CORELOGIC, INC.
Form 10-K/A
April 30, 2012

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

FORM 10-K/A
(Amendment No. 1)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2011
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.)

4 First American Way, Santa Ana, California 92707-5913
(Address of principal executive offices) (Zip Code)
(714) 250-6400
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 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) 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 30, 2011 was $1,773,549,000.

On April 23 2012, there were 106,810,407 shares of common stock outstanding.

CoreLogic Inc.

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EXPLANATORY NOTE

This Amendment No. 1 to Form 10-K (this "Amended Report") amends the original Annual Report on Form 10-K of CoreLogic, Inc. (“CoreLogic” or the "Company") for the year ended December 31, 2011, as filed with the Securities and Exchange Commission (the "SEC") on February 29, 2012 (the "Original Report"). This Amended Report amends the Original Report to incorporate information required by Part III - Item 10, Item 11, Item 12, Item 13, and Item 14 of Form 10-K. In addition, this Amended Report includes revisions to (i) Note 2 related to the timing for the classification of external cost of revenue, salaries and benefits, and other operating expenses into cost of sales and selling, general and administrative expenses and the effects of the change in presenting comprehensive income in the third paragraph of Recent Accounting Pronouncements discussed in Note 2; (ii) Note 18 to revise certain information with respect to discontinued operations; (iii) Note 21 to include comprehensive income as required under the Recent Accounting Pronouncement referenced above; (iv) the audited consolidated balance sheets to conform them with our quarterly report on Form 10-Q filed with the SEC on April 30, 2012 (to correct the classification of liabilities for income taxes associated with uncertain tax positions, including interest and penalties and indemnifications from current to non-current liabilities); and (v) the signature pages to amend one date in the Original Report, which should have been February 29, 2012. We have included in this Amended Report an updated report of our independent registered accounting firm and all of Item 8, and additional exhibits and new certifications by our principal executive officer and principal financial officer as required by Rule 12b-15 under the Securities Exchange Act of 1934.

Except as set forth in this Amended Report, no other changes are made to the Original Report. Unless expressly stated, this Amended Report does not reflect events occurring after the filing of the Original Report, and it does not modify or update in any way the disclosures contained in the Original Report, which speak as of the date of the Original Report. Accordingly, this Amended Report should be read in conjunction with the Original Report and the Company's other SEC filings subsequent to the filing of the Original Report.

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PART II

Item 8. Financial Statements and Supplementary Data

The financial statements and supplementary data included in this Amendment No. 1 to the Annual Report on Form 10-K/A supersede the information included in our original Annual report on Form 10-K filed with the Securities and Exchange Commission on February 29, 2012 ("Form 10-K").

We have one significant equity method investment. The summary results of our significant equity method investment are disclosed in Note 6 – Investment in affiliates. The audited financials of our significant subsidiary were included as an exhibit to the Form 10-K.

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Financial statement schedules not listed are either omitted because they are not applicable or the required information is shown in the consolidated financial statements or in the notes thereto.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
CoreLogic, Inc.:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of CoreLogic, Inc. and its subsidiaries at December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Orange County, California

February 29, 2012, except with respect to our opinion on the consolidated financial statements insofar as it relates to the the effects of the change in certain items in the third paragraph of reclassification and correction of prior period revisions and second paragraph of external cost of revenues discussed in Note 2, as to which the date is April 30, 2012.

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CoreLogic, Inc.
Consolidated Balance Sheets
As of December 31, 2011 and 2010
(in thousands, except par value)

Assets	2011	2010
Current assets:		
Cash and cash equivalents	$259,266	$426,212
Marketable securities	20,884	75,221
Accounts receivable (less allowance for doubtful accounts of $17,365 and $12,314 in 2011 and 2010, respectively)	213,339	176,413
Prepaid expenses and other current assets	51,659	42,793
Income tax receivable	15,110	30,587
Deferred income tax assets, current	39,584	30,782
Due from FAFC, net	621	—
Assets of discontinued operations (Note 18)	55,516	270,293
Total current assets	655,979	1,052,301
Property and equipment, net	214,237	197,426
Goodwill	1,472,206	1,289,888
Other intangible assets, net	164,365	109,850
Capitalized data and database costs, net	304,006	211,331
Investment in affiliates, net	113,809	165,709
Deferred income tax assets	38,305	6,344
Restricted cash	22,044	21,095
Other assets	125,120	180,881
Total assets	$3,110,071	$3,234,825
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued expenses	$122,859	$118,484
Accrued salaries and benefits	86,444	76,212
Deferred revenue, current	201,689	186,031
Mandatorily redeemable noncontrolling interests	—	72,000
Current portion of long-term debt	62,268	233,452
Due to FAFC, net	—	18,097
Liabilities of discontinued operations (Note 18)	27,399	40,162
Total current liabilities	500,659	744,438
Long-term debt, net of current	846,027	487,437
Deferred revenue, net of current	338,799	350,827
Deferred income tax liabilities	18,383	—
Other liabilities	161,382	106,982
Total liabilities	1,865,250	1,689,684
Commitments and contingencies (Note 15)		
Equity:		
CoreLogic, Inc.'s (CoreLogic) stockholders' equity:		
Preferred stock, $0.00001 par value; 500 shares authorized, no shares issued or outstanding	—	—
Common stock, $0.00001 par value; 180,000 shares authorized; 106,544 and 115,499 shares issued and outstanding as of December 31, 2011 and 2010, respectively	1	1
Additional paid-in capital	1,053,447	1,229,806
Retained earnings	209,389	297,036

Accumulated other comprehensive (loss)/income	(20,316)	15,943
Total CoreLogic stockholders' equity	1,242,521	1,542,786
Noncontrolling interests	2,300	2,355
Total equity	1,244,821	1,545,141
Total liabilities and equity	$3,110,071	$3,234,825

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

CoreLogic, Inc.
Consolidated Statements of Operations
For the Years Ended December 31, 2011, 2010 and 2009

(in thousands, except per share amounts)	2011	2010	2009
Operating revenue	$1,338,547	$1,280,276	$1,330,162
External cost of revenue	288,056	282,824	290,074
Salaries and benefits	553,898	533,268	565,917
Other operating expenses	292,362	255,620	251,145
Depreciation and amortization	115,546	94,881	114,374
Total operating expenses	1,249,862	1,166,593	1,221,510
Income from continuing operations	88,685	113,683	108,652
Interest expense:			
Interest income	4,827	4,269	5,662
Interest expense	63,117	34,494	36,508
Total interest expense, net	(58,290)	(30,225)	(30,846)
Gain/(loss) on investments and other, net	60,005	(10,885)	(5,933)
Income from continuing operations before equity in earnings of affiliates and income taxes	90,400	72,573	71,873
Provision for income taxes	67,175	30,323	17,101
Income from continuing operations before equity in earnings of affiliates	23,225	42,250	54,772
Equity in earnings of affiliates, net of tax	30,270	41,641	48,847
Net income from continuing operations	53,495	83,891	103,619
(Loss)/income from discontinued operations, net of tax	(127,124)	(83,536)	150,658
Loss on sale of discontinued operations, net of tax	—	(18,985)	—
Net (loss)/income	(73,629)	(18,630)	254,277
Less: Net income attributable to noncontrolling interests	980	37,670	57,638
Net (loss)/income attributable to CoreLogic	$(74,609)	$(56,300)	$196,639
Amounts attributable to CoreLogic stockholders:			
Income from continuing operations, net of tax	$52,515	$46,221	$45,981
(Loss)/income from discontinued operations, net of tax	(127,124)	(83,536)	150,658
Loss on sale of discontinued operations, net of tax	—	(18,985)	—
Net (loss)/income	$(74,609)	$(56,300)	$196,639
Basic income/(loss) per share:			
Income from continuing operations attributable to CoreLogic stockholders, net of tax	$0.48	$0.41	$0.49
(Loss)/income from discontinued operations, net of tax	(1.16)	(0.75)	1.59
Loss on sale of discontinued operations, net of tax	—	(0.17)	—
Net (loss)/income attributable to CoreLogic	$(0.68)	$(0.51)	$2.08
Diluted (loss)/income per share:			
Income from continuing operations attributable to CoreLogic stockholders, net of tax	$0.48	$0.41	$0.48
(Loss)/income from discontinued operations, net of tax	(1.16)	(0.74)	1.58
Loss on sale of discontinued operations, net of tax	—	(0.17)	—
Net (loss)/income attributable to CoreLogic	$(0.68)	$(0.50)	$2.06
Weighted-average common shares outstanding:			
Basic	109,122	111,529	94,551
Diluted	109,712	112,363	95,478

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

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CoreLogic, Inc.
Consolidated Statements of Comprehensive (Loss) Income
For the Years Ended December 31, 2011, 2010 and 2009

(in thousands)	2011	2010	2009
Net (loss)/income attributable to CoreLogic	$(74,609)	$(56,300)	$196,639
Other comprehensive (loss)/income:			
Unrealized (loss)/gain on marketable securities, net of tax	(1,475)	2,086	12,348
Unrealized (loss)/gain on interest rate swap, net of tax	(5,847)	2,990	—
Foreign currency translation adjustments	(12,612)	(547)	411
Supplemental benefit plans adjustments, net of tax	(1,983)	8,302	170
Investment gain reclassified to realized gain, net of tax	(14,342)	—	—
Total other comprehensive (loss)/income	(36,259)	12,831	12,929
Comprehensive (loss)/income	(110,868)	(43,469)	209,568
Less: Comprehensive (loss)/income attributable to noncontrolling interests	—	(17)	3,729
Comprehensive (loss)/income attributable to CoreLogic	$(110,868)	$(43,452)	$205,839

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

CoreLogic, Inc.
Consolidated Statements of Changes in Stockholders' Equity
For the Years Ended December 31, 2011, 2010 and 2009

(in thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests (1)	Total
Balance at January 1, 2009, as reported	92,963	$ 1	$ 894,190	$ 2,099,654	$ (296,195)	$ 687,581	$ 3,385,231
Correction of prior years cumulative error	—	—	—	(9,572)	—	—	(9,572)
Balance at January 1, 2009, as revised	92,963	1	894,190	2,090,082	(296,195)	687,581	3,375,659
Net income, as revised	—	—	—	196,639	—	69,525	266,164
Dividends on common shares	—	—	—	(84,349)	—	—	(84,349)
Shares issued in connection with acquisitions	9,497	—	311,264	—	—	—	311,264
Shares issued in connection with share-based compensation	823	—	12,601	—	—	—	12,601
Share-based compensation	—	—	24,067	—	—		24,067
Restricted stock unit dividend equivalents	—	—	1,146	(1,146)	—	—	—
Dividends paid deduction	—	—	—	3,695	—	—	3,695
Reclassification to redeemable noncontrolling interests	—	—	—	—	—	(332,964)	(332,964)
Purchase of subsidiary shares from/other decreases in noncontrolling interests	—	—	(12,798)	—	—	(384,523)	(397,321)
Sale of subsidiary shares to/other increases in noncontrolling interests	—	—	—	—	—	12,347	12,347
Distributions to noncontrolling interests	—	—	—	—	—	(40,903)	(40,903)
Adjust redeemable noncontrolling interests to redemption value	—	—	(125,883)	—	—	—	(125,883)
Other comprehensive loss	—	—	—	—	128,397	3,899	132,296
Balance at December 31, 2009, as revised	103,283	$ 1	$ 1,104,587	$ 2,204,921	$ (167,798)	$ 14,962	$ 3,156,673
Net loss, as revised	—	—	—	(56,300)	—	(147)	(56,447)
Separation distribution of FAFC	—	—	—	(1,828,605)	163,612	(13,277)	(1,678,270)
Purchase of CoreLogic shares	(1,637)	—	(30,171)	—	—	—	(30,171)
Shares and capital issued to FAFC	12,933	—	—	—	—	—	—
Dividends on common shares	—	—	—	(22,657)	—	—	(22,657)
Shares issued in connection with share-based compensation	920	—	6,997	—	—	—	6,997
Share-based compensation	—	—	19,260	—	—	—	19,260
Restricted stock unit dividend equivalents	—	—	323	(323)	—	—	—
	—	—	(3,266)	—	—	(3,271)	(6,537)

Purchase of subsidiary shares from and other decreases in noncontrolling interests							
Sale of subsidiary shares to and other increases in noncontrolling interests	—	—	—	—	—	2,363	2,363
Distributions to noncontrolling interests	—	—	—	—	—	(355)	(355)
Adjust redeemable noncontrolling interests to redemption value	—	—	11,273	—	—	—	11,273
Tax impact of buy-in of noncontrolling interest	—	—	120,803	—	—	—	120,803
Transfer of other comprehensive income to discontinued operations	—	—	—	—	(6,962)	—	(6,962)
Other comprehensive income	—	—	—	—	27,091	2,080	29,171
Balance at December 31, 2010, as revised	115,499	$1	$1,229,806	$297,036	$ 15,943	$ 2,355	$1,545,141
Net (loss)/income	—	—	—	(74,609)	—	490	(74,119)
Share repurchased and retired	(9,516)	—	(176,512)	—	—	—	(176,512)
Shares issued in connection with share-based compensation	561	—	1,064	—	—	—	1,064
Share-based compensation	—	—	11,821	—	—	—	11,821
Distributions to noncontrolling interests	—	—	—	—	—	(545)	(545)
Adjust redeemable noncontrolling interests to redemption value	—	—	(3,800)	—	—	—	(3,800)
Income tax indemnification adjustment related to Separation distribution of FAFC	—	—	(8,932)	—	—	—	(8,932)
Additional Separation distribution of FAFC	—	—	—	(13,038)	—	—	(13,038)
Other comprehensive income	—	—	—	—	(36,259)	—	(36,259)
Balance at December 31, 2011	106,544	$1	$1,053,447	$209,389	$ (20,316)	$ 2,300	$1,244,821

(1) Excludes amounts related to mandatorily redeemable noncontrolling interests included in current liabilities of our consolidated balance sheets.

(2) See Note 2, "Reclassifications and Correction of Prior Period Errors."

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

CoreLogic, Inc.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2011, 2010 and 2009

(in thousands)	2011	2010	2009
Cash flows from operating activities:			
Net (loss)/income	$(73,629)	$(18,630)	$254,277
Less: (Loss)/income from discontinued operations, net of tax	(127,124)	(83,536)	150,658
Less: Loss from sale of discontinued operations, net of tax	—	(18,985)	—
Income from continuing operations, net of tax	$53,495	$83,891	$103,619
Adjustments to reconcile income from continuing operations to net cash (used in)/provided by operating activities:			
Depreciation and amortization	115,546	94,881	114,374
Provision for bad debts and claim losses	25,600	23,096	39,472
Share-based compensation	11,649	13,969	25,637
Equity in earnings of investee, net of taxes	(30,270)	(41,641)	(48,847)
Loss on early extinguishment of debt	10,190	—	—
Deferred income tax	(16,203)	(6,149)	49,376
(Gain)/loss on investments and other, net	(60,005)	10,885	5,933
Gain on sale of property and equipment	(8,061)	—	—
Change in operating assets and liabilities, net of acquisitions:			
Accounts receivable	(15,893)	(10,011)	32,711
Prepaid expenses and other assets	(17,540)	5,413	11,029
Accounts payable and accrued expenses	(12,445)	4,122	(605)
Deferred revenue	(19,273)	(22,543)	(14,569)
Due to/from FAFC	(18,718)	13,278	(36,704)
Income tax accounts	86,994	(55,766)	(88,785)
Dividends received from investments in affiliates	42,929	64,603	89,528
Other assets and other liabilities	23,597	(13,883)	(31,516)
Net cash provided by operating activities - continuing operations	171,592	164,145	250,653
Net cash (used in)/provided by operating activities - discontinued operations	(10,655)	42,049	308,266
Total cash provided by operating activities	$160,937	$206,194	$558,919
Cash flows from investing activities:			
Purchases of redeemable noncontrolling interests	(72,000)	(385,847)	—
Purchases of subsidiary shares from and other decreases in noncontrolling interests	—	(6,537)	(62,011)
Purchases of property and equipment	(45,215)	(52,610)	(31,887)
Purchases of capitalized data and other intangible assets	(27,009)	(24,814)	(25,506)
Cash paid for acquisitions, net of cash acquired	(214,215)	(9,228)	(10,000)
Cash received from sale of discontinued operations	—	265,000	—
Purchases of investments	(26,898)	(27,284)	(10,008)
Proceeds from maturities of debt securities	—	371	12,623
Proceeds from sale of subsidiary and other increases in noncontrolling interests, net	28,054	—	12,347
Proceeds from sale of property and equipment	25,042	—	—
Proceeds from sale of investments	74,621	26,386	4,488
Issuance of notes receivable, net	—	(12,754)	—
Change in restricted cash	2,091	(21,095)	—
Net cash used in investing activities - continuing operations	(255,529)	(248,412)	(109,954)
Net cash used in investing activities - discontinued operations	(4,497)	(76,192)	(4,124)
Total cash used in investing activities	$(260,026)	$(324,604)	$(114,078)

Cash flows from financing activities:			
Proceeds from long-term debt	858,154	843,524	50,782
Debt issuance costs	(22,810)	(14,776)	—
Repayments of long-term debt	(733,407)	(713,643)	(102,188)
Share repurchases	(176,512)	(30,171)	—
Proceeds from issuance of stock related to stock options and employee benefit plans	1,064	6,997	12,601
Distribution to noncontrolling interests	(4,835)	(27,800)	(31,525)
Cash dividends	—	(22,657)	(82,054)
Tax benefit related to stock options	363	3,423	768
Net cash (used in)/provided by financing activities - continuing operations	(77,983)	44,897	(151,616)
Net cash provided by/(used in) financing activities - discontinued operations	71	29,087	(198,276)
Total cash (used in)/provided by financing activities	$(77,912)	$73,984	$(349,892)
Net (decrease)/increase in cash and cash equivalents	(177,001)	(44,426)	94,949
Cash and cash equivalents at beginning of year	426,212	459,519	283,119
Change in cash and cash equivalents of discontinued operations	10,055	11,119	81,451
Cash and cash equivalents at end of year	$259,266	$426,212	$459,519

CoreLogic, Inc.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2011, 2010 and 2009

	2011	2010	2009
Supplemental disclosures of cash flow information:			
Cash paid for interest	$57,851	$37,631	$38,124
Cash paid for income taxes	$36,480	$58,008	$127,407
Cash refunds from income taxes	$50,157	$32,497	$47,937
Non-cash investing and financing activities:			
Distribution of First American Financial Corporation ("FAFC") to stockholders	$—	$1,678,270	$—
Adjustment of carrying value of mandatorily redeemable noncontrolling interest	$(3,800)	$11,273	$(125,883)
Company acquisitions in exchange for common stock	$—	$—	$311,264
Tax impact of buy-in of noncontrolling interest	$—	$120,803	$—
Note payable issued for the acquisition of affiliates	$12,700	$—	$—
Promissory Note due to First American Financial Corporation (Note 12)	$—	$19,900	$—

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

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CoreLogic, Inc.
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2011, 2010 and 2009
Note 1 - Description of the Company

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

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 are also 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.

Separation Transaction

On June 1, 2010, we completed the Separation under which we spun off our 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. After the Distribution, we retained the information solutions businesses.

To effect the Separation, we entered into a Separation and Distribution Agreement (the "Separation and Distribution Agreement") that governs the rights and obligations of the Company and FAFC regarding the Distribution. It also governs the on-going relationship between the Company and FAFC subsequent to the completion of the Separation and provides for the allocation of assets and liabilities between FAFC and the Company. In addition, we also entered into a Tax Sharing Agreement (the "Tax Sharing Agreement") as described in Note 10 – Income Taxes, 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 the operations of FAFC. As a result of the Separation, the FAFC businesses are reflected in our consolidated financial statements as discontinued operations for the years ended December 31, 2010 and 2009. See Note 19 – 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 transactions, 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 $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 agreed to dispose of the shares five years after the Separation or to bear any adverse tax consequences arising out of holding the shares for longer than that period. On April 11, 2011, we purchased 4.0 million shares of our common stock from a wholly-owned subsidiary of FAFC for total consideration of $75.8 million based on a spot market price of our common stock on April 5, 2011 of $18.95 per share. The price per share was agreed upon by the parties during the trading day on April 5, 2011. See further discussion at Note 19 - Transactions with FAFC.

We have included all of the corporate costs of FAC up to the Separation date in our consolidated statement of income. For the years ended December 31, 2010 and 2009, those net expenses totaled approximately $69.0 million (including Separation-related expenses totaling approximately $29.3 million) and $95.9 million, respectively.

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Note 2 - Significant Accounting Policies

Principles of consolidation

The consolidated financial statements include the accounts of the Company and all controlled subsidiaries. All significant intercompany transactions and balances have been eliminated. Equity investments in which we exercise significant influence, do not control, and are not the primary beneficiary, are accounted for using the equity method. Investments in which we do not exercise significant influence over the investee are accounted for under the cost method.

Reclassifications and Correction of Prior Period Revisions

Our previously issued financial statements have been recast to present our marketing services, consumer services, transportation services and appraisal management company businesses as discontinued operations, as described in Note 18 - Discontinued Operations.

In connection with preparing our 2011 financial statements, we identified errors amounting to approximately $20.6 million relating to years prior to 2011 principally relating to deferred income taxes from continuing and discontinued operations . We assessed the materiality of these errors on our prior period financial statements in accordance with the SEC's Staff Accounting Bulletins (“SAB”) No. 99 and SAB No. 108, and concluded the errors individually and in the aggregate were not material to the results of operations or financial condition for any prior annual or interim period. We also concluded that correcting the errors, on a cumulative basis, as an out-of-period adjustment would be material to our results for the year ended December 31, 2011 and accordingly, determined that we need to revise previously issued financial statements as part of this revision. We also reversed certain previously recorded out-of-period adjustments in discontinued operations that we had concluded were not material to prior periods, and have recorded them in the periods in which the errors originated. Of the $20.6 million, $9.6 million related to years prior to 2007. We have revised our opening retained earnings balance for the period as of January 1, 2009 to correct for this error. The remaining $11.0 million related to 2010 and 2009 related to discontinued operations. The impact of these adjustments for 2010 and 2009 are as follows:

	Increase/(Decrease)		
	2010	2009	
Balance sheet items:			
Assets of Discontinued Operations	$8,018	$(3,014	)
Current Assets	8,018	(3,014	)
Total Assets	8,018	(3,014	)
Retained earnings	8,018	(3,014	)
Total CoreLogic stockholders' equity	8,018	(3,014	)
Statement of operations:			
(Loss)/income from discontinued operations, net of tax	11,032	(3,014	)
Net (loss)/income	$11,032	$(3,014	)
Per share basic and diluted impact:			
Basic	$0.10	$(0.03	)

Diluted	$0.10	$(0.03)

The Consolidated Balance Sheet as of December 31, 2010 has been revised to correct the classification of $21.1 million in restricted cash from prepaid expenses and other current assets to other assets. In addition, the Consolidated Balance Sheet as of December 31, 2011 and 2010 and Note 21 - Guarantor Subsidiaries has been revised to correct the classification of liabilities for income taxes associated with uncertain tax positions, including interest and penalties and indemnifications in the amount of $26.6 million and $23.2 million, respectively, from current to non-current liabilities. The Consolidated Statement of Cash Flows for the year ended December 31, 2010 has been revised to correct the classification of $14.8 million in debt issuance costs from cash flow from operating activities to cash flow from financing activities. Furthermore, we have revised

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Note 18 - Discontinued Operations, to reclassify approximately $6.9 million of income and $2.8 million of losses from marketing services to employer litigation services ("ELI") for the years ended December 31, 2010 and 2009, respectively. These corrections in classification did not have a material impact on the previously issued financial statements and related notes.

Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the financial statements. Actual results could differ from the estimates and assumptions used.

Cash equivalents

We consider cash equivalents to be all short-term investments that have an initial maturity of 90 days or less and are not restricted.

Accounts Receivable

Accounts receivable are generally due from mortgage originators and servicers, financial institutions and other businesses, government and government-sponsored enterprises located throughout the United States and abroad. Credit is extended based on an evaluation of the customer’s financial condition, and generally, collateral is not required.

The allowance for doubtful accounts for all probable uncollectible receivables is based on a combination of historical data, cash payment trends, specific customer issues, write-off trends, general economic conditions and other factors. These factors are continuously monitored by management to arrive at the estimate for the amount of accounts receivable that may be ultimately uncollectible. In circumstances where we are aware of a specific customer’s inability to meet its financial obligations, we record a specific allowance for doubtful accounts against amounts due to reduce the net recognized receivable to the amount it reasonably believes will be collected. Management believes that the balances for allowance for doubtful accounts at December 31, 2011 and 2010 are reasonably stated.

Marketable securities

Debt securities are carried at fair value and consist primarily of investments in obligations of various corporations and mortgage-backed securities. Equity securities are carried at fair value and consist primarily of investments in marketable common and preferred stock. We classify our publicly traded debt and equity securities as available-for-sale and carry them at fair value with unrealized gains or losses classified as a component of accumulated other comprehensive income (loss).

Property and equipment

Property and equipment are recorded at cost. Property and equipment includes computer software acquired or developed for internal use and for use with our products. Software development costs, which include capitalized interest costs and certain payroll-related costs of employees directly associated with developing software, in addition to incremental payments to third parties, are capitalized from the time technological feasibility is established until the software is ready for use.

Accounting guidance requires that we capitalize interest costs incurred and certain payroll-related costs of employees directly associated with developing software in addition to incremental payments to third parties.

Depreciation on buildings and on furniture and equipment is computed using the straight-line method over estimated useful lives of 25 to 40, and 3 to 10 years, respectively. Capitalized software costs are amortized using the straight-line method over estimated useful lives of 3 to 10 years. Leasehold improvements are amortized over useful lives that are consistent with the lease terms.

Capitalized data and database development costs, net

Database development costs represent our cost to develop the proprietary databases of information for customer usage. The costs are capitalized from the time technological feasibility is established until the information is ready for use. These costs are amortized using the straight-line method over estimated useful lives of 7 to 20 years.

The carrying value for the flood zone certification database, included as geospatial data in Note 5 – Capitalized Data and Database Development Costs, Net, as of December 31, 2011 and 2010 is $52.9 million. Because properly maintained flood zone databases have indefinite lives and do not diminish in value with the passage of time, no provision has been made for depreciation or amortization. We periodically analyze our indices for impairment. This analysis includes, but is not limited to, the effects of obsolescence, duplication, demand and other economic factors.

Restricted cash

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

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 are not 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

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 occurred that potentially indicate that the carrying amounts of these assets may not be recoverable. This test utilizes 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. Our reporting units are data and analytics, mortgage origination services, and default services. Our policy is to perform an annual impairment test for each reporting unit in the fourth quarter, or sooner, if circumstances indicate a possible impairment.

Management’s impairment testing process may include two 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 the 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. See further discussion in Note 7 – Goodwill.

Other intangible assets

Our intangible assets consist of covenants not to compete, customer lists, and trade names. Each of these intangible assets is amortized on a straight-line basis over its useful life ranging from 2 to 20 years and is subject to impairment tests on a periodic basis.

Impairment of long-lived assets

Long-lived assets held and used include investment in affiliates, property and equipment, capitalized software, and other intangible assets. Management uses estimated future cash flows (undiscounted and excluding interest) to measure the recoverability of long-lived assets held and used whenever events or changes in circumstances indicate that the carrying value of an asset may not be fully recoverable. If the undiscounted cash flow analysis indicates a long-lived asset is not recoverable, the impairment loss recorded is the excess of the carrying amount of the asset over its fair value.

In addition, we carry long-lived assets held for sale at the lower of cost or market as of the date that certain criteria have been met.

Revenue recognition

We derive our revenues principally from U.S. mortgage originators and servicers with good credit worthiness. 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 data and services, real estate owned asset management, claims management, default services, 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, expected service period, and/or changes in the number and/or timing of prepayments. Accordingly, we may adjust the rates to reflect current trends.

External cost of revenue

External cost of revenue represents the direct incremental costs paid to outside parties to obtain information and/or services necessary to generate specific revenues, representing the variable costs associated with our revenues. We currently do not include any component of salaries and wages or depreciation and amortization in our external cost of revenues.

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 intend to classify external cost of revenues, salaries and benefits and other operating expenses into cost of revenues and selling, general and administrative ("SG&A") expenses. We are gathering the financial information and expect to present our income statement under this classification with our annual report on Form 10-K for the year ended December 31, 2012 and all periods presented therein. We believe classifying these expenses on a functional basis will not be material to the financial statements as a whole, as there will be no impact to total expenses previously reported, nor will it impact the statement of operations in terms of overall revenues, operating income, net income or earnings per share. In addition, there will be no impact on our balance sheets or statements of cash flow.

Income taxes

We account for income taxes under the asset and liability method, whereby deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. We evaluate the need to establish a valuation allowance for deferred tax assets based upon the amount of existing temporary differences, the period in which they are expected to be recovered and expected levels of taxable income. A valuation allowance to reduce deferred tax assets is established when it is “more likely than not” that some or all of the deferred tax assets will not be realized.

We recognize income tax positions only if sustaining those positions is “more likely than not.” Changes in recognition or measurement are reflected in the period in which a change in judgment occurs. We recognize interest and penalties, if any, related to uncertain tax positions in tax expense.

Comprehensive income (loss)

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

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, 2005 through December 31, 2009. For the options granted subsequent to December 31, 2009, 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 results of operations is based on awards ultimately expected to vest, stock-based compensation expense 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.

In connection with the Separation, we awarded performance-based restricted stock units and stock options to certain key employees and expect to continue to use these forms of equity-based compensation for key employees.

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, we have an employee stock purchase plan that allows eligible employees to purchase common stock of the Company at 85.0% of the closing price on the last day of each month. We recognize an expense in the amount equal to the discount. The employee stock purchase plan expired in September 2011.

See Note 14 –Stock-based Compensation Plans for additional information related to stock options and restricted stock units.

Foreign currency

The functional currencies of our foreign subsidiaries are their respective local currencies. The financial statements of the foreign subsidiaries are translated into U.S. dollars for consolidation as follows: assets and liabilities at the exchange rate as of the balance sheet date, stockholders' equity at the historical rates of exchange, and income and expense amounts at average rates prevailing throughout the period. Translation adjustments resulting from the translation of the subsidiaries' accounts are included in "Accumulated other comprehensive income/(loss)," a separate component of stockholders' equity. Gains and losses resulting from foreign currency transactions are included within "Other operating expenses" and are not material to the results of operations.

Earnings/(loss) per share

Basic earnings (loss) per share is computed by dividing net income (loss) available to our stockholders by the weighted-average number of common shares outstanding. The computation of diluted earnings per share is similar to the computation of basic earnings per share, except that the weighted-average number of common shares outstanding is increased to include the number of additional common shares that would have been outstanding if dilutive stock options had been exercised and RSUs were vested. The dilutive effect of stock options and unvested RSUs is computed using the treasury stock method, which assumes any proceeds that could be obtained upon the exercise of stock options and vesting of RSUs would be used to purchase shares of common stock at the average market price for the period. The assumed proceeds include the purchase price the grantee pays, the hypothetical windfall tax benefit that we receive upon assumed exercise or vesting and the hypothetical average unrecognized compensation expense for the period. We calculate the assumed proceeds from excess tax benefits based on the "as-if" deferred tax assets calculated under stock-based compensation standards.

Escrow Administration Arrangements

We administer escrow deposits as a service to our customers in connection with our tax services business. These deposits are maintained in segregated accounts for the benefit of our customers. Escrow deposits totaled $593.9 million at December 31, 2011 and $225.5 million at December 31, 2010. Escrow deposits held on behalf of our customers are not our funds and, therefore, are not included in the accompanying consolidated balance sheets.

Under our contracts with our customers, if we make a payment in error or fail to pay a taxing authority when a payment is due, we could be held liable to our customers for all or part of the financial loss they suffer as a result of our act or omission. We maintained reserves relating to incorrect disposition of assets of $16.0 million and $16.7 million as of December 31, 2011 and 2010, respectively.

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

Recent Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board ("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. Management does not expect the adoption of this guidance to 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. Retroactive application of the presentation requirements has been provided herein. Except for the required change in presentation, the adoption of the updated guidance related to the presentation of comprehensive income had no 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. Management does not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In December 2010, the FASB issued updated guidance which addresses diversity in practice about the interpretation of the pro forma revenue and earnings disclosure requirements for business combinations. The amendments specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments also expand the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In December 2010, the FASB issued updated guidance related to when to perform Step 2 of the goodwill impairment test for reporting units with zero or negative carrying amounts. The guidance amends the criteria for performing Step 2 of the goodwill impairment test for reporting units with zero or negative carrying amounts and requires performing Step 2 if qualitative factors indicate that it is more likely than not that a goodwill impairment exists. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In January 2010, the FASB issued updated guidance related to fair value measurements and disclosures, which requires a reporting entity to disclose separately the amounts of material unobservable inputs (Level 3) information about purchases, sales, issuances and settlements (that is, on a gross basis rather than one net number). The updated guidance is effective for interim or annual financial reporting periods beginning after December 15, 2010 and for interim periods within the fiscal year. The adoption of this guidance did not have a material impact on our consolidated financial statements.

Note 3 - Marketable Securities

Marketable securities consist of the following:

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(in thousands)	2011	2010
Non-agency mortgage-backed and asset-backed securities	$—	$1,791
Total investments in debt securities	—	1,791
Common stock	—	51,255
Preferred stock	20,884	22,175
Total investments in equity securities	20,884	73,430
Total marketable securities	$20,884	$75,221

We classify our publicly traded debt and equity securities as available-for-sale and carry them at fair value with unrealized gains or losses classified as a component of accumulated other comprehensive income (loss). Debt securities consist primarily of investments in obligations of various corporations and mortgage-backed securities. Equity securities consist primarily of investments in marketable common and preferred stock.

In January 2011, we sold our equity investment in DealerTrack Holdings, Inc., which was classified as available for sale with a carrying value of $51.3 million and a gross unrealized gain in other comprehensive income of $24.2 million, or $14.1 million net of tax, at December 31, 2010 for gross proceeds of $51.9 million and a realized pre-tax gain of $24.9 million.

Sales of debt and equity securities resulted in a realized gain of $24.9 million, $0.3 million and $0.2 million in for the years ended December 31, 2011, 2010 and 2009, respectively.

Note 4 - Property and Equipment, Net

Property and equipment as of December 31, 2011 and 2010 consists of the following:

(in thousands)	2011	2010
Land	$13,204	$16,051
Buildings	13,396	32,064
Furniture and equipment	104,081	94,159
Capitalized software	449,990	388,551
Leasehold improvements	42,873	44,258
	623,544	575,083
Less accumulated depreciation	(409,307)	(377,657)
Property and equipment, net	$214,237	$197,426

As of December 31, 2011 and 2010, our property and equipment includes $74.0 million and $0.2 million of property and equipment from acquisitions. Depreciation expense for property and equipment was approximately $63.7 million, $54.8 million and $77.9 million for the years ended December 31, 2011, 2010 and 2009, respectively. We have reclassified $3.0 million and $14.0 million of property and equipment, net, to assets of discontinued operations as of December 31, 2011 and 2010, respectively. For the years ended December 31, 2011, 2010 and 2009, we recognized $5.8 million, $2.5 million and $13.3 million of impairment losses primarily on internally developed software. Further, we recognized $8.1 million of gain on sale of property and equipment for the year ended December 31, 2011.

Note 5 - Capitalized Data and Database Development Costs, Net

Database development costs for the years ended December 31, 2011 and 2010 are as follows:

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(in thousands)	2011	2010
Capitalized data	$373,333	$261,074
Geospatial data	52,916	52,916
Eviction data	18,267	18,907
	444,516	332,897
Less accumulated amortization	(140,510)	(121,566)
Capitalized data and database costs, net	$304,006	$211,331

As of December 31, 2011, our capitalized data and database development costs include $91.4 million of capitalized data from acquisitions. Amortization expense relating to capitalized data and database development costs was approximately $23.2 million, $17.7 million and $16.1 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Note 6 - Investment in Affiliates, Net

Investments in affiliates, net are accounted for under the equity method of accounting as we are deemed to have significant influence over the affiliate but do not control or have a majority voting interest in the affiliate. The investment is carried at the cost of acquisition, including subsequent capital contributions and loans from us, plus our equity in undistributed earnings or losses since acquisition. We record equity in earnings of affiliates, net of tax. Income tax expense of $19.2 million, $27.7 million and $32.4 million was recorded on those earnings for the years ended December 31, 2011, 2010 and 2009, respectively. Dividends from equity method investments were $42.9 million, $64.6 million and $89.5 million for the years ended December 31, 2011, 2010 and 2009 in 2010, respectively.

One of our subsidiaries owns a 50.1% interest in a joint venture that provides products and services used in connection with loan originations. This investment in an affiliate contributed 88.1%, 91.9% and 87.6% of our total equity in earnings of affiliates, net of tax, for the years ended December 31, 2011, 2010 and 2009, respectively. Based on the terms and conditions of the joint venture agreement, we have significant influence but do not have control of, or a majority voting interest in, the joint venture. Accordingly, this investment is accounted for under the equity method.

In March 2011, we acquired a 50.1% interest in Speedy Title & Appraisal Review Services LLC ("STARS") for $35.0 million, consisting of an initial cash payment of $20.0 million and a note of $15.0 million payable in three installments of $5.0 million (due on the first, third, and fifth anniversaries of the initial closing), which is non-interest bearing and was discounted to $13.2 million as of December 31, 2011. See Note 9 - Long-Term Debt. We have recorded $30.8 million of basis difference between the purchase price and our interest in the net assets of STARS, which is comprised of an indefinite-lived component of $9.7 million and a finite-lived component of $21.1 million with an estimated weighted average life of 9.3 years. The basis difference is classified as part of the investment in affiliates. Based on the terms and conditions of the joint venture agreement, we have significant influence but do not have control of, nor a majority voting interest in STARS; thus we account for our investment in STARS under the equity method of accounting.

In March and May 2011, we completed our acquisitions of the remaining interest in Dorado Network Systems ("Dorado") and RP Data Limited ("RP Data"), respectively. For Dorado, a loss of $14.5 million was previously recognized in the fourth quarter of 2010 and there was no further gain or loss on the acquisition of the controlling interest in 2011. For RP Data, we recorded an investment gain of approximately $58.9 million during the second quarter of 2011. Prior to our acquisition of these controlling interests, we accounted for our investments in Dorado and

RP Data using the equity method. See Note 17 - Acquisitions for more information.

For the years ended December 31, 2011, 2010 and 2009, we recorded non-cash impairment charges of $30.7 million, $16.3 million and $5.4 million, respectively, in our investments in affiliates, net due to other than temporary loss in value from the absence of an ability to recover the carrying amount of the investment from the under-performance of several investment in affiliates and continued changes in regulatory environment. These non-cash impairment charges are included in gain/(loss) on investment and other, net in the accompanying consolidated statement of operations.

Note 7 - Goodwill

A reconciliation of the changes in the carrying amount of goodwill, by operating segment, for the years ended December 31, 2011 and 2010 is as follows:

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(in thousands)	Data and Analytics	Mortgage Origination Services	Default Services	Consolidated
Balance at January 1, 2010				—
Goodwill	$485,488	$661,682	$137,287	$1,284,457
Accumulated impairment losses	(600)	(6,925)	—	(7,525)
Goodwill, net	484,888	654,757	137,287	1,276,932
Acquisitions	—	1,500	12,122	13,622
Translation adjustments	308	—	—	308
Other	(889)	(85)	—	(974)
Balance at December 31, 2010				
Goodwill, net	484,307	656,172	149,409	1,289,888
Acquisitions	172,419	19,664	—	192,083
Translation adjustments	(7,678)	—	—	(7,678)
Other	—	(2,087)	—	(2,087)
Balance at December 31, 2011				
Goodwill, net	$649,048	$673,749	$149,409	$1,472,206

For the year ended December 31, 2011, we recorded $19.7 million of goodwill in connection with our acquisition of the remaining interest in Dorado in March 2011, $154.5 million of goodwill in connection with our acquisition of the remaining interest in RP Data in May 2011 and $17.9 million in connection with our acquisition of Tarasoft Corporation ("Tarasoft") in September 2011. For the year ended December 31, 2010, we recorded $12.1 million of goodwill in connection with our acquisition of RealtyBid in November 2010. We have reclassified $17.3 million and $155.1 million of goodwill, net, to assets of discontinued operations as of December 31, 2011 and 2010, respectively.

Our policy is to perform an annual goodwill impairment test for each reporting unit in the fourth quarter. In addition to our annual impairment test, we periodically assess whether events or circumstances occurred that potentially indicate that the carrying amounts of these assets may not be recoverable. Due to weak market demand, the market price of our common stock declined during the third quarter of 2011, we performed an interim goodwill impairment analysis as of August 31, 2011 and noted no risk of impairment of any other reporting unit, other than in the marketing services reporting unit as discussed below.

As of third quarter 2011, we closed our marketing services reporting unit (Leadclick) and concluded we would actively pursue the sale of our consumer services (Consumer Credit Monitoring Services), transportation services (comprised of our American Driving Records and CompuNet Credit Services business units) and our wholly-owned appraisal management company businesses - see Note 18 Discontinued Operations. As a result of these actions, we revised our reporting for segment disclosure purposes - see Note 20 Segment Financial Information, and revised our reporting units for purposes of evaluating the carrying value of our goodwill. As of December 31, 2011, our reporting units for goodwill purposes are data & analytics, mortgage origination services and default services. This change required us to perform a fourth quarter goodwill impairment test and to reassign our goodwill to each reporting unit using the relative fair value approach, based on the fair values of the reporting units as of September 30, 2011. Based on the results of our fourth quarter goodwill impairment test, we noted no further impairment of goodwill in our continuing reporting units.

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 reporting units in our testing were: (a) expected cash flow for the period from 2011 to 2019; (b) an average discount rate of 12.0%, which was based on management's best estimate of the after-tax weighted average cost of capital; and (c) an average control premium of 20.0%. 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.

Note 8 - Other Identifiable Intangible Assets

Other identifiable intangible assets consist of the following:

(in thousands)	2011	2010
Customer lists	$276,112	$209,004
Non-compete agreements	7,898	8,033
Trade names and licenses	24,402	9,543
	308,412	226,580
Less accumulated amortization	(144,047)	(116,730)
Other identifiable intangible assets, net	$164,365	$109,850

Amortization expense for other identifiable intangible assets was $28.3 million, $19.7 million and $19.7 million for the years ended December 31, 2011, 2010 and 2009, respectively. We have reclassified $2.6 million and $22.8 million of other intangible assets, net, to assets of discontinued operations as of December 31, 2011 and 2010, respectively, and recorded a non-cash impairment charge before tax of $22.0 million, of which $17.1 million was a component of loss from discontinued operations, net of tax, for the year ended December 31, 2011.

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

(in thousands)	
2012	$26,742
2013	24,877
2014	17,743
2015	16,303
2016	15,262
Thereafter	63,438
	$164,365

Note 9 - Long-Term Debt

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(in thousands)	2011	2010
Acquisition related notes:		
Weighted average interest rate of 5.27% at December 31, 2010, with maturities through 2013	$—	$44,624
Non-interest bearing acquisition note due in $5.0 million installments March 2012, 2014 and 2016	13,209	—
Notes:		
7.25% senior notes due June 2021	400,000	—
5.7% senior debentures due August 2014	1,175	1,175
7.55% senior debentures due April 2028	59,645	59,645
8.5% deferrable interest subordinated notes due April 2012	34,768	34,768
Bank debt:		
Revolving line of credit borrowings due March 2016, weighted average interest rate of 6.8%	51,045	—
Term loan facility borrowings through March 2016, weighted average interest rate of 4.0%	341,250	—
Revolving line of credit borrowings due July 2012, weighted average interest rate of 3.63%, extinguished in May 2011	—	200,000
Term loan facility borrowings due April 2016, weighted average interest rate of 4.75%, extinguished in May 2011	—	348,250
Other debt:		
6.52% Promissory Note due to First American Financial Corporation (See Note 19)	—	18,787
Various interest rates with maturities through 2013	7,203	13,640
Total long-term debt	908,295	720,889
Less current portion of long-term debt	62,268	233,452
Long-term debt, net of current portion	$846,027	$487,437

Senior Notes

On May 20, 2011, CoreLogic, Inc. issued $400.0 million aggregate principal amount of 7.25% senior notes due 2021 (the "Notes"). Separate financial statements for each guarantor subsidiary are not included in this filing because each guarantor subsidiary is wholly-owned and the guarantees are full and unconditional, as well as joint and several, for the Notes. There were no significant restrictions on the ability of the parent company or any guarantor subsidiary to obtain funds from its subsidiaries by dividend or loan. The Notes bear interest at 7.25% per annum and mature on June 1, 2021. Interest is payable semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2011.

The Notes are senior unsecured obligations and: (i) rank equally with any of our existing and future senior unsecured indebtedness; (ii) rank senior to all our existing and future subordinated indebtedness; (iii) are subordinated to any of our secured indebtedness (including indebtedness under our credit facility) to the extent of the value of the assets securing such indebtedness; and (iv) are structurally subordinated to all of the existing and future liabilities (including trade payables) of each of our subsidiaries that do not guarantee the Notes. The guarantees will: (i) rank equally with any existing and future senior unsecured indebtedness of the guarantors; (ii) rank senior to all existing and future subordinated indebtedness of the guarantors; and (iii) are subordinated in right of payment to any secured indebtedness of the guarantors (including the guarantee of our credit facility) to the extent of the value of the assets securing such indebtedness.

The Notes are redeemable by us, in whole or in part on or after June 1, 2016 at a price up to 103.63% of the aggregate principal amount of the Notes, plus accrued and unpaid interest, if any, to the applicable redemption date, subject to other limitations. We may also redeem up to 35.0% of the original aggregate principal amount of the Notes at any time prior to June 1, 2014 with the proceeds from certain equity offerings at a price equal to 107.25% of the aggregate principal amount of the Notes, together with accrued and unpaid interest, if any, to the applicable redemption date, subject to certain other limitations.

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We may also redeem some or all of the Notes before June 1, 2016 at a redemption price equal to 100.0% of the aggregate principal amount of the Notes, plus a "make-whole premium," plus accrued and unpaid interest, if any, to the redemption date.

Upon the occurrence of specific kinds of change of control events, holders of the Notes have the right to cause us to purchase some or all of the Notes at 101.0% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase.

The indenture governing the Notes contains restrictive covenants that limit, among other things, our ability and that of our restricted subsidiaries to incur additional indebtedness or issue certain preferred equity, pay dividends or make other distributions or other restricted payments, make certain investments, create restrictions on distributions from restricted subsidiaries, create liens on properties and certain assets to secure debt, sell certain assets, consolidate, merge, sell or otherwise dispose of all or substantially all of its assets, enter into certain transactions with affiliates and designate our subsidiaries as unrestricted subsidiaries. The indenture also contains customary events of default, including upon the failure to make timely payments on the Notes or other material indebtedness, the failure to satisfy certain covenants and specified events of bankruptcy and insolvency. If we have a significant increase in our outstanding debt or if our EBITDA decreases significantly, we may be unable to incur additional amounts of indebtedness, and the holders of the notes may be unwilling to permit us to amend the restrictive covenants to provide additional flexibility. In addition, the indenture contains a financial covenant for the incurrence of additional indebtedness that requires that the interest coverage ratio be at least 2:00 to 1:00 on a pro forma basis after giving effect to any new indebtedness. There are carve-outs that permit us to incur certain indebtedness notwithstanding satisfaction of this ratio, but they are limited. Based on our EBITDA and interest charges as of December 31, 2011, we would be able to incur additional indebtedness without breaching the limitation on indebtedness covenant contained in the indenture
and we are in compliance with all of our covenants under the indenture.

Credit Agreement

On May 23, 2011, the Company, CoreLogic Australia Pty Limited and the guarantors entered into a senior secured credit facility agreement (the "Credit Agreement") with Bank of America, N.A. as administrative agent and other financial institutions. The Credit Agreement provides for a $350.0 million five-year term loan facility (the "Term Facility") and a $550.0 million revolving credit facility (the "Revolving Facility"). The Revolving Facility includes a $100.0 million multicurrency revolving sub-facility and a $50.0 million letter of credit sub-facility. The Credit Agreement also provides for the ability to increase the Term Facility and Revolving Facility commitments provided that the total credit exposure under the Credit Agreement does not exceed $1.4 billion in the aggregate.

The loans under the Credit Agreement bear interest, at our election, at (i) the Alternate Base Rate (as defined in the Credit Agreement) plus the Applicable Rate (as defined in the Credit Agreement) or (ii) the London interbank offering rate for Eurocurrency borrowings, or the LIBO Rate, adjusted for statutory reserves, or the Adjusted LIBO Rate plus the Applicable Rate. The initial Applicable Rate for Alternate Base Rate borrowings is 1.00% and for Adjusted LIBO Rate borrowings is 2.00%. Starting with the full fiscal quarter after the closing date, the Applicable Rate will vary depending on our leverage ratio. The minimum Applicable Rate for Alternate Base Rate borrowings will be 0.75% and the maximum will be 1.75%. The minimum Applicable Rate for Adjusted LIBO Rate borrowings will be 1.75% and the maximum will be 2.75%. The Credit Agreement also requires us to pay commitment fees for the unused portion of the Revolving Facility, which will be a minimum of 0.30% and a maximum of 0.50%, depending on our leverage ratio.

The obligations under the Credit Agreement are our and the guarantors' senior secured obligations, collateralized by a lien on substantially all of our and the guarantors' personal property assets and mortgages or deeds of trust on our and the guarantors' real property with a fair market value of $10.0 million or more (collectively, the "Collateral") and rank senior to any of our and the guarantors' unsecured indebtedness (including the Notes) to the extent of the value of the Collateral.

The Credit Agreement provides that loans under the Term Facility shall be repaid in quarterly installments, commencing on September 30, 2011 and continuing on each three-month anniversary thereafter until and including March 31, 2016 in an amount equal to $4.4 million on each repayment date from September 30, 2011 through June 30, 2013, $8.8 million on each repayment date from September 30, 2013 through June 30, 2014 and $13.1 million on each repayment date from September 30, 2014 through March 31, 2016. The outstanding balance of the term loan will be due on the fifth anniversary of the closing date of the Credit Agreement. The Term Facility is also subject to prepayment from (i) the net cash proceeds of certain debt incurred or issued by us and the guarantors and (ii) the net cash proceeds received by us or the guarantors from certain assets sales and recovery events, subject to certain reinvestment rights.

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The Credit Agreement contains financial maintenance covenants, including a (i) maximum total leverage ratio not to exceed 4.25 to 1.00 (stepping down to 4.00 to 1.00 starting in the fourth quarter of 2012, with a further step down to 3.50 to 1.00 starting in the fourth quarter of 2013), (ii) a minimum interest coverage ratio of note less than 3.00 to 1.00, and (iii) a maximum senior secured leverage ratio. not to exceed 3.25 to 1.00 (stepping down to 3.00 to 1.00 in the fourth quarter of 2012. At December 31, 2011, we were in compliance with these financial covenants and the restrictive covenants.

The Credit Agreement also contains restrictive covenants that limit, among other things, our ability and that of our subsidiaries, to incur additional indebtedness or issue certain preferred equity, pay dividends or make other distributions or other restricted payments, make certain investments, create restrictions on distributions from subsidiaries, to enter into sale leaseback transactions, amend the terms of certain other indebtedness, create liens on certain assets to secure debt, sell certain assets, consolidate, merge, sell or otherwise dispose of all or substantially all of our assets and enter into certain transactions with affiliates. The Credit Agreement also contains customary events of default, including upon the failure to make timely payments under the Term Facility and the Revolving Facility or other material indebtedness, the failure to satisfy certain covenants, the occurrence of a change of control and specified events of bankruptcy and insolvency. If we have a significant increase in our outstanding debt or if our earnings decrease significantly, we may be unable to incur additional amounts of indebtedness, and the lenders under the Credit Agreement may be unwilling to permit us to amend the financial or restrictive covenants described above to provide additional flexibility. At December 31, 2011, we had borrowing capacity under the revolving lines of credit of $499.0 million, and were in compliance with the financial and restricted covenants of our loan agreements. As of December 31, 2011 and 2010, we have recorded $4.4 million and $2.8 million, respectively, of accrued interest expense.

Former Credit Agreement

As of December 31, 2010, we had a signed third amended and restated credit agreement (the “Credit Agreement”), with JPMorgan Chase Bank, N.A. (“JPMorgan”), Wells Fargo Securities and a syndicate of lenders, with JPMorgan also serving as administrative agent and collateral agent. The Credit Agreement amended and restated our second amended and restated credit agreement dated as of November 16, 2009. Proceeds from the extensions of credit under the Credit Agreement were used for working capital, retirement of public debt and other general corporate purposes.

The Credit Agreement consisted of a $350.0 million six-year term loan facility, with an original expiration date of April 12, 2016, and a $500.0 million revolving credit facility with a $50.0 million letter of credit sub-facility. The term loan facility was drawn in full on the closing date and the proceeds were used to settle the cash tender offers discussed below, as well as to pay down amounts owed on the revolving credit facility.

The Credit Agreement provided for the ability to increase the term loan facility provided that the total credit exposure under the Credit Agreement did not exceed $1.05 billion in the aggregate.

At December 31, 2010, we had $200.0 million outstanding under our revolving line of credit and $300.0 million of borrowing capacity available on our revolving line of credit. At December 31, 2010, we were in compliance with the financial covenants contained in our loan agreements. The revolving loan commitments were scheduled to terminate on July 11, 2012. We paid an annual commitment fee of 50 basis points on the unused portion of the revolving facility.

To secure our obligations under the Credit Agreement, the Company and the Guarantors (as defined below, collectively the “Loan Parties”) had granted JPMorgan, as collateral agent, a security interest over substantially all of their personal property and a mortgage or deed of trust over all their real property with a fair market value of $1.0 million or more. In addition, our obligations under the Credit Agreement were guaranteed by our subsidiaries that comprise at least 95% of our total U.S. assets (the “Guarantors”).

The term loan was subject to mandatory repayment that commenced on September 30, 2010 and was to continue on each three-month anniversary thereafter until and including March 31, 2016 in an amount equal to $875,000. The outstanding balance of the term loan was due on April 12, 2016. The term loan was subject to prepayment from (i) the net proceeds (as defined in the Credit Agreement) of certain debt incurred or issued by any Loan Party (as defined in the Credit Agreement), (ii) a percentage of our excess cash flow (as defined in the Credit Agreement) (unless our leverage ratio is less than 1:1) and (iii) the net proceeds received (and not reinvested) by any Loan Party from certain assets sales and recovery events.

At our election, borrowings under the Credit Agreement beared interest at (i) the alternate base rate (defined as the greatest of (a) JPMorgan’s “prime rate”, (b) the Federal Funds effective rate plus 0.50% and (c) the reserve adjusted London interbank offering rate for a one month Eurodollar borrowing plus 1.00%) (the "Alternate Base Rate") plus the Applicable Rate (as defined in the Credit Agreement) or (ii) the London interbank offering rate for Eurodollar borrowings (the "LIBO Rate") adjusted for statutory reserves (the "Adjusted LIBO Rate"), provided that the minimum LIBO Rate with respect to any term loan shall not be less than 1.50%, plus the Applicable Rate. We had the option to select interest periods of one, two, three or six months or, if agreed to by all lenders, nine or twelve months for Eurodollar borrowings of revolving loans. We had the option to select interest periods of three or six months or (if agreed to by all lenders) one, two, nine or twelve months for Eurodollar borrowings of term loans.

The Applicable Rate varied depending upon the Company's leverage ratio. The minimum Applicable Rate for Alternate Base Rate borrowings was 1.75% and the maximum was 2.25%. The minimum Applicable Rate for Adjusted LIBO Rate borrowings was 2.75% and the maximum was 3.25%. As of December 31, 2010, the Applicable Rate for the term loans was 4.75%.

Acquisition-Related Notes

In March 2011, we entered into a new settlement services joint venture called STARS. Our initial investment in STARS was $20.0 million and we also issued a note payable for an additional $15.0 million of consideration payable in three installments of $5.0 million (due on the first, third, and fifth anniversaries of the initial closing), which is non-interest bearing and was discounted to $13.2 million as of December 31, 2011.

Promissory Note Due to First American

On June 1, 2010, we issued a promissory note to FAFC in the amount of $19.9 million that accrued interest at a rate of 6.52% annually. Interest was first due on July 1, 2010 and quarterly thereafter. The note approximated the unfunded portion of the benefit obligation attributable to participants in the FAC defined benefit pension plan that were our employees. The balance outstanding on the note was $18.8 million at December 31, 2010 and had been paid in full as in September 2011.

Debt Issuance Costs

In connection with issuing the Notes and entering into the Credit Agreement and the related extinguishment of our previously outstanding bank debt, we wrote-off $10.2 million of unamortized debt issuance costs related to our extinguished bank debt facilities to interest expense in the accompanying consolidated statements of income for the year ended December 31, 2011. In addition, we capitalized $22.8 million of debt issuance costs relating to the issuance of the Note and Credit Agreement, included in other assets in the accompanying balance sheet as of December 31, 2011, and will amortize these costs to interest expense over the term of the Notes and Credit Agreement, as applicable.

Interest Rate Swaps

In June 2011, we entered into amortizing interest rate swap transactions ("Swaps") that have a termination date of May 2016. The Swaps are for an initial balance of $200.0 million, with a fixed interest rate of 1.73% and amortizes quarterly by $2.5 million through September 30, 2013, $5.0 million from October 1, 2013 through September 30, 2014 and $7.5 million from October 1, 2014 through May 16, 2016, with a notional amount of $107.5 million. Previous swaps entered in October 2010 of $348.3 million were terminated with a realized gain of $0.4 million for the year ended December 31, 2011 upon full repayment of the underlying debt.

We entered into the Swaps in order to convert a portion of our interest rate exposure on the Term Facility floating rate borrowings from variable to fixed. We have designated the Swaps as cash flow hedges. The estimated fair value of these cash flow hedges resulted in a liability of $5.1 million at December 31, 2011 and an asset of $5.2 million at December 31, 2010.

For the years ended December 31, 2011 and 2010, unrealized loss of $5.8 million (net of $3.7 million in deferred taxes) and unrealized gain of $3.0 million (net of $1.9 million in deferred taxes), respectively, were recognized in other comprehensive loss related to these Swaps.

The Tender Offer

On April 12, 2010, we announced that we were (i) commencing cash tender offers for the outstanding $100.0 million

7.55% senior debentures of the Company due 2028, the $150.0 million 5.7% senior notes of the Company due 2014 and the $100.0 million 8.5% capital securities of First American Capital Trust I due 2012, as well as the PREFERRED PLUS 7.55% trust certificates issued by the PREFERRED PLUS Trust Series Far-1 due 2028 (collectively, the "Existing Notes"), and (ii) soliciting from the holders of certain of the Existing Notes consents to amend the indentures under which such Existing Notes were issued to expressly affirm that the Separation does not conflict with the terms of the indentures.

On April 27, 2010, we announced that we had received tenders and accompanying consents from the holders of 99% of the 5.7% senior notes of the Company due 2014 and the holders of 64.0% of the 8.5% capital securities of First American Capital Trust I due 2012. On May 10, 2010, we announced that over 50.0% of the 7.55% Senior Debentures due 2028 tendered valid consents. Accordingly, we received the requisite approvals and amended the related indentures.

The tender offers expired on May 12, 2010. Holders of 99.2% of the 5.7% senior notes of the Company due 2014, the holders of 65.2% of the 8.5% capital securities of First American Capital Trust I due 2012, the holders of 40.35% of the 7.55% senior debentures due 2028 and the holders of 48.5% of the PREFERRED PLUS 7.55% trust certificates tendered their senior notes and capital securities to the Company as of December 31, 2010.

Consent fees paid in connection with the tender offer totaling $2.7 million are included in other operating expenses for the year ended December 31, 2010.

The aggregate annual maturities for long-term debt are as follows:

(in thousands)	
Year ending December 31,	
2012	$62,320
2013	28,300
2014	50,026
2015	52,500
2016	257,295
Thereafter	459,645
Total (1)	$910,086

(1) Includes the acquisition related note payable of $15.0 million, which is non-interest and discounted to $13.2 million as of December 31, 2011.

Note 10 - Income Taxes

Domestic pretax income from continuing operations was $140.3 million, $140.1 million and $174.8 million for the years ended December 31, 2011, 2010 and 2009, respectively. Foreign pretax income/(loss) was $(1.4) million, $12.8 million and $7.1 million for the years ended December 31, 2011, 2010 and 2009, respectively.

The amounts shown in the tables below include income taxes included in equity of affiliates of $19.2 million, $27.7 million and $32.4 million for the years ended December 31, 2011, 2010 and 2009, respectively, with the changes driven by changes in the profitability of the investments in affiliates. For purposes of segment reporting, these amounts are not reflected at the segment level but are recorded as a component of corporate and eliminations in equity in earnings of affiliates.

Income taxes are summarized as follows:

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(in thousands)	2011	2010	2009
Current:			
Federal	$66,284	$33,719	$7,902
State	12,414	19,751	6,743
Foreign	13,765	634	1,631
	92,463	54,104	16,276
Deferred:			
Federal	(1,798)	11,446	18,294
State	(267)	(4,576)	12,317
Foreign	(3,998)	(2,909)	2,584
	(6,063)	3,961	33,195
Total current and deferred	$86,400	$58,065	$49,471

Income taxes differ from the amounts computed by applying the federal income tax rate of 35.0%. A reconciliation of this difference is as follows:

(in thousands)	2011	2010	2009
Taxes calculated at federal rate	$48,620	$48,592	$53,594
State taxes, net of federal benefit	7,896	9,863	12,475
Foreign taxes (less than) in excess of federal rate	(432)	(1,088)	(94)
Tax effect of noncontrolling interests	—	(10,521)	(17,633)
Non-deductible expenses, including Separation-related	636	6,436	463
Gain on disposition of subsidiary	11,367	—	—
Change from investee to subsidiary	12,285	—	—
Change in uncertain tax positions	4,588	1,351	570
Other items, net	1,440	3,432	96
	$86,400	$58,065	$49,471

Our effective income tax rate (provision for income taxes as a percentage of income from continuing operations before equity in earnings of affiliates and income taxes) was 74.3% for 2011, 41.8% for 2010 and 23.8% for 2009. The change in the effective rate in 2011 from 2010 was primarily attributable to the provision of income taxes on former partnership income that was attributable to noncontrolling interests for which no income taxes were provided in the quarter ended March 31, 2010, the $12.3 million reversal of deferred taxes related to our interest in Dorado when it was held as an equity method investment, non-deductible transaction costs incurred in connection with the Separation and excess tax gain on the sale of CoreLogic Global Services Private Limited ("CoreLogic India"). The change in the effective income tax rate in 2010 from 2009 was primarily due to a goodwill impairment charge in 2009 for which no corresponding tax benefit was recognized.

The primary components of temporary differences that give rise to the Company’s net deferred tax assets are as follows:

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(in thousands)	2011	2010
Deferred tax assets:		
Federal net operating and credit loss carryforwards	$65,168	$30,395
Deferred revenue	137,688	128,733
Bad debt reserves	7,119	5,144
Employee benefits	43,684	43,249
Investment in affiliates	—	1,538
Accrued expenses and loss reserves	29,384	18,738
Other	2,519	2,615
Less: valuation allowance	(29,389)	(19,058)
	256,173	211,354
Deferred tax liabilities:		
Depreciable and amortizable assets	186,260	159,178
Investment in affiliates	10,407	—
Marketable equity securities	—	15,050
	196,667	174,228
Net deferred tax asset/(liability)	$59,506	$37,126

The net change in the deferred tax balance is primarily attributable to acquired net operating loss and other tax attributes associated with the purchase of Dorado.

The exercise of stock options represents a tax benefit and has been reflected as a reduction of taxes payable and an increase to the additional paid-in capital account. The benefits recorded were $0.4 million in 2011, $3.4 million in 2010 and $0.8 million in 2009.

At December 31, 2011, we had available federal, state and foreign net operating loss carryforwards totaling, in aggregate, approximately $320.0 million for income tax purposes, of which $8.6 million has an indefinite expiration. The remaining $311.4 million expires at various times beginning in 2012.

The valuation allowance relates to deferred tax assets for federal and state net operating loss carryforwards relating to acquisitions, our foreign operations and state capital losses carryforwards related to the loss on the sale of the employer and litigation services businesses. Utilization of the pre-acquisition net operating losses is subject to limitations by the Internal Revenue Code of 1986, as amended (the “Code”), and state jurisdictions. The increase in the valuation allowance is primarily related to net operating loss and credit carryovers attributable to the acquisition of Dorado.We evaluate the realizability of our deferred tax assets by assessing the valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization are the Company’s forecast of future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. Failure to achieve the forecasted taxable income in the applicable taxing jurisdictions could affect the ultimate realization of deferred tax assets and could result in an increase in our effective tax rate on future earnings. To the extent that the related tax benefits are realized in subsequent years, they will be applied to reduce goodwill arising from the acquisitions.

As of December 31, 2011, U.S. taxes were not provided on approximately $18.9 million in earnings of our foreign subsidiaries, as we have invested or expect to invest the undistributed earnings indefinitely. If in the future these earnings are repatriated to the U.S., or if we determine that the earnings will be remitted in the foreseeable future, additional tax provisions may be required. It is not practical to calculate the deferred taxes associated with these earnings; however, foreign tax credits may be available to reduce federal income taxes in the event of distribution.

The liability for income taxes associated with uncertain tax positions was $19.3 million and $22.6 million as of December 31, 2011 and 2010, respectively. This liability can be reduced by $10.4 million of offsets for amounts subject to indemnification by FAFC under the Tax Sharing Agreement and $1.9 million in tax benefits from timing adjustments. The net amount of $7.0 million, if recognized, would favorably affect our effective tax rate.

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A reconciliation of the beginning and ending amount of unrecognized tax benefits for the years ended December 31, 2011, 2010 and 2009 is as follows:

(In thousands)	2011	2010	2009
Unrecognized Tax Benefits - Opening Balance	$22,590	$21,400	$28,200
Gross Increases - tax positions in prior period	19	2,126	—
Gross decreases - tax positions in prior period	(8,899)	(439)	(700)
Gross increases - current-period tax positions	5,727	3,027	2,600
Settlements with taxing authorities	—	(538)	(800)
Expiration of the statute of limitations for the assessment of taxes	(135)	(2,986)	(7,900)
Unrecognized Tax Benefits - Ending Balance	$19,302	$22,590	$21,400

Our continuing practice is to recognize interest and penalties, if any, related to uncertain tax positions in tax expense. For the years ended December 31, 2011, 2010 and 2009, we recognized approximately $1.2 million, $0.2 million and $0.1 million in interest and penalties, respectively. We had accrued $5.5 million in 2011 and $5.5 million in 2010 of interest and penalties related to uncertain tax positions. The liability as of December 31, 2011 can be reduced by $3.7 million of offsets subject to indemnification by FAFC under the Tax Sharing Agreement.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and various non-U.S. jurisdictions. With few exceptions, we are no longer subject to U.S. federal, state, and non-U.S. income tax examinations by taxing authorities for years prior to 2005.

It is reasonably possible that the amount of the unrecognized benefit with respect to certain of our unrecognized tax positions could significantly increase or decrease within the next 12 months. These changes may be the result of items such as ongoing audits, competent authority proceedings related to transfer pricing, or the expiration of federal and state statutes of limitation for the assessment of taxes. We estimate that decreases in unrecognized tax benefits within the next 12 months will total approximately $0.8 million.

We record a liability for potential tax assessments based on estimates of the potential exposure. New tax laws and new interpretations of laws and rulings by tax authorities may affect the liability for potential tax assessments. Due to the subjectivity and complexity of the underlying issues, actual payments or assessments may differ from estimates. To the extent our estimates differ from actual payments or assessments, income tax expense is adjusted. Our income tax returns in several jurisdictions are being examined by various tax authorities. Management believes that adequate amounts of tax and related interest, if any, have been provided for any adjustments that may result from these examinations.

We entered into a Tax Sharing Agreement with FAFC in connection with the Separation. The Tax Sharing Agreement governs the respective rights, responsibilities and obligations of the Company and FAFC after the Distribution with respect to taxes, including ordinary course of business taxes and taxes, if any, incurred as a result of any failure of the Distribution to qualify as a tax-free distribution for U.S. federal income tax purposes within the meaning of Section 355 of the Code and taxes incurred in connection with certain internal transactions undertaken in anticipation of the Separation.

In general, pursuant to the Tax Sharing Agreement, we will prepare and file the consolidated federal income tax return, and any other tax returns that include both the Company (or any of its subsidiaries) and FAFC (or any of its subsidiaries) for all taxable periods ending on or prior to, or including, the date of the Distribution, with the appropriate tax authorities and will prepare and file all separate company tax returns of the Company and its subsidiaries. FAFC will prepare and file all tax returns that include solely FAFC and/or its subsidiaries for all taxable periods. In general, the Company controls all audits and administrative matters and other tax proceedings relating to the consolidated federal income tax return of the Company's group and any other tax returns for which it is responsible, except that FAFC has certain participation rights to the extent that it is liable for any taxes shown on such returns.

The Tax Sharing Agreement generally provides that, with respect to any consolidated tax return that includes the members of the FAFC group and the Company's group, (a) FAFC is generally responsible for all taxes that are attributable to members of the FAFC group of companies or the assets, liabilities or businesses of the FAFC group of companies (including any such liabilities arising from adjustments to prior year or partial year with respect to 2011), except with respect to the 2010 taxable year in which case FAFC is liable for 75% of such taxes as shown on the 2010 consolidated tax return, and (b) we are generally responsible for all taxes attributable to members of our group of companies or the assets, liabilities or businesses of our group of companies (including any such liabilities arising from adjustments to prior year or partial year with respect to 2011), except with respect to the 2010 taxable year in which case we are additionally liable for 25% of all taxes attributable to the FAFC group as shown on the 2010 consolidated tax return. The FAFC group and our group will each be liable for taxes reflected in their respective separate group tax returns. Notwithstanding the foregoing, the Company and FAFC will each be liable for one-half of the taxes as shown on the applicable tax return arising from the internal transactions undertaken prior to the Distribution that are expected to be taxable. If the Distribution itself, or certain preparatory internal transactions that are undertaken in connection therewith and are expected to be tax-free become taxable for U.S. federal income tax purposes or if there is an increase in taxes resulting from the taxable internal transactions undertaken in connection with the Separation other than due to an action or omission of either party, we will share the resulting tax liability equally with FAFC. If such taxes arise as a result of action or omission of either party, such party will generally be liable for 100% of such taxes. To the extent that the parties have made any payments to each other prior to the Distribution on account of taxes for which they are liable under the Tax Sharing Agreement, such payments will be treated as an offset to amounts owed under the Tax Sharing Agreement.

Under the Tax Sharing Agreement, neither FAFC or the Company generally may (a) take or fail to take any action that would cause any representation, information or covenant contained in the Separation and Distribution Agreement or the documents relating to the IRS private letter ruling and the tax opinion regarding the Separation to be untrue, (b) take or fail to take any other action that would cause the Separation or any internal transaction expected to be tax-free to lose its tax favorable treatment under the Code, (c) sell, issue, redeem or otherwise acquire any of its equity securities (or equity securities of members of its group), except in certain specified transactions for a period of 25 months following the Separation and (d) other than in the ordinary course of business, sell or otherwise dispose of a substantial portion of its assets, liquidate, merge or consolidate with any other person for a period of 25 months following the Separation. During the 25-month period, the Company and FAFC may take certain actions otherwise prohibited by these covenants if (a) it obtains the other party's prior written consent, or (b) it provides the other party with an IRS private letter ruling or an unqualified opinion of tax counsel to the effect that such actions will not affect the tax-free nature of the Separation.

Notwithstanding the receipt of any such IRS ruling or tax opinion, each party will be required to indemnify the other party for any taxes and related losses resulting from (a) any act or failure to act by such party described in the covenants above, (b) any acquisition of equity securities or assets of such party or any member of its group, or (c) any breach by such party or any member of its group of any representation or covenant contained in the Separation and Distribution Agreement or the documents relating to the IRS private letter ruling or tax opinion concerning the Separation.

The IRS private letter ruling includes a representation that FAFC and FATICO, will dispose of our shares held by them as of the date of the Distribution as soon as such disposition is practicable and consistent with the business purposes of the retention of the stock (as set forth in the IRS private letter ruling), but in no event later than five years after the Distribution. In the event that either FAFC or FATICO holds our shares longer than such time, it is possible that the IRS may determine upon audit that the Distribution and/or the internal transactions could be treated as taxable to us and/or our stockholders. If such a determination were made, then pursuant to the Tax Sharing Agreement, FAFC would be responsible for all taxes imposed on us and FAFC due to its failure to dispose of our shares (unless the failure of FAFC or FATICO to dispose of such shares was attributable to our failure to comply with our obligations set forth in the Separation and Distribution Agreement to register such shares). Further, if FAFC fails to comply with any other of its representations in its private letter ruling and the IRS determines that the Distribution or the internal transactions are taxable, FAFC would likewise be responsible under the Tax Sharing Agreement for all taxes imposed on FAFC and us due to such failure.

The Tax Sharing Agreement also contains provisions regarding the apportionment of tax attributes of the consolidated federal income tax return group, the allocation of deductions with respect to compensatory equity interests, cooperation, and other customary matters.

On December 22, 2010, we and STG-Fairway Holdings, LLC (the "Purchaser"), which is owned by affiliates of Symphony Technology Group, entered into a purchase agreement, pursuant to which we sold our employer and litigation services businesses to the Purchaser. See Note 19 - Discontinued Operations. Under the terms of the purchase agreement the Company remains liable for, and agreed to indemnify Purchaser for all taxes arising from the operation of the employer and litigation services businesses prior to the closing date of the sale. Purchaser assumed liability for, and agreed to indemnify us for all taxes arising from the operation of the employer and litigation businesses after the closing date of the sale. As of December 31, 2011, the liability for which we may be obligated to indemnify Purchaser for pre-closing date uncertain tax positions is approximately $0.7 million, net of tax benefits.

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In July 2011, we entered into a definitive agreement with Cognizant Technology Solutions Corporation ("Cognizant"), under which an affiliate of Cognizant acquired CoreLogic India Global Services Private Limited, our India-based captive operations. See Note 15 - Commitments and Contingencies. Under the terms of the purchase agreement, we remain liable for, and agree to indemnify Cognizant for all taxes arising from the operation of the business prior to the closing date of the sale. Cognizant assumed liability for, and agreed, to indemnify us for all taxes arising from the operation of the business after the closing date of the sale. As of December 31, 2011, the liability for which we may be obligated to indemnify Cognizant for pre-closing date uncertain tax positions is approximately $1.1 million, net of tax benefits.

Note 11 - Earnings/(Loss) Per Share

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

(in thousands, except per share amounts)	2011	2010	2009
Numerator:			
Income from continuing operations attributable to CoreLogic stockholders, net of tax	$52,515	$46,221	$45,981
(Loss)/income from discontinued operations attributable to CoreLogic stockholders, net of tax	(127,124)	(83,536)	150,658
Loss on sale of discontinued operations, net of tax	—	(18,985)	—
Net (loss)/income attributable to CoreLogic	$(74,609)	$(56,300)	$196,639
Denominator:			
Weighted-average shares for basic earnings per share	109,122	111,529	94,551
Effect of options and restricted stock	590	834	927
Denominator for diluted earnings per share	109,712	112,363	95,478
Earnings per share			
Basic:			
Income from continuing operations attributable to CoreLogic stockholders, net of tax	$		