokerage. 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 and automated valuation model ("AVM") reports to residential mortgage lenders as well as our National Joint Venture relationships are structured and operated in a manner intended to comply with RESPA and related regulations.

Regulation of Property Valuation Activities

Real estate appraisals, appraisal management companies, BPOs and AVMs are all subject to federal and/or state regulation. The Dodd-Frank Act and implement rules and guidance thereunder, and interagency guidance jointly issued by the federal financial institution regulators, have expanded regulation of these activities. Increasingly, states are also regulating and requiring licensure of appraisal management companies ("AMCs") such as our valuation business. Among the ways these activities are regulated are the following:

- The Dodd-Frank Act imposes more stringent requirements on appraiser independence and on the nature and disclosure of appraisal management company fees and activities, including ensuring the fees the AMC pays to appraisers are customary and reasonable. The Dodd-Frank Act also provides for replacement of the Federal Housing Finance Agency's Home Valuation Code of Conduct with new regulations promulgated by the federal financial institution regulators;
- Appraisals, AVMs and other forms of home value estimates are now subject to more explicit and detailed quality control requirements, and creditors will be required to disclose to applicants information 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;;
- The use of BPOs has been restricted somewhat; and
- The increased regulation of AVMs and BPOs has created opportunities for expanded use of these tools in the residential mortgage lending industry and we have introduced new products to make use of these new opportunities.

Regulation of Loss Mitigation, Collection and other Mortgage Default-related Activity

Our asset management and processing solutions segment assists mortgage loan servicers in handling various stages of the default, loss mitigation and REO management process. Increasingly, these activities require licensure or are otherwise regulated. For example, some loss mitigation services that assist in the evaluation and completion of loan modifications are subject to the Secure and Fair Enforcement for Mortgage Licensing Act and analogous state statutes, and require state licensure of our entities and personnel, which we either have obtained or are currently in the process of obtaining. Likewise, the Fair Debt Collection Practices Act and similar state laws apply to loss mitigation activities. Lien release statutes affect some document processing we conduct on behalf of servicers. Similarly, our field services and REO management operations must comply with applicable state and local rules regarding securing and preserving properties, code enforcement and in some circumstances even eviction and unlawful detainer.

In February 2012, 49 state attorneys general and the federal government announced a joint state-federal settlement with the country's five largest mortgage servicers. As part of the settlement, the affected mortgage servicers agreed to a set of strict servicing standards that require, among other things, a single point of contact for delinquent consumers, adequate staffing levels and training, better communication with borrowers, and appropriate standards for executing documents in foreclosure cases, ending improper fees, and ending dual-track foreclosures for many loans. The CFPB has codified the majority of these standards in its Mortgage Servicing Rules issued in final form on January 17, 2013. We must comply with these rules, which will become effective on January 10, 2014, when supplying certain services to our servicer clients.

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Regulation and Potential Examination by Consumer Financial Protection Bureau and Federal Financial Institution Regulators

The CFPB now serves as the principal federal regulator for providers of consumer financial products and services. As such, the CFPB has significant rulemaking authority under existing federal statutes (including the FCRA, the GLBA, and RESPA), as well as the authority to conduct examinations of certain providers of financial products and services. As discussed above, under the CFPB's authority to supervise larger market participants of the credit reporting market, the CFPB has the authority to conduct examinations of us. 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. Additionally, in early 2013, the CFPB issued several regulations that, although not directly applicable to us, potentially could present regulatory risk to us in our role as a service provider to providers of financial products and services. These regulations include the CFPB's Ability to Repay and Qualified Mortgage Standards, Mortgage Servicing Rules, Escrow Requirements for Higher-Priced Mortgage Loans, Appraisal Requirements for Higher-Priced Mortgage Loans, Loan Originator Compensation Requirements, Disclosure and Delivery Requirements for Copies of Appraisals and Other Written Valuations, and High-Cost Mortgage and Homeownership Counseling Requirements. We are in the process of evaluating the impact of these regulations on the services we provide.

The Bank Service Company Act permits the regulators of federal financial institutions to examine vendors, such as us, that provide outsourced services to their regulated entities. Similarly, the CFPB can conduct examinations of service providers to institutions under the supervision of the CFPB if that service provider provides a “material service” to the institution. As a result, most of our businesses could be examined by the CFPB or a federal banking regulators as service provider to banks and other financial institutions.

In addition, settlement agreements entered into between the Office of the Comptroller of the Currency ("OCC") and a number of our largest customers related to mortgage servicing practices increase the likelihood that providers of certain outsourced services be examined by the OCC. This increased level of scrutiny may cause an increase in the cost of compliance for us.

Enhanced regulation in the area of financial as well as personal data privacy is possible and could significantly impact some of our business practices because this is an area where both the FTC and the CFPB have jurisdiction. It is too early to assess the financial and operational impact to our business of this heightened regulation.

In addition to the foregoing areas of regulation, several of our other businesses are subject to regulation, including the following:

- Our tenant screening business is subject to certain landlord-tenant laws;
- Our loan document business must monitor state laws applicable to our customers relating to loan documents and fee limitations as well as Fannie Mae and Freddie Mac requirements to develop and maintain compliant loan documents and other instruments; and
- Our activities in foreign jurisdictions are subject to the requirements of the Foreign Corrupt Practices Act and comparable foreign laws.

We do not believe that compliance with current and future laws and regulations related to our businesses, including consumer protection laws and regulations, will have a material adverse effect on us, but such activities will likely increase our compliance costs.

Employees

As of December 31, 2012, we had approximately 4,800 employees, of which approximately 4,500 were employed in the U.S. and 300 outside the U.S.

Available Information

We maintain a website, www.corelogic.com, which includes financial information and other information for investors. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K 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, are available, free of charge, through the "Investors" page of the website as soon as reasonably practicable after we electronically file such material with, or furnishes it to, the Securities and Exchange Commission. Our website and the information contained therein or connected thereto are not intended to be incorporated into this Annual Report on Form 10-K, or any other filing with the Securities and Exchange Commission unless the Company expressly incorporates such materials. Materials that we file or furnish to the Securities and Exchange Commission may also be read and copied at the Securities and Exchange Commission's

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Public Reference Room at 100 F Street, N.E., Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the Securities and Exchange Commission at 1-800-SEC-0330. Also, the Securities and Exchange Commission maintains an Internet site at www.sec.gov that contains reports, proxy and information statements, and other information that we file electronically with Securities and Exchange Commission.

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Item 1A. Risk Factors

Risks Related to Our Business

1. We depend on our ability to access data from external sources to maintain and grow our businesses. If we are unable to access needed data from these sources or if the prices charged for these services increase, the quality, pricing and availability of our products and services may be adversely affected, which could have a material adverse impact on our business, financial condition and results of operations.

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 customers. 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 number of suppliers are no longer able or are unwilling to provide us with certain data, or if our public record sources of data become unavailable or the cost becomes economically unfeasible, 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 of our services. Moreover, some of our suppliers compete with us in certain product offerings, which may make us vulnerable to unpredictable price increases from them. 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 sources of data on more favorable economic terms. 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.

2. Our customers and we are subject to various governmental regulations, and a failure to comply with government regulations or changes in these regulations could result in regulatory penalties, restrict or limit our or our customers' operations or make it more burdensome to conduct such operations, any of which could have a material adverse effect on our revenues, earnings and cash flows.

Many of our and our customers' businesses are subject to various federal, state, local and foreign laws and regulations. Our failure to comply with applicable laws and regulations could restrict our ability to provide certain services or result in imposition of civil fines and criminal penalties, substantial regulatory and compliance costs, litigation expense, adverse publicity and loss of revenue.

In addition, our businesses are subject to an increasing degree of compliance oversight by regulators and by our customers. Specifically, the CFPB has authority to write rules impacting the business of credit reporting agencies and also to supervise, conduct examinations of, and enforce compliance as to federal consumer financial protections laws and regulations with respect to certain “non-depository covered persons” determined by the CFPB to be “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. The CFPB and the prudential financial institution regulators such as the Office of the Comptroller of the Currency also have the authority to examine us in our role as a service provider to large financial institutions, although it is yet unclear how broadly they will apply this authority going forward. In addition, several of our largest bank customers are subject to consent orders with the Office of the Comptroller of the Currency 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.

These laws and regulations (as well as actions that may be taken by legislatures and regulatory bodies 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 on us, result in significant loss of revenue, impact the value of assets we hold, or otherwise significantly adversely affect our business. In addition, this increased level of scrutiny may increase our costs of compliance.

Additional changes in the applicable regulatory environment or interpretations of existing regulations or statutes or enhanced governmental oversight of us or our customers could negatively affect our operations. These changes may compel us to increase our prices in certain situations or decrease our prices in other situations, 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 customers, we may experience customer losses or increased operating costs, and our business and results of operations could be negatively affected.

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3. Regulatory developments with respect to use of consumer data and public records could have a material adverse effect on our business, financial condition and results of operations.

Because 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 that already are subject to regulation under the Fair Credit Reporting Act ("FCRA"), the Gramm-Leach-Bliley Act ("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. 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.

In addition, some of our data suppliers face similar regulatory requirements 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. Further, 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, they 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. For example, the Federal Trade Commission recently issued nine orders requiring data brokerage companies, including us, to provide the agency with information about how they collect and use data about consumers. Any future laws, regulations or other restrictions limiting the dissemination or use of personal information may reduce the quality and availability of our products and services, which could have a material adverse effect on our business, financial condition and results of operations.

4. If we are unable to protect our information systems against data corruption, cyber-based attacks or network security breaches, or if we are unable to provide adequate security in the electronic transmission of sensitive data, it could have a material adverse effect on our business, financial condition and results of operations.

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 and similar breaches, can create system disruptions, shutdowns or unauthorized disclosure of confidential information, including non-public personal information and consumer data. 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. If we are unable to prevent such security or privacy breaches, our operations could be disrupted, or we may suffer loss of reputation, financial loss and other regulatory penalties because of lost or misappropriated information, including sensitive consumer data.

Likewise, our customers 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 large customers, it could negatively affect our relationships with those customers or increase our operating costs, which could harm our business or reputation.

5. Systems interruptions may impair the delivery of our products and services, causing potential customer and revenue loss.

System interruptions may impair the delivery of our products and services, resulting in a loss of customers and a corresponding loss in revenue. In August 2012, as part of our TTI, we entered into an agreement to outsource our technology infrastructure management services, including the hosting of our data centers, to Dell Marketing, L.P. ("Dell"). We depend heavily upon the computer systems located in our data centers, which we expect will be moved under the Dell arrangement to Dell's data center(s) progressively over the next couple of years. Certain events beyond our control, including natural disasters and telecommunications failures, or technical issues at Dell that are beyond our control, could interrupt the delivery of products and services. These interruptions also may interfere with our suppliers' ability to provide necessary data and our employees' ability to attend work and perform their responsibilities, or may cause a loss of customers or a loss in revenue.

6. Because our revenue from customers in the mortgage, consumer lending and real estate industries is affected by the strength of the economy and the housing market generally, including the volume of real estate transactions, a

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negative change in any of these conditions could materially adversely affect our business and results of operations.

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 may adversely affect our business. The volume of mortgage origination and residential real estate transactions is highly variable. Reductions in these transaction volumes could have a direct impact on certain portions of our revenues and may materially adversely affect our business, financial condition and results of operations. In addition, declines in the level of loans seriously delinquent (loans delinquent 90 days or more) or loans in foreclosure and delays in the default cycle may negatively affect the demand for many of our products and services in our asset management and processing solutions segment. Moreover, negative economic conditions have had an impact on, and continue to impact the performance and financial condition of, some of our customers in many of our businesses, which may lead to negative impacts on our revenue, earnings and liquidity in particular if these customers go bankrupt or otherwise exit certain businesses.

7. We do not solely control the operations and dividend policies of our partially-owned affiliates, including our National Joint Ventures. A decrease in earnings of or dividends from these joint ventures could have a negative impact on our earnings and cash flow.

In our National Joint Ventures with some of our largest customers, we share control of the management of the operations of the joint venture with the other partner. As a result, we cannot solely dictate the business strategy, operations or dividend policies of these joint ventures without the cooperation of the respective partners. Our National Joint Ventures are impacted by many of the same regulatory and economic factors that affect our business. A decrease in earnings and dividends derived from these joint ventures could have a negative impact on our earnings and cash flow, and we may not have the ability to prevent such a decrease. In addition, our joint venture partners could decide to exit the joint venture or otherwise terminate the operations at their discretion, which could have a material adverse effect on our business and results of operations.

8. We rely on our top customers for a significant portion of our revenue and profit, which makes us susceptible to the same macro-economic and regulatory factors that our customers face. If these customers are negatively impacted by current economic or regulatory conditions or otherwise experience financial hardship or stress, or if the terms of our relationships with these customers change, our business, financial condition and results of operations could be adversely affected.

The ten largest U.S. mortgage originators generated 42.6% of our 2012 operating revenues for the year ended December 31, 2012, and one customer, Wells Fargo, N.A., accounted for 10.8% of our 2012 operating revenues. These customers face continued pressure in the current economic and regulatory climate. Many of our relationships with these customers 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. Deterioration in or termination of any of these relationships could significantly reduce our revenue and could adversely affect our business, financial condition and results of operations.

9. We rely upon proprietary technology and information rights, and if we are unable to protect our rights, our business, financial condition and results of operations could be harmed.

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 and distribution 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.

10. If our products or services are found to infringe on the proprietary rights of others, we may be required to change our business practices and may also become subject to significant costs and monetary penalties.

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 or suppliers of data. Likewise, if we are unable to

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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; and
- require us to enter into royalty or licensing agreements in order to obtain the right to use necessary technologies.

11. The acquisition and integration or divestiture of businesses by us may involve increased expenses, and may not produce the desired financial or operating results contemplated at the time of the transaction.

We have acquired and expect to continue to acquire, on an opportunistic basis, companies, businesses, products and services. We also evaluate strategic divestitures from time to time. These activities may increase our expenses, and the expected benefits, synergies and growth from these initiatives may not materialize as planned. In addition, we may have difficulty integrating our completed or any future acquisitions into our operations. If we fail to properly integrate acquired businesses, products, technologies and personnel, it could impair relationships with employees, customers and strategic partners, distract management attention, 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. In addition, although part of our business strategy may include growth through strategic acquisitions, and we may not be able to identify suitable acquisition candidates, obtain the capital necessary to pursue acquisitions or complete acquisitions on satisfactory terms.

12. Our reliance on outsourcing arrangements subjects us to risk and may disrupt or adversely affect our operations. In addition, we may not realize the full benefit of our outsourcing arrangements, which may result in increased costs, or may adversely affect our service levels for our customers.

Over the last few years, 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 and the technology infrastructure management services agreement we entered into with Dell. 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 to our operations, and to the services we provide to our customers, which could materially and adversely affect our business, customer relationships, financial condition, operating results and cash flow.

Furthermore, some of our outsourced services are being performed offshore, which could expose us to risks inherent in conducting business outside of the United States. Our customers may object to the outsourcing and/or offshoring of services we provide for them, which may require us to perform such services directly and/or onshore at a higher cost or our customer may cease doing business with us.

Our outsourcing arrangement with Cognizant Technology Solutions subjects us to a remaining net cumulative minimum commitment of approximately $277.6 million, plus applicable inflation adjustments, over the remaining minimum commitment term through 2016, which we are required to pay regardless of the actual value of the services it provides. This minimum commitment could negatively affect our cost structure and our ability to divest operations which utilize services under this outsourcing agreement.

13. Our international outsourcing service providers and our own international operations subject us to additional risks, which could have an adverse effect on our results of operations. Dependence on these operations, in particular our outsourcing arrangements, may impair our ability to operate effectively.

Over the last few years, we have reduced our costs by utilizing lower cost labor outside the U.S. in countries such as India and the Philippines, primarily through outsourcing arrangements. These countries are subject to relatively higher degrees of political and social instability than the U.S. and may lack the infrastructure to withstand political unrest or natural disasters. Such disruptions can impact our ability to deliver our products and services on a timely basis, if at all, and to a lesser extent can

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decrease efficiency and increase our costs. Weakness of the U.S. 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 United States and, as a result, many of our customers may require us to use labor based in the U.S. We may not be able to pass on the increased costs of higher-priced U.S.-based labor to our customers, which ultimately could have an adverse effect on our results of operations.

In addition, the foreign countries in which we have outsourcing 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. In addition, 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 Foreign Corrupt Practices Act ("FCPA"). Any violations of 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.

14. 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. In addition, the instruments governing our indebtedness subject us to various restrictions that could limit our operating flexibility.

As of December 31, 2012, our total debt was approximately $792.4 million, and we have unused commitments of approximately $500.0 million under our credit facilities.

Subject to the limitations contained in the credit agreement governing our credit facilities, the indenture governing the 7.25% senior notes and our other debt instruments, we may incur substantial 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 intensify.

The indenture governing the notes and the credit agreement governing our credit facilities each impose operating and financial restrictions on our activities. These restrictions include the financial covenants in our credit facilities which require on-going compliance with certain financial tests and ratios, including a minimum interest coverage ratio and maximum leverage ratio. The operating and financial restrictions in the indenture or the credit agreement 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.

These restrictions on our ability to operate our business could 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.

15. We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our outstanding debt instruments, which may not be successful.

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 holders of the notes or the lenders under our credit facilities could declare all outstanding principal and interest to be due and payable, and the lenders under our credit facilities 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.

16. We operate in a competitive business environment, and if we are unable to compete effectively our results of operations and financial condition may be adversely affected.

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 customers against both third parties and the in-house capabilities of our customers. Some of our competitors, such as the credit bureaus, 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 render our existing technology obsolete, resulting in operating inefficiencies and increased competitive pressure. We cannot assure you that we will be able to compete successfully against current or future competitors or that competitive pressures we face in the markets in which we operate will not materially adversely affect our business, financial condition and results of operations.

17. We may not be able to attract and retain qualified management or develop current management to keep pace with company growth, which could have an adverse effect on our ability to maintain or increase our product and service offerings.

We rely on skilled management 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.

18. We have substantial investments in recorded goodwill as a result of prior acquisitions and an impairment of these investments would require a write-down that would reduce our net income.

In accordance with generally accepted accounting principles, or GAAP, existing goodwill is not amortized but instead is required to be 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 to earnings in the period of impairment. In the event of significant volatility in the capital markets or a worsening of current economic conditions, we may be required to record an impairment charge, which would negatively impact our results of operations. Possible future impairment of goodwill under accounting guidance may have a material adverse effect on our business, financial condition and results of operations.

19. We may not be able to effectively achieve our growth or cost-containment strategies, which could adversely affect our financial condition or results of operations.

Our growth and cost-containment strategies include revenue growth and margin expansion, strategic outsourcing such as our TTI, streamlining functions and improving overall processes. Although we have implemented many of these plans, we cannot guarantee that we will be successful at implementing all of our growth strategies within the timetable we have indicated, if at all. In addition, we may not be able to realize all of the projected benefits of our cost-containment strategies, and these efforts could impair our ability to attract and retain resources or prohibit us from being able to execute effectively and efficiently on our growth plans.

Risks Relating to the Separation of FAFC

1. We are responsible for a portion of FAFC's contingent and other corporate liabilities.

Under the Separation and Distribution Agreement we entered into with FAFC and related agreements, subject to certain exceptions contained in the Tax Sharing Agreement, we and FAFC are each responsible for 50% of certain of FAC's contingent and other corporate liabilities. External costs and expenses associated with the management of these contingent and other corporate liabilities are shared equally. These contingent and other corporate liabilities primarily relate to any third party claims related to the Separation or the Distribution. Contingent and other corporate liabilities that relate only to the information

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solutions business were generally allocated to us and those that relate only to the financial services business were generally allocated to FAFC.

If FAFC were to default on a payment obligation related to these liabilities, we may be required to pay the amount in default. Accordingly, under certain circumstances, we may be obligated to pay amounts in excess of the agreed-upon share of the contingent and other corporate liabilities, including associated expenses.

2. We share responsibility with FAFC for certain income tax liabilities for tax periods prior to and including the date of the Distribution.

Under the Tax Sharing Agreement, we are generally responsible for taxes attributable to members of the information solutions group of companies or the assets, liabilities or businesses of the information group of companies and FAFC is generally responsible for all taxes attributable to members of the FAFC group of companies or the assets, liabilities or businesses of the FAFC group of companies. Generally, any liabilities arising from adjustments to prior year (or partial year with respect to 2010) consolidated tax returns 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 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.

3. If the Distribution or certain internal transactions undertaken in anticipation of the Separation are determined to be taxable for U.S. federal income tax purposes, we, our stockholders that are subject to U.S. federal income tax and FAFC will incur significant U.S. 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 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 U.S. 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 or FAFC after the Separation. If the Separation is determined to be taxable for U.S. federal income tax purposes, we and our stockholders that are subject to U.S. federal income tax could incur significant U.S. federal income tax liabilities.

In addition, under the terms of the Tax Sharing Agreement, in the event the Distribution were determined to be taxable and such determination were the result of actions taken after the Distribution 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-Distribution actions taken by or in respect of the responsible party or its stockholders, regardless of when the actions occur after the Distribution, the other party consents to such actions or such party obtains a favorable letter ruling or opinion of tax counsel as described above. For example, we would be responsible for a third party's acquisition of us at a time and in a manner that would cause a failure of the Distribution to qualify as a tax-free transaction under the Code. These restrictions may prevent us from entering into transactions which might be advantageous to our stockholders.

4. 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.

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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, the Restrictive Covenants Agreement, certain transition services agreements and leases for our data center and former headquarters facilities in Santa Ana. 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. Such a triggering event also triggers the ability of FAFC to terminate our data center upon 30 days notice. 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 and our need to move our data center very abruptly 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, 2012, CoreLogic's real estate portfolio of 1.8 million square feet is comprised of leased property throughout 23 states in the United States and 83,000 square feet in Mexico, India, Australia, Canada and the United Kingdom. Our properties range in size from a single property under 1,000 square feet to our large, multiple-building complex in Westlake, Texas totaling 665,000 square feet. The Westlake property lease expires in March 2017. We relocated our headquarters in August 2012 from Santa Ana, California to Irvine, California, where we occupy169,000 square feet. The headquarters lease expires in July 2021.

All properties are primarily used as offices and have multiple 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 16 - Litigation and Regulatory Contingencies 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.

Item 4. Mine Safety Disclosures.

Not applicable.

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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 18, 2013 was 2,998. High and low stock prices for the last two years were as follows:

	2012		2011	
	High	Low	High	Low
Quarter ended March 31,	$16.93	$12.44	$20.97	$17.07
Quarter ended June 30,	$18.68	$15.05	$19.20	$16.24
Quarter ended September 30,	$27.83	$18.35	$16.96	$7.64
Quarter ended December 31,	$29.00	$22.13	$14.40	$9.98

We did not declare dividends for the years ended December 31, 2012 and 2011. We do not expect to pay regular quarterly cash dividends, and any future dividends will be dependent on future earnings, financial condition, compliance with agreements governing our outstanding debt and capital requirements.

Unregistered Sales of Equity Securities

During the quarter ended December 31, 2012, we did not issue any unregistered shares of our common stock.

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, or the Securities Exchange Act of 1934, each as amended, 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 Standard & Poor’s Midcap 400 index, the Standard & Poor’s Midcap 400 Data Processing Outsourced Services Index and two peer group indexes. The comparison assumes an investment of $100 on December 31, 2007 and reinvestment of dividends. This historical performance is not indicative of future performance. For purposes of calculating the cumulative total return on our stock, it is assumed that each share of FAFC received in the Distribution on June 1, 2010 was immediately sold for its market value and the proceeds reinvested in additional shares of our common stock. The value of our common stock in periods subsequent to the Distribution therefore includes the value of the distributed shares but not the separate performance of those securities since June 1, 2010.

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The Old Peer Group, which was used by the Board's Compensation Committee for 2012 compensation decisions, consisted of: Acxiom Corporation, Alliance Data Systems Corporation, Broadridge Financial Solutions, Inc., CIBER Inc., DST Systems, Inc., The Dun & Bradstreet Corporation, Equifax, Inc., Fair Isaac Corporation, Fidelity National Information Services, Inc., Fiserv, Inc., Gartner, Inc., IHS Inc., Jack Henry & Associates, Inc., Lender Processing Services, Inc., and Verisk Analytics, Inc. In early 2013, the Compensation Committee adopted the New Peer Group for use in 2013 compensation decisions, modifying the Old Peer Group to include CSG Systems International Inc., Sapient Corp. and Syntel, Inc. The Compensation Committee believes the New Peer Group more accurately and appropriately reflects our business and the industries in which we compete.

Item 6. Selected Financial Data

The selected consolidated financial data for the Company for the five-year period ended December 31, 2012 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—Acquisitions,” and “Item 7—Management’s Discussion and Analysis—Results of Operations.” The consolidated statements of operations data for the years ended December 31, 2009 and 2008 and the consolidated balance sheet data as of December 31, 2010, 2009, and 2008 have been derived from financial statements not included herein.

Before June 1, 2010, we operated as The First American Corporation. On June 1, 2010, we completed a transaction that spun-off our financial services businesses, including our title insurance business, into a new, publicly-traded, New York Stock Exchange-listed company called FAFC. In connection with the Separation, we transferred ownership of the “First American” name, trademarks and trading symbol “FAF” to FAFC. We then changed our name to CoreLogic, Inc. and our trading symbol to “CLGX,” and changed the names of several of our operating subsidiaries to replace the reference to “First American” with the name "CoreLogic."

The results of operations of FAFC, the sale of our employer and litigation services business and the disposition of our non-core businesses (our marketing services business (Leadclick), our consumer credit monitoring services business, our transportation services business (American Driving Records) and our 100% owned appraisal management company business) are reflected as discontinued operations. See Note 18 – Discontinued Operations for additional disclosures.

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(in thousands, except per share amounts)	For the year ended December 31,				
Income Statement Data:	2012	2011	2010	2009	2008
Operating revenue	$1,567,633	$1,338,547	$1,280,276	$1,330,162	$1,305,134
Operating income	222,260	88,685	113,683	108,652	66,201
Equity in earnings of affiliates, net of tax	35,983	30,270	41,641	48,847	23,640
Amounts attributable to CoreLogic:					
Income/(loss) from continuing operations, net of tax	123,508	52,515	46,221	45,981	(10,420)
(Loss)/income from discontinued operations, net of tax	(15,056)	(127,124)	(83,536)	150,658	(15,900)
Income/(loss) from sale of discontinued operations, net of tax	3,841	—	(18,985)	—	—
Net income/(loss)	$112,293	$(74,609)	$(56,300)	$196,639	$(26,320)
Balance Sheet Data:					
Assets of discontinued operations	$794	$55,516	$270,293	$5,918,400	$6,061,041
Total assets	$3,029,827	$3,118,700	$3,234,825	$8,836,988	$8,787,686
Long-term debt, excluding discontinued operations	$792,426	$908,295	$720,889	$570,457	$613,685
Total equity	$1,170,946	$1,244,821	$1,545,141	$3,156,671	$3,375,659
Dividends on common shares	$—	$—	$22,657	$84,349	$81,542
Amounts attributable to CoreLogic:					
Basic income/(loss) per share:					
Income/(loss) from continuing operations, net of tax	$1.20	$0.48	$0.41	$0.49	$(0.11)
(Loss)/income from discontinued operations, net of tax	(0.15)	(1.16)	(0.75)	1.59	(0.17)
Income/(loss) from sale of discontinued operations, net of tax	0.04	—	(0.17)	—	—
Net income/(loss)	$1.09	$(0.68)	$(0.51)	$2.08	$(0.28)
Diluted income/(loss) per share:					
Income/(loss) from continuing operations, net of tax	$1.19	$0.48	$0.41	$0.48	$(0.11)
(Loss)/income from discontinued operations, net of tax	(0.14)	(1.16)	(0.74)	1.58	(0.17)
Income/(loss) from sale of discontinued operations, net of tax	0.04	—	(0.17)	—	—
Net income/(loss)	$1.09	$(0.68)	$(0.50)	$2.06	$(0.28)
Weighted average shares outstanding					
Basic	102,913	109,122	111,529	94,551	92,516
Diluted	104,050	109,712	112,363	95,478	92,516

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Item 7. Management’s Discussion and Analysis of Financial Condition and 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 acquisition and divestiture strategy and our growth plans for 2013, the Company’s share repurchases, the level of aggregate U.S. mortgage originations and inventory of delinquent mortgage loans and loans in foreclosure 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. These risks and uncertainties include, but are not limited to:

- limitations on access to or increase in prices for data from external sources, including government and public record sources;
- changes in applicable government legislation, regulations and the level of regulatory scrutiny affecting our customers or us, including with respect to consumer financial services and the use of public records and consumer data;
- compromises in the security of our data transmissions, including the transmission of confidential information or systems interruptions;
- difficult conditions in the mortgage and consumer lending industries and the economy generally together with customer concentration and the impact of these factors thereon;
- our ability to protect proprietary technology rights;
- our indebtedness and the restrictions in our various debt agreements;
- our growth strategies and cost reduction plans and our ability to effectively and efficiently implement them;
- risks related to the outsourcing of services and our international operations;
- impairments in our goodwill or other intangible assets; and
- the inability to realize the benefits of the Separation as a result of the factors described immediately above, as well as, among other factors, increased borrowing costs, competition between the resulting companies, increased operating or other expenses or the triggering of rights and obligations by the transaction or any litigation arising out of or related to the Separation.

We assume no obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise. 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. These risks and uncertainties, along with the risk factors above under “Item 1A. Risk Factors” should be considered in evaluating any forward-looking statements contained herein.

Business Overview

We are a leading provider of property, financial and consumer information, analytics and services to mortgage originators and servicers, financial institutions and other businesses, government and government-sponsored enterprises. Our data, query, analytical and business outsourcing services help our customers to identify, manage and mitigate credit and interest rate risk. 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.

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We believe that we offer our customers among the most comprehensive databases of public, contributory and proprietary data covering real property and mortgage information, judgments and liens, parcel and geospatial data, motor vehicle records, criminal background records, national coverage eviction information, non-prime lending records, credit information, and tax information, among other data types. Our databases include over 795 million historical property transactions, over 93 million mortgage applications and property-specific data covering over 99% of U.S. residential properties exceeding 147 million records. We believe the quality of the data we offer is distinguished by our broad range of data sources and our core expertise in aggregating, organizing, normalizing, processing and delivering data to our customers.

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

Critical Accounting Policies and Estimates

Our significant accounting policies are discussed in Note 2- Significant Accounting Policies. We consider the accounting policies described below to be critical in preparing our consolidated financial statements. These policies require us to make estimates and judgments that affect the reported amounts of certain assets, liabilities, revenues, expenses and related disclosures of contingencies. Our assumptions, estimates and judgments are based on historical experience, current trends and other factors that we believe to be relevant at the time we prepare the consolidated financial statements. Although we believe that our estimates and assumptions are reasonable, we cannot determine future events. As a result, actual results could differ materially from our assumptions and estimates.

Basis of presentation and consolidation. Our discussion and analysis of financial condition and results of operations is based upon our audited consolidated financial statements, which have been prepared in accordance with GAAP. Our operating results for the years ended December 31, 2012, 2011 and 2010 include results for any acquired entities from the applicable acquisition date forward and all prior periods have been adjusted to properly reflect discontinued operations. All significant intercompany transactions and balances have been eliminated.

Revenue recognition. We derive our revenues principally from U.S. mortgage originators and servicers with good creditworthiness. Our product and service deliverables are generally comprised of data or other related services. Our revenue arrangements with our customers generally include a work order or written agreement specifying the data products or services to be delivered and related terms of sale including payment amounts and terms. The primary revenue recognition-related judgments we exercise are to determine when all of the following criteria have been met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) our price to the buyer is fixed or determinable; and (4) collectability is reasonably assured.

For products or services where delivery occurs at a point in time, we recognize revenue upon delivery. These products or services include sales of tenancy data and analytics, credit solutions for mortgage and automotive industries, under-banked credit services, flood and data services, real estate owned asset management, claims management, asset management and processing solutions, broker price opinions, and field services where we perform property preservation services.

For products or services where delivery occurs over time, we recognize revenue ratably on a subscription basis over the contractual service period once initial delivery has occurred. Generally these service periods range from one to three years. Products or services recognized on a license or subscription basis include information and analytic products, flood database licenses, realtor solutions, and lending solutions.

Tax service revenues are comprised of periodic loan fees and life-of-loan fees. For periodic loans, we generate monthly fees at a contracted fixed rate for as long as we service the loan. Loans serviced with a one-time, life-of-loan fee are billed once the loan is boarded to our tax servicing system in accordance with a customer tax servicing agreement. Life-of-loan fees are then deferred and recognized ratably over the expected service period. The rates applied to recognize revenues assume a 10-year contract life and are adjusted to reflect prepayments. We review the tax service contract portfolio quarterly to determine if there have been changes in contract lives, deferred on-boarding costs, expected service period, and/or changes in the number and/or timing of prepayments. Accordingly, we may adjust the rates to reflect current trends.

Cost of services. Cost of services represents costs incurred in the creation and delivery of our products and services. Cost of services consists primarily of data acquisition and royalty fees; customer service costs, which include: personnel costs to collect, maintain and update our proprietary databases, to develop and maintain software application platforms and to provide consumer and customer call center support; hardware and software expense associated with transaction processing

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systems; telecommunication and computer network expense; and occupancy costs associated with facilities where these functions are performed by employees.

Selling, general and administrative expenses. Selling, general and administrative expenses consist primarily of personnel-related costs, direct and indirect selling costs, restructuring costs, corporate costs, fees for professional and consulting services, advertising costs, uncollectible accounts and other costs of administration such as marketing, human resources, finance and administrative roles.

Purchase accounting. The purchase method of accounting requires companies to assign values to assets and liabilities acquired based upon their fair values. In most instances there is not a readily defined or listed market price for individual assets and liabilities acquired in connection with a business, including intangible assets. The determination of fair value for assets and liabilities in many instances requires a high degree of estimation. The valuation of intangible assets, in particular, is very subjective. We generally obtain third-party valuations to assist us in estimating fair values. The use of different valuation techniques and assumptions could change the amounts and useful lives assigned to the assets and liabilities acquired, including goodwill and other identifiable intangible assets and related amortization expense.

Goodwill and other intangible assets. We perform an annual impairment test for goodwill and other indefinite-lived intangible assets for each reporting unit every fourth quarter. In addition to our annual impairment test, we periodically assess whether events or circumstances have occurred that potentially indicate the carrying amounts of these assets may not be recoverable. In assessing the overall carrying value of our goodwill and other intangibles, we first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Examples of such events or circumstances include the following: cost factors, financial performance, legal and regulatory factors, entity-specific events, industry and market factors, macroeconomic conditions and other considerations.

If, after assessing the totality of events or circumstances, we determine that it is more likely than not that the fair value of a reporting unit is less than its carrying value, then management’s impairment testing process may include two additional steps. The first step (“Step 1”) compares the fair value of each reporting unit to its book value. The fair value of each reporting unit is determined by using discounted cash flow analysis and market approach valuations. If the fair value of the reporting unit exceeds its book value, then goodwill is not considered impaired and no additional analysis is required. However, if the book value is greater than the fair value, a second step (“Step 2”) must be completed to determine if the fair value of the goodwill exceeds the book value of the goodwill.

Step 2 involves calculating an implied fair value of goodwill for each reporting unit for which Step 1 indicated impairment. The implied fair value of goodwill is determined in a manner similar to the amount of goodwill calculated in a business combination, by measuring the excess of the estimated fair value of the reporting unit, as determined in Step 1, over the aggregate estimated fair values of the individual assets, liabilities and identifiable intangibles as if the reporting unit was being acquired in a business combination. If the implied fair value of goodwill exceeds the carrying value of goodwill assigned to the reporting unit, there is no impairment. If the carrying value of goodwill assigned to a reporting unit exceeds the implied fair value of the goodwill, an impairment loss is recorded for the excess. An impairment loss cannot exceed the carrying value of goodwill assigned to a reporting unit, and the loss establishes a new basis in the goodwill. Subsequent reversal of goodwill impairment losses is not permitted. The valuation of goodwill requires assumptions and estimates of many critical factors including revenue growth, cash flows, market multiples and discount rates. Forecasts of future operations are based, in part, on operating results and our expectations as to future market conditions. These types of analysis contain uncertainties because they require us to make assumptions and to apply judgments to estimate industry economic factors and the profitability of future business strategies. However, if actual results are not consistent with our estimates and assumptions, we may be exposed to an additional impairment loss that could be material.

These tests utilize a variety of valuation techniques, all of which require us to make estimates and judgments. Fair value is determined by employing an expected present value technique, which utilizes multiple cash flow scenarios that reflect a range of possible outcomes and an appropriate discount rate. The use of comparative market multiples (the “market approach”) compares the reporting unit to other comparable companies (if such comparables are present in the marketplace) based on valuation multiples to arrive at a fair value. We also use certain of these valuation techniques in accounting for business combinations, primarily in the determination of the fair value of acquired assets and liabilities. In assessing the fair value, we utilize the results of the valuations (including the market approach to the extent comparables are available) and consider the range of fair values determined under all methods and the extent to which the fair value exceeds the book value of the equity. As of December 31, 2012, our reporting units are data and analytics, mortgage origination services, and asset management and processing solutions.

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In connection with our acquisition of CDS Business Mapping, LLC ("CDS"), we separated our spatial solutions business line from our mortgage origination services segment and consolidated it with CDS, effectively creating the geospatial solutions business unit within the data and analytics segment. As a result, we revised our reporting for segment disclosure purposes and reassessed our reporting units for purposes of evaluating the carrying value of our goodwill. This assessment required us to perform a fourth quarter reassignment of our goodwill to each reporting unit impacted using the relative fair value approach, based on the fair values of the reporting units as of December 31, 2012.

Determining the fair value of a reporting unit is judgmental in nature and requires the use of significant estimates and assumptions, including revenue growth rates, operating margins, discount rates and future market conditions, among others. Key assumptions used to determine the fair value of our mortgage origination services reporting unit and geospatial solutions business unit in our testing were: (a) expected cash flow for the period from 2013 to 2018; and (b) a discount rate ranging from 11.0% to 15.0%, which was based on management's best estimate of the after-tax weighted average cost of capital.

We performed a qualitative analysis on our reporting units and examined relevant events and circumstances such as: cost factors, financial performance, legal and regulatory factors, entity-specific events, industry and market factors, macroeconomic conditions and other considerations. We also considered the reassignment analysis of geospatial solutions' goodwill to each reporting unit impacted using the relative fair value approach. Based on the qualitative analysis performed, we determined that it is more likely than not that goodwill attributable to our reporting units is not impaired as of December 31, 2012. It is reasonably possible that changes in the facts, judgments, assumptions and estimates used in assessing the fair value of the goodwill could cause a reporting unit to become impaired.

Income taxes. We account for income taxes under the asset and liability method, whereby we recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases as well as expected benefits of utilizing net operating loss and credit carryforwards. We measure deferred tax assets and liabilities using enacted tax rates we expect to apply in the years in which we expect to recover or settle those temporary differences. We recognize in income the effect of a change in tax rates on deferred tax assets and liabilities in the period that includes the enactment date.

We recognize the effect of income tax positions only if sustaining those positions is more likely than not. We reflect changes in recognition or measurement of uncertain tax positions in the period in which a change in judgment occurs. We recognize interest and penalties, if any, related to uncertain tax positions within income tax expense. Accrued interest and penalties are included within the related tax liability line in the consolidated balance sheet.

We evaluate the need to establish a valuation allowance based upon expected levels of taxable income, future reversals of existing temporary differences, tax planning strategies, and recent financial operations. We establish a valuation allowance to reduce deferred tax assets to the extent we believe it is more likely than not that some or all of the deferred tax assets will not be realized.

Useful lives of assets. We are required to estimate the useful lives of several asset classes, including capitalized data, internally developed software and other intangible assets. The estimation of useful lives requires a significant amount of judgment related to matters such as future changes in technology, legal issues related to allowable uses of data and other matters.

Stock-based compensation. We measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The cost is recognized over the period during which an employee is required to provide services in exchange for the award. We used the binomial lattice option-pricing model to estimate the fair value for any options granted after December 31, 2006 through December 31, 2009. For the options granted in 2012, 2011 and 2010, we used the Black-Scholes model to estimate the fair value. We utilize the straight-line single option method of attributing the value of stock-based compensation expense unless another expense attribution model is required. As stock-based compensation expense recognized in the results of operations is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. We apply the long-form method for determining the pool of windfall tax benefits.

Currently, our primary means of stock-based compensation is granting restricted stock units (“RSUs”). The fair value of any RSU grant is based on the market value of our shares on the date of grant and is generally recognized as compensation expense over the vesting period. RSUs granted to certain key employees have graded vesting and have a service and performance requirement, and are therefore expensed using the accelerated multiple-option method to record stock-based compensation expense. All other RSU awards have graded vesting and service is the only requirement to vest in the award, and are therefore generally expensed using the straight-line single option method to record stock-based compensation expense.

In addition to stock options and RSUs, through September 2011 we had an employee stock purchase plan that allowed eligible employees to purchase common stock of the Company at 85.0% of the closing price on the last day of each quarter. We recognized an expense in the amount equal to the discount. The employee stock purchase plan expired in September 2011. Our 2012 employee stock purchase plan was approved by our stockholders at our 2012 annual meeting of stockholders and the first offering period commenced in October 2012.

Reclassifications. Prior to the Separation, we operated primarily as a title insurance company regulated under Article 7 of Regulation S-X and were not subject to the requirements of Article 5 of Regulation S-X. Rule 5-03 of Regulation S-X requires Article 5 companies, such as us, to classify expenses in a functional manner. We have reclassified external cost of revenues, salaries and benefits and other operating expenses into cost of services and selling, general and administrative (“SG&A”) expenses, in our income statement within our annual report on Form 10-K for the years ended December 31, 2012, 2011 and 2010. The reclassification of these expenses on a functional basis was not material to the financial statements as a whole, as it had no impact to operating revenues, total operating expenses, operating income, net income or earnings per share previously reported. In addition, there was no impact on our balance sheets or statements of cash flows.

Recent Accounting Pronouncements

In August 2012, the Financial Accounting Standards Board (“FASB”) issued updated guidance related to the testing of indefinite-lived intangible assets other than goodwill for impairment. The guidance provides that an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of an indefinite-lived intangible assets other than goodwill is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of an indefinite-lived intangible asset other than goodwill is less than its carrying amount, then performing the two-step impairment test is unnecessary. The updated guidance is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In December 2011 and January 2013, the FASB issued updated guidance related to the presentation of offsetting (netting) assets and liabilities in the financial statements. The guidance requires the disclosure of both gross information and net information on instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. This scope would include derivatives, sale and repurchase agreements and reverse sale and repurchase agreements, and securities borrowing and securities lending arrangements. The updated guidance is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. Management does not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In September 2011, the FASB issued updated guidance related to the testing of goodwill for impairment. The guidance provides that an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. The updated guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In June 2011, the FASB issued updated guidance related to the presentation of comprehensive income. The guidance provides that an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The updated guidance is effective for annual financial reporting periods beginning after December 15, 2011 and for interim periods within the fiscal year. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In May 2011, the FASB issued updated guidance related to fair value measurements and disclosures. The update provides amendments to achieve common fair value measurements and disclosure requirements in GAAP and International Financial Reporting Standards. The amendments in this update explain how to measure fair value. They do not require additional fair value measurements and are not intended to establish valuation standards or affect valuation practices outside of financial reporting. The updated guidance is effective during interim and annual financial reporting periods beginning after December 15, 2011. The adoption of this guidance did not have a material impact on our consolidated financial statements.

Results of Operations

Overview

We generate the majority of our revenues from clients with operations in the U.S. residential real estate, mortgage origination and mortgage servicing markets. We believe the volume of real estate transactions is primarily affected by real estate prices, the availability of funds for mortgage loans, mortgage interest rates, employment levels and the overall state of the U.S. economy. Throughout 2012 we benefited from the improvement in the U.S. residential real estate and mortgage lending industries, particularly from higher refinancing transactions, which resulted in higher levels of mortgage applications and originations. This, combined with recovering home prices and home purchase activity, created an improved market environment for our businesses in 2012.

Approximately 42.6% of our operating revenues for the year ended December 31, 2012 were generated from the ten largest United States mortgage originators. Based on statistics published by the Mortgage Bankers' Association (“MBA”) and data from significant mortgage originators, we estimate that total mortgage originations increased approximately 32.0% in 2012 relative to the same period of 2011. MBA estimates that mortgage applications increased 24% in 2012 relative to the same period of 2011. Given that many of our origination-related products and services are provided early in the origination cycle, application volumes are a leading indicator of demand for these products and services. In 2012, the level of mortgage originations, particularly refinancing transactions, were relatively high due to historical lows in long-term interest rates, the accommodative policy stance of the Federal Reserve, and the presence of Federal Government programs targeting mortgage loan refinancing and modification activity. We anticipate the level of mortgage originations to modestly decline in the near term.

Based on our internal estimates, the level of loans seriously delinquent (loans delinquent 90 days or more) or in foreclosure decreased approximately 15% in the year ended December 31, 2012 relative to the same period of 2011. Additionally, based on our internal analysis and market estimates, we believe the inventory of seriously delinquent mortgage loans and loans in foreclosure will continue to decline.

In December 2012, we completed our acquisition of CDS, a leading provider of geographic underwriting information for the property and casualty insurance industry, for a cash purchase price of $78.8 million. CDS is included in our data and analytics reporting segment.

In the third quarter of 2012, we completed the disposition of our transportation services business (American Driving Records) and completed the shutdown of our appraisal management company and consumer services businesses.

As part of our on-going cost efficiency programs, in July 2012, we announced the launch of our TTI with Dell Services. The objective of the TTI is to convert our existing technology infrastructure to a new platform which is expected to provide new functionality, increased performance, and a reduction in application management and development costs. Following an initial transition period of thirty months, we expect net operating expense reductions of approximately $35.0 to $40.0 million per year compared to 2012 cost levels. For the year ended December 31, 2012, expenses incurred related to the initiative were $33.2 million, of which $16.3 million are non-cash charges.

On a consolidated basis, our operating revenues increased $229.1 million, or 17.1%, for the year ended December 31, 2012 compared to 2011. Data and analytics segment operating revenues increased $68.0 million, or 12.4%, in 2012 compared to 2011, primarily due to higher document retrieval services and the impact of acquisition activity.

Mortgage origination services segment operating revenues increased $153.5 million, or 31.8%, in 2012 compared to 2011, primarily due to higher mortgage origination volumes and the impact of acquisition activity. Asset management and processing solutions segment operating revenues increased $6.0 million, or 1.8%, in 2012 compared to 2011, due to higher loss mitigation services and higher field services revenues, partially offset by a decrease in other revenues.
On a consolidated basis, operating revenues increased $58.3 million, or 4.6%, for the year ended December 31, 2011 compared to 2010. Data and analytics segment operating revenues increased $84.6 million, or 18.3%, in 2011 compared to 2010, due to higher analytical revenues, growth in advisory projects and the impact of acquisition activity. Mortgage origination services segment revenues increased $16.0 million, or 3.4%, in 2011 compared to 2010, due to the impact of acquisition activity, partially offset by lower origination volumes. Asset management and processing solutions segment revenues decreased $39.3 million, or 10.7%, in 2011 compared to 2010, primarily due to lower default-related activity and the exit of unprofitable product lines.

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Our total operating expense increased $95.5 million, or 7.6%, for the year ended December 31, 2012 compared to 2011, primarily due to higher cost of services from increased volumes, higher depreciation and amortization from the impact from acquisitions, partially offset by lower selling, general and administrative expenses from our cost-reduction initiatives. Our total operating expense increased $83.3 million, or 7.1%, for the year ended December 31, 2011 compared to 2010, primarily due to higher cost of services from increased volumes, higher depreciation and amortization due to the impact of write-offs of certain non-performing assets and the impact of acquisitions, partially offset by lower selling, general and administrative expenses from our cost-reduction initiatives.

Total interest expense, net decreased $5.8 million, or 10.0%, for the year ended December 31, 2012 compared to 2011, due to lower write-offs of deferred financing costs of $9.9 million, partially offset by higher interest expense due to higher average outstanding debt balances as a result of the issuance of $400.0 million principal amount of senior notes in May 2011. Total interest expense, net increased $28.1 million, or 92.9%, for the year ended December 31, 2011 compared to 2010, due to a $10.2 million write-off of unamortized debt issuance costs related to our extinguished bank debt facilities to interest expense and increased levels of total debt and capitalized debt issuance cost.

Loss on investments and other income totaled $2.5 million and $10.9 million for the year ended December 31, 2012 and 2010, respectively. Gain on investments and other income was $60.0 million for the year ended December 31, 2011. The variance in 2012 compared to 2011 and the variance in 2011 compared to 2010 are primarily due to the $24.9 million pre-tax gain on the sale of our remaining investment in DealerTrack Holdings, Inc. in January 2011 and the $58.9 million pre-tax gain from our acquisition of the remaining interest in RP Data Limited ("RP Data") in May 2011. The variance in 2011 compared to 2010 was partially offset by non-cash impairment charges in our investments in affiliates, net, due to other than temporary loss in value and continued changes in regulatory environment.

Net income attributable to CoreLogic increased from a net loss by $186.9 million, or 250.5%, for the year ended December 31, 2012 compared to 2011, primarily due to higher net income from continuing operations of $69.4 million, lower losses from discontinued operations of $112.1 million due to the exit of various discontinued operations during 2012, partially offset by higher loss from sale of discontinued operations of $3.8 million and lower non-controlling interests of $1.6 million. Net loss increased $18.3 million, or 32.5%, for the year ended December 31, 2011 compared to 2010, primarily due to higher losses from discontinued operations of $43.6 million, lower net income from continuing operations of $30.4 million, partially offset by lower non-controlling interests of $36.7 million and lower loss from sale of discontinued operations of $19.0 million. For the year ended December 31, 2011, losses from discontinued operations included impairment charges of $165.4 million, of which $137.7 million was for goodwill, $17.1 million was for intangibles, and a non-cash impairment charge of $10.6 million for internally-developed software. In addition, we incurred bad debt expense of $8.9 million for accounts receivable we deemed to be uncollectible. Finally, we incurred $1.8 million in expense to write off various other assets and to accrue for expenses related to the closure of businesses. The decrease in net income attributed to noncontrolling interests was largely due to our purchase of the remaining redeemable noncontrolling interests of CoreLogic Information Solutions Holdings, Inc. during the first quarter of 2011.

For additional information related to our results of operations for each of our reportable segments please see the discussions under “Data and Analytics,” “Mortgage Origination Services” and “"Asset Management and Processing Solutions” below.

Our historical consolidated financial statements have been recast to account for our marketing services business and our consumer services, transportation services, and appraisal management company businesses, FAFC and our employer and litigation services business, each as discontinued operations for all periods presented. Accordingly, we have reflected the results of operations of these businesses as discontinued operations in the consolidated statements of operations and the consolidated statements of cash flows.

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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Data and Analytics

				2012 vs. 2011		2011 vs. 2010	
(in thousands, except percentages)	2012	2011	2010	$ Change	% Change	$ Change	% Change
Operating revenue	$616,110	$548,146	$463,513	$67,964	12.4 %	$84,633	18.3 %
Cost of services (exclusive of depreciation and amortization below)	287,910	242,474	202,520	45,436	18.7 %	39,954	19.7 %
Selling, general and administrative expenses	146,786	163,005	124,011	(16,219)	-10.0 %	38,994	31.4 %
Depreciation and amortization	72,391	67,230	48,722	5,161	7.7 %	18,508	38.0 %
Total operating expenses	507,087	472,709	375,253	34,378	7.3 %	97,456	26.0 %
Operating income	109,023	75,437	88,260	33,586	44.5 %	(12,823)	-14.5 %
Total interest expense, net	(1,553)	(365)	(293)	(1,188)	325.5 %	(72)	24.6 %
Gain/(loss) on investments and other, net	2,488	(821)	280	3,309	-403.0 %	(1,101)	-393.2 %
Income from continuing operations before income taxes	109,958	74,251	88,247	35,707	48.1 %	(13,996)	-15.9 %
Income from continuing operations before equity in earnings of affiliates	109,958	74,251	88,247	35,707	48.1 %	(13,996)	-15.9 %
Equity in earnings of affiliates	2,197	1,512	4,606	685	45.3 %	(3,094)	-67.2 %
Income from continuing operations	$112,155	$75,763	$92,853	$36,392	48.0 %	$(17,090)	-18.4 %

Operating Revenues

Data and analytics segment operating revenues were $616.1 million, $548.1 million and $463.5 million for the years ended December 31, 2012, 2011 and 2010, respectively, an increase of $68.0 million, or 12.4%, in 2012 compared to 2011; and an increase of $84.6 million, or 18.3%, in 2011 compared to 2010. Acquisition activity accounted for $34.2 million and $47.9 million of the increase in 2012 and 2011, respectively. For the year ended December 31, 2012, excluding acquisition activity, the increase of $33.8 million was due to higher document retrieval services revenues of $17.9 million, growth in analytics revenues of $15.4 million, higher data licensing revenues of $6.1 million, higher Multiple Listing Services solutions revenues of $2.0 million, partially offset by decreased information report revenues of $1.1 million, and lower other revenues of $6.5 million. Information report revenues for 2012 were negatively impacted by challenging market conditions in our tenancy services business and regulatory conditions affecting certain customers of our under-banked credit services business. For the year ended December 31, 2011, excluding acquisition activity, the increase of $36.8 million was due to growth in advisory revenues including project-based revenues of $16.2 million and document retrieval services revenues of $14.7 million. In addition, we experienced higher data licensing revenues of $7.7 million, higher geospatial solutions services revenues of $4.0 million and higher other revenues of $1.3 million; these were partially offset by the decline in information reports revenues of $4.5 million and service revenues of $2.6 million.

Cost of Services

Data and analytics segment cost of services were $287.9 million, $242.5 million and $202.5 million for the years ended December 31, 2012, 2011 and 2010, respectively, an increase of $45.4 million, or 18.7%, for 2012 compared to 2011 and an increase of $40.0 million, or 19.7%, for 2011 compared to 2010. Acquisition activity accounted for $11.3 million and $15.3 million of the increase in 2012 and 2011, respectively. For the year ended December 31, 2012, excluding acquisition activity, the increase of $34.1 million was due to higher revenues and a shift in product mix primarily related to higher document retrieval services. For the year ended December 31, 2011, excluding acquisition activity, the increase of $24.6 million was due to product mix shift relating to the increase in project-based revenues and document retrieval services.

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Selling, General and Administrative Expense

Data and analytics segment selling, general and administrative expenses were $146.8 million, $163.0 million and $124.0 million for the years ended December 31, 2012, 2011 and 2010, respectively, a decrease of $16.2 million, or 10.0%, in 2012 compared to 2011 and an increase of $39.0 million, or 31.4%, in 2011 compared to 2010. Acquisition activity accounted for $13.1 million and $18.4 million of the increase in 2012 and 2011, respectively. For the year ended December 31, 2012, excluding acquisition activity, the decrease of $29.4 million was due to lower corporate shared service costs of $18.7 million in connection with our cost-reduction initiatives, lower legal expense due to proceeds from the settlement of litigation to enforce patent and other intellectual property rights of $7.0 million, lower external services of $3.4 million, lower other expense of $3.9 million, lower marketing expense of $1.3 million, partially offset by higher compensation expenses of $2.5 million and higher licensing software expense of $2.4 million. We allocate expenses, from corporate, to our business segments for various shared service costs such as human resources, legal, accounting and finance, and technology infrastructure cost. For the year ended December 31, 2011, excluding acquisition activity, selling, general and administrative expense increased $20.6 million due to higher corporate shared service costs of $32.3 million, partially offset by lower professional fees of $8.6 million, lower compensation expenses of $2.3 million and lower other expense of $0.8 million.

Depreciation and Amortization

Data and analytics segment depreciation and amortization expense were $72.4 million, $67.2 million and $48.7 million for the years ended December 31, 2012, 2011 and 2010, respectively, an increase of $5.2 million or 7.7%, in 2012 compared to 2011, and an increase of $18.5 million, or 38.0%, in 2011 compared to 2010. Acquisition activity accounted for $9.2 million and $13.7 million of the increase in 2012 and 2011, respectively. For the years ended December 31, 2012 and 2011, excluding acquisition activity, the decrease of $4.1 million and the increase of $4.8 million, respectively, were primarily due to write-offs of certain non-performing assets in 2011.

Gain/(Loss) on Investments and Other, Net

Data and analytics segment gain on investments and other, net were $2.5 million and $0.3 million for the years ended December 31, 2012 and 2010, respectively, and a loss of $0.8 million for the year ended 2011; a variance of $3.3 million, or 403.0%, in 2012 compared to 2011, and a variance of $1.1 million, or 393.2%, in 2011 compared to 2010. Acquisition activity accounted for $1.2 million and $0.1 million of the variance in 2012 and 2011, respectively. For the year ended December 31, 2012, excluding acquisition activity, the increase of $2.1 million was due to the gain on sale of an investment in an affiliate. For the year ended December 31, 2011, excluding acquisition activity, the decrease of $1.2 million, was primarily related to a loss on sale of affiliate of $0.8 million during the third quarter of 2011.

Equity in Earnings of Affiliates

Data and analytics segment equity in earnings of affiliates were $2.2 million, $1.5 million and $4.6 million for the years ended December 31, 2012, 2011 and 2010, respectively, an increase of $0.7 million, or 45.3%, in 2012 compared to 2011, and a decrease of $3.1 million, or 67.2%, in 2011 compared to 2010. Acquisition activity accounted for $0.9 million and $0.3 million of the increase in 2012 and 2011, respectively. For the year ended December 31, 2011, excluding acquisition activity, the decrease of $3.4 million was due to lower volumes in minority investments related to market conditions and the acquisition of the remaining controlling interest in RP Data in May of 2011.

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Mortgage Origination Services

(in thousands, except percentages)	2012	2011	2010	2012 vs. 2011 $ Change	2012 vs. 2011 % Change	2011 vs. 2010 $ Change	2011 vs. 2010 % Change
Operating revenue	$635,615	$482,076	$466,117	$153,539	31.8 %	$15,959	3.4 %
Cost of services (exclusive of depreciation and amortization below)	335,769	284,914	259,152	50,855	17.8 %	25,762	9.9 %
Selling, general and administrative expenses	102,338	102,810	106,346	(472)	-0.5 %	(3,536)	-3.3 %
Depreciation and amortization	26,013	22,510	17,844	3,503	15.6 %	4,666	26.1 %
Total operating expenses	464,120	410,234	383,342	53,886	13.1 %	26,892	7.0 %
Operating income	171,495	71,842	82,775	99,653	138.7 %	(10,933)	-13.2 %
Total interest (expense)/income, net	(591)	2,895	1,483	(3,486)	-120.4 %	1,412	95.2 %
Gain/(loss) on investments and other, net	263	(1,519)	(1,183)	1,782	-117.3 %	(336)	28.4 %
Income from continuing operations before income taxes	171,167	73,218	83,075	97,949	133.8 %	(9,857)	-11.9 %
Income from continuing operations before equity in earnings of affiliates	171,167	73,218	83,075	97,949	133.8 %	(9,857)	-11.9 %
Equity in earnings of affiliates	55,571	47,673	64,588	7,898	16.6 %	(16,915)	-26.2 %
Income from continuing operations	$226,738	$120,891	$147,663	$105,847	87.6 %	$(26,772)	-18.1 %

Operating Revenues

Mortgage origination services segment operating revenues were $635.6 million, $482.1 million and $466.1 million for the years ended December 31, 2012, 2011 and 2010, respectively, an increase of $153.5 million, or 31.8%, in 2012 compared to 2011; and an increase of $16.0 million, or 3.4%, in 2011 compared to 2010. Acquisition activity accounted for $11.8 million and $30.0 million of the increase in 2012 and 2011, respectively. For the year ended December 31, 2012, excluding acquisition activity, the increase of $141.8 million was due to higher mortgage origination volumes from higher refinancing activity, which increased credit services revenues by $64.6 million, tax services revenues by $56.2 million, flood certification revenues by $18.9 million and other revenues by $2.1 million. For the year ended December 31, 2011, excluding acquisition activity, the decrease of $14.1 million was primarily due to lower tax services revenues which were impacted by lower mortgage origination activity and lower deferred revenue recognition as we experienced a smaller life-of-loan servicing pool.

Cost of Services

Mortgage origination services segment cost of services were $335.8 million, $284.9 million and $259.2 million for the years ended December 31, 2012, 2011 and 2010, respectively, an increase of $50.9 million, or 17.8%, in 2012 compared to 2011; and an increase of $25.8 million, or 9.9%, in 2011 compared to 2010. Acquisition activity accounted for $8.9 million and $21.5 million of the increase in 2012 and 2011, respectively. For the year ended December 31, 2012, excluding acquisition activity, the increase of $42.0 million was due to higher origination volumes which resulted in higher credit bureau-related expense of $38.9 million primarily for our credit services business and higher other costs of services of $3.1 million. For the year ended December 31, 2011, excluding acquisition activity, the increase of $4.3 million was due to higher credit bureau-related expenses of $4.8 million related to our credit services business, partially offset by declines in other costs of services of $0.5 million.

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Selling, General and Administrative Expenses

Mortgage origination services segment selling, general and administrative expenses were $102.3 million, $102.8 million and $106.3 million for the years ended December 31, 2012, 2011 and 2010, respectively, a decrease of $0.5 million, or 0.5%, in 2012 compared to 2011; and a decrease of $3.5 million, or 3.3%, in 2011 compared to 2010. Acquisition activity accounted for $6.3 million and $9.0 million in 2012 and 2011, respectively. For the year ended December 31, 2012, excluding acquisition activity, the decrease of $6.7 million was due to lower corporate shared service costs of $20.1 million in connection with our cost-reduction initiatives, lower facilities costs of $5.8 million, partially offset by higher external services costs of $10.4 million, higher compensation expenses of $6.8 million and higher other expenses of $2.0 million. For the year ended December 31, 2011, excluding acquisition activity, the decrease of $12.5 million was primarily attributable to lower compensation expenses of $10.0 million from decreased headcount, lower management fees for investment in affiliates of $5.4 million, lower other expenses of $4.7 million, lower facilities costs of $2.3 million, lower external services of $1.9 million, partially offset by higher corporate shared service costs of $9.1 million and higher professional fees of $2.7 million.

Depreciation and Amortization

Mortgage origination services segment depreciation and amortization expense were $26.0 million, $22.5 million and $17.8 million for the years ended December 31, 2012, 2011 and 2010, respectively, an increase of $3.5 million, or 15.6%, in 2012 compared to 2011; and an increase of $4.7 million, or 26.1%, in 2011 compared to 2010. Acquisition activity accounted for $1.2 million and $4.8 million of the increase in 2012 and 2011, respectively. The remaining variances relative to the prior periods are not significant.

Gain/(Loss) on Investments and Other, Net

Mortgage origination services segment gain on investments and other was $0.3 million for the year ended December 31, 2012 and losses of $1.5 million and $1.2 million for the years ended December 31, 2011 and 2010, respectively, a variance of $1.8 million, or 117.3%, in 2012 compared to 2011; and a variance of $0.3 million, or 28.4%, in 2011 compared to 2010. For the year ended December 31, 2012, the gain was primarily comprised of excess distribution from the closure of an investment in affiliate. For the year ended December 31, 2011, the increase was primarily related to the $24.9 million pre-tax gain on the sale of our remaining investment in DealerTrack Holdings, Inc., which was sold during the first quarter of 2011, partially offset by $29.6 million in non-cash impairments due to other-than-temporary loss in value from the absence of an ability to recover the carrying amount of the investment from the under-performance of several investments in affiliates and continued changes in the regulatory environment.

Equity in Earnings of Affiliates

Mortgage origination services segment equity in earnings of affiliates were $55.6 million, $47.7 million and $64.6 million for the years ended December 31, 2012, 2011 and 2010, respectively, an increase of $7.9 million, or 16.6%, in 2012 compared to 2011; and a decrease of $16.9 million, or 26.2%, in 2011 compared to 2010. For the year ended December 31, 2012, the increase was primarily due to higher mortgage loan refinance activity in 2012. For the year ended December 31, 2011, the decrease was due to lower loan origination activity and the closure by a major joint venture customer of an origination division that focused on Federal Housing Administration loans.

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Asset Management and Processing Solutions

(in thousands, except percentages)	2012	2011	2010	2012 vs. 2011 $ Change	2012 vs. 2011 % Change	2011 vs. 2010 $ Change	2011 vs. 2010 % Change
Operating revenue	$335,224	$329,273	$368,536	$5,951	1.8%	$(39,263)	-10.7%
Cost of services (exclusive of depreciation and amortization below)	230,417	235,596	239,966	(5,179)	-2.2%	(4,370)	-1.8%
Selling, general and administrative expenses	44,777	41,107	45,919	3,670	8.9%	(4,812)	-10.5%
Depreciation and amortization	11,930	7,484	5,446	4,446	59.4%	2,038	37.4%
Total operating expenses	287,124	284,187	291,331	2,937	1.0%	(7,144)	-2.5%
Operating income	48,100	45,086	77,205	3,014	6.7%	(32,119)	-41.6%
Total interest income/(expense), net	284	214	(3)	70	32.7%	217	-7,233.3%
(Loss)/gain on investment and other, net	—	(745)	3,353	745	-100.0%	(4,098)	-122.2%
Income from continuing operations before income taxes	48,384	44,555	80,555	3,829	8.6%	(36,000)	-44.7%
Income from continuing operations before equity in earnings of affiliates	48,384	44,555	80,555	3,829	8.6%	(36,000)	-44.7%
Equity in earnings/(losses) of affiliates	—	(245)	755	245	-100.0%	(1,000)	-132.5%
Income from continuing operations	$48,384	$44,310	$81,310	$4,074	9.2%	$(37,000)	-45.5%

Operating Revenues

Asset management and processing solutions segment operating revenues were $335.2 million, $329.3 million and $368.5 million for the years ended December 31, 2012, 2011 and 2010, respectively, an increase of $6.0 million, or 1.8%, in 2012 compared to 2011; and a decrease of $39.3 million, or 10.7%, in 2011 compared to 2010. Acquisition activity accounted for $8.3 million of the variance in 2011. For the year ended December 31, 2012, the increase was due to higher loss mitigation services revenues of $22.3 million from stronger volumes and pricing and higher field services revenues of $7.2 million, partially offset by lower volumes in real estate owned asset management and other default revenues of $12.6 million, lower claims management revenue of $3.4 million, lower other revenues of $3.1 million, lower technology revenues of $2.9 million and lower broker price opinion revenues of $1.5 million. For the year ended December 31, 2011, excluding acquisition activity, the decrease of $47.6 million was primarily driven by a $27.5 million decline in broker price opinion revenues as two major customers moved to in-source their business and as changing market conditions reduced the demand for our services. Further, the continued slow-down in the processing of delinquent mortgages by servicers and the previously disclosed loss of a technology solutions customer negatively impacted our default services revenues by $15.1 million and other businesses by $16.5 million in 2011. Revenues for this segment were also impacted negatively by the exit of our second lien outsourcing service line in the first quarter of 2011, which contributed approximately $8.1 million of the decline in revenue in 2011 compared to 2010. These decreases were partially offset by an improvement in revenues of $19.6 million from greater volume, new customer signings and pricing improvements in our field services business.

Cost of Services

Asset management and processing solutions segment cost of services were $230.4 million, $235.6 million and $240.0 million for the years ended December 31, 2012, 2011 and 2010, respectively, a decrease of $5.2 million, or 2.2%, in 2012 compared to 2011; and a decrease of $4.4 million, or 1.8%, in 2011 compared to 2010. Acquisition activity accounted for $3.1 million of the variance for the year ended December 31, 2011. For the year ended December 31, 2012, the decrease was primarily due to a shift in product mix with higher margin services provided during the year and the impact of lower headcount

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and higher efficiency in connection with our cost-reduction initiatives. For the year ended December 31, 2011, excluding acquisition activity, the decrease of $7.5 million was due to significantly decreased volumes of services.

Selling, General and Administrative Expenses

Asset management and processing solutions segment selling, general and administrative expenses were $44.8 million, $41.1 million and $45.9 million for the years ended December 31, 2012, 2011 and 2010, respectively, an increase of $3.7 million, or 8.9%, in 2012 compared to 2011; and a decrease of $4.8 million, or 10.5%, in 2011 compared to 2010. Acquisition activity accounted for $1.2 million of the variance for the year ended December 31, 2011. For the year ended December 31, 2012, the increase was primarily due to higher corporate shared service costs of $7.2 million, higher other expenses of $0.7 million, partially offset by lower compensation expenses of $2.5 million and lower marketing expenses of $1.7 million. For the year ended December 31, 2011, excluding acquisition activity, the decrease of $5.9 million was due to lower professional fees of $2.7 million, lower compensation expenses of $2.4 million, lower corporate shared service costs of $1.8 million, partially offset by higher other expenses of $1.0 million.

Depreciation and Amortization

Asset management and processing solutions segment depreciation and amortization expense were $11.9 million, $7.5 million and $5.4 million for the years ended December 31, 2012, 2011 and 2010, respectively, an increase of $4.4 million, or 59.4%, in 2012 compared to 2011; and an increase of $2.0 million, or 37.4%, in 2011 compared to 2010. For the year ended December 31, 2012, the increase was primarily due to write-offs of certain non-performing assets. Acquisition activity accounted for $1.1 million of the increase for the year ended December 31, 2011.

(Loss)/Gain on Investments and Other, Net

Asset management and processing solutions segment loss on investments and other was $0.7 million and a gain of $3.4 million for the years ended December 31, 2011 and 2010, respectively. No gain or loss was recorded for the year ended December 31, 2012. The 2011 balance reflects the loss incurred on the exit of our second lien outsourcing service line. The 2010 balance primarily represents a gain associated with the acquisition of a controlling interest in an investment that was previously accounted for as an investment in an affiliate.

Equity in Earnings/(Losses) of Affiliates

Asset management and processing solutions segment equity in losses of affiliates was $0.2 million and equity in earnings of affiliates was $0.8 million for the years ended December 31, 2011 and 2010, respectively. No equity in earnings/(losses) of affiliates was recorded for the year ended December 31, 2012. Equity in earnings of affiliates is not a significant balance for the asset management and processing solutions segment.

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Corporate

(in thousands, except percentages)	2012	2011	2010	2012 vs. 2011 $ Change	2012 vs. 2011 % Change	2011 vs. 2010 $ Change	2011 vs. 2010 % Change
Operating revenue	$640	$41,789	$59,125	$(41,149)	-98.5%	$(17,336)	-29.3%
Cost of services (exclusive of depreciation and amortization below)	—	33,934	44,587	(33,934)	-100.0%	(10,653)	-23.9%
Selling, general and administrative expenses	83,618	93,213	126,226	(9,595)	-10.3%	(33,013)	-26.2%
Depreciation and amortization	23,515	19,163	23,676	4,352	22.7%	(4,513)	-19.1%
Total operating expenses	107,133	146,310	194,489	(39,177)	-26.8%	(48,179)	-24.8%
Operating loss	(106,493)	(104,521)	(135,364)	(1,972)	1.9%	30,843	-22.8%
Total interest expense, net	(50,608)	(61,034)	(31,412)	10,426	-17.1%	(29,622)	94.3%
(Loss)/gain on investment and other, net	(5,267)	63,090	(13,335)	(68,357)	-108.3%	76,425	-573.1%
Loss from continuing operations before income taxes	(162,368)	(102,465)	(180,111)	(59,903)	58.5%	77,646	-43.1%
Provision for income taxes	80,396	67,175	30,323	13,221	19.7%	36,852	121.5%
Loss from continuing operations before equity in earnings of affiliates	(242,764)	(169,640)	(210,434)	(73,124)	43.1%	40,794	-19.4%
Equity in losses of affiliates	(21,785)	(18,670)	(28,308)	(3,115)	16.7%	9,638	-34.0%
Net loss from continuing operations	$(264,549)	$(188,310)	$(238,742)	$(76,239)	40.5%	$50,432	-21.1%

Operating Revenues

Corporate operating revenues were $0.6 million, $41.8 million and $59.1 million for the years ended December 31, 2012, 2011 and 2010, respectively. For the years ended December 31, 2012 and 2011, the decrease in corporate operating revenues was related to the outsourcing of certain IT and business process functions in connection with the sale of CoreLogic Global Services Private Limited ("CoreLogic India"), our India-based back-office operations, to Cognizant in August 2011. We also had an allocation of $3.4 million in purchase accounting reserves to revenue in the first quarter of 2010.

Cost of Services

Corporate cost of services were $33.9 million and $44.6 million for the years ended December 31, 2011 and 2010, respectively. There was no cost of services record in corporate for the year ended December 31, 2012. For the years ended December 31, 2012 and 2011, the decrease in corporate cost of services is related to the outsourcing of certain IT and business process functions in connection with the sale of CoreLogic India in August 2011.

Selling, General and Administrative Expenses

Corporate selling, general and administrative expenses were $83.6 million, $93.2 million and $126.2 million for the years ended December 31, 2012, 2011 and 2010, respectively, a decrease of $9.6 million, or 10.3%, in December 31, 2012 compared to 2011; and a decrease of $33.0 million, or 26.2%, in 2011 compared to 2010. For the year ended December 31, 2012, the decrease was primarily due to our cost-reduction initiatives which resulted in reduced salaries and benefits of $14.9 million related to corporate workforce reductions and the outsourcing of our technology infrastructure to Dell as part of our TTI in July 2012, lower facility costs of $18.0 million related to our prior year exit from certain leased buildings in Westlake, Texas and decreased professional fees of $23.4 million. During 2011, we incurred significant professional fees associated with the outsourcing of our business process functions and other corporate initiatives. Offsetting these decreases during 2012 were

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lower corporate costs of 23.8 million being allocated to our operating segments, increased services fees of $11.1 million, an early equipment lease termination fee of $3.1 million related to the TTI, a gain of $8.1 million on the sale of a building in Poway, California in 2011 and other expense increases of $0.6 million. For the year ended December 31, 2011, the decrease was due to reduced compensation-related expenses of $10.1 million, a gain of $8.1 million on the sale of a building in Poway, California and higher corporate cost allocated to our operating segments of $40.7 million. Offsetting these decreases during 2011 were higher salaries of $11.1 million in connection with the transfer of segment level employees effective January 1, 2011 to our new corporate shared service function, a $14.2 million charge related to our exit from certain leased buildings in Westlake, Texas and other expense increases of $0.6 million.

Depreciation and Amortization

Corporate group depreciation and amortization expense were $23.5 million, $19.2 million and $23.7 million for the years ended December 31, 2012, 2011 and 2010, respectively, an increase of $4.4 million, or 22.7%, in 2012 compared to 2011; and a decrease of $4.5 million, or 19.1%, in 2011 compared to 2010. The 2012 increase related to accelerated depreciation of technology infrastructure assets as part of our TTI. The 2011 decrease was primarily due to the amortization in the prior year of certain corporate deferred assets with useful lives that have since expired.

Total Interest Expense, net

Net interest expense was $50.6 million, $61.0 million and $31.4 million for the years ended December 31, 2012, 2011 and 2010, respectively, a decrease of $10.4 million, or 17.1%, in 2012 compared to 2011; and an increase of $29.6 million, or