RCT Product Update Bulletin

4th Quarter 2015

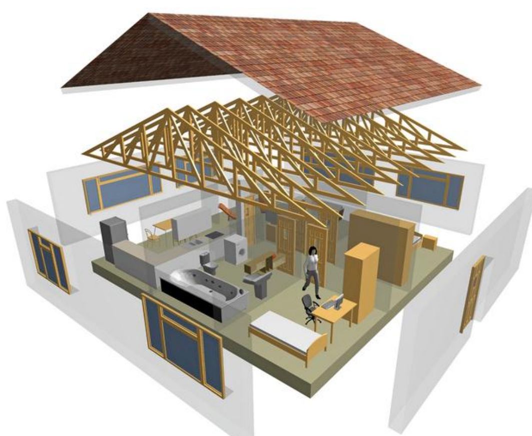
CoreLogic® is pleased to provide you with an overview of the 4th quarter 2015 RCT® updates.

To ensure our clients receive the most current building material and labor costs, CoreLogic researchers continually collect and analyze labor, material and equipment costs (hard costs), including mark-ups. Our research also covers taxes and fringes (soft costs) for reconstruction work performed for the insurance industry in the United States and Canada. Our professionals monitor data from nearly 3,000 unique economies in the United States, and over 100 in Canada.

The process includes monitoring demographics and econometric statistics, government indicators, and localization requirements, including market trends. Other factors in this process include the following:

- Wage rates for more than 85 union and non-union trades
- Over 100,000 line items of construction data
- Productivity rates and crew sizes
- Local cost concerns, such as building code requirements and other localized variables

In addition, we validate cost data by analyzing field inspection records, contractor estimates, phone surveys and partial and full loss claim information.



For more information, or for further explanation, please contact your sales consultant or account manager.

NOTE: The cost information in this bulletin is only intended to give you a general sense of reconstruction cost trends in North America. You should NOT advocate using these factors when adjusting renewal values for specific locations or across your book of business. Please note that the building material and labor cost trends presented in this bulletin are broad averages derived from our research of construction trades and building materials.

U.S.
Quarterly

% MATERIAL COST CHANGES

ASPHALT SHINGLES
▼ 0.2%

COPPER WIRE
▼ 1.8%

DRYWALL
▲ 0.7%

FELT PAPER
▲ 0.7%

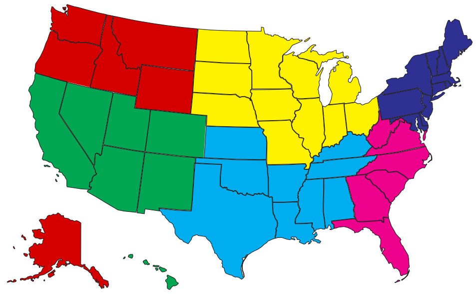
INSULATION
▼ 0.5%

LUMBER
▼ 0.2%

PLYWOOD
▼ 1.7%

READY MIX
▲ 0.5%

COPPER PIPE
▼ 1.3%



U.S. Regional Quarterly Cost Changes
4th Quarter 2015 compared to 3rd Quarter 2015

Northwest	-0.13%
Southwest	-0.01%
Northeast	0.07%
Southeast	-0.33%
North Central	-0.18%
South Central	-0.33%
National Average:	-0.15 %

U.S. Regional RCT® Cost Changes

Raw Materials

CoreLogic independent research and data reveals a 1.3% decrease for copper pipe prices and a 1.8% decrease for copper wire prices over the quarter. Our data confirms uncertainty within the global raw materials market. A *CNN Money: Investing Guide* article dated Aug. 27, 2015 "China's shrinking copper appetite is killing U.S. jobs" by Matt Egan, reports "now that China's growth has slowed drastically, the world has more industrial metal than it needs. According to the International Copper Study Group, China demand is down 3% so far this year. Miners are scrambling to react to the new environment; aggressively scaling back mining activities and forcing cuts in U.S. jobs."

Lumber and Plywood

CoreLogic independent research and data reveals a 1.7% decrease for plywood and a 0.2% decrease for lumber over the quarter. Our data confirms a downward trend in U.S. wood products spanning from the start of this year. For example, a *Calculated Risk: Finance and Economics* article dated Aug. 9, 2015 "Update: Framing Lumber Prices down Year-over-year" by Bill McBride, reports "In 2015, even with the pickup in U.S. housing starts, prices are down year-over-year. There was a surge in multi-family starts using less lumber than single family starts. Overall decline in prices is due to more supply and less demand from China."

The average for U.S. building materials decreased 0.5% for the quarter. For labor, the average wage rate increased 0.3%, based on construction trade contracts that were renewed during the quarter.

CoreLogic monitors a wide variety of construction materials for the residential building industry. A snapshot of some of the most common material elements is listed below:

US	3Q15	2Q15	1Q15	4Q14	3Q14	2Q14	1Q14	4Q13
Asphalt Shingles 25yr, 3-tab	-0.2	-0.8	-0.6	-0.4	-0.6	-1.6	-0.6	-0.2
Copper Wire	-1.8	-0.8	-3.6	-0.8	0.3	-3.3	0.3	-0.6
1/2" Drywall	0.7	1.3	1.3	0.0	0.4	2.6	3.1	1.5
Felt Paper	0.7	-0.1	-0.1	-0.7	-0.9	-0.3	-0.3	0.0
R-13 Fiber Batt Insulation	-0.5	0.7	0.6	0.3	0.6	1.6	2.7	5.6
2x4 Lumber	-0.2	-3.3	-1.5	1.4	1.7	2.9	0.7	-2.1
1/2" Plywood	-1.7	-1.8	-2.2	2.9	10.4	0.7	-2.8	-5.0
Ready Mix	0.5	0.0	2.6	0.9	-0.2	-0.7	2.3	1.4
1/2" Copper Pipe	-1.3	-0.5	-0.5	-1.0	0.3	-1.5	-0.2	-0.4

*Aggregate material Index of the nine most commonly used building materials – Residential

**This table represents the percent change from one quarter to the next period. .

CANADA
Quarterly

% MATERIAL COST CHANGES

ASPHALT SHINGLES
▲ **0.1%**

COPPER WIRE
▼ **1.9%**

DRYWALL
▼ **0.1%**

FELT PAPER
▼ **0.9%**

INSULATION
▼ **0.3%**

LUMBER
▼ **2.0%**

PLYWOOD
▼ **0.9%**

READY MIX
▼ **0.6%**

COPPER PIPE
▼ **0.8%**

Canada Regional Quarterly Cost Changes
4th Quarter 2015 compared to 3rd Quarter 2015

North	-0.65%
West	-0.48%
Central	-0.35%
Atlantic	-0.50%
National Average:	-0.42%

Canada Regional RCT® Cost Changes

➢ Lumber and Plywood

CoreLogic independent data and research reveals a 0.9% decrease in plywood prices and a 2.0% decrease in lumber prices over the quarter. Our data confirms taxing on Canadian lumber exports to the U.S. from select provinces are effecting prices. Export tax increases on softwood from British Columbia, Alberta, Saskatchewan, Ontario and Quebec were enforced back in April 2015. Furthermore, a *Foreign Affairs, Trade and Development Canada* article dated Oct. 9, 2015, "Monitoring Program for Softwood Lumber Products Shipments as of October 13th, 2015" reports, "The Government of Canada will monitor shipments of softwood lumber products first manufactured in all provinces and territories of Canada to the United States following the expiry of the Softwood Lumber Agreement on October 12, 2015. A monitoring program will be administered through the issuance of export permits by the Minister of Foreign Affairs beginning on October 13, 2015."

The average for Canadian building materials increased 0.3% over the quarter. For labor, the average wage rate revealed little to no change for the quarter, based on construction trade contracts that were renewed during the quarter.

CoreLogic monitors a wide variety of construction materials for the residential building industry. A snapshot of some of the most common material elements is listed below:

Canada	3Q15	2Q15	1Q15	4Q14	3Q14	2Q14	1Q14	4Q13
Asphalt Shingles 25yr, 3-tab	0.1	-0.3	0.5	0.4	-1.2	-0.2	0.4	-0.1
Copper Wire	-1.9	0.6	-0.6	0.0	0.2	-2.0	-1.6	-0.3
1/2" Drywall	-0.1	0.1	-0.4	-1.9	-2.2	-1.6	1.1	-0.5
Felt Paper	-0.9	0.0	0.4	-0.3	-0.6	0.0	0.0	-0.1
R-13 Fiber Batt Insulation	-0.3	-0.2	0.2	-1.5	-0.2	0.9	0.2	0.1
2x4 Lumber	-2.0	0.0	1.6	1.4	2.4	2.6	2.3	0.1
1/2" Plywood	-0.9	0.1	1.8	5.0	9.7	-1.7	-1.0	-3.4
Ready Mix	-0.6	-2.1	1.3	0.2	0.1	-1.8	2.6	1.8
1/2" Copper Pipe	-0.8	-0.3	0.8	-0.4	-0.1	-0.3	-0.8	-0.5

*Aggregate material Index of the nine most commonly used building materials – Residential

**This table represents the percent change from one quarter to the next period.

U.S.
Annual

% MATERIAL COST CHANGES

ASPHALT SHINGLES	▼ 1.9%
COPPER WIRE	▼ 6.8%
DRYWALL	▲ 3.4%
FELT PAPER	▼ 0.1%
INSULATION	▲ 1.1%
LUMBER	▼ 3.6%
PLYWOOD	▼ 3.0%
READY MIX	▲ 4.2%
COPPER PIPE	▼ 3.2%

RCT® Software Updates for This Quarter

NOTE: CoreLogic recommends a full program install whenever possible to ensure that you have the latest data and program enhancements.

Cost Data Changes

The fourth quarter 2015 cost data update reflects reconstruction cost changes in both labor and material. Standardized costs in this release reflect localized, updated costs representing the impact of emerging markets and economic trends on construction costs.

- **2"x4" and 2"x6" Stud Exterior Wall Framing**

  CoreLogic has conducted a review of 2"x4" and 2"x6" stud exterior wall framing costs. Both walls have been adjusted to more accurately capture the current methods, productivities and crew makeups associated with residential construction. National average impact on the framing building system is between 1% and 2% increase, while the overall impact on the reconstruction cost will be between 0.2% and 0.5%.

Non Cost Data Changes – Material Updates

The following new materials were added to RCT High Value & RCT 4.x:

- Stucco on Frame (Percent) (Partition Walls, Partitions)
- Stucco on Masonry (Percent) (Partition Walls, Interior Wall Framing)
- Water Tank, Poly, Small (Each) (Attached Structures, Porches)
- Water Tank, Poly, Medium (Each) (Attached Structures, Porches)
- Water Tank, Poly, Large (Each) (Attached Structures, Porches)
- Water Tank, Poly, Extra-Large (Each) (Attached Structures, Porches)
- Water Tank, Steel, Small (Each) (Attached Structures, Porches)
- Water Tank, Steel, Medium (Each) (Attached Structures, Porches)
- Water Tank, Steel, Large (Each) (Attached Structures, Porches)
- Water Tank, Steel, Extra-Large (Each) (Attached Structures, Porches)
- Water Tank, Concrete, Small (Each) (Attached Structures, Porches)
- Water Tank, Concrete, Medium (Each) (Attached Structures, Porches)
- Water Tank, Concrete, Large (Each) (Attached Structures, Porches)
- Water Tank, Concrete, Extra-Large (Each) (Attached Structures, Porches)
- Water Tank, Poly, Small (Each) (Detached Structures, Detached Structures)
- Water Tank, Poly, Medium (Each) (Detached Structures, Detached Structures)
- Water Tank, Poly, Large (Each) (Detached Structures, Detached Structures)
- Water Tank, Poly, Extra-Large (Each) (Detached Structures, Detached Structures)
- Water Tank, Steel, Small (Each) (Detached Structures, Detached Structures)
- Water Tank, Steel, Medium (Each) (Detached Structures, Detached Structures)
- Water Tank, Steel, Large (Each) (Detached Structures, Detached Structures)
- Water Tank, Steel, Extra-Large (Each) (Detached Structures, Detached Structures)
- Water Tank, Concrete, Small (Each) (Detached Structures, Detached Structures)
- Water Tank, Concrete, Medium (Each) (Detached Structures, Detached Structures)
- Water Tank, Concrete, Large (Each) (Detached Structures, Detached Structures)
- Water Tank, Concrete, Extra-Large (Each) (Detached Structures, Detached Structures)
- Boat Lift, Extra-Large (Each) (Detached Structures, Detached Structures)
- Boat Lift, Large (Each) (Detached Structures, Detached Structures)
- Boat Lift, Medium (Each) (Detached Structures, Detached Structures)
- Boat Lift, Small (Each) (Detached Structures, Detached Structures)
- Boat Lift, Personal Watercraft (Each) (Detached Structures, Detached Structures)
- Boat Lift, Seasonal (Each) (Detached Structures, Detached Structures)
- Cabinet, Medicine, Basic – (Each) (Kitchens, Baths & Plumbing, Bathrooms (Build-up))
- Cabinet, Medicine, Standard – (Each) (Kitchens, Baths & Plumbing, Bathrooms (Build-up))
- Cabinet, Medicine, Semi-Custom – (Each) (Kitchens, Baths & Plumbing, Bathrooms (Build-up))
- Cabinet, Medicine, Deluxe – (Each) (Kitchens, Baths & Plumbing, Bathrooms (Build-up))
- Cabinet, Medicine, Luxury – (Each) (Kitchens, Baths & Plumbing, Bathrooms (Build-up))
- Hot Beverage System, Built-in (Each) (Kitchens, Baths & Plumbing, Appliances (Build-up))
- Cooler, Beverage/Bottle, Small (Each) (Kitchens, Baths & Plumbing, Appliances (Build-up))

CANADA
Annual
% MATERIAL COST CHANGES

ASPHALT SHINGLES
▲ 0.7%

COPPER WIRE
▼ 2.0%

DRYWALL
▼ 2.2%

FELT PAPER
▼ 0.7%

INSULATION
▼ 1.7%

LUMBER
▲ 1.1%

PLYWOOD
▲ 6.0%

READY MIX
▼ 1.2%

COPPER PIPE
▼ 0.7%

- Cooler, Beverage/Bottle, Medium (Each) (Kitchens, Baths & Plumbing, Appliances (Build-up))
- Cooler, Beverage/Bottle, Large (Each) (Kitchens, Baths & Plumbing, Appliances (Build-up))
- Kegerator, Built-in, Single (Each) (Kitchens, Baths & Plumbing, Appliances (Build-up))
- Kegerator, Built-in, Double (Each) (Kitchens, Baths & Plumbing, Appliances (Build-up))
- Kegerator, Built-in, Triple (Each) (Kitchens, Baths & Plumbing, Appliances (Build-up))
- Kegerator, Single (Each) (Kitchens, Baths & Plumbing, Appliances (Build-up))
- Kegerator, Double (Each) (Kitchens, Baths & Plumbing, Appliances (Build-up))
- Kegerator, Triple (Each) (Kitchens, Baths & Plumbing, Appliances (Build-up))
- Refrigerator, Under Counter, Basic (Each) (Kitchens, Baths & Plumbing, Appliances (Build-up))
- Refrigerator, Under Counter, Standard (Each) (Kitchens, Baths & Plumbing, Appliances (Build-up))
- Refrigerator, Under Counter, Deluxe (Each) (Kitchens, Baths & Plumbing, Appliances (Build-up))
- Refrigerator, Under Counter, Luxury (Each) (Kitchens, Baths & Plumbing, Appliances (Build-up))

About CoreLogic

CoreLogic (NYSE: CLGX) is a leading global property information, analytics and data-enabled services provider. The company's combined data from public, contributory and proprietary sources includes over 4.5 billion records spanning more than 50 years, providing detailed coverage of property, mortgages and other encumbrances, consumer credit, tenancy, location, hazard risk and related performance information. The markets CoreLogic serves include real estate and mortgage finance, insurance, capital markets, and the public sector. CoreLogic delivers value to clients through unique data, analytics, workflow technology, advisory and managed services. Clients rely on CoreLogic to help identify and manage growth opportunities, improve performance and mitigate risk. Headquartered in Irvine, Calif., CoreLogic operates in North America, Western Europe and Asia Pacific. For more information, please visit www.corelogic.com.

TECHNICAL SUPPORT: 1-888-367-8324

7 A.M. TO 7 P.M. CT