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

FORM 10-Q

(Mark One)
þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2010

or

☐ 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: 001-34846

RealPage, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

75-2788861
(I.R.S. Employer Identification No.)

4000 International Parkway
Carrollton, Texas
(Address of principal executive offices)

75007-1951
(Zip Code)

(972) 820-3000
(Registrant’s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities
Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such
reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

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 ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller
reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2
of the Exchange Act. (Check one):
Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☑ Smaller reporting company ☐
(Do not check if a smaller reporting company)

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

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

Class

Outstanding at November 5, 2010

Common Stock, $0.001 par value

63,213,290
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# Part I—Financial Information

## Item 1. Financial Statements

### RealPage, Inc.

**Condensed Consolidated Balance Sheets**

<table>
<thead>
<tr>
<th>Assets</th>
<th>September 30, 2010</th>
<th>December 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td>$39,394</td>
<td>$4,427</td>
</tr>
<tr>
<td><strong>Restricted cash</strong></td>
<td>12,941</td>
<td>14,886</td>
</tr>
<tr>
<td><strong>Accounts receivable, less allowance for doubtful accounts of $2,464 and $2,222 at September 30, 2010 and December 31, 2009, respectively</strong></td>
<td>24,948</td>
<td>25,841</td>
</tr>
<tr>
<td><strong>Deferred tax asset, net of valuation allowance</strong></td>
<td>1,799</td>
<td>3,110</td>
</tr>
<tr>
<td><strong>Other current assets</strong></td>
<td>6,595</td>
<td>2,739</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>85,677</td>
<td>51,003</td>
</tr>
<tr>
<td><strong>Property, equipment and software, net</strong></td>
<td>21,048</td>
<td>20,749</td>
</tr>
<tr>
<td><strong>Goodwill</strong></td>
<td>37,380</td>
<td>27,366</td>
</tr>
<tr>
<td><strong>Identified intangible assets, net</strong></td>
<td>34,571</td>
<td>22,891</td>
</tr>
<tr>
<td><strong>Deferred tax asset, net of valuation allowance</strong></td>
<td>16,628</td>
<td>17,803</td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td>2,398</td>
<td>2,301</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$197,702</td>
<td>$142,113</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities, redeemable convertible preferred stock and stockholders’ equity (deficit)</th>
<th>September 30, 2010</th>
<th>December 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accounts payable</strong></td>
<td>$6,523</td>
<td>$3,705</td>
</tr>
<tr>
<td><strong>Accrued expenses and other current liabilities</strong></td>
<td>11,449</td>
<td>10,830</td>
</tr>
<tr>
<td><strong>Current portion of deferred revenue</strong></td>
<td>43,459</td>
<td>39,976</td>
</tr>
<tr>
<td><strong>Current portion of long-term debt</strong></td>
<td>6,281</td>
<td>8,412</td>
</tr>
<tr>
<td><strong>Customer deposits held in restricted accounts</strong></td>
<td>12,857</td>
<td>15,127</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>80,569</td>
<td>78,050</td>
</tr>
<tr>
<td><strong>Deferred revenue</strong></td>
<td>7,493</td>
<td>9,452</td>
</tr>
<tr>
<td><strong>Revolving credit facility</strong></td>
<td>2,040</td>
<td>—</td>
</tr>
<tr>
<td><strong>Long-term debt, less current portion</strong></td>
<td>32,453</td>
<td>43,449</td>
</tr>
<tr>
<td><strong>Other long-term liabilities</strong></td>
<td>5,307</td>
<td>5,806</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>127,862</td>
<td>136,757</td>
</tr>
</tbody>
</table>

**Commitments and contingencies (Note 9)**

- Redeemable convertible preferred stock, Series A and A1, $0.001 par value: zero and 25,906,250 shares authorized, issued and outstanding at September 30, 2010 and December 31, 2009, respectively (liquidation value zero and $51,823 at September 30, 2010 and December 31, 2009, respectively) — 51,786

- Redeemable convertible preferred stock, Series B, $0.001 par value: zero and 1,625,000 shares authorized, issued and outstanding at September 30, 2010 and December 31, 2009, respectively (liquidation value zero and $6,500 at September 30, 2010 and December 31, 2009, respectively) — 6,491

- Redeemable convertible preferred stock, Series C, $0.001 par value: zero and 1,512,498 shares authorized, issued and outstanding at September 30, 2010 and December 31, 2009, respectively (liquidation value zero and $13,613 at September 30, 2010 and December 31, 2009, respectively) — 13,555

**Stockholders’ equity (deficit):**

- Common stock, $0.001 par value: 125,000,000 and 67,500,000 shares authorized, 63,365,592 and 26,667,319 shares issued and 63,156,549 and 26,460,781 shares outstanding at September 30, 2010 and December 31, 2009, respectively 63 27

- Additional paid-in capital 160,298 24,232

- Treasury stock, at cost: 209,043 and 206,538 shares at September 30, 2010 and December 31, 2009, respectively (958) (938)

- Accumulated deficit (89,544) (89,797)

- Accumulated other comprehensive loss (19) —

- Total stockholders’ equity (deficit) 69,840 (66,476)

**Total liabilities, redeemable convertible preferred stock and stockholders’ equity (deficit)**

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2010</th>
<th>December 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$197,702</td>
<td>$142,113</td>
</tr>
</tbody>
</table>

*See accompanying notes.*
### REALPAGE, INC.

#### Condensed Consolidated Statements of Operations

For the Three and Nine Months Ended September 30, 2010 and 2009

(Unaudited)

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<table>
<thead>
<tr>
<th>Revenue:</th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>On demand</td>
<td>$43,097</td>
<td>$33,069</td>
</tr>
<tr>
<td>On premise</td>
<td>2,127</td>
<td>468</td>
</tr>
<tr>
<td>Professional and other</td>
<td>2,804</td>
<td>2,117</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>$48,028</td>
<td>$35,654</td>
</tr>
<tr>
<td><strong>Cost of revenue</strong></td>
<td>(20,203)</td>
<td>(15,201)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>$27,825</td>
<td>$20,453</td>
</tr>
</tbody>
</table>

#### Operating expense:

<table>
<thead>
<tr>
<th>Operating expense:</th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Product development (1)</td>
<td>9,127</td>
<td>6,675</td>
</tr>
<tr>
<td>Sales and marketing (1)</td>
<td>9,428</td>
<td>7,363</td>
</tr>
<tr>
<td>General and administrative (1)</td>
<td>6,969</td>
<td>4,552</td>
</tr>
<tr>
<td><strong>Total operating expense</strong></td>
<td>$25,524</td>
<td>$18,590</td>
</tr>
</tbody>
</table>

#### Net income before income taxes

<table>
<thead>
<tr>
<th>Net income before income taxes</th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$292</td>
<td>$676</td>
</tr>
</tbody>
</table>

#### Net loss attributable to common stockholders

<table>
<thead>
<tr>
<th>Basic</th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net loss attributable to common stockholders</strong></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Basic</td>
<td>$(327)</td>
<td>$(715)</td>
</tr>
<tr>
<td>Diluted</td>
<td>$(327)</td>
<td>$(715)</td>
</tr>
</tbody>
</table>

#### Net loss per share attributable to common stockholders

<table>
<thead>
<tr>
<th>Basic</th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net loss per share attributable to common stockholders</strong></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Basic</td>
<td>$(0.01)</td>
<td>$(0.03)</td>
</tr>
<tr>
<td>Diluted</td>
<td>$(0.01)</td>
<td>$(0.03)</td>
</tr>
</tbody>
</table>

**Weighted average shares used in computing net loss per share attributable to common stockholders**

<table>
<thead>
<tr>
<th>Basic</th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>43,636</td>
<td>23,904</td>
</tr>
<tr>
<td>Diluted</td>
<td>43,636</td>
<td>23,904</td>
</tr>
</tbody>
</table>

(1) Includes stock-based compensation as follows:

<table>
<thead>
<tr>
<th>Cost of revenue</th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost of revenue</strong></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Product development</td>
<td>627</td>
<td>277</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>201</td>
<td>135</td>
</tr>
<tr>
<td>General and administrative</td>
<td>391</td>
<td>211</td>
</tr>
</tbody>
</table>

See accompanying notes.
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REALPAGE, INC.

Condensed Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders’ (Deficit) Equity
For the Nine Months Ended September 30, 2010
(Unaudited)

<table>
<thead>
<tr>
<th>(in thousands, except share data)</th>
<th>Redeemable Convertible Preferred Stock</th>
<th>Common Stock</th>
<th>Additional Paid-in Capital</th>
<th>Accumulated Other Comprehensive Loss</th>
<th>Accumulated (Deficit) Equity</th>
<th>Treasury Shares</th>
<th>Total Stockholders’ (Deficit) Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance as of December 31, 2009</strong></td>
<td>Shares: 29,044 $71,832</td>
<td>Shares: 26,667 $27</td>
<td>$24,232</td>
<td>— $ (89,797)</td>
<td>(206)</td>
<td>$ (938)</td>
<td>$ (66,476)</td>
</tr>
<tr>
<td>Issuance of common stock through initial public offering, net of issuance costs</td>
<td>6,000</td>
<td>6</td>
<td>57,682</td>
<td></td>
<td></td>
<td></td>
<td>57,688</td>
</tr>
<tr>
<td>Accretion of redeemable convertible preferred stock dividends</td>
<td>3,030</td>
<td>(3,030)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(3,030)</td>
</tr>
<tr>
<td>Exercise of stock options</td>
<td>266</td>
<td>664</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>664</td>
</tr>
<tr>
<td>Common stock warrants converted</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conversion of redeemable convertible preferred stock</td>
<td>(1,161)</td>
<td>343</td>
<td>726</td>
<td></td>
<td></td>
<td></td>
<td>726</td>
</tr>
<tr>
<td>Conversion of redeemable convertible preferred stock due to initial public offering</td>
<td>(29,044)</td>
<td>(73,701)</td>
<td>29,568</td>
<td>30</td>
<td>73,005</td>
<td></td>
<td>73,035</td>
</tr>
<tr>
<td>Issuance of restricted stock</td>
<td>513</td>
<td>3,274</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3,274</td>
</tr>
<tr>
<td>Treasury stock purchase, at cost</td>
<td></td>
<td></td>
<td></td>
<td>(3)</td>
<td>(20)</td>
<td></td>
<td>(20)</td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td></td>
<td></td>
<td></td>
<td>(19)</td>
<td></td>
<td></td>
<td>(19)</td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td></td>
<td></td>
<td>253</td>
<td></td>
<td></td>
<td>253</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td></td>
<td></td>
<td></td>
<td>3,745</td>
<td></td>
<td></td>
<td>3,745</td>
</tr>
<tr>
<td><strong>Balance as of September 30, 2010</strong></td>
<td></td>
<td></td>
<td></td>
<td>63,365 $</td>
<td>63 $</td>
<td>160,298 $</td>
<td>(19) $(89,544)</td>
</tr>
</tbody>
</table>

See accompanying notes.
REALPAGE, INC.

Condensed Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2010 and 2009
(Unaudited)

<table>
<thead>
<tr>
<th>Nine Months Ended</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 30,</td>
<td>(in thousands)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$ 253</td>
<td>$ 2,713</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>14,856</td>
<td>10,703</td>
</tr>
<tr>
<td>Deferred tax benefit</td>
<td>(162)</td>
<td>—</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>3,745</td>
<td>1,904</td>
</tr>
<tr>
<td>Loss on disposal of assets</td>
<td>57</td>
<td>192</td>
</tr>
<tr>
<td>Acquisition-related contingent consideration</td>
<td>39</td>
<td>—</td>
</tr>
<tr>
<td>Changes in assets and liabilities, net of assets acquired and liabilities assumed in business combinations:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>1,840</td>
<td>3,488</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>(325)</td>
<td>(79)</td>
</tr>
<tr>
<td>Other current assets</td>
<td>(3,870)</td>
<td>80</td>
</tr>
<tr>
<td>Other assets</td>
<td>(72)</td>
<td>(888)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>1,621</td>
<td>600</td>
</tr>
<tr>
<td>Accrued compensation, taxes and benefits</td>
<td>(427)</td>
<td>(882)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(3,041)</td>
<td>(969)</td>
</tr>
<tr>
<td>Other current and long-term liabilities</td>
<td>227</td>
<td>679</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>14,741</td>
<td>17,541</td>
</tr>
<tr>
<td>Cash flows from investing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of property, equipment and software</td>
<td>(7,427)</td>
<td>(6,334)</td>
</tr>
<tr>
<td>Acquisition of businesses, net of cash acquired</td>
<td>(17,231)</td>
<td>(3,787)</td>
</tr>
<tr>
<td>Net cash used by investing activities</td>
<td>(24,658)</td>
<td>(10,121)</td>
</tr>
<tr>
<td>Cash flows from financing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from initial public offering, net underwriting discount and offering costs</td>
<td>57,688</td>
<td>—</td>
</tr>
<tr>
<td>Proceeds from notes payable</td>
<td>10,000</td>
<td>35,000</td>
</tr>
<tr>
<td>Payments on notes payable</td>
<td>(23,562)</td>
<td>(15,540)</td>
</tr>
<tr>
<td>Proceeds from (payments on) revolving credit facility, net</td>
<td>2,040</td>
<td>(10,000)</td>
</tr>
<tr>
<td>Payments on capital lease obligations</td>
<td>(1,241)</td>
<td>(5,050)</td>
</tr>
<tr>
<td>Preferred stock dividend</td>
<td>(666)</td>
<td>—</td>
</tr>
<tr>
<td>Issuance of common stock</td>
<td>664</td>
<td>270</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>(20)</td>
<td>(436)</td>
</tr>
<tr>
<td>Net cash provided by financing activities</td>
<td>44,903</td>
<td>4,244</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>34,986</td>
<td>11,664</td>
</tr>
<tr>
<td>Effect of exchange rate on cash</td>
<td>(19)</td>
<td>—</td>
</tr>
<tr>
<td>Cash and cash equivalents:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of period</td>
<td>4,427</td>
<td>4,248</td>
</tr>
<tr>
<td>End of period</td>
<td>$ 39,394</td>
<td>$ 15,912</td>
</tr>
<tr>
<td>Supplemental cash flow information:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash paid for interest</td>
<td>$ 4,288</td>
<td>$ 2,696</td>
</tr>
<tr>
<td>Cash paid for income taxes, net of refunds</td>
<td>$ 227</td>
<td>$ 191</td>
</tr>
<tr>
<td>Non-cash financing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed assets acquired under capital leases</td>
<td>—</td>
<td>$ 2,462</td>
</tr>
<tr>
<td>Accrued dividends and accretion of preferred stock</td>
<td>$ 3,030</td>
<td>$ 4,403</td>
</tr>
<tr>
<td>Conversion of preferred stock and related dividend to common shares</td>
<td>$ 73,732</td>
<td>—</td>
</tr>
<tr>
<td>Accrued property and equipment</td>
<td>$ 1,154</td>
<td>$ (260)</td>
</tr>
</tbody>
</table>

See accompanying notes.
1. The Company

RealPage, Inc., a Delaware corporation, and its subsidiaries, (the “Company” or “we” or “us”) is a provider of property management solutions that enable owners and managers of single-family and a wide variety of multi-family rental property types to manage their marketing, pricing, screening, leasing, accounting, purchasing and other property operations. Our on demand software solutions are delivered through an integrated software platform that provides a single point of access and a shared repository of prospect, resident and property data. By integrating and streamlining a wide range of complex processes and interactions among the rental housing ecosystem of owners, managers, prospects, residents and service providers, our platform optimizes the property management process and improves the experience for all of these constituents. Our solutions enable property owners and managers to optimize revenues and reduce operating costs through higher occupancy, improved pricing methodologies, new sources of revenue from ancillary services, improved collections and more integrated and centralized processes.

Reverse Stock Split

On July 22, 2010, the board of directors approved an amended and restated certificate of incorporation that effected a reverse stock split of every two outstanding shares of preferred stock and common stock into one share of preferred stock or common stock, respectively. The par value of the common and convertible preferred stock was not adjusted as a result of the reverse stock split. All issued and outstanding common stock, restricted stock, redeemable convertible preferred stock, warrants for common stock and per share amounts contained in the financial statements have been retroactively adjusted to reflect this reverse stock split for all periods presented. The reverse stock split was effected on July 23, 2010.

Initial Public Offering

On August 11, 2010, our registration statement on Form S-1 (File No 333-166397) relating to our initial public offering (the “Offering”) was declared effective by the Securities and Exchange Commission (“SEC”). We sold 6,000,000 shares of common stock in the Offering. Our common stock began trading on August 12, 2010 on the NASDAQ Global Select Stock Market under the symbol “RP,” and the Offering closed on August 17, 2010. Upon closing of the Offering, all outstanding shares of our preferred stock, including a portion of accrued but unpaid dividends on our outstanding shares of Series A, A1 and B Preferred Stock, were converted into 29,567,952 shares of common stock.

In connection with the consummation of the Offering, our Board of Directors and stockholders approved our Amended and Restated Certificate of Incorporation (the “Restated Certificate”), which was filed with the Delaware Secretary of State and became effective on August 17, 2010. The Restated Certificate provides for two classes of capital stock to be designated, respectively, Common Stock and Preferred Stock. The total number of shares which the Company is authorized to issue is 135,000,000 shares. 125,000,000 shares are Common Stock, par value $0.001 per share, and 10,000,000 shares are Preferred Stock, par value $0.001 per share.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements and footnotes have been prepared pursuant to the rules and regulations of the SEC. Certain information and note disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) have been condensed or omitted pursuant to those rules and regulations. We believe that the disclosures made are adequate to make the information not misleading.

The condensed consolidated financial statements included herein reflect all adjustments (consisting of normal, recurring adjustments) which are, in the opinion of management, necessary to state fairly the results for the interim periods presented. All intercompany balances and transactions have been eliminated in consolidation. The results of operations for the interim periods presented are not necessarily indicative of the operating results to be expected for any subsequent interim period or for the fiscal year.

It is suggested that these financial statements be read in conjunction with the financial statements and the notes thereto included in our prospectus filed pursuant to Rule 424(b) under the Securities Act with the SEC on August 12, 2010 (“Prospectus”).

Segment and Geographic Information

Our chief operating decision maker is our Chief Executive Officer, who reviews financial information presented on a company-wide basis. As a result, we determined that the Company has a single reporting segment and operating unit structure.

Principally, all of our revenue for the three and nine months ended September 30, 2010 and 2009 was in North America.
Net long-lived assets held were $20.5 million and $20.3 million in North America and $0.6 million and $0.5 million in our international subsidiaries at September 30, 2010 and December 31, 2009, respectively.

**Accounting Policies and Use of Estimates**

The preparation of financial statements in conformity with GAAP requires our management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Significant accounting policies and estimates include: the allowance for doubtful accounts; the useful lives of intangible assets and the recoverability or impairment of tangible and intangible asset values; purchase accounting allocations and related reserves; deferred revenue; stock-based compensation; and our effective income tax rate and the recoverability of deferred tax assets, which are based upon our expectations of future taxable income and allowable deductions. Actual results could differ from these estimates. For greater detail regarding these accounting policies and estimates, refer to our Prospectus.

**Revenue Recognition**

We derive our revenue from three primary sources: our on demand software solutions; our on premise software solutions; and professional and other services. We commence revenue recognition when all of the following conditions are met:

- there is persuasive evidence of an arrangement;
- the solution and/or service has been provided to the customer;
- the collection of the fees is probable; and
- the amount of fees to be paid by the customer is fixed or determinable.

For multi-element arrangements that include multiple software solutions and/or services, we allocate arrangement consideration to all deliverables that have stand-alone value based on their relative selling prices. In such circumstances, we utilize the following hierarchy to determine the selling price to be used for allocating revenue to deliverables as follows:

- **Vendor specific objective evidence (VSOE), if available.** The price at which we sell the element in a separate stand-alone transaction;
- **Third-party evidence of selling price (TPE), if VSOE of selling price is not available.** Evidence from us or other companies of the value of a largely interchangeable element in a transaction; and
- **Estimated selling price (ESP), if neither VSOE nor TPE of selling price is available.** Our best estimate of the stand-alone selling price of an element in a transaction.

Our process for determining ESP for deliverables without VSOE or TPE considers multiple factors that may vary depending upon the unique facts and circumstances related to each deliverable. Key factors primarily considered in developing ESP include prices charged by us for similar offerings when sold separately, pricing policies and approvals from standard pricing and other business objectives.

From time to time, we sell on demand software solutions with professional services. In such cases, as each element has stand alone value, we allocate arrangement consideration based on our estimated selling price of the on demand software solution and VSOE of the selling price of the professional services.

**On Demand Revenue**

Our on demand revenue consists of license and subscription fees, transaction fees related to certain of our software-enabled value-added services and commissions derived from us selling certain risk mitigation services.

License and subscription fees are comprised of a charge billed at the initial order date and monthly or annual subscription fees for accessing our on demand software solutions. The license fee billed at the initial order date is recognized as revenue on a straight-line basis over the longer of the contractual term or the period in which the customer is expected to benefit, which we consider to be four years. Recognition starts once the product has been activated. Revenue from monthly and annual subscription fees is recognized on a straight-line basis over the access period.

We recognize revenue from transaction fees derived from certain of our software-enabled value-added services as the related services are performed.

As part of our risk mitigation services to the rental housing industry, we act as an insurance agent and derive commission revenue from the sale of insurance products to individuals. The commissions are based upon a percentage of the premium that the insurance company charges to the policyholder and are subject to forfeiture in instances where a policyholder cancels prior to the end of the policy. If the policy is cancelled, our commissions are forfeited as a percent of the unearned premium. As a result, we recognize the commissions related to these services ratably over the policy term as the associated premiums are earned.
On Premise Revenue

Revenue from our on premise software solutions is comprised of an annual term license, which includes maintenance and support. Customers can renew their annual term license for additional one-year terms at renewal price levels. We recognize the annual term license on a straight-line basis over the contract term.

In addition, we have arrangements that include perpetual licenses with maintenance and other services to be provided over a fixed term. We allocate and defer revenue equivalent to the VSOE of fair value for the undelivered elements and recognize the difference between the total arrangement fee and the amount deferred for the undelivered elements as revenue. We have determined that we do not have VSOE of fair value for its customer support and professional services in these specific arrangements. As a result, the elements within its multiple-element sales agreements do not qualify for treatment as separate units of accounting. Accordingly, we account for fees received under multiple-element arrangements with customer support or other professional services as a single unit of accounting and recognize the entire arrangement ratably over the longer of the customer support period or the period during which professional services are rendered.

Professional and Other Revenue

Professional & other revenue is recognized as the services are rendered for time and material contracts. Training revenues are recognized after the services are performed.

Concentrations of Credit Risk

Our cash accounts are maintained at various financial institutions and may, from time to time, exceed federally insured limits. The Company has not experienced any losses in such accounts.

Concentrations of credit risk with respect to accounts receivable result from substantially all of our customers being in the multi-family rental housing market. Our customers, however, are dispersed across different geographic areas. We do not require collateral from customers. We maintain an allowance for losses based upon the expected collectability of accounts receivable. Accounts receivable are written off upon determination of non-collectability following established Company policies based on the aging from the accounts receivable invoice date.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income is comprised of foreign currency translation gains and losses. Our comprehensive income was as follows for the periods presented:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Net income</td>
<td>$292</td>
<td>$676</td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td>(6)</td>
<td>—</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>$286</td>
<td>$676</td>
</tr>
</tbody>
</table>

3. Acquisitions

2010 Acquisitions

In July 2010, we purchased 100% of the outstanding stock of eReal Estate Integration, Inc. ("eREI") for approximately $8.6 million, net of cash acquired, which included a cash payment of $3.8 million and an estimated cash payment payable upon the achievement of certain revenue targets (acquisition-related contingent consideration) and the issuance of 499,999 restricted common shares, which vest as certain revenue targets are achieved as defined in the purchase agreement. At the acquisition date, we recorded a liability for the estimated fair value of the acquisition-related contingent consideration of $0.8 million. In addition, we recorded the fair value of the restricted common shares of $3.3 million. These fair values were based on managements’ estimate of the fair value of the cash and the restricted common shares using a probability weighted discounted cash flow model on the achievement of certain revenue targets. The cash payment and the related restricted common shares have a maximum value of $1.8 million and $4.4 million, respectively.
This acquisition was financed from proceeds from our revolving line of credit and cash flows from operations. The acquisition of eREI improved our lead management and lead syndication capabilities. Acquired intangibles were recorded at fair value based on assumptions made by us. The acquired developed product technologies have a useful life of three years amortized on a straight-line basis. Acquired customer relationships have a useful life of ten years which will be amortized proportionately to the expected discounted cash flows derived from the asset. The tradenames acquired have an indefinite useful life as we do not plan to cease using the tradenames in the marketplace. All direct acquisition costs were immaterial and expensed as incurred. We included the results of operations of this acquisition in our condensed consolidated financial statements from the effective date of the acquisition.

We allocated the purchase price for eREI as follows:

<table>
<thead>
<tr>
<th>Intangible assets</th>
<th>eREI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed product technologies</td>
<td>$5,279</td>
</tr>
<tr>
<td>Customer relationships</td>
<td>498</td>
</tr>
<tr>
<td>Tradenames</td>
<td>844</td>
</tr>
<tr>
<td>Goodwill</td>
<td>5,055</td>
</tr>
<tr>
<td>Net other assets</td>
<td>(3,053)</td>
</tr>
<tr>
<td><strong>Total purchase price, net of cash acquired</strong></td>
<td><strong>$8,623</strong></td>
</tr>
</tbody>
</table>

The liability established for the acquisition-related contingent consideration will continue to be re-evaluated and recorded at an estimated fair value until all of the targets have been met or terms of the agreement expire. As of September 30, 2010, our liability for the estimated cash payment was $0.9 million. During the three months ended September 30, 2010, we recognized costs of $39 thousand due to changes in the estimated fair value of the cash acquisition-related contingent consideration. There was no change to the estimated fair value of the restricted common stock.

In February 2010, we acquired the assets of Domin-8 Enterprise Solutions, Inc. ("Domin-8"). The acquisition of these assets improved our ability to serve our multi-family clients with mixed portfolios that include smaller, centrally-managed apartment communities. The aggregate purchase price at closing was $12.9 million, net of cash acquired, which was paid upon acquisition of the assets. We acquired deferred revenue as a contractual obligation, which was recorded at its assessed fair value of $4.5 million. The fair value of the deferred revenue was determined based on estimated costs to support acquired contracts plus a reasonable margin. The acquired intangibles were recorded at fair value based on assumptions made by us. The customer relationships have useful lives of approximately six years and are amortized in proportion to the estimated cash flows derived from the relationship. Acquired developed product technologies have a useful life of three years and are amortized straight-line over the estimated useful life. We have determined that the tradename has an indefinite life, as we anticipate keeping the tradename for the foreseeable future given its recognition in the marketplace. Approximately $0.2 million and $0.7 million of transaction costs related to this acquisition were expensed as incurred during 2010 and 2009, respectively. We included the operating results of this acquisition in our consolidated results of operations from the effective date of the acquisition. This acquisition was financed from proceeds from the amended credit agreement (see Note 6) and cash flow from operations.

We made this acquisition because of the immediate availability of product offerings that complemented our existing products. We accounted for this acquisition by allocating the total consideration to the fair value of assets received and liabilities assumed. Goodwill associated with this acquisition is deductible for tax purposes.

We allocated the purchase price for Domin-8 as follows:

<table>
<thead>
<tr>
<th>Intangible assets</th>
<th>Domin-8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed product technologies</td>
<td>$3,678</td>
</tr>
<tr>
<td>Customer relationships</td>
<td>6,418</td>
</tr>
<tr>
<td>Tradenames</td>
<td>1,278</td>
</tr>
<tr>
<td>Goodwill</td>
<td>4,896</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(4,502)</td>
</tr>
<tr>
<td>Net other assets</td>
<td>1,155</td>
</tr>
<tr>
<td><strong>Total purchase price, net of cash acquired</strong></td>
<td><strong>$12,923</strong></td>
</tr>
</tbody>
</table>

**2009 Acquisitions**

In September 2009, we purchased substantially all of the assets of Evergreen Solutions, Inc. ("Evergreen"). The acquisition of Evergreen further advanced our ability to offer open access to our products for clients and certified partners, and improves our ability to offer integration of our products and services with third-party solutions. The aggregate purchase price at closing was $0.9 million, which included a cash payment of $0.7 million and the fair value of contingent consideration of $0.2 million, which was paid in March 2010 and is based on the collection of pre-acquisition accounts receivable balances from customers. The $0.2 million is recorded within the current portion of acquisition related liabilities on the balance sheet at December 31, 2009. The customer relationships have useful lives of four years and are amortized in proportion to the estimated cash flows derived from the relationship. We have determined that the tradename has an indefinite life, as we anticipate keeping the tradename for the foreseeable future given its recognition in the marketplace. All direct acquisition costs were immaterial and expensed as incurred. We included the operating results of this acquisition in our consolidated results of operations from the effective date of the acquisition.
In September 2009, we purchased 100% of the outstanding stock of A.L. Wizard, Inc. (“ALW”). The acquisition of ALW immediately provided us with an application of on demand software and services for residential property management customers who manage senior living properties. The aggregate purchase price at closing was $2.8 million, net of cash acquired of $0.2 million, which included a cash payment of $2.5 million upon acquisition and additional cash payments of $0.5 million, half of which is due on the first anniversary of the acquisition date, with the remaining amount due 18 months from the acquisition date. The $0.5 million is recorded in acquisition-related liabilities on the balance sheet. We acquired deferred revenue as a contractual obligation, which was recorded at its assessed fair value of $0.5 million. The fair value was determined by incorporating the total cost to service the revenue and a normal profit margin for the industry. The customer relationships have useful lives of seven years and are amortized in proportion to the estimated cash flows derived from the relationship. Acquired developed product technologies have a useful life of three years and are amortized straight-line over the estimated useful life. We have determined that the tradename has an indefinite life, as we anticipate keeping the tradename for the foreseeable future given its recognition in the marketplace. All direct acquisition costs were immaterial and expensed as incurred. We included the operating results of this acquisition in our consolidated results from the effective date of the acquisition.

In November 2009, we purchased 100% of the outstanding stock of Propertyware, Inc. (“Propertyware”). The acquisition of Propertyware provided an entry into the single-family and small, centrally managed multi-family property markets. The acquisition also expanded the breadth of products Propertyware will make available to its residential property management customers. The aggregate purchase price at closing was $11.9 million, net of cash acquired, which included a cash payment of $9.0 million and additional cash payments of $0.5 million payable on the first anniversary of the acquisition date and $0.5 million payable 18 months after the acquisition date. The $1.0 million is recorded in acquisition-related liabilities on the balance sheet. In addition, the purchase price included the issuance of 500,000 restricted common shares which vest as certain revenue targets are achieved as defined in the purchase agreement. The fair value of these shares is estimated to be $2.2 million and is based on our management’s estimate of the fair value of the stock and the probability of the achievement of these revenue targets. These shares have a maximum value of $2.5 million. We acquired deferred revenue as a contractual obligation, which was recorded at its assessed fair value of $0.5 million. The acquired intangibles were recorded at fair value based on assumptions made by us. The customer relationships have useful lives of ten years and are amortized in proportion to the estimated cash flows derived from the relationship. Acquired developed product technologies have a useful life of three years and are amortized straight-line over the estimated useful life. We have determined that the tradename has an indefinite life, as we anticipate keeping the tradename for the foreseeable future given its recognition in the marketplace. All direct acquisition costs were immaterial and expensed as incurred. We included the operating results of this acquisition in our consolidated results of operations from the effective date of the acquisition.

We made each of these acquisitions because of the immediate availability of product offerings that complemented our existing products. We accounted for the Evergreen, ALW and Propertyware acquisitions by allocating the total consideration, including the fair value of contingent consideration to the fair value of assets received and liabilities assumed. Goodwill associated with the Evergreen acquisition is deductible for tax purposes; however, the goodwill associated with the ALW and Propertyware acquisitions is not deductible for tax purposes.
We allocated the purchase prices for Evergreen, ALW and Propertyware as follows:

<table>
<thead>
<tr>
<th>Intangible assets:</th>
<th>Evergreen</th>
<th>ALW</th>
<th>Propertyware</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed product technologies</td>
<td>—</td>
<td>$1,192</td>
<td>$7,427</td>
</tr>
<tr>
<td>Customer relationships</td>
<td>154</td>
<td>964</td>
<td>1,050</td>
</tr>
<tr>
<td>Tradenames</td>
<td>34</td>
<td>373</td>
<td>1,080</td>
</tr>
<tr>
<td>Goodwill</td>
<td>470</td>
<td>1,287</td>
<td>6,144</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>—</td>
<td>(585)</td>
<td>(451)</td>
</tr>
<tr>
<td>Deferred tax (liability)</td>
<td>—</td>
<td>(863)</td>
<td>(3,407)</td>
</tr>
<tr>
<td>Net other assets</td>
<td>227</td>
<td>415</td>
<td>78</td>
</tr>
<tr>
<td><strong>Total purchase price, net of cash acquired</strong></td>
<td><strong>885</strong></td>
<td><strong>2,783</strong></td>
<td><strong>11,921</strong></td>
</tr>
</tbody>
</table>

**Pro Forma Results of Acquisitions**

The following table presents unaudited pro forma results of operations for the three and nine months ended September 30, 2009 and 2010 as if the aforementioned acquisitions, including Domin-8 and eREI, had occurred at the beginning of each period presented. We prepared the pro forma financial information for the combined entities for comparative purposes only, and it is not indicative of what actual results would have been if the acquisitions had taken place at the beginning of the periods presented, or of future results.

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pro Forma 2010</td>
<td>2009</td>
</tr>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On demand</td>
<td>$43,097</td>
<td>$35,530</td>
</tr>
<tr>
<td>On premise</td>
<td>2,127</td>
<td>2,757</td>
</tr>
<tr>
<td>Total revenue</td>
<td>48,028</td>
<td>41,425</td>
</tr>
<tr>
<td>Net (loss) income</td>
<td>$292</td>
<td>(200)</td>
</tr>
<tr>
<td>Basic and diluted</td>
<td>(327)</td>
<td>(1,591)</td>
</tr>
<tr>
<td>Basic</td>
<td>$ (0.01)</td>
<td>$ (0.07)</td>
</tr>
<tr>
<td>Diluted</td>
<td>$ (0.01)</td>
<td>$ (0.07)</td>
</tr>
</tbody>
</table>

The acquisitions in 2009 and 2010 were financed with cash flows from operations and financing activities.
4. Property, Equipment and Software

Property, equipment and software consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2010</th>
<th>December 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td>$7,194</td>
<td>$6,039</td>
</tr>
<tr>
<td>Data processing and communications</td>
<td>29,404</td>
<td>26,969</td>
</tr>
<tr>
<td>Furniture, fixtures, and other equipment</td>
<td>6,883</td>
<td>6,251</td>
</tr>
<tr>
<td>Software</td>
<td>25,276</td>
<td>21,807</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>68,757</strong></td>
<td><strong>61,066</strong></td>
</tr>
<tr>
<td>Less: Accumulated depreciation and amortization</td>
<td>(47,709)</td>
<td>(40,317)</td>
</tr>
<tr>
<td><strong>Property, equipment and software, net</strong></td>
<td><strong>$21,048</strong></td>
<td><strong>$20,749</strong></td>
</tr>
</tbody>
</table>

Depreciation and amortization expense for property, equipment and software was $2.9 million, $2.7 million, $8.5 million and $7.7 million for the three months ended September 30, 2010 and 2009 and the nine months ended September 2010 and 2009, respectively. This includes depreciation for assets purchased through capital leases.

5. Goodwill and Other Intangible Assets

The change in the carrying amount of goodwill for the nine months ended September 30, 2010 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Amount (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at December 31, 2009</td>
<td>$27,366</td>
</tr>
<tr>
<td>Goodwill acquired in 2010</td>
<td>9,951</td>
</tr>
<tr>
<td>Other</td>
<td>63</td>
</tr>
<tr>
<td><strong>Balance at September 30, 2010</strong></td>
<td><strong>$37,380</strong></td>
</tr>
</tbody>
</table>

Other intangible assets consisted of the following at September 30, 2010 and December 31, 2009:

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2010</th>
<th>December 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finite-lived intangible assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developed technologies</td>
<td>$20,385</td>
<td>$11,421</td>
</tr>
<tr>
<td>Amortization period</td>
<td>3 years</td>
<td>(5,908)</td>
</tr>
<tr>
<td>Carrying amount</td>
<td>$14,477</td>
<td>$1,870</td>
</tr>
<tr>
<td>Accumulated amortization</td>
<td>$14,477</td>
<td>$1,870</td>
</tr>
<tr>
<td>Non-competition agreement</td>
<td>4-5 years</td>
<td>(105)</td>
</tr>
<tr>
<td>Carrying amount</td>
<td>120</td>
<td>15</td>
</tr>
<tr>
<td>Accumulated amortization</td>
<td>(105)</td>
<td>(83)</td>
</tr>
<tr>
<td>Total finite-lived intangible assets</td>
<td>(14,082)</td>
<td>(7,754)</td>
</tr>
<tr>
<td>Indefinite-lived intangible assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tradenames</td>
<td>$5,875</td>
<td>$3,747</td>
</tr>
<tr>
<td>Amortization period</td>
<td>5 years</td>
<td>5 years</td>
</tr>
<tr>
<td>Carrying amount</td>
<td>$5,875</td>
<td>$3,747</td>
</tr>
<tr>
<td>Accumulated amortization</td>
<td>(5,875)</td>
<td>(3,747)</td>
</tr>
<tr>
<td>Total intangible assets</td>
<td>$48,653</td>
<td>$30,645</td>
</tr>
<tr>
<td>Amortization period</td>
<td>5 years</td>
<td>5 years</td>
</tr>
<tr>
<td>Carrying amount</td>
<td>(14,082)</td>
<td>(7,754)</td>
</tr>
<tr>
<td>Accumulated amortization</td>
<td>(14,082)</td>
<td>(7,754)</td>
</tr>
</tbody>
</table>

Amortization of finite-lived intangible assets was $2.5 million, $1.0 million, $6.3 million and $3.0 million for the three months ended September 30, 2010 and 2009 and the nine months ended September 2010 and 2009, respectively.
6. Debt

The following table summarizes the components of debt as of:

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2010</th>
<th>December 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revolver</td>
<td>$2,040</td>
<td>$33,688</td>
</tr>
<tr>
<td>Term loan</td>
<td>38,734</td>
<td>8,173</td>
</tr>
<tr>
<td>Promissory notes issued to preferred stockholders</td>
<td>—</td>
<td>10,000</td>
</tr>
<tr>
<td>Secured promissory notes</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>$40,774</td>
<td>$51,861</td>
</tr>
</tbody>
</table>

In September 2009, we entered into a Credit Agreement (“Credit Agreement”) with two lenders, which provided for $35.0 million term loan and a $10.0 million revolving line of credit. A portion of the proceeds from the Credit Agreement was used to repay the balance outstanding under our prior credit agreement. The term loan and revolving line of credit bear interest at rates of the greater of 7.5%, a stated rate of 5.0% plus LIBOR or a stated rate of 5.0% plus the bank’s prime rate (or, if greater than 3.5%, the federal funds rate plus 0.5% or three month LIBOR plus 1.0%). The term loan and revolving line of credit were collateralized by all of our personal property and are subject to financial covenants, including meeting certain financial measures.

In February 2010, we entered into an amendment to the Credit Agreement. Under the terms of the amendment, the original term loan was increased by an additional $10.0 million. The related interest rates and maturity periods remained consistent with the terms of Credit Agreement.

In June 2010, we entered into a subsequent amendment to the Credit Agreement. Under the terms of the June 2010 amendment, an additional $30 million in delayed draw term loans was made available for borrowing until December 22, 2011. After the June 2010 amendment, the term loan and revolving line of credit bear interest at a stated rate of 3.5% plus LIBOR, or a stated rate of 0.75% plus Wells Fargo’s prime rate (or, if greater, the federal funds rate plus 0.5% or three month LIBOR plus 1.0%). Under the terms of the June 2010 amendment, principal payments on the term loan will be paid in quarterly installments equal to 3.75% of the principal amount of term loans, with the balance of all term loans and the revolver due on June 30, 2014. In June and July 2010, we borrowed a total of $7.6 million from our revolving line of credit in order to partially facilitate an acquisition. Using the proceeds from the Offering, we repaid the outstanding balance of the revolver loan. As of September 30, 2010, we were in compliance with our debt covenants.

In August 2010, the lenders under our Credit Agreement consented to our using proceeds from the Offering to repay the Notes and the Stockholder Notes (each as defined below) and to pay cash dividends due upon conversion of our preferred stock. In September 2010, we entered into an amendment to the Credit Agreement. Under the terms of the September 2010 amendment, the repayment of the Notes and Stockholder Notes and the payment of the cash dividends due upon conversion of our preferred stock were excluded from the definition of “fixed charges” under the Credit Agreement.

In August 2008, we entered into a note purchase agreement with a separate lender. Under the terms of the agreement, we issued secured promissory notes (“Notes”) in the amount of $10.0 million with an interest rate of 13.75%, payable quarterly. The Notes were collateralized by all of our personal property and are subordinated to the Credit Agreement. In August 2010, with the proceeds from the Offering, we repaid the $10.0 million balance on the Notes.

On December 30, 2008 and April 23, 2010, in connection with a declaration of a dividend for all holders of our redeemable convertible preferred stock, we issued promissory notes to the holders of our convertible preferred stock (“Stockholder Notes”) in an aggregate principal amount of $11.1 million and $0.4 million, respectively. The Stockholder Notes bore an interest at a rate of 8% and were payable in 16 consecutive quarterly payments of principal and interest. Upon closing of the Offering, we repaid the $6.5 million balance on our Stockholder Notes with the proceeds from the Offering.

7. Redeemable Convertible Preferred Stock

At December 31, 2009, we had outstanding Series A Preferred, Series A1 Preferred and Series B Preferred Stock in which the holders of the stock were entitled to receive cumulative cash dividends at the rate of 8% per annum of the original issue price if and when declared out of funds legally available by the board of directors. Upon conversion, the holders elected to convert an amount equal to 62.5% of all then accrued and unpaid dividends into common stock at the applicable conversion rate. In addition, we had outstanding Series C Preferred in which the holders of Series C Preferred were entitled to receive cumulative cash dividends at the rate of 8% per annum of the original issue price if and when declared by the board of directors, for the first 18 months after issuance. On December 31, 2009, dividends of $5.5 million were declared by the board of directors. These dividends were distributed through the issuance of 1,418,669 common shares and payment of $2.5 million in cash. On April 23, 2010, dividends of $1.2 million were declared by the board of directors. These dividends were distributed through the issuance of 342,632 common shares and subordinated notes of $0.4 million.
Each share of preferred stock was convertible at the option of the holder at the liquidation preference divided by the original issue price. Conversion was mandatory upon consent of the holders of the Series A Preferred, immediately prior to the closing of a qualified initial public offering, as defined in our certificate of incorporation. On August 17, 2010, upon closing of the Offering, all outstanding shares of Series A, A1, B and C Preferred Stock, including a portion of accrued but unpaid dividends on our outstanding shares of Series A, A1 and B Preferred Stock, were converted into 29,567,952 shares of common stock and a dividend of $0.7 million was paid in cash.

8. Share-based Compensation

On August 17, 2010, we granted 6,500 options with an exercise price of $16.21 under our 2010 Equity Incentive Plan. In July 2010, we granted 569,250 options to purchase shares of common stock under our Amended and Restated 1998 Stock Incentive Plan. The exercise price for these options was $9.00 per share. The options and restricted stock vest over four years with 75% vesting ratably over 15 quarters and the remaining 25% vesting on the 16th quarter.

9. Commitments and Contingencies

Guarantor Arrangements

We have agreements whereby we indemnify our officers and directors for certain events or occurrences while the officer or director is or was serving at our request in such capacity. The term of the indemnification period is for the officer or director’s lifetime. The maximum potential amount of future payments we could be required to make under these indemnification agreements is unlimited; however, we have a director and officer insurance policy that limits our exposure and enables us to recover a portion of any future amounts paid. As a result of our insurance policy coverage, we believe the estimated fair value of these indemnification agreements is minimal. Accordingly, we had no liabilities recorded for these agreements at September 30, 2010 or December 31, 2009.

In the ordinary course of our business, we enter into standard indemnification provisions in our agreements with our customers. Pursuant to these provisions, we indemnify our customers for losses suffered or incurred in connection with third-party claims that our products infringed upon any U.S. patent, copyright, trademark or other intellectual property right. Where applicable, we generally limit such infringement indemnities to those claims directed solely to our products and not in combination with other software or products. With respect to our products, we also generally reserve the right to resolve such claims by designing a non-infringing alternative, by obtaining a license on reasonable terms, or by terminating our relationship with the customer and refunding the customer’s fees.

The potential amount of future payments to defend lawsuits or settle indemnified claims under these indemnification provisions is unlimited in certain agreements; however, we believe the estimated fair value of these indemnity provisions is minimal, and, accordingly, we had no liabilities recorded for these agreements at September 30, 2010 or December 31, 2009.

Litigation

We are involved in various lawsuits and claims in the ordinary course of business. We believe that the ultimate disposition of these matters will not have a material adverse effect on its liquidity or financial position; however, losses from these matters or changes in estimates of losses for these matters may result in income or expense in any one accounting period that is material in comparison to the earnings of that period.

10. Net Income (Loss) Per Share

Net income (loss) per share is presented in conformity with the two-class method required for participating securities. Upon consummation of the Offering, all outstanding shares of Series A Preferred, Series A1 Preferred, Series B Preferred and Series C Preferred Stock, including a portion of accrued but unpaid dividends on outstanding shares of Series A Preferred, Series A1 Preferred and Series B Preferred, were converted into shares of common stock. Prior to the conversion, holders of Series A Preferred, Series A1 Preferred and Series B Preferred were each entitled to receive 8% per annum cumulative dividends. In addition, prior to conversion, the holders of Series C Preferred were entitled to receive cumulative cash dividends at the rate of 8% per annum of the original issue price if and when declared by the board of directors, for the first 18 months after issuance and were entitled to noncumulative dividends thereafter. All dividends were payable prior and in preference to any dividends on any other shares of our capital stock. In the event a dividend was paid on common stock, holders of Series A Preferred, Series A1 Preferred, Series B Preferred, Series C Preferred and non-vested restricted stock were entitled to a proportionate share of any such dividend as if they were holders of common shares (on an as-if converted basis). Holders of Series A Preferred, Series A1 Preferred, Series B Preferred, Series C Preferred and non-vested restricted stock do not share in loss of the Company.
Under the two-class method, basic net income per share attributable to common stockholders is computed by dividing the net income attributable to common stockholders by the weighted average number of common shares outstanding during the period. Net income attributable to common stockholders is determined by allocating undistributed earnings, calculated as net income less current period Series A Preferred, Series A1 Preferred, Series B Preferred and Series C Preferred cumulative dividends, between the holders of common stock and Series A Preferred, Series A1 Preferred, Series B Preferred and Series C Preferred. Diluted net income per share attributable to common stockholders is computed by using the weighted average number of common shares outstanding, including potential dilutive shares of common stock assuming the dilutive effect of outstanding stock options using the treasury stock method. Weighted average shares from common share equivalents in the amount of 3,476,622 shares, 456,677 shares, 2,036,796 shares and 815,462 shares were excluded from the dilutive shares outstanding because their effect was anti-dilutive for the three months ended September 30, 2010 and 2009 and the nine months ended September 30, 2010 and 2009, respectively.

The following table presents the calculation of basic and diluted net income per share attributable to common stockholders:

<table>
<thead>
<tr>
<th>Numerator: Net (loss) income</th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Net (loss) income $292</td>
<td>$676</td>
<td>$253</td>
</tr>
<tr>
<td>8% cumulative dividends on participating preferred stock (619)</td>
<td>(1,391)</td>
<td>(2,944)</td>
</tr>
<tr>
<td>Undistributed earnings allocated to participating preferred and restricted stock</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net (loss) income attributable to common stockholders — basic and diluted $327</td>
<td>$715</td>
<td>$2,691</td>
</tr>
</tbody>
</table>

Denominator:

Basic:

Weighted average common shares used in computing basic net income (loss) per share 43,636 23,904 31,878 23,856

Diluted:

Weighted average common shares used in computing basic net income (loss) per share 43,636 23,904 31,878 23,856

Add weighted average effect of dilutive securities:

Stock options | | | |

Stock warrants | | | |

Weighted average common shares used in computing diluted net income (loss) per share 43,636 23,904 31,878 23,856

Net (loss) income per common share:

<table>
<thead>
<tr>
<th>Net (loss) income per common share</th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic $0.01</td>
<td>$0.03</td>
<td>$0.08</td>
</tr>
<tr>
<td>Diluted</td>
<td>$0.01</td>
<td>$0.03</td>
</tr>
</tbody>
</table>

11. Related Party Transactions

In connection with the residential relocation of one of our executives, in June 2010, we paid approximately $0.9 million to an independent third-party relocation company to cover payment of equity proceeds to the executive and costs associated with marketing and selling the executive’s residence. This arrangement was entered into pursuant to the standard home-sale assistance terms utilized by us in the ordinary course of business. In July 2010, we paid an additional $1.2 million to the independent third-party relocation company to acquire the executive’s residence.
12. Income Taxes

We make estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of certain tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes.

Our tax provision for interim periods is derived using an estimate of our annual effective rate, adjusted for any material items.

13. Subsequent Event

In November 2010, we acquired substantially all of the assets of Level One, LLC and L1 Technology, LLC (collectively "Level One") for approximately $62.0 million, which included a cash payment of $54.0 million at closing and a deferred payment of up to approximately $8.0 million, payable in cash or the issuance of our common stock eighteen months after the acquisition date. The acquisition of Level One further expanded our ability to provide on demand leasing center services. To facilitate the acquisition, we borrowed $30.0 million on our delayed draw term loans and utilized $24.0 million of the net proceeds from the Offering. Due to the timing of this acquisition, the purchase price allocation was not complete as of the date of this filing due to the pending completion of the valuation of intangible assets. In addition, we amended our Credit Agreement to modify certain financial covenants to consider the impact of the acquisition.
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Overview

We are a leading provider of on demand software solutions for the rental housing industry. Our broad range of property management solutions enable owners and managers of single-family and a wide variety of multi-family rental property types to manage their marketing, pricing, screening, leasing, accounting, purchasing and other property operations. We deliver our on demand software solutions via the Internet through an integrated software platform that provides a single point of access and a shared repository of prospect, resident and property data.

Our company was formed in 1998 to acquire Rent Roll, Inc., which marketed and sold on premise property management systems for the conventional and affordable multi-family rental housing markets. In June 2001, we released OneSite, our first on demand property management system. Since 2002, we have expanded our on demand software solutions to include a number of software-enabled value-added services that provide complementary sales and marketing, asset optimization, risk mitigation, billing and utility management and spend management capabilities. In connection with this expansion, we have allocated greater resources to the development and infrastructure needs of developing and increasing sales of our suite of on demand software solutions. In addition, since July 2002, we have completed 15 acquisitions (including our three 2010 acquisitions) of complementary technologies and to supplement our internal product development and sales and marketing efforts, enabling us to expand the scope of our solutions, the types of rental housing properties served by our solutions and our customer base. As of September 30, 2009, we had approximately 1,311 employees.

On July 22, 2010, the board of directors approved an amended and restated certificate of incorporation that effected a reverse stock split of every 2 outstanding shares of preferred stock and common stock into 1 share of preferred stock or common stock, respectively. The par value of the common and convertible preferred stock was not adjusted as a result of the reverse stock split. All issued and outstanding common stock, restricted stock, redeemable convertible preferred stock, and warrants for common stock and per share amounts contained in the financial statements have been retroactively adjusted to reflect this reverse stock split for all periods presented. The reverse stock split was effected on July 23, 2010.

On August 11, 2010, our registration statement on Form S-1 (File No 333-166397) relating to our initial public offering (the “Offering”) was declared effective by the Securities and Exchange Commission (“SEC”). We sold 6,000,000 shares of common stock in the Offering. Our common stock began trading on August 12, 2010 on the NASDAQ Global Select Stock Market under the symbol “RP,” and the Offering closed on August 17, 2010. Upon closing of the Offering, all outstanding shares of our preferred stock, including a portion of accrued but unpaid dividends on our outstanding shares of Series A, A1 and B Preferred Stock, were converted into 29,567,952 shares of common stock.

Recent Acquisitions

In July 2010, we acquired 100% of the outstanding stock of eReal Estate Integration, Inc. (“eREI”). eREI’s core products provide phone and Internet lead tracking and lead management services, as well as syndication services that push property content to search engines, Internet listing services and classified listed websites. The addition of these products improved our lead management and lead syndication capabilities within our CrossFire product family. The purchase price of eREI was approximately $8.6 million, which included a cash payment of $3.8 million at close, an estimated cash payment payable upon the achievement of certain revenue targets and the issuance of 499,999 restricted common shares, which vest as certain revenue targets are achieved, as defined in the purchase agreement.
In November 2010, we acquired substantially all of the assets of Level One, LLC and L1 Technology, LLC (collectively “Level One”). Level One services property management companies by providing centralized lead capture services enabling owners to lease more apartments, reduce overall marketing spend and free up on-site leasing staff. Level One and its 420 employees will be combined with our CrossFire product family and will be marketed under the Level One brand. Level One’s services are utilized in the management of approximately 1 million rental property units. We estimate a range of 30% to 50% of these units to be additive to the 5.6 million rental property units, as of September 30, 2010, managed with one or more of our on demand software solutions. The purchase price of Level One was approximately $62.0 million, which included a cash payment of $54.0 million and a deferred payment of up to approximately $8.0 million, payable in cash or the issuance of our common stock eighteen months after the acquisition date.

Critical Accounting Policies and Estimates

The preparation of consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses and related disclosures. We base these estimates and assumptions on historical experience or on various other factors that we believe to be reasonable and appropriate under the circumstances. We reconsider and evaluate our estimates and assumptions on an on-going basis. Accordingly, actual results may differ significantly from these estimates.

We believe that the following critical accounting policies involve our more significant judgments, assumptions and estimates, and therefore, could have the greatest potential impact on our consolidated financial statements:

- Revenue recognition;
- Accounts receivable;
- Business combinations;
- Goodwill and other intangible assets with indefinite lives;
- Impairment of long-lived assets;
- Intangible assets;
- Stock-based compensation;
- Income taxes; and
- Capitalized product development costs.

A full discussion of our critical accounting policies, which involve significant management judgment, appears in our Prospectus under “Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates.” For further information regarding our business, industry trends, accounting policies and estimates, and risks and uncertainties, refer to the Prospectus.

Key Components of Our Results of Operations

Revenue

We derive our revenue from three primary sources: our on demand software solutions; our on premise software solutions; and our professional and other services.

On demand revenue. Revenue from our on demand software solutions is comprised of license and subscription fees for accessing our on demand software solutions, typically licensed for one year terms, commission income for sales of renter’s insurance policies, and transaction fees for certain on demand software solutions, such as payment processing, spend management and billing services. We typically price our on demand software solutions based primarily on the number of units the customer manages with our solutions. For our insurance and transaction-based solutions, we price based on a fixed commission rate of earned premiums or a fixed rate per transaction, respectively.

On premise revenue. Our on premise software solutions are distributed to our customers and maintained locally on the customers’ hardware. Revenue from our on premise software solutions is comprised of license fees under term and perpetual license agreements. Typically, we have licensed our on premise software solutions pursuant to term license agreements with an initial term of one year that includes maintenance and support. Customer can renew their term license agreement for additional one-year terms at renewal price levels. In February 2010, we completed a strategic acquisition of assets that include on premise software solutions that were historically marketed and sold pursuant to perpetual license agreements and related maintenance agreements.

We no longer actively market our on premise software solutions to new customers, and only license our on premise software solutions to a small portion of our existing on premise customers as they expand their portfolio of rental housing properties. While we intend to support our recently acquired on premise software solutions, we expect that many of the customers who license these solutions will transition to our on demand software solutions over time.
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Professional and other revenue. Revenue from professional and other services consists of consulting and implementation services, training and other ancillary services. Professional and other services engagements are typically time and material based.

Cost of Revenue

Cost of revenue consists primarily of personnel costs related to our operations, support services, training and implementation services, expenses related to the operation of our data center and fees paid to third-party service providers. Personnel costs include salaries, bonuses, stock-based compensation and employee benefits. Cost of revenue also includes an allocation of facilities costs, overhead costs and depreciation, as well as amortization of acquired technology related to strategic acquisitions and amortization of capitalized development costs. We allocate facilities, overhead costs and depreciation based on headcount.

Operating Expenses

We classify our operating expenses into three categories: product development, sales and marketing, and general and administrative. Our operating expenses primarily consist of personnel costs, which include compensation, employee benefits and payroll taxes, costs for third-party contracted development, marketing, legal, accounting and consulting services and other professional service fees. Personnel costs for each category of operating expenses include salaries, bonuses, stock-based compensation and employee benefits for employees in that category. In addition, our operating expenses include an allocation of our facilities costs, overhead costs and depreciation based on headcount for that category, as well as amortization of purchased intangible assets resulting from our acquisitions.

Product development. Product development expense consists primarily of personnel costs for our product development employees and executives and fees to contract development vendors. Our product development efforts are focused primarily on increasing the functionality and enhancing the ease of use of our on demand software solutions and expanding our suite of on demand software solutions. In 2008, we established a product development and service center in Hyderabad, India to take advantage of strong technical talent at lower personnel costs compared to the United States.

Sales and marketing. Sales and marketing expense consists primarily of personnel costs for our sales, marketing and business development employees and executives, travel and entertainment and marketing programs. Marketing programs consist of advertising, tradeshows, user conferences, public relations, industry sponsorships and affiliations and product marketing. Additionally, sales and marketing expense includes amortization of certain purchased intangible assets, including customer relationships and key vendor and supplier relationships obtained in connection with our acquisitions.

General and administrative. General and administrative expense consists of personnel costs for our executive, finance and accounting, human resources, management information systems and legal personnel, as well as legal, accounting and other professional service fees and other corporate expenses.

Key Business Metrics

In addition to traditional financial measures, we monitor our operating performance using a number of financially and non-financially derived metrics that are not included in our condensed consolidated financial statements. We monitor the key performance indicators as follows:

On demand revenue. This metric represents the license and subscription fees for accessing our on demand software solutions, typically licensed for one year terms, commission income from sales of renter’s insurance policies and transaction fees for certain of our on demand software solutions. We consider on demand revenue to be a key business metric because we believe the market for our on demand software solutions represents the largest growth opportunity for our business.
On demand revenue as a percentage of total revenue. This metric represents on demand revenue for the period presented divided by total revenue for the same period. We use on demand revenue as a percentage of total revenue to measure our success in executing our strategy to increase the penetration of our on demand software solutions and expand our recurring revenue streams attributable to these solutions. We expect our on demand revenue to remain a significant percentage of our total revenue although the actual percentage may vary from period to period due to a number of factors, including the timing of acquisitions, professional and other revenue and on premise perpetual license sales and maintenance fees resulting from our February 2010 acquisition.

Ending on demand units. This metric represents the number of rental housing units managed by our customers with one or more of our on demand software solutions at the end of the period. We use ending on demand units to measure the success of our strategy of increasing the number of rental housing units managed with our on demand software solutions. Property unit counts are provided to us by our customers as new sales orders are processed. Property unit counts may be adjusted periodically as information related to our customers’ properties is updated or supplemented, which could result in adjusting the number of units previously reported.

On demand revenue per average on demand unit. This metric represents on demand revenue for the period presented divided by average on demand units for the same period. For interim periods, the calculation is performed on an annualized basis. We calculate average on demand units as the average of the beginning and ending on demand units for each quarter in the period presented. We monitor this metric to measure our success in increasing the number of on demand software solutions utilized by our customers to manage their rental housing units, our overall revenue and profitability. On demand revenue per average on demand unit for the interim periods presented are annualized.

Annual Customer Value (ACV). ACV represents the product of ending on demand units multiplied by annualized on demand revenue per average on demand unit for the quarter and is our estimate of the run-rate of recurring on demand revenue.

Adjusted EBITDA. We define this metric as net (loss) income plus depreciation and asset impairment; amortization of intangible assets; interest expense, net; income tax expense (benefit); stock-based compensation expense, acquisition-related expense and purchase accounting adjustment. We believe that the use of Adjusted EBITDA is useful in evaluating our operating performance because it excludes certain non-cash expenses, including depreciation, amortization and stock-based compensation. Adjusted EBITDA is not determined in accordance with accounting principles generally accepted in the United States, or GAAP, and should not be considered as a substitute for or superior to financial measures determined in accordance with GAAP. For further discussion regarding Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income, refer to “Reconciliation of Quarterly Non-GAAP Financial Measures” below. Our Adjusted EBITDA grew from approximately $6.3 million and $18.9 million for the three and nine months ended September 30, 2009 to approximately $9.1 million and $24.3 million for the three and nine months ended September 30, 2010 as a result of our efforts to expand market share and increase revenue.
Results of Operations

The following tables set forth our results of operations for the specified periods. The period-to-period comparison of financial results is not necessarily indicative of future results.

Condensed Consolidated Statements of Operations

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On demand</td>
<td>$43,097</td>
<td>$33,069</td>
</tr>
<tr>
<td>Professional and other</td>
<td>2,127</td>
<td>468</td>
</tr>
<tr>
<td>Cost of revenue (1)</td>
<td>20,203</td>
<td>15,201</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>27,825</td>
<td>20,453</td>
</tr>
<tr>
<td>Operating expense:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product development (1)</td>
<td>9,127</td>
<td>6,675</td>
</tr>
<tr>
<td>Sales and marketing (1)</td>
<td>9,428</td>
<td>7,363</td>
</tr>
<tr>
<td>General and administrative (1)</td>
<td>6,969</td>
<td>4,552</td>
</tr>
<tr>
<td>Total operating expense</td>
<td>25,524</td>
<td>18,590</td>
</tr>
<tr>
<td>Operating income</td>
<td>2,301</td>
<td>1,863</td>
</tr>
<tr>
<td>Interest expense and other, net</td>
<td>(1,822)</td>
<td>(1,123)</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>479</td>
<td>740</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>187</td>
<td>64</td>
</tr>
<tr>
<td>Net income</td>
<td>$292</td>
<td>$676</td>
</tr>
</tbody>
</table>

(1) Includes stock-based compensation expense as follows:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>$140</td>
<td>$103</td>
</tr>
<tr>
<td>Product development</td>
<td>627</td>
<td>277</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>201</td>
<td>135</td>
</tr>
<tr>
<td>General and administrative</td>
<td>391</td>
<td>211</td>
</tr>
</tbody>
</table>

20
The following table sets forth our results of operations for the specified periods as a percentage of our revenue for those periods. The period-to-period comparison of financial results is not necessarily indicative of future results.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On demand</td>
<td>89.7%</td>
<td>92.7%</td>
<td>$10,028</td>
<td>30.3%</td>
<td>89.7%</td>
<td>90.7%</td>
<td>$27,208</td>
<td>29.2%</td>
</tr>
<tr>
<td>On premise</td>
<td>4.4%</td>
<td>1.3%</td>
<td></td>
<td></td>
<td>4.8%</td>
<td>3.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional and other</td>
<td>5.8%</td>
<td>5.9%</td>
<td></td>
<td></td>
<td>5.5%</td>
<td>6.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenue</td>
<td>100.0%</td>
<td>100.0%</td>
<td></td>
<td></td>
<td>100.0%</td>
<td>100.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>42.1%</td>
<td>42.6%</td>
<td></td>
<td></td>
<td>42.2%</td>
<td>41.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Profit</td>
<td>57.9%</td>
<td>57.4%</td>
<td></td>
<td></td>
<td>57.8%</td>
<td>58.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating expense:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product development</td>
<td>19.0%</td>
<td>18.7%</td>
<td></td>
<td></td>
<td>19.7%</td>
<td>19.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>19.6%</td>
<td>20.7%</td>
<td></td>
<td></td>
<td>19.2%</td>
<td>19.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and administrative</td>
<td>14.5%</td>
<td>12.8%</td>
<td></td>
<td></td>
<td>15.1%</td>
<td>12.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total operating expense</td>
<td>53.1%</td>
<td>52.1%</td>
<td></td>
<td></td>
<td>54.0%</td>
<td>52.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>4.8%</td>
<td>5.2%</td>
<td></td>
<td></td>
<td>3.8%</td>
<td>5.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense and other, net</td>
<td>(3.8%)</td>
<td>(3.1%)</td>
<td></td>
<td></td>
<td>(3.5%)</td>
<td>(3.5%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>1.0%</td>
<td>2.1%</td>
<td></td>
<td></td>
<td>0.3%</td>
<td>2.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>0.4%</td>
<td>0.2%</td>
<td></td>
<td></td>
<td>0.1%</td>
<td>0.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>0.6%</td>
<td>1.9%</td>
<td></td>
<td></td>
<td>0.2%</td>
<td>2.6%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Three and Nine Months Ended September 30, 2010 compared to Three and Nine Months Ended September 30, 2009

**Revenue**

- **On demand revenue**: Our on demand revenue increased $10.0 million, or 30.3%, for the three months ended September 30, 2010 as compared to same period in 2009, primarily due to an increase in rental property units managed with our on demand solutions and an increase in the number of our on demand solutions utilized by our existing customer base.

- **On demand revenue**: Our on demand revenue increased $27.2 million, or 29.2%, for the nine months ended September 30, 2010 as compared to same period in 2009, primarily due to an increase in rental property units managed with our on demand solutions and an increase in the number of our on demand solutions utilized by our existing customer base.
On premise revenue. On premise revenue increased $1.7 million, or 354.5%, for the three months ended September 30, 2010 as compared to the same period in 2009, primarily as a result of our February 2010 acquisition. During February 2010, we completed a strategic acquisition of assets that included on premise software solutions that have been historically marketed and sold pursuant to perpetual license agreements and related maintenance agreements. While we intend to continue to support our recently acquired on premise software solutions, we expect that many of the customers who license these solutions will over time transition to our on demand software solutions.

On premise revenue increased $3.1 million, or 91.8%, for the nine months ended September 30, 2010 as compared to the same period in 2009, primarily as a result of our February 2010 acquisition. During February 2010, we completed a strategic acquisition of assets that included on premise software solutions that have been historically marketed and sold pursuant to perpetual license agreements and related maintenance agreements. For the nine months ended September 30, 2010, the February 2010 acquisition contributed $5.0 million of revenue related to maintenance agreements and perpetual license sales. The revenue increase from the February 2010 acquisition was partially offset by our decision to cease actively marketing our legacy on premise solutions in 2009 and our efforts to migrate customers of our on premise solutions to our on demand solutions. While we intend to continue to support our recently acquired on premise software solutions, we expect that many of the customers who license these solutions will over time transition to our on demand software solutions.

Professional and other revenue. Professional and other services revenue increased $0.7 million, or 32.5%, for the three months ended September 30, 2010 as compared to the same period in 2009, primarily due to an increase in revenue from consulting services.

Professional and other services revenue increased $1.2 million, or 18.8%, for the nine months ended September 30, 2010 as compared to the same period in 2009, primarily due to an increase in revenue from consulting services.

Total revenue. Our total revenue increased $12.4 million, or 34.7%, for the three months ended September 30, 2010 as compared to the same period in 2009, primarily due to an increase in rental property units managed with our on demand solutions and improved penetration of our on demand solutions into our customer base.

Our total revenue increased $31.5 million, or 30.6%, for the nine months ended September 30, 2010 as compared to the same period in 2009, primarily due to an increase in rental property units managed with our on demand solutions and improved penetration of our on demand solutions into our customer base.

On demand unit metrics. As of September 30, 2010, one or more of our on demand solutions was utilized in the management of 5.6 million rental property units, representing an increase of 1.3 million units, or 30.5% as compared to September 30, 2009. The increase in the number of rental property units managed by one or more of our on demand solutions was due to new customer sales and marketing efforts and our 2009 and 2010 acquisitions in the second half of 2009 and the first half of 2010 contributing approximately 12.4% of ending on demand units as of September 30, 2010.

For the three months ended September 30, 2010, our annualized on demand revenue per average on demand unit was $32.00, representing an increase of $0.40, or 1.3%, as compared to the three months ended September 30, 2009, primarily due to improved penetration of our on demand solutions into our customer base.

For the first nine months of 2010, our annualized on demand revenue per average on demand unit was $31.73, representing an increase of $0.94, or 3.1%, as compared to the nine months ended September 30, 2009, primarily due to improved penetration of our on demand solutions into our customer base.

Cost of Revenue

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>$16,895</td>
<td>$13,434</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>3,308</td>
<td>1,767</td>
</tr>
<tr>
<td>Total cost of revenue</td>
<td>$20,203</td>
<td>$15,201</td>
</tr>
</tbody>
</table>
Cost of revenue. Total cost of revenue increased $5.0 million, or 32.9%, for the three months ended September 30, 2010 as compared to the same period in 2009. The increase in cost of revenue was primarily due to: a $3.4 million increase from costs related to the increased sales of our solutions, which includes investments in infrastructure and other support services; a $1.4 million increase in non-cash amortization of acquired technology as a result of our 2009 and 2010 acquisitions; and a $0.1 million increase in property and equipment depreciation expense resulting from expanding our infrastructure to support revenue delivery activities. Cost of revenue as a percentage of total revenue was 42.1% for the three months ended September 30, 2010 as compared to 42.6% for the same period in 2009. The decrease as a percentage of total revenue was primarily the result of leveraging our fixed cost base, which was partially offset by an increase in non-cash amortization of acquired technology as a result of our 2009 and 2010 acquisitions.

Total cost of revenue increased $13.8 million, or 32.2%, for the nine months ended September 30, 2010 as compared to the same period in 2009. The increase in cost of revenue was primarily due to: a $9.7 million increase from costs related to the increased sales of our solutions, which includes investments in infrastructure and other support services; a $3.3 million increase in non-cash amortization of acquired technology as a result of our 2009 and 2010 acquisitions; a $0.6 million increase in property and equipment depreciation expense resulting from expanding our infrastructure to support revenue delivery activities; and a $0.2 million increase in stock-based compensation related to our professional services and data center operations personnel. Cost of revenue as a percentage of total revenue was 42.2% for the nine months ended September 30, 2010 as compared to 41.7% for the same period in 2009. The increase as a percentage of total revenue was primarily due to an increase in non-cash amortization of acquired technology as a result of our 2009 and 2010 acquisitions.

Operating Expenses

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Product development</td>
<td>$ 8,560</td>
<td>$ 6,092</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>567</td>
<td>583</td>
</tr>
<tr>
<td>Total product development expense</td>
<td>$ 9,127</td>
<td>$ 6,675</td>
</tr>
</tbody>
</table>

Product development. Total product development expense increased $2.5 million, or 36.7%, for the three months ended September 30, 2010 as compared to the same period in 2009. The increase in product development expense was primarily due to: a $1.9 million increase in personnel expense primarily related to product development groups added as a result of our 2009 and 2010 acquisitions combined with the associated costs to support our growth initiatives; a $0.4 million increase in stock-based compensation related to product development personnel; and a $0.2 million increase in other general product development expense.

Total product development expense increased $6.2 million, or 30.4%, for the nine months ended September 30, 2010 as compared to the same period in 2009. The increase in product development expense was primarily due to: a $4.5 million increase in personnel expense primarily related to product development groups added as a result of our 2009 and 2010 acquisitions combined with the associated costs to support our growth initiatives; a $0.6 million increase in third-party software maintenance expense; and a $0.9 million increase in stock-based compensation related to product development personnel.

Sales and marketing

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>$ 8,357</td>
<td>$ 6,359</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,071</td>
<td>1,004</td>
</tr>
<tr>
<td>Total sales and marketing expense</td>
<td>$ 9,428</td>
<td>$ 7,363</td>
</tr>
</tbody>
</table>

Sales and marketing. Total sales and marketing expense increased $2.0 million, or 28.0%, for the three months ended September 30, 2010 as compared to the same period in 2009. The increase in sales and marketing expense was primarily due to: a $0.7 million increase from costs related to the increased sales of our solutions; and a $1.3 million increase in stock-based compensation related to our sales and marketing personnel.

Total sales and marketing expense increased $6.2 million, or 30.7%, for the nine months ended September 30, 2010 as compared to the same period in 2009. The increase in sales and marketing expense was primarily due to: a $4.5 million increase from costs related to the increased sales of our solutions; and a $1.7 million increase in stock-based compensation related to our sales and marketing personnel.
Sales and marketing. Total sales and marketing expense increased $2.1 million, or 28.0%, for the three months ended September 30, 2010 as compared to the same period in 2009. The increase in sales and marketing expense was primarily due to a $1.0 million increase in personnel expense. We have increased our sales force head count from 77 at September 30, 2009 to 95 at September 30, 2010, which includes sales groups added as a result of our 2009 and 2010 acquisitions. Additional factors contributing to the increase in sales and marketing expense include a $0.6 million increase in marketing program expense as part of our strategy to expand our market share and further penetrate our existing customer base with sales of additional on demand solutions; a $0.1 million increase in stock-based compensation related to sales and marketing personnel; and a $0.3 million increase in other general and marketing expense.

Total sales and marketing expense increased $5.4 million, or 26.6%, for the nine months ended September 30, 2010 as compared to the same period in 2009. The increase in sales and marketing expense was primarily due to a $2.5 million increase in personnel expense. We have increased our sales force head count from 77 at September 30, 2009 to 95 at September 30, 2010, which includes sales groups added as a result of our 2009 and 2010 acquisitions. Additional factors contributing to the increase in sales and marketing expense include a $1.6 million increase in marketing program expense as part of our strategy to expand our market share and further penetrate our existing customer based with sales of additional on demand solutions; a $0.2 million increase in stock-based compensation related to sales and marketing personnel; and a $1.0 million increase in other general sales and marketing expense.

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>General and administrative</td>
<td>$6,603</td>
<td>$4,207</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>366</td>
<td>345</td>
</tr>
<tr>
<td>Total general and administrative expense</td>
<td>$6,969</td>
<td>$4,552</td>
</tr>
</tbody>
</table>

General and administrative. Total general and administrative expense increased $2.4 million, or 53.1%, for the three months ended September 30, 2010 as compared to the same period in 2009. The increase in general and administrative expense was primarily due to: a $1.1 million increase in personnel expense related to accounting, management information systems, internal audit, mergers and acquisitions, legal, and human resources staff to support the growth in our business as well as provide the necessary organizational structure to support public company requirement; a $0.6 million increase in professional fees; a $0.2 million increase in facilities expense primarily as a result of our 2009 and 2010 acquisitions; $0.2 million increase in stock-based compensation related to general and administrative personnel; and a $0.3 million increase in other general and administrative expense.

Total general and administrative expense increased $7.0 million, or 52.4%, for the nine months ended September 30, 2010 as compared to the same period in 2009. The increase in general and administrative expense was primarily due to: a $3.7 million increase in personnel expense related to accounting, management information systems, legal, and human resources staff to support the growth in our business as well as provide the necessary organizational structure to support public company requirements; a $0.9 million increase in professional fees; a $0.4 million increase in acquisition-related expense; a $0.6 million increase in facilities expense primarily as a result of our 2009 and 2010 acquisitions; a $0.6 million increase in stock-based compensation related to general and administrative personnel; a $0.1 million in depreciation expense; and a $0.7 million increase in other general and administrative expense.

Interest Expense and Other, Net

Interest expense, net, increased $0.7 million, or 62.2%, for the three months ended September 30, 2010 as compared to the same period in 2009. The increase in interest expense, net, was primarily due to $0.5 million of accelerated interest expense associated with the early extinguishment of our preferred stockholder notes payable and $0.2 million of penalties incurred in connection with the early extinguishment of our secured subordinated promissory notes during the three months ended September 30, 2010.

Interest expense, net, increased $1.6 million, or 52.9%, for the nine months ended September 30, 2010 as compared to the same period in 2009. The increase in interest expense, net, was primarily due to $0.5 million of accelerated interest expense associated with the early extinguishment of our preferred stockholder notes payable during the third quarter of 2010 and $0.2 million of penalties incurred in connection with the early extinguishment of our secured subordinated promissory notes during the third quarter of 2010 combined with higher average debt balances related to the financing of our 2009 and 2010 acquisitions.
**Provision for Taxes**

Our effective tax rate was approximately 39% for the three months ended September 30, 2010. For the three months ended September 30, 2010, we incurred tax expense of $0.2 million as a result of state income tax expense.

Our effective tax rate was approximately 39% for the nine months ended September 30, 2010. In the nine months ended September 30, 2010, we incurred tax expense of $0.2 million resulting from our net income before taxes. In the nine months ended September 30, 2009, we incurred tax expense of $0.2 million primarily as a result of state income tax expense.

**Reconciliation of Non-GAAP Financial Measures**

We define Adjusted EBITDA as net income plus depreciation and asset impairment, amortization of intangible assets, interest expense, net, income tax expense, stock-based compensation expense, acquisition-related expense and purchase accounting adjustment. We believe that the use of Adjusted EBITDA is useful to investors and other users of our financial statements in evaluating our operating performance because it provides them with an additional tool to compare business performance across companies and across periods. We believe that:

- Adjusted EBITDA provides investors and other users of our financial information consistency and comparability with our past financial performance, facilitates period-to-period comparisons of operations and facilitates comparisons with our peer companies, many of which use similar non-GAAP financial measures to supplement their GAAP results; and
- it is useful to exclude certain non-cash charges, such as depreciation and asset impairment, amortization of intangible assets and stock-based compensation and non-core operational charges, such as acquisition-related expense, from Adjusted EBITDA because the amount of such expenses in any specific period may not directly correlate to the underlying performance of our business operations and these expenses can vary significantly between periods as a result of new acquisitions, full amortization of previously acquired tangible and intangible assets or the timing of new stock-based awards, as the case may be.

We use Adjusted EBITDA in conjunction with traditional GAAP operating performance measures as part of our overall assessment of our performance, for planning purposes, including the preparation of our annual operating budget, to evaluate the effectiveness of our business strategies and to communicate with our board of directors concerning our financial performance.

We do not place undue reliance on Adjusted EBITDA as our only measure of operating performance. Adjusted EBITDA should not be considered as a substitute for other measures of liquidity or financial performance reported in accordance with GAAP. There are limitations to using non-GAAP financial measures, including that other companies may calculate these measures differently than we do, that they do not reflect our capital expenditures or future requirements for capital expenditures and that they do not reflect changes in, or cash requirements for, our working capital. We compensate for the inherent limitations associated with using the Adjusted EBITDA measures through disclosure of these limitations, presentation of our financial statements in accordance with GAAP and reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure, net income.

The following provides a reconciliation of net income to Adjusted EBITDA:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Net income</td>
<td>$ 292</td>
<td>$ 676</td>
</tr>
<tr>
<td>Depreciation and asset impairment</td>
<td>2,606</td>
<td>2,419</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>2,760</td>
<td>1,279</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>1,822</td>
<td>1,123</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>187</td>
<td>64</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>1,359</td>
<td>726</td>
</tr>
<tr>
<td>Acquisition-related expense</td>
<td>61</td>
<td>20</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td><strong>$ 9,087</strong></td>
<td><strong>$ 6,307</strong></td>
</tr>
</tbody>
</table>
Liquidity and Capital Resources

Prior to the Offering, we financed our operations primarily through private placements of preferred equity securities and common stock, secured credit facilities with commercial lenders, a private placement of subordinated debt securities and cash provided by operating activities. On August 11, 2010, our registration statement on Form S-1 (File No. 333-166397) relating to the Offering was declared effective by the SEC. We sold 6,000,000 shares of common stock in the Offering, resulting in proceeds, net of transaction expenses, of $57.7 million. Our primary sources of liquidity as of September 30, 2010 consisted of $39.4 million of cash and cash equivalents, $8.0 million available under our revolving line of credit and $48.6 million of current assets less current liabilities (excluding $43.5 million of deferred revenue).

Our principal uses of liquidity have been to fund our operations, working capital requirements, capital expenditures and acquisitions and to service our debt obligations. We expect that working capital requirements, capital expenditures and acquisitions will continue to be our principal needs for liquidity over the near term. In addition, we have made several acquisitions in which a portion of the cash purchase price is payable at various times through 2014. We expect to fund these obligations from cash provided by operating activities.

We believe that our existing cash and cash equivalents, working capital (excluding deferred revenue), our cash flow from operations, and the proceeds of the Offering will be sufficient to fund our operations and planned capital expenditures and service our debt obligations for at least the next 12 months. Our future capital requirements will depend on many factors, including our rate of revenue growth, the timing and size of acquisitions, the expansion of our sales and marketing activities, the timing and extent of spending to support product development efforts, the timing of introductions of new solutions and enhancements to existing solutions and the continuing market acceptance of our solutions. We may enter into acquisitions of, complementary businesses, applications or technologies, in the future, which could require us to seek additional equity or debt financing. Additional funds may not be available on terms favorable to us, or at all.

The following table sets forth cash flow data for the periods indicated therein:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by operating activities</td>
<td>$14,741</td>
<td>$17,541</td>
</tr>
<tr>
<td>Net cash (used) in investing activities</td>
<td>(24,658)</td>
<td>(10,121)</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>44,903</td>
<td>4,244</td>
</tr>
</tbody>
</table>

Nine Months Ended September 30, 2010 compared to Nine Months Ended September 30, 2009

**Net Cash Provided by Operating Activities**

In the nine months ended September 30, 2010, we generated $14.7 million of net cash from operating activities, which consisted of our net income of $0.3 million and changes in working capital of $4.0 million, offset by net non-cash income of $18.4 million representing a decrease of $2.8 million or 16.0%, as compared to the same period in 2009. Net non-cash charges to income primarily consisted of depreciation, amortization and stock-based compensation expense. The $4.0 million use of operating cash flow resulting from the changes in working capital was primarily due to improved collections of our accounts receivable and general timing differences in other current assets and accounts payable, offset by the change in deferred revenue. Excluding deferred revenue acquired from our February 2010 acquisition, deferred revenue decreased for the nine months ended September 30, 2010 as a result of the amortization of annual license fees for on demand and on premise solutions.

**Net Cash Used in Investing Activities**

In the nine months ended September 30, 2010, our investing activities used $24.7 million. Investing activities consisted of acquisition consideration of $16.6 million net of cash acquired for our 2010 acquisitions, acquisition-related payments of $0.7 million for commitments related to prior years’ acquisitions and $7.4 million of capital expenditures. The increase in cash used in investing activities from 2009 relates to the consideration paid net of cash acquired for our 2010 acquisitions combined with an increase in capital spending.

Capital expenditures in the nine months ended September 30, 2009 and 2010 were primarily related to investments in technology infrastructure to support our growth initiatives.
Net Cash Provided by Financing Activities

Our financing activities provided $44.9 million in the nine months ended September 30, 2010, representing an increase of $40.7 million, as compared to the same period of 2009. Cash provided by financing activities in 2010 was primarily related to net proceeds from our initial public offering of $57.7 million, $10.0 million of proceeds as a result of the February 2010 amendment of our credit facility and $2.0 million of net proceeds from our revolving line of credit. These cash proceeds were partially offset by payments to extinguish our secured subordinated promissory notes and our preferred stockholder notes payable of $10.0 million and $6.5 million, respectively, in the third quarter of 2010, combined with aggregate principal payments of $8.2 million for scheduled term debt maturities, capital lease obligations and preferred stockholder notes payable. Additionally, during the nine months ended September 30, 2010, we paid $0.7 million of preferred stock dividends, which were offset by $0.7 million in proceeds from the issuance of common stock.

Cash provided by financing activities during the nine months ended September 30, 2009 and 2010 was used to support our operations until we achieved positive operating cash flow, as a funding source for acquisitions and for capital expenditures related to the expansion of our technology infrastructure.

Contractual Obligations, Commitments and Contingencies

Contractual Obligations

Our contractual obligations relate primarily to borrowings and interest payments under credit facilities, capital leases, operating leases and purchase obligations. Using the proceeds from the Offering, we repaid our promissory notes as discussed in Note 6. In addition, as discussed in Note 13, we borrowed $30.0 million on our delayed drawn term loan in November 2010 to facilitate our acquisition of Level One. These transactions caused a net increase to our total outstanding indebtedness on our long term debt obligation to $68.7 million with minimum payments of $2.7 million, $21.6 million and $44.4 million for less than one year, one to three years and three to five years after September 30, 2010. The future estimated interest our long term debt obligations was $0.6 million, $4.6 million and $2.4 million for the periods less than one year, one to three years and three to five years after September 30, 2010. With the exception of these transactions, there have been no material changes in our contractual obligations from our disclosures within the Prospectus.

Long-Term Debt Obligations

In September 2009, we entered into a credit facility which provided for a $35.0 million term loan and a $10.0 million revolving line of credit. A portion of the proceeds from the credit facility was used to repay the balance outstanding under our prior credit facility. The term loan and revolving line of credit are collateralized by substantially all our personal property. Prior to the June 2010 amendment discussed below, the term loan and revolving line of credit bore interest at rates of the greater of 7.5%, a stated rate of 5.0% plus LIBOR (or, if greater, 2.5%), or a stated rate of 5.0% plus the bank’s prime rate (or, if greater, 3.5%, the federal funds rate plus 0.5% or three month LIBOR plus 1.0%).

In February 2010, we entered into an amendment to the credit facility. Under the terms of the amendment, the original term loan was increased by an additional $10.0 million. The proceeds from the amendment were primarily used to finance the February 2010 acquisition of certain assets of Domin-8 Enterprise Solutions, Inc. The related interest rates and maturity periods remained consistent with the terms of the credit facility. Until the June 2010 amendment discussed below, we made principal payments on the term loan in quarterly installments of approximately $1.8 million.

In June 2010, we entered into a subsequent amendment to the credit facility. Under the terms of the June 2010 amendment, an additional $30 million in term loans was made available for borrowing until December 22, 2011. After the June 2010 amendment, the term loan and revolving line of credit bear interest at a stated rate of 3.5% plus LIBOR, or at a stated rate of 0.75% plus Wells Fargo’s prime rate (or, if greater, the federal funds rate plus 0.5% or three month LIBOR plus 1.0%). Interest on the term loans and the revolver is payable monthly, or for LIBOR loans, at the end of the applicable 1-, 2-, or 3-month interest period. Under the terms of the June 2010 amendment, principal payments on the term loan will be paid in quarterly installments equal to 3.75% of the principal amount of term loans, with the balance of all term loans and the revolver due on June 30, 2014.

In September 2010, we entered into an amendment to the credit facility. Under the terms of the September 2010 amendment, the definition of “fixed charges” under the credit facility was amended to specifically exclude the cash dividend and debt payments made with the proceeds of the Offering.

In November 2010, we entered into an additional amendment to the credit facility. Under the terms of the November 2010 amendment, we increased the maximum allowable “senior leverage ratio” under the credit facility and amended the definition of “permitted indebtedness” in the credit facility to permit amounts payable in the future pursuant to the Level One acquisition. In addition, we borrowed $30.0 million on our delayed draw term loans to facilitate the acquisition.
Our credit facility contains customary covenants which limit our and certain of our subsidiaries’ ability to, among other things, incur additional indebtedness or guarantee indebtedness of others; create liens on our assets; enter into mergers or consolidations; dispose of assets; prepay indebtedness or make changes to our governing documents and certain of our agreements; pay dividends and make other distributions on our capital stock, and redeem and repurchase our capital stock; make investments, including acquisitions; enter into transactions with affiliates; and make capital expenditures. Our credit facility additionally contains customary affirmative covenants, including requirements to, among other things, take certain actions in the event we form or acquire new subsidiaries; hold annual meetings with our lenders; provide copies of material contracts and amendments to our lenders; locate our collateral only at specified locations; and use commercially reasonable efforts to ensure that certain material contracts permits the assignment of the contract to our lenders; subject in each case to customary exceptions and qualifications. We are also required to comply with a fixed charge coverage ratio, which is a ratio of our EBITDA to our fixed charges as determined in accordance with the credit facility, of 1.225:1.00 for September 30, 2010 and 1.25:1.00 thereafter, and a senior leverage ratio, which is a ratio of the outstanding principal balance of our term loan plus our outstanding revolver usage to our EBITDA as determined in accordance with the credit facility, of 2.35:1.00 for each period until December 31, 2010, with step-downs until July 31, 2011, when the ratio is set at 1.50:1.00 for such period and thereafter.

We have obtained waivers under our credit facility, which were not related to a decline in our cash flow. As a result of our ongoing communications with the lenders under our credit facility, our lenders were aware of the transactions and circumstances leading up to the waivers and we expected to receive their approval with regard to such transactions and circumstances, whether in the form of a consent, waiver, amendment or otherwise. Specifically, we have obtained waivers under our credit facility in connection with procedural requirements under our credit agreement relating to: two acquisition transactions we entered into in September 2009; an update to the credit agreement schedules to include a certain arrangement we have in place, and had in place at the time of closing of the credit facility, including a guaranty made by us for the benefit of our subsidiary in favor of Wells Fargo Bank; the payment of cash dividends of approximately $16,000 more than the amount agreed to by the lenders; and with respect to our fixed charge coverage ratio as a result of payments approved by our board of directors and discussed with our lenders for a cash dividend paid in December 2009 and for payments on promissory notes held by holders of our preferred stock in connection with a prior declared dividend. The fixed charge coverage ratio is a ratio of our EBITDA to our fixed charges as determined in accordance with the credit facility. It was required to be 1.225:1.00 the most recent compliance period, the rolling twelve-month period ended September 30, 2010 in which, we were in compliance.

In the event the lenders did not waive these defaults or fail to waive any other default under our credit facility, the obligations under the credit facility could be accelerated, the applicable interest rate under the credit facility could be increased, and our subsidiaries that have guaranteed the credit facility could be required to pay the obligations in full, and our lenders would be permitted to exercise remedies with respect to all of the collateral that is securing the credit facility, including substantially all of our and our subsidiary guarantors’ assets. Any such default that is not cured or waived could have a material adverse effect on our liquidity and financial condition.

**Off-Balance Sheet Arrangements**

We do not have any off-balance sheet financing arrangements and we do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.
Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in interest rates. We do not hold or issue financial instruments for trading purposes.

We had cash and cash equivalents of $39.4 million and $4.4 million at September 30, 2010 and December 31, 2009, respectively. We held these amounts primarily in cash.

We hold cash and cash equivalents for working capital purposes. We do not have material exposure to market risk with respect to investments, as our investments consist primarily of highly liquid investments purchased with original maturities of three months or less. We do not use derivative financial instruments for speculative or trading purposes; however, we may adopt specific hedging strategies in the future. Any declines in interest rates, however, will reduce future interest income.

We had total outstanding debt of $40.8 million and $51.9 million at September 30, 2010 and December 31, 2009, respectively. The interest rate on this debt is variable and adjusts periodically based on the three-month LIBOR rate. If the LIBOR rate changes by 1%, our annual interest expense would change by approximately $0.4 million.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Pursuant to Rule 13a-15(b) and Rule 15d-15(b) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), we carried out an evaluation, with the participation of our management, and under the supervision of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined under Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in ensuring that information required to be disclosed in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management’s assessment of the effectiveness of our disclosure controls and procedures is expressed at the level of reasonable assurance because management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives.

Changes in Internal Controls

During the first quarter of 2010, we implemented a new corporate payroll processing software. The implementation resulted in modifications to internal controls over the related accounting and operating processes for the payroll function. We evaluated the control environment as affected by the implementation and believe our controls remained effective.

Other than the changes mentioned above, there were no changes in the Company’s internal control over financial reporting during the nine months ended September 30, 2010, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

We are involved in various lawsuits and claims in the ordinary course of business. We believe that the ultimate disposition of these matters will not have a material adverse effect on its liquidity or financial position; however, losses from these matters or changes in estimates of losses for these matters may result in income or expense in any one accounting period that is material in comparison to the earnings of that period.
Our quarterly operating results may fluctuate as a result of a variety of factors, many of which are outside of our control. Fluctuations in our quarterly operating results may be due to a number of factors, including the risks and uncertainties discussed elsewhere in this prospectus. Some of the important factors that could cause our revenues and operating results to fluctuate from quarter to quarter include:

- the extent to which on demand software solutions maintain current and achieve broader market acceptance;
- our ability to timely introduce enhancements to our existing solutions and new solutions;
Fluctuations in our quarterly operating results may lead analysts to change their long-term model for valuing our common stock, cause us to face short-term liquidity issues, impact our ability to retain or attract key personnel or cause other unanticipated issues, all of which could cause our stock price to decline. As a result of the potential variations in our quarterly revenue and operating results, we believe that quarter-to-quarter comparisons of our revenues and operating results may not be meaningful and the results of any one quarter should not be relied upon as an indication of future performance.
We have a history of operating losses and may not maintain profitability in the future.

We have not been consistently profitable on a quarterly or annual basis. Although we have net income for the three and nine months ended September 2010 and 2009, we experienced net losses of $3.2 million and $3.1 million in 2008 and 2007, respectively. As of September 30, 2010, our accumulated deficit was $89.5 million. While we have experienced significant growth over recent quarters, we may not be able to sustain or increase our growth or profitability in the future. We expect to make significant future expenditures related to the development and expansion of our business. In addition, following the completion of this offering, we expect that our general and administrative expenses will increase due to the additional operational and reporting costs associated with being a public company. As a result of these increased expenditures and expenses, we will need to generate and sustain increased revenue to achieve future profitability expectations. We may incur significant losses in the future for a number of reasons, including the other risks and uncertainties described in this prospectus. Additionally, we may encounter unforeseen operating expenses, difficulties, complications, delays and other unknown factors that may result in losses in future periods. If these losses exceed our expectations or our growth expectations are not met in future periods, our financial performance will be affected adversely.

If we are unable to manage the growth of our diverse and complex operations, our financial performance may suffer.

The growth in the size, complexity and diversity of our business and the expansion of our product lines and customer base has placed, and our anticipated growth may continue to place, a significant strain on our managerial, administratrive, operational, financial and other resources. We increased our number of employees from 532 as of December 31, 2006 to 1,311 as of September 30, 2010 and our number of on demand customers from 1,469 as of December 31, 2006 to 6,547 as of September 30, 2010. We increased the number of on demand product centers that we offer from 20 as of December 31, 2006 to 42 as of September 30, 2010 and have added four on premise property management systems as a result of our February 2010 acquisition. In addition, in the past, we have grown and expect to continue to grow through acquisitions. Our ability to effectively manage our anticipated future growth will depend on, among other things, the following:

- successfully supporting and maintaining a broad range of solutions;
- maintaining continuity in our senior management and key personnel;
- attracting, retaining, training and motivating our employees, particularly technical, customer service and sales personnel;
- enhancing our financial and accounting systems and controls;
- enhancing our information technology infrastructure; and
- managing expanded operations in geographically dispersed locations.

If we do not manage the size, complexity and diverse nature of our business effectively, we could experience delayed software releases and longer response times for assisting our customers with implementation of our solutions and could lack adequate resources to support our customers on an ongoing basis, any of which could adversely affect our reputation in the market and our ability to generate revenue from new or existing customers.

The nature of our platform is complex and highly integrated and if we fail to successfully manage releases or integrate new solutions, it could harm our revenues, operating income and reputation.

We manage a complex platform of solutions that consists of our property management systems and integrated software-enabled value-added services. Many of our solutions include a large number of product centers that are highly integrated and require interoperability with each other and our other solutions, as well as products and services of third-party service providers. Additionally, we typically deploy new releases of the software underlying our on demand software solutions on a monthly or quarterly schedule depending on the solution. Due to this complexity and the condensed development cycles under which we operate, we may experience errors in our software or unexpected performance issues from time to time. For example, our solutions may face interoperability difficulties with software operating systems or programs being used by our customers, or new releases, upgrades, fixes or the integration of acquired technologies may have unanticipated consequences on the operation and performance of our other solutions. If we encounter integration challenges or discover errors in our solutions late in our development cycle, it may cause us to delay our launch dates. Any major integration or interoperability issues or launch delays could have a material adverse effect on our revenues, operating income and reputation.
Our business depends substantially on customers renewing and expanding their subscriptions for our solutions and any increase in customer cancellations or decline in customer renewals or expansions would harm our future operating results.

We generally license our solutions pursuant to customer agreements with a term of one year. Our customers have no obligation to renew these agreements after their term expires, or to renew these agreements at the same or higher annual contract value. In addition, under specific circumstances, our customers have the right to cancel their customer agreements before they expire, for example, in the event of an uncured breach by us, or in some circumstances, by paying a cancellation fee. In addition, customers often purchase a higher level of professional services in the initial term than they do in renewal terms to ensure successful activation. As a result, our ability to grow is dependent on customers purchasing additional solutions or professional services after the initial term of their customer agreement. Though we maintain and analyze historical data with respect to rates of customer renewals, upgrades and expansions, those rates may not accurately predict future trends in customer renewals. Our customers’ renewal rates may decline or fluctuate for a number of reasons, including, but not limited to, their satisfaction or dissatisfaction with our solutions, our pricing, our competitors’ pricing, reductions in our customers’ spending levels or reductions in the number of units managed by our customers. If our customers cancel their agreements with us during their term, do not renew their agreements, renew on less favorable terms or do not purchase additional solutions or professional services in renewal periods, our revenue may grow more slowly than expected or decline and our profitability may be harmed.

Additionally, we have experienced, and expect to continue to experience, some level of customer turnover as properties are sold and the new owners and managers of properties previously owned or managed by our customers do not continue to use our solutions. We cannot predict the amount of customer turnover we will experience in the future. However, we have experienced slightly higher rates of customer turnover with our recently acquired Propertyware property management system, primarily because it serves smaller properties than our OneSite property management system, and we may experience higher levels of customer turnover to the extent Propertyware grows as a percentage of our revenues. If we experience increased customer turnover, our financial performance and operating results could be adversely affected.

We have also experienced, and expect to continue to experience, some number of consolidations of our customers with other parties. If one of our customers consolidates with a party who is not a customer, our customer may decide not to continue to use our solutions. In addition, if one of our customers is consolidated with another customer, the acquiring customer may have negotiated lower prices for our solutions or may use fewer of our solutions than the acquired customer. In each case, the consolidated entity may attempt to negotiate lower prices for using our solutions as a result of their increased size. These consolidations may cause us to lose customers or require us to reduce prices as a result of enhanced customer leverage, which could cause our financial performance and operating results to be adversely affected.

Because we recognize subscription revenue over the term of the applicable customer agreement, a decline in subscription renewals or new service agreements may not be reflected immediately in our operating results.

We generally recognize revenue from customers ratably over the terms of their customer agreements, which are typically one year. As a result, much of the revenue we report in each quarter is deferred revenue from customer agreements entered into during previous quarters. Consequently, a decline in new or renewed customer agreements in any one quarter will not be fully reflected in our revenue or our results of operations until future periods. Accordingly, this revenue recognition model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as revenue from new customers must be recognized over the applicable subscription term.

We may not be able to continue to add new customers and retain and increase sales to our existing customers, which could adversely affect our operating results.

Our revenue growth is dependent on our ability to continually attract new customers while retaining and expanding our service offerings to existing customers. Growth in the demand for our solutions may be inhibited and we may be unable to sustain growth in our customer base for a number of reasons, including, but not limited to:

- our inability to market our solutions in a cost-effective manner to new customers or in new vertical or geographic markets;
- our inability to expand our sales to existing customers;
- our inability to build and promote our brand; and
- perceived security, reliability, quality or compatibility problems with our solutions.
A substantial amount of our past revenue growth was derived from purchases of upgrades and additional solutions by existing customers. Our costs associated with increasing revenue from existing customers are generally lower than costs associated with generating revenue from new customers. Therefore, a reduction in the rate of revenue increase from our existing customers, even if offset by an increase in revenue from new customers, could reduce our profitability and have a material adverse effect on our operating results.

If we are not able to integrate past or future acquisitions successfully, our operating results and prospects could be harmed.

We have acquired new technology and domain expertise through multiple acquisitions. We expect to continue making acquisitions. The success of our future acquisition strategy will depend on our ability to identify, negotiate, complete and integrate acquisitions. Acquisitions are inherently risky, and any acquisitions we complete may not be successful. Any acquisitions we pursue would involve numerous risks, including the following:

• difficulties in integrating and managing the operations and technologies of the companies we acquire;
• diversion of our management’s attention from normal daily operations of our business;
• our inability to maintain the key employees, the key business relationships and the reputations of the businesses we acquire;
• the acquisitions may generate insufficient revenue to offset our increased expenses associated with acquisitions;
• our responsibility for the liabilities of the businesses we acquire, including, without limitation, liabilities arising out of their failure to maintain effective data security and privacy controls prior to the acquisition;
• difficulties in complying with new regulatory standards to which we were not previously subject;
• delays in our ability to implement internal standards, controls, procedures and policies in the businesses we acquire; and
• adverse effects of acquisition activity on the key performance indicators we use to monitor our performance as a business.

Our current acquisition strategy includes the acquisition of companies that offer property management systems that may not interoperate with our software-enabled value-added services. In order to integrate and fully realize the benefits of such acquisitions, we expect to build application interfaces that enable such customers to use a wide range of our solutions while they continue to use their legacy management systems. In addition, over time we expect to migrate the acquired company’s customers to our on demand property management systems to retain them as customers and to be in a position to offer them our solutions on a cost-effective basis. These efforts may be unsuccessful or entail costs that result in losses or reduced profitability.

We may be unable to secure the equity or debt funding necessary to finance future acquisitions on terms that are acceptable to us, or at all. If we finance acquisitions by issuing equity or convertible debt securities, our existing stockholders will likely experience ownership dilution, and if we finance future acquisitions with debt funding, we will incur interest expense and may have to comply with additional financing covenants or secure that debt obligation with our assets.
customers who do not pay for such services, our current service level agreements with our customers require that we provide disaster recovery services within three hours of a disaster. This process is currently audited by some of our customers who pay for this service on an annual basis. For customers who specifically pay for accelerated disaster recovery services, we replicate their data from our primary data center to our secondary data center within 24 hours of a disaster. These efforts are designed to help us avoid or minimize service interruptions caused by equipment and hardware failures. We attempt to mitigate these risks through various business continuity efforts, including redundant infrastructure, 24 x 7 x 365 system activity monitoring, backup and recovery procedures, use of a secure off-site storage facility for backup media, separate test systems and change management and system security measures, but our precautions may not protect against all potential problems. Our secondary data center is equipped with physical space, power, storage and networking infrastructure and Internet connectivity to support the solutions we provide in the event of the interruption of services at our primary data center. Even with this secondary data center, however, our operations would be interrupted during the transition process should our primary data center experience a failure. Moreover, both our primary and secondary data centers are located in the greater Metropolitan Dallas area. As a result, any regional disaster could affect both data centers and result in a material disruption of our services.

For customers who specifically pay for accelerated disaster recovery services, we replicate their data from our primary data center to our secondary data center with the necessary stand-by servers and disk storage available to provide services within two hours of a disaster. This process is currently audited by some of our customers who pay for this service on an annual basis. For customers who do not pay for such services, our current service level agreements with our customers require that we provide disaster recovery within 72 hours.
Disruptions at our data centers could cause disruptions in our services and data loss or corruption. This could damage our reputation, cause us to issue credits to customers, subject us to potential liability or costs related to defending against claims or cause customers to terminate or elect not to renew their agreements, any of which could negatively impact our revenues.

We provide service level commitments to our customers, and our failure to meet the stated service levels could significantly harm our revenue and our reputation.

Our customer agreements provide that we maintain certain service level commitments to our customers relating primarily to product functionality, network uptime, critical infrastructure availability and hardware replacement. For example, our service level agreements generally require that our solutions are available 98% of the time during coverage hours (normally 6:00 a.m. though 10:00 p.m. Central time daily) 365 days per year. If we are unable to meet the stated service level commitments, we may be contractually obligated to provide customers with refunds or credits. Additionally, if we fail to meet our service level commitments a specified number of times within a given time frame or for a specified duration, our customers may terminate their agreement with us or extend the term of their agreement at no additional fee. As a result, a failure to deliver services for a relatively short duration could cause us to issue credits or refunds to a large number of affected customers or result in the loss of customers. In addition, we cannot assure you that our customers will accept these credits, refunds, termination or extension rights in lieu of other legal remedies that may be available to them. Our failure to meet our commitments could also result in substantial customer dissatisfaction or loss. Because of the loss of future revenues through the issuance of credits or the loss of customers or other potential liabilities, our revenue could be significantly impacted if we cannot meet our service level commitments to our customers.

We face intense competitive pressures and our failure to compete successfully could harm our operating results.

The market for our solutions is intensely competitive, fragmented and rapidly changing with relatively low barriers to entry. With the introduction of new technologies and market entrants, we expect competition to intensify in the future. Increased competition generally could result in pricing pressures, reduced sales and reduced margins. Often we compete to sell our solutions against existing systems that our potential customers have already made significant expenditures to install.

We face competition primarily from point solution providers, including traditional software vendors, application service providers, or ASPs, and other software as a service, or SaaS, providers. Our competitors vary depending on our product and service. Our principal competitors in the multi-family enterprise resource planning, or ERP, market are AMSI Property Management (owned by Infor Global Solutions, Inc.), MRI Software LLC and Yardi Systems, Inc. These competitors offer both software and ASP delivery platforms. In the last 12 months Yardi Systems, Inc. has expanded into other competitive areas through smaller acquisitions and internally developed systems. In the single-family market, our ERP systems compete primarily with AppFolio, Inc., DIY Real Estate Solutions (recently acquired by Yardi Systems, Inc.), PropertyBoss Solutions and Rent Manager (owned by London Computer Systems, Inc.).

We offer a number of software-enabled value-added services that compete with a disparate and large group of competitors. In the applicant screening market, our principal competitors are ChoicePoint Inc. (a subsidiary of Reed Elsevier Group plc), CoreLogic, Inc. (previously First Advantage Corporation, an affiliate of The First American Corporation), TransUnion Rental Screening Solutions, Inc. (a subsidiary of TransUnion LLC), Yardi Systems, Inc. (following its recent acquisition of RentGrow Inc., an applicant screening provider), On-Site.com and many other smaller regional and local screening companies. In the insurance market, our principal competitors are Assurant, Inc., Bader Company, CoreLogic, Inc. and a number of national insurance underwriters (including GEICO Corporation) that market renters insurance. There are many smaller screening and insurance providers in the risk mitigation area that we encounter less frequently, but they nevertheless present a competitive presence in the market.

In the customer relationship management, or CRM, market, we compete with providers of contact center and call tracking services, including Call Source Inc., Yardi Systems, Inc. (which recently announced its intention to build a contact center) and numerous regional and local contact centers. In addition, we compete with lead tracking solution providers, including Call Source Inc., Lead Tracking Solutions (a division of O.C. Concepts, Inc.) and Who’s Calling, Inc. In addition, we compete with content syndication providers Realty DataTrust Corporation, RentSentinel.com (owned by Yield Technologies, Inc.), RentEngine (owned by MyNewPlace.com) and rentbits.com, Inc. Finally, we compete with companies providing web portal services, including Apartments24-7.com, Inc., Ellipse Communications, Inc., Property Solutions International, Inc., SphereX.com and Yardi Systems, Inc. Certain Internet listing services also offer websites for their customers, usually as a free value add to their listing service.

In the utility billing market, we compete at a national level with American Utility Management, Inc., Conservice, LLC, ista North America, Inc., NWP Services Corporation and Yardi Systems, Inc. (following its recent acquisition of Energy Billing Systems, Inc.). Many other smaller utility billing companies compete for smaller rental properties or in regional areas.

In the revenue management market, we compete with PROS Holdings, Inc., The Rainmaker Group, Inc. and Yardi Systems, Inc.

In the spend management market, we compete with Site Stuff, Inc. (owned by Yardi Systems, Inc.), AvidXchange, Inc., Nexus Systems, Inc., Ariba, Inc. and Oracle Corporation.
In the payment processing market, we compete with Chase Paymentech Solutions, LLC (a subsidiary of JPMorgan Chase & Co.), First Data Corporation, Fiserv, Inc., MoneyGram International, Inc., NWP Services Corporation, Property Solutions International, Inc., RentPayment.com (a subsidiary of Yapstone, Inc.), Yardi Systems, Inc. and a number of national banking institutions.

In addition, many of our existing or potential customers have developed or may develop their own solutions that may be competitive with our solutions. We also may face competition for potential acquisition targets from our competitors who are seeking to expand their offerings.

With respect to all of our competitors, we compete based on a number of factors, including total cost of ownership, ease of implementation, product functionality and scope, performance, security, scalability and reliability of service, brand and reputation, sales and marketing capabilities and financial resources. Some of our existing competitors and new market entrants may enjoy substantial competitive advantages, such as greater name recognition, longer operating histories, a larger installed customer base and larger marketing budgets, as well as greater financial, technical and other resources. In addition, any number of our existing competitors or new market entrants could combine or consolidate to become a more formidable competitor with greater resources. As a result of such competitive advantages, our existing and future competitors may be able to:

- develop superior products or services, gain greater market acceptance and expand their offerings more efficiently or more rapidly;
- adapt to new or emerging technologies and changes in customer requirements more quickly;
- take advantage of acquisition and other opportunities more readily;
- adopt more aggressive pricing policies and devote greater resources to the promotion of their brand and marketing and sales of their products and services; and
- devote greater resources to the research and development of their products and services.

If we are not able to compete effectively, our operating results will be harmed.

We integrate our software-enabled value-added services with competitive ERP applications for some of our customers. For example, our application infrastructure, marketed to our customers as The RealPage Cloud, is based on an open architecture that enables third-party applications to access and interface with applications hosted in the RealPage Cloud through our RealPage Exchange platform. Likewise, through this platform our RealPage Cloud services are able to access and interface with other third-party applications, including third party property management systems. We also provide services to assist in the implementation, training, support and hosting with respect to the integration of some of our competitors’ applications with our solutions. We sometimes rely on the cooperation of our competitors to implement solutions for our customers. However, frequently our reliance on the cooperation of our competitors can result in delays in integration. There is no assurance that our competitors, even if contractually obligated to do so, will continue to cooperate with us or will not prospectively alter their obligations to do so. We also occasionally develop interfaces between our software-enabled value-added services and competitor ERP systems without their cooperation or consent. There is no assurance that our competitors, even if contractually obligated to do so, will continue to cooperate with us or will not prospectively alter their obligations to do so. We also occasionally develop interfaces between our software-enabled value-added services and competitor ERP systems without their cooperation or consent. There is no assurance that our competitors, even if contractually obligated to do so, will continue to cooperate with us or will not prospectively alter their obligations to do so.

One of our competitors recently contacted us and certain customers of The RealPage Cloud and stated that it intends to prohibit our mutual customers from hosting any of such competitor’s applications in The RealPage Cloud and from retaining us to perform certain consulting services. This competitor has also expressed its concern that we would inevitably misappropriate its intellectual property if we hosted its applications in The RealPage Cloud. We believe that we are lawfully hosting and accessing such competitor’s applications in The RealPage Cloud solely for purposes authorized by our customers and within our customers’ contractual rights. However, if our competitors do not continue to cooperate with us, alter their applications in ways that inhibit or restrict the integration of our solutions or assert that their intellectual property rights restrict our ability to integrate our solutions with their applications and we are not able to find alternative ways to integrate our solutions with our competitors’ applications, our business could be harmed.
Variability in our sales and activation cycles could result in fluctuations in our quarterly results of operations and cause our stock price to decline.

The sales and activation cycles for our solutions, from initial contact with a potential customer to contract execution and activation, vary widely by customer and solution. We do not recognize revenue until the solution is activated. While most of our activations follow a set of standard procedures, a customer's priorities may delay activation and our ability to recognize revenue, which could result in fluctuations in our quarterly operating results.

Many of our customers are price sensitive, and if market dynamics require us to change our pricing model or reduce prices, our operating results will be harmed.

Many of our existing and potential customers are price sensitive, and recent adverse global economic conditions have contributed to increased price sensitivity in the multi-family housing market and the other markets that we serve. As market dynamics change, or as new and existing competitors introduce more competitive pricing or pricing models, we may be unable to renew our agreements with existing customers or customers of the businesses we acquire or attract new customers at the same price or based on the same pricing model as previously used. As a result, it is possible that we may be required to change our pricing model, offer price incentives or reduce our prices, which could harm our revenue, profitability and operating results.

If we do not effectively expand and train our sales force, we may be unable to add new customers or increase sales to our existing customers and our business will be harmed.

We continue to be substantially dependent on our sales force to obtain new customers and to sell additional solutions to our existing customers. We believe that there is significant competition for sales personnel with the skills and technical knowledge that we require. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training and retaining sufficient numbers of sales personnel to support our growth. New hires require significant training and, in most cases, take significant time before they achieve full productivity. Our recent hires and planned hires may not become as productive as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. If we are unable to hire and train sufficient numbers of effective sales personnel, or the sales personnel are not successful in obtaining new customers or increasing sales to our existing customer base, our business will be harmed.

Material defects or errors in the software we use to deliver our solutions could harm our reputation, result in significant costs to us and impair our ability to sell our solutions.

The software applications underlying our solutions are inherently complex and may contain material defects or errors, particularly when first introduced or when new versions or enhancements are released. We have from time to time found defects in the software applications underlying our solutions and new errors in our existing solutions may be detected in the future. Any errors or defects that cause performance problems or service interruptions could result in:

- a reduction in new sales or subscription renewal rates;
- unexpected sales credits or refunds to our customers, loss of customers and other potential liabilities;
- delays in customer payments, increasing our collection reserve and collection cycle;
- diversion of development resources and associated costs;
- harm to our reputation and brand; and
- unanticipated litigation costs.

Additionally, the costs incurred in correcting defects or errors could be substantial and could adversely affect our operating results.
We rely on several large payment processing organizations to enable us to provide payment processing services to our customers, including electronic funds transfers, or EFT, check services, bank card authorization, data capture, settlement and merchant accounting services and access to various reporting tools. These organizations include Paytech, LLC, Jack Henry & Associates, Inc., JPMorgan Chase Bank, N.A. and Wells Fargo, N.A. We also rely on third-party hardware manufacturers to manufacture the check scanning hardware our customers utilize to process transactions. Some of these organizations and service providers are competitors who also directly or indirectly sell payment processing services to customers in competition with us. With respect to these organizations and service providers, we have significantly less control over the systems and processes than if we were to maintain and operate them ourselves. In some cases, functions necessary to our business are performed on proprietary third-party systems and software to which we have no access. We also generally do not have long-term contracts with these organizations and service providers. Accordingly, the failure of these organizations and service providers to renew their contracts with us or fulfill their contractual obligations and perform satisfactorily could result in significant disruptions to our operations and adversely affect our operating results. In addition, businesses that we have acquired, or may acquire in the future, typically rely on other payment processing service providers. We may encounter difficulty converting payment processing services from these service providers to our payment processing platform. If we are required to find an alternative source for performing these functions, we may have to expend significant money, time and other resources to develop or obtain an alternative, and if developing or obtaining an alternative is not accomplished in a timely manner and without significant disruption to our business, we may be unable to fulfill our responsibilities to customers or meet their expectations, with the attendant potential for liability claims, damage to our reputation, loss of ability to attract or maintain customers and reduction of our revenue or profits.

We face a number of risks in our payment processing business that could result in a reduction in our revenues and profits.

In connection with our payment processing services, we collect resident funds and subsequently remit these resident funds to our customers after varying holding periods. These funds are settled through our sponsor bank, and in the case of EFT, our Originating Depository Financial Institution, or ODFI. Currently, we rely on Wells Fargo, N.A. and JPMorgan Chase Bank, N.A. as our sponsor banks. In 2010, we expect to enter into similar sponsor bank relationships with one or more other national banking institutions. The custodial balances that we hold for our customers at our sponsor bank are identified in our consolidated balance sheets as restricted cash and the corresponding liability for these custodial balances is identified as customer deposits. Our payment processing business and related maintenance of custodial accounts subjects us to a number of risks, including, but not limited to:

- liability for customer costs related to disputed or fraudulent merchant transactions if those amounts exceed the amount of the customer reserves we have established to make such payments;
- limits on the amount of custodial balances that any single ODFI will underwrite;
connection with upgrading our network architecture, our service quality may suffer and our operating results could be harmed.

future upgrades to our network architecture cost-effectively, or if we experience prolonged delays or unforeseen difficulties in

requirements, we expect that we will be required to make future investments in our network architecture. If we do not implement

customer requirements. In order to accommodate increased traffic and respond to technological advances and evolving customer

Internet will continue to increase. Increased traffic could result in slow access speeds. Since our customer agreements typically

transmit a variety of customer data including, but not limited to, the demographic information and payment histories of our customers’ prospective and current residents. Additionally, we collect and transmit sensitive financial data such as credit card and bank account information. If our security measures are breached as a result of third-party actions or any employees’ or contractors’ errors or malfeasance or otherwise, and someone obtains unauthorized access to this information, we could incur significant liability to our customers and to their prospective or current residents or significant fines and sanctions by processing networks or governmental bodies, any of which could result in harm to our business and damage to our reputation.

The solutions we provide involve the collection, storage and transmission of confidential personal and proprietary information regarding our customers and our customers’ current and prospective residents. Specifically, we collect, store and transmit a variety of customer data including, but not limited to, the demographic information and payment histories of our customers’ prospective and current residents. Additionally, we collect and transmit sensitive financial data such as credit card and bank account information. If our security measures are breached as a result of third-party actions or any employees’ or contractors’ errors or malfeasance or otherwise, and someone obtains unauthorized access to this information, we could incur significant liability to our customers and to their prospective or current residents or significant fines and sanctions by processing networks or governmental bodies, any of which could result in harm to our business and damage to our reputation.

We also rely upon our customers as users of our system to promote security of the system and the data within it, such as administration of customer-side access credentialing and control of customer-side display of data. On occasion, our customers have failed to perform these activities in such a manner as to prevent unauthorized access to data. To date, these breaches have not resulted in claims against us or in material harm to our business, but we cannot be certain that the failure of our customers in future periods to perform these activities will not result in claims against us, which could expose us to potential litigation and harm to our reputation.

There can be no certainty that the measures we have taken to protect the privacy and integrity of our customers’ and their current or prospective residents’ data are adequate to prevent or remedy unauthorized access to our system. Because techniques used to obtain unauthorized access to, or to sabotage, systems change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventive measures. Experienced computer programmers seeking to intrude or cause harm, or hackers, may attempt to penetrate our service infrastructure from time to time. Although we have not experienced any material security breaches to date, a hacker who is able to penetrate our service infrastructure could misappropriate proprietary or confidential information or cause interruptions in our services. We might be required to expend significant capital and resources to protect against, or to alleviate, problems caused by hackers, and we may not have a timely remedy against a hacker who is able to penetrate our service infrastructure. In addition to purposeful breaches, the inadvertent transmission of computer viruses could expose us to security risks. If an actual or perceived breach of our security occurs or if our customers and potential customers perceive vulnerabilities, the market perception of the effectiveness of our security measures could be harmed and we could lose sales and customers.

If our security measures are breached and unauthorized access is obtained to our customers’ or their residents' data, we may incur significant liabilities, our solutions may be perceived as not being secure and customers may curtail or stop using our solutions.

If any of these risks related to our payment processing business were to occur, our business or financial results could be negatively affected. Additionally, with respect to the processing of EFTs, we are exposed to financial risk. EFTs between a resident and our customer may be returned for insufficient funds, or NSFs, or rejected. These NSFs and rejects are charged back to the customer by us. However, if we or our sponsor banks are unable to collect such amounts from the customer’s account or if the customer refuses or is unable to reimburse us for the chargeback, we bear the risk of loss for the amount of the transfer. While we have not experienced material losses resulting from chargebacks in the past, there can be no assurance that we will not experience significant losses from chargebacks in the future. Any increase in chargebacks not paid by our customers may adversely affect our financial condition and results of operations.

If our security measures are breached and unauthorized access is obtained to our customers’ or their residents' data, we may incur significant liabilities, our solutions may be perceived as not being secure and customers may curtail or stop using our solutions.

The solutions we provide involve the collection, storage and transmission of confidential personal and proprietary information regarding our customers and our customers’ current and prospective residents. Specifically, we collect, store and transmit a variety of customer data including, but not limited to, the demographic information and payment histories of our customers’ prospective and current residents. Additionally, we collect and transmit sensitive financial data such as credit card and bank account information. If our security measures are breached as a result of third-party actions or any employees’ or contractors’ errors or malfeasance or otherwise, and someone obtains unauthorized access to this information, we could incur significant liability to our customers and to their prospective or current residents or significant fines and sanctions by processing networks or governmental bodies, any of which could result in harm to our business and damage to our reputation.

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If we are unable to cost-effectively scale or adapt our existing architecture to accommodate increased traffic, technological advances or changing customer requirements, our operating results could be harmed.

As we continue to increase our customer base, the number of users accessing our on demand software solutions over the Internet will continue to increase. Increased traffic could result in slow access speeds. Since our customer agreements typically include service availability commitments, slow access speeds or our failure to accommodate increased traffic could result in breaches of our customer agreements. In addition, the market for our solutions is characterized by rapid technological advances and changes in customer requirements. In order to accommodate increased traffic and respond to technological advances and evolving customer requirements, we expect that we will be required to make future investments in our network architecture. If we do not implement future upgrades to our network architecture cost-effectively, or if we experience prolonged delays or unforeseen difficulties in connection with upgrading our network architecture, our service quality may suffer and our operating results could be harmed.
Because certain solutions we provide depend on access to customer data, decreased access to this data or the failure to comply with applicable privacy laws and regulations or address privacy concerns applicable to such data could harm our business.

Certain of our solutions depend on our continued access to our customers’ data regarding their prospective and current residents, including data compiled by other third-party service providers who collect and store data on behalf of our customers. Federal and state governments and agencies have adopted, or are considering adopting, laws and regulations regarding the collection, use and disclosure of such data. Any decrease in the availability of such data from our customers, or other third parties that collect and store such data on behalf of our customers, and the costs of compliance with, and other burdens imposed by, applicable legislative and regulatory initiatives may limit our ability to collect, aggregate or use this data. Any limitations on our ability to collect, aggregate or use such data could reduce demand for certain of our solutions. Additionally, any inability to adequately address privacy concerns, even if unfounded, or comply with applicable privacy laws, regulations and policies, could result in liability to us or damage to our reputation and could inhibit sales and market acceptance of our solutions and harm our business.

The market for on demand software solutions in the rental housing industry is new and continues to develop, and if it does not develop further or develops more slowly than we expect, our business will be harmed.

The market for on demand software solutions in the rental housing industry delivered via the Internet through a web browser is rapidly growing but still relatively immature compared to the market for traditional premise software installed on a customer’s local personal computer or server. It is uncertain whether the on demand delivery model will achieve and sustain high levels of demand and market acceptance, making our business and future prospects difficult to evaluate and predict. While our existing customer base has widely accepted this new model, our future success will depend, to a large extent, on the willingness of our potential customers to choose on demand software solutions for business processes that they view as critical. Many of our potential customers have invested substantial effort and financial resources to integrate traditional enterprise software into their businesses and may be reluctant or unwilling to switch to on demand software solutions. Some businesses may be reluctant or unwilling to use on demand software solutions because they have concerns regarding the risks associated with security capabilities, reliability and availability, among other things, of the on demand delivery model. If potential customers do not consider on demand software solutions to be beneficial, then the market for these solutions may not further develop, or it may develop more slowly than we expect, either of which would adversely affect our operating results.

Economic trends that affect the rental housing market may have a negative effect on our business.

Our customers include a range of organizations whose success is intrinsically linked to the rental housing market. Economic trends that negatively affect the rental housing market may adversely affect our business. The recent downturn in the global economy has caused volatility in the real estate markets, generally, including the rental housing market, and increases in the rates of mortgage defaults and bankruptcy. Continued instability or downturns affecting the rental housing market may have a material adverse effect on our business, prospects, financial condition and results of operations by:

• reducing the number of occupied sites and units on which we earn revenue;
• preventing our customers from expanding their businesses and managing new properties;
• causing our customers to reduce spending on our solutions;
• subjecting us to increased pricing pressure in order to add new customers and retain existing customers;
• causing our customers to switch to lower-priced solutions provided by our competitors or internally developed solutions;
• delaying or preventing our collection of outstanding accounts receivable; and
• causing payment processing losses related to an increase in customer insolvency.

We may require additional capital to support business growth, and this capital might not be available.

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges or opportunities, including the need to develop new solutions or enhance our existing solutions, enhance our operating infrastructure or acquire businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Debt financing secured by us in the future could involve additional restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges or opportunities could be significantly limited.
Our debt obligations contain restrictions that impact our business and expose us to risks that could adversely affect our liquidity and financial condition.

On September 3, 2009, we entered into a credit facility with Wells Fargo Capital Finance, LLC (formerly Wells Fargo Foothill, LLC) and Comerica Bank. As amended on June 22, 2010, the credit facility provides for borrowings of up to $81.9 million, subject to a borrowing formula, including a revolving facility of up to $10.0 million, with a sublimit of $5.0 million for the issuance of letters of credit on our behalf, and a term loan facility of up to $71.9 million. At September 30, 2010, we had $2.0 million outstanding indebtedness under the revolving facility and approximately $38.7 million of outstanding indebtedness under the term loan facility. Our interest expense in three and nine months ended September 30, 2010 and 2009 for the credit facility was approximately $1.8 million, $4.8 million, $1.1 million and $3.1 million, respectively.

Advances under the credit facility may be voluntarily prepaid, and must be prepaid with the proceeds of certain dispositions, extraordinary receipts, indebtedness and equity, with excess cash flow and in full upon a change in control, other than in connection with an initial public offering, so long as we complete this offering by December 31, 2010. Reductions of the revolver, voluntary prepayments and mandatory prepayments from the proceeds of indebtedness and equity are each subject to a prepayment premium of 1.0% prior to June 22, 2011, 0.5% on or after June 22, 2011 and prior to June 22, 2012 and 0% thereafter. Such prepayments will be applied first to reduce the term loan, and then to reduce availability under the revolver.

All of our obligations under the loan facility are secured by substantially all of our property. All of our existing and future domestic subsidiaries are required to guaranty our obligations under the credit facility, other than certain immaterial subsidiaries and our payment processing subsidiary, RealPage Payment Processing Services, Inc. Our foreign subsidiaries may, under certain circumstances, be required to guaranty our obligations under the credit facility. Such guarantees by existing and future subsidiaries are and will be secured by substantially all of the property of such subsidiaries.

Our credit facility contains customary covenants, which limit our and certain of our subsidiaries’ ability to, among other things:

- incur additional indebtedness or guarantee indebtedness of others;
- create liens on our assets;
- enter into mergers or consolidations;
- dispose of assets;
- prepay indebtedness or make changes to our governing documents and certain of our agreements;
- pay dividends and make other distributions on our capital stock, and redeem and repurchase our capital stock;
- make investments, including acquisitions;
- enter into transactions with affiliates; and
- make capital expenditures.
Our credit facility also contains customary affirmative covenants, including, among other things, requirements to: take certain actions in the event we form or acquire new subsidiaries; hold annual meetings with our lenders; provide copies of material contracts and amendments to our lenders; locate our collateral only at specified locations; and use commercially reasonable efforts to ensure that certain material contracts permit the assignment of the contract to our lenders; subject in each case to customary exceptions and qualifications. We are also required to comply with a fixed charge coverage ratio, which is a ratio of our EBITDA to our fixed charges as determined in accordance with the credit facility, of 1.225:1.00 for September 30, 2010 and 1.25:1:00 thereafter, and a senior leverage ratio, which is a ratio of the outstanding principal balance of our term loan plus our outstanding revolver usage to our EBITDA as determined in accordance with the credit facility, of 1.85:1.00 for each period until December 31, 2010, with step-downs until July 31, 2011, when the ratio is set at 1.35:1.00 for such period and thereafter.

The credit facility contains customary events of default, subject to customary cure periods for certain defaults, that include, among others, non-payment defaults, covenant defaults, material judgment defaults, bankruptcy and insolvency defaults, cross-defaults to certain other material indebtedness, inaccuracy of representations and warranties and a failure to extend the maturity date of certain subordinated debt on or before December 31, 2010 or to repay such debt on terms satisfactory to our lenders.

If we experience a decline in cash flow due to any of the factors described in this “Risk Factors” section or otherwise, we could have difficulty paying interest and principal amounts due on our indebtedness and meeting the financial covenants set forth in our credit facility. If we are unable to generate sufficient cash flow or otherwise obtain the funds necessary to make required payments under our credit facility, or if we fail to comply with the requirements of our indebtedness, we could default under our credit facility. In addition, to date we have obtained waivers under our credit facility, but such waivers were not related to a decline in our cash flow. As a result of our ongoing communications with the lenders under our credit facility, our lenders were aware of the transactions and circumstances leading up to these waivers and we expected to receive their approval with regard to such transactions and circumstances, whether in the form of a consent, waiver, amendment or otherwise. The waivers under the credit facility were in connection with procedural requirements under our credit agreement related to: two acquisition transactions we entered into in September 2009; an update to the credit agreement schedules to include certain arrangements we have in place, and had in place at the time of closing of the credit facility, with our subsidiary that serves as a special purpose vehicle for processing payments, including a guaranty made by us for the benefit of our subsidiary in favor of Wells Fargo Bank; the payment of cash dividends of approximately $16,000 more than the amount agreed to by the lenders; and with respect to our fixed charge coverage ratio as a result of payments approved by our board of directors and discussed with our lenders for a cash dividend paid in December 2009; and for payments on promissory notes held by holders of our preferred stock in connection with a prior declared dividend. While we view each of these as one-time events, and while we were able to successfully negotiate waivers for such defaults and amendments to our credit facility to ensure such events would be in compliance with the terms of the credit facility consistent with our ongoing discussions with our lenders about these events, we may in the future fail to comply with the terms of our credit facility and be unable to negotiate a waiver of any such defaults with our lenders. Any default that is not cured or waived could result in the acceleration of the obligations under the credit facility, an increase in the applicable interest rate under the credit facility and a requirement that our subsidiaries that have guaranteed the credit facility pay the obligations in full, and would permit our lender to exercise remedies with respect to all of the collateral that is securing the credit facility, including substantially all of our and our subsidiary guarantors’ assets. Any such default could have a material adverse effect on our liquidity and financial condition.

Even if we comply with all of the applicable covenants, the restrictions on the conduct of our business could adversely affect our business by, among other things, limiting our ability to take advantage of financings, mergers, acquisitions and other corporate opportunities that may be beneficial to the business. Even if the credit facility were terminated, additional debt we could incur in the future may subject us to similar or additional covenants.

We also have substantial equipment lease obligations, which totaled approximately $0.9 million as of September 30, 2010. If we are unable to generate sufficient cash flow from our operations or cash from other sources in order to meet the payment obligations under these equipment leases, we may lose the right to possess and operate the equipment used in our business, which would substantially impair our ability to provide our solutions and could have a material adverse effect on our liquidity or results of operations.

Assertions by a third party that we infringe its intellectual property, whether successful or not, could subject us to costly and time-consuming litigation or expensive licenses.

The software and technology industries are characterized by the existence of a large number of patents, copyrights, trademarks and trade secrets and by frequent litigation based on allegations of infringement, misappropriation, misuse and other violations of intellectual property rights. We have received in the past, and may receive in the future, communications from third parties claiming that we have infringed or otherwise misappropriated the intellectual property rights of others. Our technologies may not be able to withstand any third-party claims against their use. Since we currently have no patents, we may not use patent infringement as a defensive strategy in such litigation. Additionally, although we have licensed from other parties proprietary technology covered by patents, we cannot be certain that any such patents will not be challenged, invalidated or circumvented. If such patents are invalidated or circumvented, this may allow existing and potential competitors to develop products and services that are competitive with, or superior to, our solutions.

Many of our customer agreements require us to indemnify our customers for certain third-party intellectual property infringement claims, which could increase our costs as a result of defending such claims and may require that we pay damages if there were an adverse ruling or settlement related to any such claims. These types of claims could harm our relationships with our customers, may deter future customers from purchasing our solutions or could expose us to litigation for these claims. Even if we are not a party to any litigation between a customer and a third party, an adverse outcome in any such litigation could make it more difficult for us to defend our intellectual property in any subsequent litigation in which we are a named party.
One of our competitors recently contacted us and expressed its concern that we would inevitably misappropriate its intellectual property if we hosted its applications for our mutual customers in The RealPage Cloud. If this competitor ultimately pursues legal action against us, we believe that we have meritorious defenses to any claims that they may assert against us and would defend them vigorously. However, any intellectual property rights claim against us or our customers, with or without merit, could be time-consuming, expensive to litigate or settle and could divert management’s attention and our financial resources. Any such litigation could force us to stop selling, incorporating or using our solutions that include the challenged intellectual property or redesign those solutions that use the technology. In addition, we may have to pay damages if we are found to be in violation of a third party’s rights. We may have to procure a license for the technology, which may not be available on reasonable terms, if at all, may significantly increase our operating expenses or may require us to restrict our business activities in one or more respects. As a result, we may also be required to develop alternative non-infringing technology, which could require significant effort and expense. We cannot assure you we would be able to develop alternative solutions or, if alternative solutions were developed, that they would perform as required or be accepted in the relevant markets. In some instances, if we are unable to offer non-infringing technology, or obtain a license for such technology, we may be required to refund some or the entire license fee paid for the infringing technology to our customers.

Our exposure to risks associated with the use of intellectual property may be increased as a result of acquisitions, as we have a lower level of visibility into the development process with respect to acquired technology or the care taken to safeguard against infringement risks. Third parties may make infringement and similar or related claims after we have acquired technology that had not been asserted prior to our acquisition.

Any failure to protect and successfully enforce our intellectual property rights could compromise our proprietary technology and impair our brands.

Our success depends significantly on our ability to protect our proprietary rights to the technologies we use in our solutions. If we are unable to protect our proprietary rights adequately, our competitors could use the intellectual property we have developed to enhance their own products and services, which could harm our business. We rely on a combination of copyright, service mark, trademark and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect our proprietary rights, all of which provide only limited protection. We currently have no issued patents or pending patent applications and may be unable to obtain patent protection in the future. In addition, if any patents are issued in the future, they may not provide us with any competitive advantages, may not be issued in a manner that gives us the protection that we seek and may be successfully challenged by third parties. Unauthorized parties may attempt to copy or otherwise obtain and use the technologies underlying our solutions. Monitoring unauthorized use of our technologies is difficult, and we do not know whether the steps we have taken will prevent unauthorized use of our technology. If we are unable to protect our proprietary rights, we may find ourselves at a competitive disadvantage to others who have not incurred the substantial expense, time and effort required to create similar innovative products.

We cannot assure you that any future service mark or trademark registrations will be issued for pending or future applications or that any registered service marks or trademarks will be enforceable or provide adequate protection of our proprietary rights. If we are unable to secure new marks, maintain already existing marks and enforce the rights to use such marks against unauthorized third-party use, our ability to brand, identify and promote our solutions in the marketplace could be impaired, which could harm our business.

We customarily enter into agreements with our employees, contractors and parties with whom we do business to limit access to and disclosure of our proprietary information. The steps we have taken, however, may not prevent unauthorized use or the reverse engineering of our technology. Moreover, we may be required to release the source code of our software to third parties under certain circumstances. For example, some of our customer agreements provide that if we cease to maintain or support a certain solution without replacing it with a successor solution, then we may be required to release the source code of the software underlying such solution. In addition, others may independently develop technologies that are competitive to ours or infringe our intellectual property. Enforcement of our intellectual property rights also depends on our legal actions being successful against these infringers, but these actions may not be successful, even when our rights have been infringed. Furthermore, the legal standards relating to the validity, enforceability and scope of protection of intellectual property rights in Internet-related industries are uncertain and still evolving.

Additionally, if we sell our solutions internationally in the future, effective patent, trademark, service mark, copyright and trade secret protection may not be available or as robust in every country in which our solutions are available. As a result, we may not be able to effectively prevent competitors outside the United States from infringing or otherwise misappropriating our intellectual property rights, which could reduce our competitive advantage and ability to compete or otherwise harm our business.
Current and future litigation against us could be costly and time consuming to defend.

We are from time to time subject to legal proceedings and claims that arise in the ordinary course of business, including claims brought by our customers in connection with commercial disputes, claims brought by our customers’ current or prospective residents, including potential class action lawsuits based on asserted statutory or regulatory violations, and employment claims made by our current or former employees. Litigation, regardless of its outcome, may result in substantial costs and may divert management’s attention and our resources, which may harm our business, overall financial condition and operating results. In addition, legal claims that have not yet been asserted against us may be asserted in the future. Insurance may not cover such claims, may not be sufficient for one or more such claims and may not continue to be available on terms acceptable to us, or at all. A claim brought against us that is uninsured or underinsured could result in unanticipated costs, thereby harming our operating results.

On June 15, 2009, a prospective resident of one of our customers filed a class action lawsuit styled Minor v. RealPage, Inc. against us in the U.S. District Court for the Central District of California, which was transferred to the United States District Court for the Eastern District of Texas (No. 4:09CV-00439). The plaintiff has alleged two individual claims and three class-based causes of action against us. Individually, the plaintiff alleges that we (i) willfully failed to employ reasonable procedures to ensure the maximum accuracy of our resident screening reports as required by 15 U.S.C. § 1681e(b) and, in the alternative, (ii) negligently (within the meaning of 15 U.S.C. § 1681o(a)) failed to employ reasonable procedures to ensure the maximum accuracy of our resident screening reports, as required by 15 U.S.C. § 1681e(b), in each case stemming from our provision of a report that allegedly included inaccurate criminal conviction information. The plaintiff seeks actual, statutory and punitive damages on her individual claims. In her capacity as the putative class representative, the plaintiff also alleges that we: (i) willfully failed to provide legally mandated disclosures upon a consumer’s request inconsistent with 15 U.S.C. § 1681g; (ii) willfully failed to provide prompt notice of consumers’ disputes to the data furnishers who provided us with the information whose accuracy was in question, as required by 15 U.S.C. § 1681a(a)(2); and (iii) willfully failed to provide prompt notice of consumers’ disputes to the consumer reporting agencies providing us with the information whose accuracy was in question, as required by 15 U.S.C. § 1681a(f). The plaintiff seeks statutory and punitive damages, a declaration that our practices and procedures are in violation of the Fair Credit Reporting Act and attorneys’ fees and costs. Because this lawsuit is at an early stage, it is not possible to predict its outcome. We believe that we have meritorious defenses to the claims in this case and intend to defend it vigorously. See “Legal Proceedings” for further information regarding this claim.

On March 4, 2008, we were named as a defendant in a class action lawsuit styled Taylor, et al. v. Axiom Corp., et al. filed in the U.S. District Court for the Eastern District of Texas (No. 2:07-CV-00001). Plaintiffs alleged that we obtained and held motor vehicle records in bulk from the State of Texas, an allegedly improper purpose in violation of the federal Driver’s Privacy Protection Act, or the DPPA. In addition, the plaintiffs alleged that we obtained these records for the purpose of re-selling them, another allegedly improper purpose in violation of the DPPA. Plaintiffs further purported to represent a putative class of approximately 20.0 million individuals affected by the defendants’ alleged DPPA violations. They sought statutory damages of $2,500 per each violation of the DPPA, punitive damages and an order requiring defendants to destroy information obtained in violation of the DPPA. In September 2008, the U.S. District Court dismissed plaintiffs’ complaint for failure to state a claim. The plaintiffs subsequently appealed the dismissal to the U.S. Court of Appeals for the Fifth Circuit. In November 2009, the Fifth Circuit heard oral argument on the appeal. In July 2010, the Fifth Circuit affirmed the U.S. District Court’s dismissal. The Plaintiff-Appellants filed a petition for certiorari with the United States Supreme Court on October 15, 2010, seeking review of the Fifth Circuit’s decision. See “Legal Proceedings” for further information regarding this claim.

In March 2010, the District Attorney of Ventura County, California issued an administrative subpoena to us seeking certain information related to our provision of utility billing services in the State of California. A representative of the District Attorney has informed us that the subpoena was issued in connection with a general investigation of industry practices with respect to utility billing in California. Utility billing is subject to regulation by state law and various state administrative agencies, including in California, the California Public Utility Commission, or the CPUC, and the Division of Weights and Measures, or the DWM. We have provided the District Attorney with the information requested in the subpoena. In early September, the District Attorney sent limited, additional, follow-up requests for information. The District Attorney's office has not initiated an administrative or other enforcement action against us, nor have they asserted any violations of the applicable regulations by us. Given the early stage of this investigation, it is difficult to predict its outcome and whether the District Attorney will pursue an administrative or other enforcement action against us in the State of California and what the result of any such action would be. However, penalties or assessments of violations of regulations promulgated by the CPUC or DWM or other regulators may be calculated on a per occurrence basis. Due to the large number of billing transactions we process for our customers in California, our potential liability in an enforcement action could be significant. If the District Attorney ultimately pursues an administrative or other enforcement action against us, we believe that we have meritorious defenses to the potential claims and would defend them vigorously. However, even if we were successful in defending against such claims, the proceedings could result in significant costs and divert management’s attention. See “Legal Proceedings” for further information regarding this claim.
We could be sued for contract or product liability claims, and such lawsuits may disrupt our business, divert management’s attention and our financial resources or have an adverse effect on our financial results.

We provide warranties to customers of certain of our solutions relating primarily to product functionality, network uptime, critical infrastructure availability and hardware replacement. General errors, defects, inaccuracies or other performance problems in the software applications underlying our solutions or inaccuracies in the data we provide to our customers could result in financial or other damages to our customers. There can be no assurance that any limitations of liability set forth in our contracts would be enforceable or would otherwise protect us from liability for damages. We maintain general liability insurance coverage, including coverage for errors and omissions, in amounts and under terms that we believe are appropriate. There can be no assurance that this coverage will continue to be available on terms acceptable to us, or at all, or in sufficient amounts to cover one or more large product liability claims, or that the insurer will not deny coverage for any future claim. The successful assertion of one or more large product liability claims against us that exceeds available insurance coverage, could have a material adverse effect on our business, prospects, financial condition and results of operations.

If we fail to develop our brands cost-effectively, our financial condition and operating results could be harmed.

We market our solutions under discrete brand names. We believe that developing and maintaining awareness of our brands is critical to achieving widespread acceptance of our existing and future solutions and is an important element in attracting new customers and retaining our existing customers. Additionally, we believe that developing these brands in a cost-effective manner is critical in meeting our expected margins. In the past, our efforts to build our brands have involved significant expenses and we intend to continue to make expenditures on brand promotion. Brand promotion activities may not yield increased revenue, and even if they do, any increased revenue may not offset the expenses we incurred in building our brands. If we fail to cost-effectively build and maintain our brands, we may fail to attract new customers or retain our existing customers, and our financial condition and results of operations could be harmed.

If we fail to maintain proper and effective internal controls, our ability to produce accurate and timely financial statements could be impaired, which could harm our operating results, our ability to operate our business and investors’ views of us.

Ensuring that we have adequate internal financial and accounting controls and procedures in place so that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be re-evaluated frequently. Our 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 in accordance with GAAP. We are in the process of documenting, reviewing and improving our internal controls and procedures for compliance with Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, which requires annual management assessment of the effectiveness of our internal control over financial reporting and a report by our independent auditors. Both we and our independent auditors will be testing our internal controls in connection with the audit of our financial statements for the year ending December 31, 2011 and, as part of that testing, may identify areas for further attention and improvement. If we fail to maintain proper and effective internal controls, our ability to produce accurate and timely financial statements could be impaired, which could harm our operating results, harm our ability to operate our business and reduce the trading price of our stock.

Changes in, or errors in our interpretations and applications of, financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and affect our reported results of operations.

A change in accounting standards or practices can have a significant effect on our reported results and may even affect our reporting of transactions completed before the change is effective. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred and may occur in the future. Changes to existing rules or the questioning of current practices or errors in our interpretations and applications of financial accounting standards or practices may adversely affect our reported financial results or the way in which we conduct our business.

We have and will incur increased costs and demands upon management as a result of complying with the laws and regulations affecting public companies, which could harm our operating results.

As a public company, we have and will incur significant legal, accounting, investor relations and other expenses that we did not incur as a private company, including costs associated with public company reporting requirements. We also have incurred and will incur costs associated with current corporate governance requirements, including requirements under Section 404 and other provisions of the Sarbanes-Oxley Act, as well as rules implemented by the Securities Exchange Commission and The NASDAQ Stock Market LLC. We expect these rules and regulations to increase our legal and financial compliance costs substantially and to make some activities more time-consuming and costly. We also expect that, as a public company, it will be more expensive for us to obtain director and officer liability insurance and that it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors or as our executive officers.
Government regulation of the rental housing industry, including background screening services and utility billing, the Internet and e-commerce is evolving, and changes in regulations or our failure to comply with regulations could harm our operating results.

The rental housing industry is subject to extensive and complex federal, state and local regulations. Our services and solutions must work within the extensive and evolving regulatory requirements applicable to our customers and third-party service providers, including, but not limited to, those under the Fair Credit Reporting Act, the Fair Housing Act, the Deceptive Trade Practices Act, the DPPA, the Gramm-Leach-Bliley Act, the Fair and Accurate Credit Transactions Act, the Privacy Rules, Safeguards Rule and Consumer Report Information Disposal Rule promulgated by the Federal Trade Commission, or FTC, the regulations of the United States Department of Housing and Urban Development, or HUD, and complex and divergent state and local laws and regulations related to data privacy and security, credit and consumer reporting, deceptive trade practices, discrimination in housing, utility billing and energy and gas consumption. These regulations are complex, change frequently and may become more stringent over time. Although we attempt to structure and adapt our solutions and service offerings to comply with these complex and evolving laws and regulations, we may be found to be in violation. If we are found to be in violation of any applicable laws or regulations, we could be subject to administrative and other enforcement actions as well as class action lawsuits. Additionally, many applicable laws and regulations provide for penalties or assessments on a per occurrence basis. Due to the nature of our business, the type of services we provide and the large number of transactions processed by our solutions, our potential liability in an enforcement action or class action lawsuit could be significant. In addition, entities such as HUD and the FTC have the authority to promulgate rules and regulations that may impact our customers and our business. We believe increased regulation is likely in the area of data privacy, and laws and regulations applying to the solicitation, collection, processing or use of personally identifiable information or consumer information could affect our customers’ ability to use and share data, potentially reducing demand for our on demand software solutions.

We deliver our on demand software solutions over the Internet and sell and market certain of our solutions over the Internet. As Internet commerce continues to evolve, increasing regulation by federal, state or foreign agencies becomes more likely. Taxation of products or services provided over the Internet or other charges imposed by government agencies or by private organizations for accessing the Internet may also be imposed. Any regulation imposing greater fees for Internet use or restricting information exchange over the Internet could result in a decline in the use of the Internet and the viability of on demand software solutions, which could harm our business and operating results.

Our LeasingDesk insurance business is subject to governmental regulation which could reduce our profitability or limit our growth.

We hold insurance agent licenses from a number of individual state departments of insurance and are subject to state governmental regulation and supervision in connection with the operation of our LeasingDesk insurance business. This state governmental supervision could reduce our profitability or limit the growth of our LeasingDesk insurance business by increasing the costs of regulatory compliance, limiting or restricting the solutions we provide or the methods by which we provide them or subjecting us to the possibility of regulatory actions or proceedings. Our continued ability to maintain these insurance agent licenses in the jurisdictions in which we are licensed depends on our compliance with the rules and regulations promulgated from time to time by the regulatory authorities in each of these jurisdictions. Furthermore, state insurance departments conduct periodic examinations, audits and investigations of the affairs of insurance agents.

In all jurisdictions, the applicable laws and regulations are subject to amendment or interpretation by regulatory authorities. Generally, such authorities are vested with relatively broad discretion to grant, renew and revoke licenses and approvals and to implement regulations. Accordingly, we may be precluded or temporarily suspended from carrying on some or all of the activities of our LeasingDesk insurance business or otherwise be fined or penalized in a given jurisdiction. No assurances can be given that our LeasingDesk insurance business can continue to be conducted in any given jurisdiction as it has been conducted in the past.

We generate commission revenue from the insurance policies we sell as a registered insurance agent and if insurance premiums decline or if the insureds experience greater than expected losses, our revenues could decline and our operating results could be harmed.

Through our wholly owned subsidiary, Multifamily Internet Ventures LLC, a managing general insurance agency, we generate commission revenue from offering liability and renter’s insurance. Additionally, Multifamily Internet Ventures LLC has recently commenced the sale of additional insurance products, including auto and other personal lines insurance, to residents that buy renter’s insurance from us. These policies are ultimately underwritten by various insurance carriers. Some of the property owners and managers that subscribe to our solution opt to require residents to purchase rental insurance policies and agree to allow Multifamily Internet Ventures LLC to act as the exclusive insurance broker to their property. If demand for residential rental housing declines, property owners and managers may be forced to reduce their rental rates and to stop requiring the purchase of rental insurance in order to reduce the overall cost of renting. If property owners or managers cease to require renter’s insurance, elect to offer policies from competing providers or insurance premiums decline, our revenues from selling insurance policies will be adversely affected.

Additionally, one type of commission paid by insurance carriers to Multifamily Internet Ventures LLC is contingent commission, which is based on claims experienced at the properties for which the residents purchase insurance. In the event that claims by the insureds increase unexpectedly, the contingent commission we typically earn will be adversely affected. As a result, our quarterly operating results could fall below the expectations of analysts or investors, in which event our stock price may decline.
Our ability to use net operating losses to offset future taxable income may be subject to certain limitations.

In general, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code, a corporation that undergoes an “ownership change” is subject to limitations on its ability to utilize its pre-change net operating losses, or NOLs, to offset future taxable income. Our ability to utilize NOLs of companies that we may acquire in the future may be subject to limitations. Future changes in our stock ownership, some of which are outside of our control, could result in an ownership change under Section 382 of the Internal Revenue Code. For these reasons, we may not be able to utilize a material portion of the NOLs reflected on our balance sheet, even if we maintain profitability.

If we are required to collect sales and use taxes on the solutions we sell in additional taxing jurisdictions, we may be subject to liability for past sales and our future sales may decrease.

States and some local taxing jurisdictions have differing rules and regulations governing sales and use taxes, and these rules and regulations are subject to varying interpretations that may change over time. We review these rules and regulations periodically and currently collect and remit sales taxes in taxing jurisdictions where we believe we are required to do so. However, additional state and/or local taxing jurisdictions may seek to impose sales or other tax collection obligations on us, including for past sales. A successful assertion that we should be collecting additional sales or other taxes on our solutions could result in substantial tax liabilities for past sales, discourage customers from purchasing our solutions or may otherwise harm our business and operating results. This risk is greater with regard to solutions acquired through acquisitions.

We may also become subject to tax audits or similar procedures in jurisdictions where we already collect and remit sales taxes. A successful assertion that we have not collected and remitted taxes at the appropriate levels may also result in substantial tax liabilities for past sales. Liability for past taxes may also include very substantial interest and penalty charges. Our customer contracts provide that our customers must pay all applicable sales and similar taxes. Nevertheless, customers may be reluctant to pay back taxes and may refuse responsibility for interest or penalties associated with those taxes. If we are required to collect and pay back taxes and the associated interest and penalties, and if our customers fail or refuse to reimburse us for all or a portion of these amounts, we will incur unplanned expenses that may be substantial. Moreover, imposition of such taxes on our solutions going forward will effectively increase the cost of such solutions to our customers and may adversely affect our ability to retain existing customers or to gain new customers in the areas in which such taxes are imposed.

Changes in our effective tax rate could harm our future operating results.

We are subject to federal and state income taxes in the United States and various foreign jurisdictions, and our domestic and international tax liabilities are subject to the allocation of expenses in differing jurisdictions. Our tax rate is affected by changes in the mix of earnings and losses in jurisdictions with differing statutory tax rates, including jurisdictions in which we have completed or may complete acquisitions, certain non-deductible expenses arising from the requirement to expense stock options and the valuation of deferred tax assets and liabilities, including our ability to utilize our net operating losses. Increases in our effective tax rate could harm our operating results.

We rely on our management team and need additional personnel to grow our business, and the loss of one or more key employees or our inability to attract and retain qualified personnel could harm our business.

Our success and future growth depend on the skills, working relationships and continued services of our management team. The loss of our Chief Executive Officer or other senior executives could adversely affect our business. Our future success also will depend on our ability to attract, retain and motivate highly skilled software developers, marketing and sales personnel, technical support and product development personnel in the United States and internationally. All of our employees work for us on an at-will basis. Competition for these types of personnel is intense, particularly in the software industry. As a result, we may be unable to attract or retain qualified personnel. Our inability to attract and retain the necessary personnel could adversely affect our business.

Our corporate culture has contributed to our success, and if we cannot maintain this culture as we grow, we could lose the innovation, creativity and teamwork fostered by our culture, and our business may be harmed.

We believe that a strong corporate culture that nurtures core values and philosophies is essential to our long-term success. We call these values and philosophies the “RealPage Promise” and we seek to practice the RealPage Promise in our actions every day. The RealPage Promise embodies our corporate values with respect to customer service, investor communications, employee respect and professional development and management decision-making and leadership. As our organization grows and we are required to implement more complex organizational structures, we may find it increasingly difficult to maintain the beneficial aspects of our corporate culture which could negatively impact our future success.
Use of Proceeds from Public Offering of Common Stock

On August 11, 2010, our registration statement on Form S-1 (File No 333-166397) was declared effective for our initial public offering (the “Offering”). We registered the offering and the sale of an aggregate of 14,145,000 shares of common stock, including 6,000,000 shares of common stock sold by us, 6,300,000 shares of common stock sold by selling stockholders and 1,845,000 shares sold by our existing stockholders pursuant to the underwriters’ exercise of their over-allotment option at a public offering price of $11.00 per share. Credit Suisse and Deutsche Bank Securities were the joint book-running managers and William Blair & Company LLC, JMP Securities LLC, RBC Capital Markets and Pacific Crest Securities LLC were co-managers of the Offering.

The Offering commenced on August 17, 2010 and terminated on August 25, 2010 following the sale of all securities registered under the registration statement. We received $57.7 million in net proceeds from the Offering after deducting underwriting discounts of $4.6 million and estimated offering expenses of $3.7 million. We did not receive any proceeds from the sale of shares by the selling stockholders who raised approximately $83.3 million in net proceeds after deducting underwriting discounts of $6.3 million. As a result of our repayment of unsecured subordinated promissory notes issued to certain of our preferred stockholders and our payment of accumulated and unpaid dividends on our Series A, Series A-1 and Series B convertible preferred stock with a portion of the proceeds of the Offering as described below, certain of our directors, officers (or their associates) and certain persons owning ten percent or more of any class of our equity securities received a portion of the net proceeds from the Offering. All offering expenses were paid directly to others.

There has been no material change in the planned use of proceeds from the Offering as described in our prospectus filed pursuant to Rule 424(b) under the Securities Act with the U.S. Securities Exchange Commission (“SEC”) on August 12, 2010 (“Prospectus”). In August 2010, we used $10.0 million of the net proceeds from the Offering to repay our secured promissory notes plus accrued interest and other fees of $0.4 million. In addition, we paid the $6.5 million balance on our unsecured promissory notes issued to preferred stockholders and accrued interest of $0.9 million and a cash dividend of $0.7 million. We also paid the $7.6 million outstanding balance and accrued interest under the revolving line of credit. In November 2010, we used $24.0 million of the net proceeds of the Offering to pay a portion of the purchase price for our acquisition of Level One. We generally intend to use our remaining net proceeds from the Offering for working capital and general corporate purposes. We may also use a portion of the net proceeds received by us from the Offering for the future acquisition of, or investment in, businesses, products or technologies that enhance or add new services or additional functionality to our solutions, further solidify our market position or allow us to offer complementary products, services or technologies which we believe will further enhance our competitive position. Pending use of the proceeds from the Offering, we intend to invest the remaining proceeds in short-term, interest-bearing investment grade securities.

Item 5. Other Information

On November 3, 2010, we acquired the assets of Level One pursuant to an Asset Purchase Agreement among us, RP NewCo LLC, IAS Holdings, LLC, Level One, LLC, L1 Technology, LLC, L1 Land, LLC, L1 Holdings, Inc., Todd W. Baldree, Calvin D. Long, II and Benjamin Holbrook. The purchase price of Level One was approximately $62.0 million, which included a cash payment of $54.0 million at closing and a payment of up to $8.0 million due and payable eighteen months after the closing, which payment may be paid in cash or the issuance of shares of our common stock at our election.

In connection with the acquisition of Level One, we entered into a Registration Rights Agreement dated November 3, 2010 among us, IAS Holdings, LLC, Level One, LLC, L1 Technology, LLC, L1 Land, LLC, L1 Holdings, Inc., Todd W. Baldree, Calvin D. Long, II and Benjamin Holbrook. Under the terms of the Registration Rights Agreement, in the event that we elect to issue shares of our common stock in payment of any portion of the purchase price that is due and payable eighteen months after the closing, we shall use reasonable efforts to cause a registration statement to be filed with the SEC with respect to such shares of common stock no later than 30 days following the issuance of such shares. If we are eligible, such registration statement will be on Form S-3 or a successor form. In addition, if we propose to register any of our securities for sale to the public for our own account or the account of any of our security holders within the 180-day period following the eighteen month anniversary of the closing date of the Level One acquisition, the holders of the shares of common stock issued in payment of any portion of the purchase price of such acquisition shall be entitled to include their shares in the registration subject to certain exceptions relating to employee benefit plans and mergers and acquisitions. If we do not issue shares of our common stock in payment of any portion of the purchase price for the Level One acquisition, the Registration Rights Agreement will terminate on the date that the purchase price has been paid in full.

On September 30, 2010, we entered into a Seventh Amendment to Credit Agreement with Wells Fargo Capital Finance, LLC (f/k/a Wells Fargo Foothill, LLC) and Comerica Bank, pursuant to which the definition of “Fixed Charges” set forth in the Credit Agreement among us and the lenders, dated September 3, 2009, as amended, was amended to exclude our payment of accrued dividends in connection with the conversion of our outstanding preferred stock, repayment of notes we issued in payment of previously declared dividends and repayment of our secured subordinated indebtedness, which payments and repayments were made with proceeds of our initial public offering with the prior written consent of the lenders.
On November 3, 2010, we entered into a Consent and Eighth Amendment to Credit Agreement with Wells Fargo Capital Finance, LLC (f/k/a Wells Fargo Foothill, LLC) and Comerica Bank. Pursuant to the Consent and Eighth Amendment, the lenders, among other things, consented to the the Level One acquisition on the terms set forth in the Asset Purchase Agreement, increased the maximum allowable “Senior Leverage Ratio” under the Credit Agreement, amended the definition of “Permitted Indebtedness” in the Credit Agreement to permit amounts payable in the future pursuant to the Asset Purchase Agreement and consented to the Level One acquisition being a “Permitted Acquisition” under, and as defined, in the Credit Agreement.

**Item 6. Exhibits.**

The exhibits required to be furnished pursuant to Item 6 are listed in the Exhibit Index filed herewith, which Exhibit Index is incorporated herein by reference.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 5, 2010

RealPage, Inc.

By: /s/ Timothy J. Barker

Timothy J. Barker
Chief Financial Officer and Treasurer

**EXHIBIT INDEX**

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<td>Asset Purchase Agreement among the Registrant, RP Newco LLC, IAS Holdings, LLC, Level One, LLC, L1 Technology, LLC, L1 Land, LLC, L1 Holdings, Inc., Todd W. Baldree, Calvin D. Long, II and Benjamin Holbrook, dated November 3, 2010</td>
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<td>10.4**</td>
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<td>Employment Agreement 409A Addendum between the Registrant and Stephen T. Winn, dated November 5, 2010</td>
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<td>10.6</td>
<td>Employment Agreement 409A Addendum between the Registrant and Timothy J. Barker, dated November 5, 2010</td>
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(1) Incorporated by reference to Exhibit 3.2 to Amendment No. 3 to the Registrant’s Registration Statement on Form S-1 (SEC File No. 333-166397) filed on July 26, 2010.

(2) Incorporated by reference to Exhibit 3.4 to Amendment No. 3 to the Registrant’s Registration Statement on Form S-1 (SEC File No. 333-166397) filed on July 26, 2010.

(3) Incorporated by reference to the same numbered exhibit to Amendment No. 3 to the Registrant’s Registration Statement on Form S-1 (SEC File No. 333-166397) filed on July 26, 2010.

(4) Incorporated by reference to the same numbered exhibit to the Registrant’s Registration Statement on Form S-1 (SEC File No. 333-166397) filed on April 29, 2010.

(5) Incorporated by reference to Exhibit 10.4 to Amendment No. 3 to the Registrant’s Registration Statement on Form S-1 (SEC File No. 333-166397) filed on July 26, 2010.

(6) Incorporated by reference to Exhibits 4.6, 4.7, 4.8 and 4.9 to the Registrant’s Registration Statement on Form S-8 (SEC File No. 333-168878) filed on August 17, 2010.

* Furnished herewith

** The schedules and exhibits to this agreement are omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant agrees to furnish supplementally a copy of any omitted schedule and exhibit to the Securities and Exchange Commission upon request.
ASSET PURCHASE AGREEMENT

BY AND AMONG

REALPAGE, INC.
RP NEWCO LLC

AND

IAS HOLDINGS, LLC
LEVEL ONE, LLC
L1 TECHNOLOGY, LLC
L1 LAND, LLC

AND

L1 HOLDINGS, INC.
TODD W. BALDREE
CALVIN D. LONG, II
BENJAMIN HOLBROOK
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* The schedules and exhibits to this agreement are omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant agrees to furnish supplementally a copy of any omitted schedule and exhibit to the Securities and Exchange Commission upon request.
**EXHIBITS**

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ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT (together with all Schedules and Exhibits, this “Agreement”), dated as of November 3, 2010, is entered into by and among all of those persons who have executed this Agreement under the designation “Seller Subsidiaries” (collectively, “Seller Subsidiaries” and, individually, a “Seller Subsidiary”), all of those persons and individuals who have executed this Agreement under the designation “Company Owners” (collectively, “Company Owners” and, individually, a “Company Owner”), IAS Holdings, LLC, a South Carolina limited liability company (the “Company” and collectively with the Seller Subsidiaries and the Company Owners, the “Seller Parties,” and each individually, a “Seller Party”), RealPage, Inc., a Delaware corporation (the “Parent”) and RP Newco LLC, a Delaware limited liability company and a wholly-owned subsidiary of Parent (“Buyer”, collectively with Parent, the “Buyer Parties,” and each individually, a “Buyer Party”).

RECITALS

WHEREAS, the Company Owners are the owners, beneficially and of record, of all of the issued and outstanding membership interests of the Company (the “Interests”) and the Company is the owner, beneficially and of record, of all of the issued and outstanding membership interests of Seller Subsidiaries.

WHEREAS, the Company and Seller Subsidiaries conduct the Business (as defined below);

WHEREAS, the Buyer desires to purchase the Purchased Assets (as defined below) and assume the Assumed Liabilities (as defined below), and Seller Subsidiaries desire to sell the Purchased Assets and transfer the Assumed Liabilities, upon the terms and subject to the conditions hereinafter set forth;

WHEREAS, concurrent with the execution and delivery of this Agreement, and as a material inducement to Buyer to enter into this Agreement, each individual listed on Schedule 7.2(f) shall have executed and delivered to Buyer an employment offer letter in the form attached hereto as Exhibit A (each, an “Employment Agreement”), in each case to be effective upon the Closing;

WHEREAS, concurrent with the execution and delivery of this Agreement, and as a material inducement to Buyer to enter into this Agreement and to preserve and protect the goodwill of the Business, the Company and its Subsidiaries have agreed to the provisions of Section 6.10 hereof and each individual listed on Schedule 7.2(g) shall have executed and delivered to Buyer a non-competition and non-solicitation agreement in the form attached hereto as Exhibit B (each, a “Significant Owner Agreement”), in each case to be effective upon the Closing; and

WHEREAS, the parties hereto desire to make certain representations, warranties and agreements in connection with the transactions contemplated hereby and to prescribe certain conditions to the transactions contemplated hereby.
AGREEMENT

In consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties and covenants herein contained, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE 1
DEFINITIONS

For purposes of this Agreement, the capitalized terms not otherwise defined herein shall have the meanings specified or referred to in ANNEX I.

ARTICLE 2
PURCHASE AND SALE

2.1 Purchase and Sale of Purchased Assets. On the terms and subject to the conditions contained in this Agreement, at the Closing, Buyer shall purchase, and the Seller Parties shall sell, convey, assign, transfer and deliver to Buyer, free and clear of any Liens (except for any Permitted Liens) by appropriate instruments of conveyance reasonably satisfactory to Buyer, all of the assets, properties, rights, title and interests (of every kind) other than the Excluded Assets, that relate to or are used in, developed specifically for use, or held for use in connection with, or useful to or necessary for the operation of, the Business, whether tangible or intangible, real, personal or mixed (collectively, the “Purchased Assets”).

2.2 Excluded Assets. Notwithstanding the foregoing, the following assets are expressly excluded from the purchase and sale contemplated hereby (the “Excluded Assets”) and, as such, are not included in the assets conveyed hereby:

(a) The Seller Parties’ rights under or pursuant to this Agreement and the documents, instruments and agreements executed in connection herewith and therewith;

(b) The Company’s, Seller Subsidiaries’ and the Excluded Subsidiaries’ general ledger, accounting records, minute books, statutory books and corporate seal, provided that the Buyer shall be given copies of the general ledger, accounting records, minutes books and statutory books of the Business as such documents exist as of the Closing Date;

(c) The Company’s, Seller Subsidiaries’ and the Excluded Subsidiaries’ personnel records and any other records that the Company or such Company Subsidiary is required by law to retain in its possession, provided that the Buyer shall be given copies upon request;

(d) any right to receive mail and other communications addressed to the Company, Seller Subsidiaries or any Excluded Subsidiaries relating to the Excluded Assets; provided that Buyer shall be given copies of such mail and communications to the extent it also relates to the Purchased Assets or Assumed Liabilities;

(e) any intercompany receivables or intercompany assets of any kind or nature between the Company and any Excluded Subsidiary, solely to the extent the exclusion of such receivables and assets from the Purchased Assets has no Material Adverse Effect on the Business;
(f) the capital stock of each Company Subsidiary and all assets, properties and rights of each Excluded Subsidiary and L1 Land, LLC;

(g) all Tax refunds and Tax credits in respect, related to or resulting from any Pre-Closing Tax Period, provided that the related Liabilities for Taxes have been paid by the Seller Parties;

(h) all rights existing under each contract, agreement or arrangement set forth on Schedule 2.2(h) (collectively, the “Excluded Contracts”);

(i) all cash, cash equivalents, certificates of deposit and securities owned or otherwise held by the Company or any Company Subsidiary including bank deposits, investments in so-called “money market” funds, commercial paper funds, Treasury bills and accrued interest on any of the foregoing;

(j) all bank accounts maintained by or on behalf of the Company and the Company Subsidiaries;

(k) The Plans and all documentation and materials related thereto and assets thereunder; and

(l) any assets and rights of any nature whatsoever primarily in respect of, directly related to or directly resulting from any Excluded Liability; and

(m) The Land.

2.3 Assumed Liabilities. Upon the terms and subject to the conditions of this Agreement, after Closing, Buyer shall assume and shall pay, discharge and perform when due, as appropriate, the following Liabilities solely to the extent related to the Business (individually and collectively, the “Assumed Liabilities”):

(a) all Liabilities accrued on the Financial Statements or Working Capital Certificate and not discharged as of the Closing Date, in each case, solely to the extent that they were incurred in connection with the operation of the Business in the ordinary course; and

(b) all Liabilities arising following the Closing Date under each contract, agreement or arrangement set forth on Schedule 2.3(b) (collectively, the “Assumed Contracts”).

provided, however, that notwithstanding anything to the contrary in this Agreement, the Excluded Liabilities shall be excluded from the definition of Assumed Liabilities. When determining the Losses for which the Buyer Indemnitees are entitled, Buyer’s agreement in this Section 2.3 to assume, perform and discharge related Assumed Liabilities and Buyer Parties’ indemnification obligations in Section 9.2 related to Assumed Liabilities will be disregarded for purposes of determining whether the Buyer Indemnitees are entitled to indemnification under Section 9.1 and for purposes of determining the amount of any such Loss.
2.4 Excluded Liabilities. Notwithstanding anything to the contrary herein, the Seller Parties shall retain, and shall be responsible for paying, performing and discharging, when due, and Buyer shall not assume or have any responsibility for, any Liabilities of the Company and the Company Subsidiaries other than the Assumed Liabilities (individually and collectively, the “Excluded Liabilities”). Excluded Liabilities shall include, without limitation, the following:

(a) all Liabilities relating to, in connection with or arising out of the Excluded Assets;

(b) all Liabilities relating to or arising out of the Excluded Subsidiaries and L1 Land, LLC;

(c) all Litigation Obligations;

(d) all legal, accounting, brokerage, investment banking, financial advisory and finder’s fees and other fees and expenses incurred by or on behalf of the Seller Parties in connection with this Agreement, the Ancillary Agreements and/or the transactions contemplated herein or therein;

(e) all Liabilities under any Contract that is not an Assumed Contract;

(f) all Liabilities for Taxes (i) with respect to the Business or the Purchased Assets for any Tax period (or portion thereof) ending on and including the Closing Date, including, for the avoidance of doubt, the portion of any Straddle Period ending on the Closing Date (the “Pre-Closing Tax Period”) and/or (ii) otherwise allocated to the Seller Parties pursuant to Section 6.2(a);

(g) subject to Sections 6.4(c), 6.4(d) and 6.4(e) and except for those Liabilities arising after the Closing Date under the Assumed Contracts with BlueChoice HealthPlan of South Carolina Inc. and The Guardian Life Insurance Company of America listed on Schedule 2.3(b), all Liabilities relating to, in connection with or arising out of any Plan and/or employee benefits;

(h) all Liabilities of the Company or any of the Company Subsidiaries related to, in connection with or arising out of indebtedness for borrowed money (including capital lease obligations) and guarantees by the Company or any of the Company Subsidiaries of indebtedness for borrowed money;

(i) all Liabilities and obligations of the Seller Parties to any stockholder, optionholder, manager, member, officer or director of the Company or any of the Seller Parties in such person’s capacity as a stockholder, optionholder, manager, member, officer or director of such Seller Party, including any claims by any such Person arising out of, in connection with or related to this Agreement, the Ancillary Agreements and/or the transactions contemplated herein or therein;
(j) all Liabilities related to, in connection with or arising out of any Claim with respect to the operation of the Business or the Purchased Assets prior to the Closing, including the Litigation Obligations, whether such claim is brought prior to, on or after the Closing Date, or asserted against any Seller Party;

(k) all Pre-Closing Environmental Liabilities; and

(l) all Liabilities for amounts payable as “change of control,” sales, bonus or severance payments in connection with this Agreement or the transactions contemplated herein.

For the avoidance of doubt, in no event shall the Buyer Parties assume or have any responsibility for the matters set forth on Schedule 4.14.

2.5 Purchase Price; Closing Adjustment.

(a) The purchase price for the Purchased Assets shall be $62,000,000 (the “Gross Consideration”), subject to cumulative net adjustments pursuant to Section 2.5(b) and Section 2.6 (the “Purchase Price”).

(b) The Purchase Price shall be adjusted as of the Closing as follows:

(i) The Gross Consideration shall be increased by the amount (if any) by which the Estimated Working Capital exceeds the Target Working Capital by more than the Collar; and

(ii) The Gross Consideration shall be decreased by the amount (if any) by which the Target Working Capital exceeds the Estimated Working Capital by more than the Collar.

Notwithstanding anything in this Agreement to the contrary, in no event shall the working capital adjustment in this Agreement increase the Purchase Price above $63,200,000.

2.6 Payment of Purchase Price; Holdback.

The Purchase Price shall be payable by Buyer as follows:

(a) An amount equal to the Gross Consideration (as adjusted pursuant to Section 2.5(b) as of the Closing if applicable) minus the Holdback Consideration Amount shall be paid by Buyer on the Closing Date in cash by wire transfer or other immediately available funds to the Company.
(b) At the Closing, the Buyer shall reduce the Gross Consideration by the Holdback Consideration Amount to be held by Buyer and issued or paid, as applicable, if at all, by Buyer in accordance with this Agreement. On the eighteen month anniversary of the Closing Date (or, if such date is not a business day, the first business day immediately following such date) (the “Holdback Payment Date”), unless Buyer elects to pay all or a portion in cash, Parent shall issue to the Seller Parties such number of shares of Parent Common Stock determined by dividing (i) the Holdback Consideration Amount less the aggregate dollar amount of any claims for indemnification by the Buyer Indemnitees pursuant to ARTICLE 9, and with respect to which the Buyer has, before the Holdback Payment Date, provided notice in accordance with the requirements of Section 9.3 (including any amounts that are the subject of any pending or disputed indemnification claim) plus the aggregate dollar amount of any working capital adjustments in favor of the Buyer pursuant to Section 2.5(b) by (ii) a price per share equal to the average closing stock price of Parent Common Stock as listed on NASDAQ for the twenty (20) trading days preceding the Holdback Payment Date; provided, however, that Parent retains the sole and exclusive right to make full or partial payment of the portion of the Holdback Consideration Amount to which the Seller Parties are entitled pursuant to this Section 2.5(b) in cash by wire transfer or other immediately available funds to the Company Specified Account, or as otherwise directed by the Seller Parties, in lieu of Parent Common Stock. The Seller Parties and Buyer agree that if a Seller Party is entitled to receive a portion of the Holdback Consideration Amount, Buyer shall issue or deliver, as applicable, such portion promptly, and in any event no later than the fifth (5th) business day after the Holdback Payment Date, and if Buyer is entitled to retain all or a portion of the Holdback Consideration Amount, Buyer, without any further action from the Seller Parties, shall be entitled to retain such amount of the Holdback Consideration Amount. To the extent a pending or disputed indemnification claim exists on the Holdback Payment Date, the portion of the Holdback Consideration Amount equal to the amount of such claim will continue to be retained by Buyer in accordance with this Agreement. The Seller Parties and Parent agree that each will execute and deliver such reasonable instruments as are requested by Parent’s transfer agent to enable the Seller Parties to receive those portions of the Holdback Consideration Amount to which such party is entitled under the provisions of this Agreement. The allocation of the Holdback Consideration Amount, to the extent the Seller Parties are entitled to receive any such amount, shall be as directed in writing by the Seller Parties.

(c) At the Closing, the Buyer shall reduce the Gross Consideration by $150,000 (the “Software License Holdback Amount”) to be held by Buyer to pay the Software License Fees in accordance with the terms and conditions of this Agreement.

(d) Prior to the Closing Date, the Company shall provide a written certificate to Buyer (the “Estimated Working Capital Certificate”), which certificate sets forth an estimate of the Working Capital of the Business as of the day prior to the Closing Date (the “Estimated Working Capital”) determined in accordance with GAAP consistent with the Company’s past practices, except as set forth on Schedule 4.5(a), and the methodology described on Schedule 2.6.

(e) Not later than ninety (90) days after the Closing Date, Buyer shall deliver to the Company (i) a statement (the “Closing Working Capital Statement”) setting forth the Working Capital of the Business as of the day prior to the Closing Date determined in accordance with the methodology described on Schedule 2.6, (ii) a statement (the “Software License Fee Statement”) setting forth the dollar amount spent on the Software License Fees and (iii) such work papers and other documents and information as is reasonably necessary to demonstrate the manner in which such Working Capital was calculated and the dollar amount spent on the Software License Fees (the “Support Documentation”).

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(f) The Company shall, within thirty (30) days following Buyer’s delivery to the Company of the Closing Working Capital Statement and the Support Documentation, accept or reject the Working Capital and Software License Fees calculations as submitted by Buyer. If the Company disagrees with such calculations, the Company shall give written notice to Buyer of such disagreement and a detailed explanation of the basis therefor within such thirty (30) day period. Should the Company fail to notify the Buyer of a disagreement within such thirty (30) day period, the Company shall be deemed to agree with Buyer’s calculations. If the parties have not resolved any disagreement with respect to the determination of the Working Capital or Software License Fees within thirty (30) days after Buyer’s receipt of the Company’s proposed adjustment, then such disagreement shall be submitted to a nationally recognized accounting firm mutually agreeable to the Company and Buyer (the “Arbitrator”) for a final and binding resolution of the disagreement and calculation of the Working Capital and Software License Fees. The Arbitrator shall issue its report as to the contents of the Closing Working Capital Statement and the determination of the Working Capital and Software License Fees reflected therein within thirty (30) days after such dispute is referred to the Arbitrator. Such calculation shall, with respect to any disputed item, be no greater than the higher amount calculated by Buyer or the Company, as the case may be, and no less than the lower amount calculated by Buyer and the Company, as the case may be. The fees and expenses of the Arbitrator shall be paid by the party whose aggregate claimed value of matters submitted to the Arbitrator for resolution is furthest from the final aggregate value for such matters determined by the Arbitrator. This provision for arbitration shall be specifically enforceable by the parties and the decision of the Arbitrator in accordance with the provisions hereof shall be final and binding with respect to the matters so arbitrated and there shall be no right of appeal therefrom.

(g) If the Software License Fees determined pursuant to Section 2.6(f) are less than the Software License Holdback Amount, then the Buyer Parties shall pay such lower amount to the Seller Parties in accordance with Section 2.6(i) below. If the Software License Fees determined pursuant to Section 2.6(f) are more than the Software License Holdback Amount, then the Seller Parties shall pay to the Buyer the amount of such excess in accordance with Section 2.6(i) below or, at Buyer’s election, Buyer may retain a portion of the Holdback Consideration Amount equal to such excess amount.

(h) The Purchase Price shall be adjusted following the final determination of the Software License Fees pursuant to this Section 2.6(h) as follows:

(i) The Gross Consideration, without giving effect to any adjustment pursuant to Section 2.5(b), shall be increased by the amount (if any) by which the Working Capital exceeds the Target Working Capital by more than the Collar; and

(ii) The Gross Consideration, without giving effect to any adjustment pursuant to Section 2.5(b), shall be decreased by the amount (if any) by which the Target Working Capital exceeds the Working Capital by more than the Collar.

If the adjusted Purchase Price determined pursuant to this Section 2.6(h) exceeds the adjusted Purchase Price computed at Closing pursuant to Section 2.5(b), then the Holdback Consideration Amount shall be increased by the amount of such excess in accordance with Section 2.6(b) above. If the adjusted Purchase Price computed at Closing pursuant to Section 2.5(b) exceeds the adjusted Purchase Price determined pursuant to this Section 2.6(h), then the Seller Parties shall pay to the Buyer the amount of such excess in accordance with Section 2.6(i) below or, at Buyer’s election, Buyer may retain a portion of the Holdback Consideration Amount equal to such excess amount.
(i) Unless amounts due under Section 2.6(g) are retained from the Holdback Consideration Amount, final amounts due under Section 2.6(g) shall be paid in cash by wire transfer or other immediately available funds to the Company Specified Account or bank account designated by Buyer, as applicable, no later than five (5) business days following the Seller Parties’ agreement with Buyer’s calculation of the Software License Fees, or in the event of a disagreement, following the resolution of such disagreement by written agreement of Buyer and the Company, or the determination of the Arbitrator pursuant to Section 2.6(f) above. Unless amounts due under Section 2.6(h) are added to or retained from the Holdback Consideration Amount, final amounts due under Section 2.6(h) shall be paid no later than five (5) business days following Buyer’s agreement with the Company’s calculation of the Working Capital, or in the event of a disagreement, following the resolution of such disagreement by written agreement of Buyer and the Company, or the determination of the Arbitrator pursuant to Section 2.6(f) above.

2.7 Allocation of Purchase Price; Closing Matters.

(a) As soon as practicable after the Closing, (but in no event later than 30 days after the determination of the amounts due under Section 2.6(h)) Buyer shall allocate the Purchase Price (plus those Assumed Liabilities that are Liabilities for Tax purposes) pursuant to Section 1060 of the Code and any other applicable Tax laws among the Purchased Assets for all Tax purposes in accordance with this Section 2.7 (the “Allocation”) and deliver a statement to the Company setting forth the Allocation. The Company shall, within thirty (30) days following its receipt of the Allocation, accept or reject the Allocation as submitted by Buyer. If the Company disagrees with the Allocation, the Company shall give written notice to Buyer of such disagreement and the specific basis for such disagreement within such thirty (30) day period. Should the Company fail to notify Buyer of a disagreement within such thirty (30) day period, the Company shall be deemed to agree with Buyer’s Allocation. If the parties have not resolved any disagreement with respect to the determination of the Allocation within thirty (30) days after Buyer’s receipt of the Company’s proposed adjustment, then the specific items of the disagreement (the “Specific Items”) shall be submitted to the Arbitrator for a final and binding resolution of such items. The Arbitrator shall issue its report as to the resolution of the Specific Items within thirty (30) days after such dispute is referred to the Arbitrator. The fees and expenses of the Arbitrator shall be borne by the party reasonably identified by the Arbitrator the majority of whose positions on the Specific Items, based on the value of such positions, were not sustained by the Arbitrator. This provision for arbitration shall be specifically enforceable by the parties and the decision of the Arbitrator in accordance with the provisions hereof shall be final and binding with respect to the Specific Items and there shall be no right of appeal therefrom. Except as otherwise required by law, Buyer and the Company shall file all Tax Returns (such as IRS Form 8594 or any other forms or reports required to be filed pursuant to Section 1060 of the Code or any comparable provisions of applicable law (“Section 1060 Forms”)) in a manner that is consistent with the Allocation (as may be adjusted pursuant to this Section 2.7) and refrain from taking any action inconsistent therewith. Buyer and Seller shall file such Section 1060 Forms timely and in the manner required by applicable law.

Buyer and the Company agree that the amount allocable to inventory, receivables and any depreciable assets pursuant to this Section 2.7 shall be the adjusted tax basis of the Company or Seller Subsidiaries (as applicable), in such property as of the Closing Date.
(b) Subject to the terms and conditions of this Agreement, the closing of the transactions contemplated by this Agreement (the “Closing”) shall take place at the offices of Goodwin Procter LLP, Exchange Place, Boston, MA 02109, at 10:00 a.m. (Eastern time) on November 3, 2010 or at such other place or at such other time or on such other date as may be mutually agreeable to Buyer and the Company. The date of the Closing is herein referred to as the “Closing Date.”

(c) Subject to the conditions set forth in this Agreement, the Parties shall consummate the following on the Closing Date:

(i) Each of the Company and the Seller Subsidiaries shall deliver to Buyer the Purchased Assets and retain the Excluded Assets and the Excluded Liabilities;

(ii) Buyer shall deposit or cause to be deposited the cash payment due at Closing pursuant to Section 2.6(a) in the Company Specified Account (in accordance with the provisions of Section 2.6);

(iii) Buyer shall assume the Assumed Liabilities; and

(iv) the parties shall deliver or cause to be delivered the Local Transfer Documents (as per Section 2.7(d)) and certificates and other documents and instruments required to be delivered by or on behalf of a party hereof under ARTICLE 7.

(d) The Company and the Seller Subsidiaries, on the one hand, and Buyer, on the other hand, shall, pursuant to and in accordance with the terms and conditions of this Agreement, enter into, and cause their respective Subsidiaries to enter into, on the Closing Date, separate bills of sale and assignment and assumption agreements, including patent, trademark, copyright, domain name and contract assignments (collectively, the “Local Transfer Documents”) documenting the purchase and sale of each portion of the Purchased Assets and the Assumed Liabilities to be conveyed separately to Buyer.

(e) The Local Transfer Documents shall be in substantially the form attached hereto as Exhibit C, with such modifications as are necessary and appropriate as a result of differences in local laws or customs, in order to maintain substantially the same legal meaning and effect as provided for in this Agreement. In the event of any conflict or inconsistency between the terms and conditions of this Agreement and any Local Transfer Document, the terms and conditions of this Agreement shall prevail.

(f) Anything in this Agreement to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign any Assumed Contract if an attempted assignment thereof, without consent of a third party thereto, would constitute a breach or other contravention thereof or in any way adversely affect the rights of Buyer or Seller Subsidiaries thereunder. The Company and Seller Subsidiaries will use their reasonable best efforts and Buyer will use its commercially reasonable efforts to obtain the consent of the other parties to any such Assumed Contract for the assignment thereof to Buyer; provided, however, that neither Buyer nor its affiliates shall be obligated to pay any consideration therefor to any third party from whom any such consent is requested and any costs related to obtaining such consent shall be the sole responsibility of the Company and Seller Subsidiaries.
(g) Unless and until such consent is obtained, or if an attempted assignment thereof would be ineffective or would materially adversely affect the rights of Seller Parties thereunder so that Buyer would not in fact receive all rights under such Assumed Contract, then (i) the applicable Seller Parties shall continue to be bound by such Assumed Contract and, (ii) unless not permitted by the terms thereof or applicable Rules, Buyer shall, as agent or subcontractor for the applicable Seller Parties, pay, perform and discharge fully, or cause to be paid, transferred or discharged all the obligations or other Liabilities of Seller Parties under such Assumed Contract arising solely from and after the Closing Date (except to the extent expressly otherwise provided herein or in the other Ancillary Agreements). Such Seller Parties shall, without further consideration, pay and remit, or cause to be paid or remitted, to Buyer promptly all money, rights and other consideration received by the Company or any Seller Parties in respect of such performance. If and when any such consent shall be obtained or such Assumed Contract shall otherwise become assignable, the applicable Seller Parties shall promptly assign all of such Seller Subsidiary’s rights, obligations and other Liabilities under such Assumed Contract to Buyer without receipt of further consideration, and Buyer shall, without the payment of any further consideration, assume the rights, obligations and other Liabilities under such Assumed Contract arising solely from and after the Closing Date (except to the extent expressly otherwise provided herein or in the other Ancillary Agreements).

ARTICLE 3
REPRESENTATIONS AND WARRANTIES CONCERNING THE COMPANY OWNERS

Each Company Owner represents and warrants to Buyer as follows:

3.1 Authority of Company Owners. Each Company Owner has the power and authority to execute, deliver and perform this Agreement and the agreements referred to in this Agreement to which such Company Owner is or shall become party (the “Company Owner Ancillary Agreements”) and to consummate the transactions contemplated by this Agreement and the Company Owner Ancillary Agreements. The execution, delivery and performance of this Agreement and the Company Owner Ancillary Agreements, and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary action on the part of each Company Owner. This Agreement has been, or with respect to Company Owner Ancillary Agreements to be executed at the Closing, will be, duly executed and delivered by each Company Owner and will constitute, when executed and delivered, a valid and binding obligation against such Company Owner in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors’ rights and general principles of equity. Each Company Owner has obtained all necessary authorizations and approvals from its directors, stockholders, managers or members, as applicable, required in connection with the transactions contemplated by this Agreement and the Company Owner Ancillary Agreements.

3.2 Interest Ownership. Each Company Owner is the record owner of all right, title and interest in and to the Interests described opposite such Company Owner’s name on Schedule 3.2. Each Company Owner has, and will have at the Closing, good and marketable title to its Interests free and clear of all Liens. No Company Owner is party to any voting trust, proxy or other agreement or understanding with respect to the ownership or voting of any of the Interests.
ARTICLE 4
REPRESENTATIONS AND WARRANTIES CONCERNING SELLER PARTIES

Each of the Seller Parties represents and warrants to Buyer as follows:

4.1 Organization and Good Standing; Governing Documents; Authority. Each of the Company and the Seller Subsidiaries is a limited liability company duly organized, validly existing and in good standing under the laws of the State of South Carolina. Each of the Company and the Seller Subsidiaries has the requisite authority (including under the South Carolina Limited Liability Company Act (the “Act”)) to own, operate and lease its properties and to carry on its business as now being conducted and as currently contemplated to be conducted. True and complete copies of the Governing Documents of each of the Company and the Seller Subsidiaries, including all amendments to such documents, have previously been made available to Buyer. Each of the Company and the Seller Subsidiaries has the requisite power and authority to execute, deliver and perform this Agreement and all other agreements and documents required to be delivered by such Seller Party hereunder (collectively, the “Ancillary Agreements”) and to consummate the transactions contemplated by the Ancillary Agreements. The execution, delivery and performance of the Ancillary Agreements, and the consummation of the transactions contemplated thereby, have been duly and validly authorized by all necessary action on the part of each of the Company and the Seller Subsidiaries. Each of the Ancillary Agreements has been, or with respect to Ancillary Agreements to be executed at the Closing, will be, duly executed and delivered by each of the Company and the Seller Subsidiaries and will constitute, when executed and delivered, a valid and binding obligation of such Seller Party enforceable against such Seller Party in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors’ rights and general principles of equity. Each of the Company and the Seller Subsidiaries has obtained all necessary authorizations and approvals from its managers and members required in connection herewith.

4.2 No Conflict or Breach. Except as disclosed on Schedule 4.2, the execution, delivery and performance of this Agreement and the Ancillary Agreements do not and will not (a) conflict with or constitute a violation of the Governing Documents of any Seller Party, (b) conflict with or constitute a violation of any law, statute, judgment, Order, decree or regulation of any legislative body, court, administrative agency, Governmental Body or arbitrator applicable to or relating to any of the Seller Parties or the Purchased Assets; or (c) conflict with, constitute a default under, result in a breach or acceleration of or require notice to or the consent of any third party under any Contract, agreement, commitment, lease, mortgage, note, license or other instrument or obligation to which any of the Seller Parties is party or by which it is bound or by which any of the Purchased Assets are affected. There is no contract or Order binding upon any of the Seller Parties or their respective employees that has or could reasonably be expected to have the effect of prohibiting or impairing the conduct of the Business by Buyer as currently conducted or as contemplated to be conducted by the Seller Parties. Without limiting the foregoing, none of the Seller Parties or their respective employees has entered into any contract under which any of them is restricted from selling, licensing or otherwise distributing any of its Purchased Assets, technology or products to, or providing services to, customers or potential customers or any class of customers, in any geographic area, during any period of time or in any segment of RealPage, Inc.’s market.
4.3 Consents and Approvals. Schedule 4.3 describes (a) each consent, approval, authorization, registration or filing with any federal, state or local judicial or Governmental Body or administrative agency; and (b) each consent, approval, authorization or notice of or to any other third party, which is required (i) in connection with, the valid execution and delivery by the Seller Parties of this Agreement or the consummation by the Seller Parties of the transactions contemplated by this Agreement or (ii) to prevent the transactions contemplated by this Agreement from constituting a default, result in a breach or give rise to an event of acceleration under any Contract, Lien Instrument or Real Property Lease that any Seller Party is a party to or otherwise bound (the items described in clauses (a) and (b), collectively, the “Consents”).

4.4 Capital Structure.

(a) Company Interests.

(i) Schedule 3.2 sets forth a true and complete list of the holders of all the Interests in the Company and the percentage ownership of their respective ownership Interests in the Company.

(ii) At the date hereof, (A) the Interests set forth on Schedule 3.2 represent all issued and outstanding membership interests of the Company; and (B) the Interests are held of record by the Company Owners as set forth on Schedule 3.2. All of the Interests have been duly authorized and validly issued and are fully paid, non assessable and not subject to any preemptive rights.

(b) Subsidiaries. Schedule 4.4(b) lists all of the Subsidiaries of the Seller Parties and, with respect to each, its jurisdiction of organization, the type of ownership interests owned by the Company, the percentage ownership interest so owned by the Seller Parties, its Business activities and each jurisdiction in which it is qualified to do business. The term “Subsidiary” shall mean any corporation or other business entity of which ten percent (10%) or more of the outstanding equity interests is owned or controlled either directly or through an unbroken chain of entities as to each of which ten percent (10%) or more of the outstanding equity interests is owned directly or indirectly by its parent. The Company does not own any equity or similar interest in, or have any obligation to contribute funds to or acquire securities from any Person other than the Company Subsidiaries. The outstanding equity interests of the Company Subsidiaries held by the Company have been duly authorized and validly issued and are fully paid, non assessable and not subject to any preemptive rights. The Company owns and controls 100% of the issued and outstanding equity interests of each of the Company Subsidiaries, free and clear of all Liens. None of the equity interests of the Company Subsidiaries have been issued in violation of the preemptive rights of any Person.

(d) Other Securities. There are no membership interests, equity interests or other securities, options, warrants, calls, rights, commitments, agreements, arrangements or undertakings of any kind to which the Company or any Company Subsidiary is a party or by which it is bound obligating the Company or any Company Subsidiary to (A) issue, deliver or sell, or cause to be issued, delivered or sold, membership interests, equity interests, shares of capital stock, or other securities of the Company or any Company Subsidiary, (B) issue, grant, extend or enter into any such security, membership interest, option, warrant, call, right, commitment, agreement, arrangement or undertaking or (C) issue or distribute to holders of any membership interests or equity interests of the Company or any Company Subsidiary any evidences of indebtedness or assets of the Company or any Company Subsidiary. Neither the Company nor any Company Subsidiary is under any obligation to purchase, redeem or otherwise acquire any of its equity interests or any interest therein or to pay any dividend or make any other distribution with respect thereto.
(e) No Agreements. There are no agreements, written or oral, between the Company or any Company Subsidiary relating to the issuance, acquisition (including rights of first refusal or preemptive rights), disposition, registration under the Securities Act of 1933, as amended (the “Securities Act”) or voting of membership interests, equity interests or other securities of the Company or any Company Subsidiary. There are no agreements, understandings or commitments relating to the right of the Company to own, to vote or to dispose of equity interests in the Company Subsidiaries except the Governing Documents of such Company Subsidiaries.

(f) Compliance with Laws. All membership interests and other equity interests or rights to acquire membership interests or other equity interests of the Company and each Company Subsidiary have been issued in compliance with all applicable securities laws and all other laws. None of the Seller Parties has violated any fiduciary duties owed to the Company or any Company Subsidiary or to their respective holders of equity interests, whether in connection with the transactions contemplated by this Agreement or any other Ancillary Agreements or otherwise.

(g) Purchase Price and Other Payments. No Person will be entitled to receive or have any claim to a portion of the Purchase Price, or any other payment or consideration as a result of the transactions contemplated by this Agreement or any other Ancillary Agreements, other than the Company and, by virtue of their ownership of the Company, the Company Owners.

4.5 Financial Statements.

(a) Schedule 4.5(a) sets forth (i) the consolidated audited balance sheets of the Company and the Company Subsidiaries as of December 31, 2007, December 31, 2008, and December 31, 2009, and the related statements of income, members’ equity and cash flows for the fiscal years then ended, together with all related notes and schedules thereto (collectively referred to herein as the “Audited Financial Statements”) and (ii) the unaudited consolidated balance sheet of the Company and the Company Subsidiaries as of September 30, 2010, and the related unaudited statements of income (collectively referred to herein as the “Interim Financial Statements”) (the Audited Financial Statements and the Interim Financial Statements are collectively referred to herein as the “Financial Statements”). The Financial Statements were prepared in accordance with the books of account and other financial records of the Company and the Company Subsidiaries and present fairly in all material respects the consolidated financial condition and results of operations of the Company and the Company Subsidiaries at and for the periods presented, including, without limitation, all expenses incurred solely to operate the Business. Except as otherwise noted on Schedule 4.5(a), the Audited Financial Statements have been prepared in accordance with GAAP applied on a basis consistent with the past practice. Except as otherwise noted on Schedule 4.5(a), the Interim Financial Statements have been prepared on a basis consistent with the Audited Financial Statements.
(b) The Company and the Company Subsidiaries have no Liabilities except for (i) Liabilities reflected and reserved against on the face of the Financial Statements and the footnotes thereto, (ii) trade accounts payable (other than to any of the Excluded Subsidiaries) which have arisen after the Interim Financial Statements in the ordinary course and have been taken into consideration in connection with the final working capital calculation pursuant to Section 2.6(i), and (iii) Liabilities that are disclosed on Schedule 4.5(b).

(c) Schedule 4.5(c) sets forth a complete and accurate list and description of all instruments or other documents relating to any direct or indirect Indebtedness of the Company and the Company Subsidiaries. The Company has made available to Buyer a true, correct, and complete copy of each of the items required to be listed on Schedule 4.5(c). Except as set forth on Schedule 4.5(c), the Companies have no Indebtedness.

(d) Schedule 4.5(d) sets forth a true and complete list of the names of each bank, trust company, securities broker and other financial institution at which any Company or any Company Subsidiary has an account or safe deposit box or maintains a banking, custodial, trading or other similar relationship.

4.6 Brokers. Except for the fee payable to The Bigelow Company LLC (whose fees shall be paid by and are the sole responsibility of the Company), no finder, broker, agent or other intermediary has acted for or on behalf of the Seller Parties in connection with the transactions contemplated by this Agreement, and there are no claims for any brokerage commission, finder’s fee or similar payment due from the Seller Parties.

4.7 Taxes. All Tax Returns that were required to be filed (taking into account any extensions of time within which to file) by or with respect to the Company or any Company Subsidiary have been duly and timely filed, and all such Tax Returns were true, correct, and complete in all material respects. All Taxes shown to be due on the foregoing Tax Returns or that were otherwise due and payable by the Company or any Company Subsidiary have been timely paid in full. Except as set forth on Schedule 4.7(b), no deficiencies or adjustments for any Taxes have been proposed or assessed in writing with respect to the Company or any Company Subsidiary, and, to the Knowledge of the Seller Parties, there is no factual or legal basis for the assessment of any deficiency or adjustment in Taxes with respect to the Company or any Company Subsidiary. Except as set forth on Schedule 4.7(b), there is no audit, examination or other proceeding with respect to any Tax Return of the Company or any Company Subsidiary in progress, and no Governmental Body has notified the Company or any Company Subsidiary that it intends to commence any audit, examination or other proceeding with respect to any Tax Return of the Company or any Company Subsidiary. Except as set forth on Schedule 4.7(b), there are no matters under discussion with any Governmental Body with respect to Taxes that could result in an additional amount of Taxes, and, to the Knowledge of the Seller Parties, there is no threatened action, suit, proceeding, investigation, audit, or claim for or relating to Taxes. No security interests for Taxes exist with respect to any assets or properties of the Company or any Company Subsidiary except for statutory liens for Taxes not yet due and payable. Each of the Company and the Company Subsidiaries has disclosed on its Tax Returns all positions taken therein that could give rise to the accuracy-related penalties of Section 6662 or Section 6662A of the IRC or to a similar penalty under the legal requirements of any other taxing jurisdiction, and have otherwise properly disclosed to the appropriate Governmental Body all positions or transactions relating to Taxes that are required to be disclosed under the legal requirements of any jurisdiction to which the Company and the Company Subsidiaries are subject. The Company has heretofore made available to Buyer true, correct and complete copies of all of the Tax Returns of the Company and the Company Subsidiaries for the respective tax years ended December 31, 2007, December 31, 2008 and December 31, 2009, and all Tax Returns filed since December 31, 2009, and no amendments or other changes have been made thereto since the date of such delivery. The Company and each Company Subsidiary is in compliance with all terms and conditions of any Tax holiday, Tax exemption or other Tax reduction agreement or Order applicable to the Purchased Assets or the Business (each a “Tax Incentive”), and the consummation of the transactions contemplated in this Agreement will not have any adverse effect on the continued validity and effectiveness of any such Tax Incentive.
4.8 Title to Purchased Assets; Liens.

(a) The Company and each Seller Subsidiary have good and marketable title to all of the Purchased Assets owned by it, and a valid leasehold or other possessory interest in all other Purchased Assets used, operated or occupied by it or located on its premises. All of the Purchased Assets of the Company and each Seller Subsidiary are free and clear of any Liens, other than Permitted Liens and any Liens described on Schedule 4.8. There are no breaches or defaults under, and no events or circumstances have occurred which, with or without notice or lapse of time or both, would constitute a breach of or a default under, any instrument, agreement or other document that creates, evidences or constitutes any Lien or that evidences, secures or governs the terms of any indebtedness or obligation secured by any Lien (any such instrument, agreement or other document is referred to herein as a “Lien Instrument”). Assuming the timely receipt of all applicable Consents, the sale of the Purchased Assets by the Company and the Seller Subsidiaries to Buyer will not: (i) constitute a breach or a default under any Lien Instrument; (ii) permit (with or without notice, lapse of time or both), cause or result in (A) the acceleration of any indebtedness or other obligation evidenced, secured or governed by a Lien Instrument, or (B) the foreclosure or other enforcement of any Lien; (iii) permit or cause the terms of any Lien Instrument to be renegotiated; or (iv) require the consent of any party to or holder of a Lien Instrument or of any third party.

(b) Except for the Excluded Assets, the Purchased Assets and the New Lease constitute the assets, properties, contracts, permits, rights or other items that are necessary for the ongoing operation of the Business as such Business has been conducted and as such Business is currently contemplated to be conducted, and such assets, properties, contracts, permits, rights or other items are adequate to enable Buyer to conduct the Business (including the design, development, manufacture, use, import and sale of the Business products and performance of the Business services (including products, technology or services currently under development)) and use and operate the Purchased Assets on the date of this Agreement on a stand alone basis after the Closing, and, other than as a result of assets, properties, contracts, permits or rights of Buyer as of immediately prior to the Closing, in a manner that will not conflict or violate the right of any other Person. Except for the Excluded Assets, Telecom Solutions, LLC, L1 Land, LLC, L1 Air, LLC and L1 Maintenance, LLC do not own, or possess any rights in, any assets, properties, contracts, permits, rights or other items that are necessary for the ongoing operation of the Business as such Business has been conducted and as such Business is currently contemplated to be conducted. L1 Maintenance, LLC has never had any employees or business operations.
4.9 Real Property.

(a) Owned. Neither the Company nor any Seller Subsidiary owns any real property.

(b) Leased. Schedule 4.9(b) contains a true and correct description of all real property leased, subleased, or occupied by the Company or any Seller Subsidiary (the “Leased Real Property”), of all leases relating to the Leased Real Property (collectively, the “Real Property Leases”), the amount of any security deposit by the lessee under each Real Property Lease currently held by the Lessor, and of all Liens upon or affecting Buyer’s rights to or interest in any of the Leased Real Property or any Real Property Lease. The Leased Real Property comprises all of the real property used and contemplated to be used in, or otherwise related to, the Business. Except as set forth in Schedule 4.3, no consent is required from the lessor or any other Person under any Real Property Lease to consummate the transactions contemplated by this Agreement and the Ancillary Agreements or to transfer the Real Property Leases that are to be transferred to the Buyer parties at Closing in accordance with this Agreement. The existing lease of the Leased Real Property on the Land will be terminated without liability to the Buyer Parties and the New Lease will be entered into and binding upon L1 Land, LLC, as lessor, and Buyer, as lessee, free of any Liens. Except as set forth in Schedule 4.9(b), (i) neither the Company nor any Seller Subsidiary has sublet, or granted to any other person any right of use, operation or occupancy of, any of the Leased Real Property, nor has such Seller Party agreed to do so, orally or in writing; (ii) neither the Company nor any Seller Subsidiary has sold, transferred or assigned, or granted to any Lien on or otherwise encumbered, all or any portion of its interest under any Real Property Lease, nor has agreed to do so, orally or in writing; and (iii) no person or entity has any sub-leasehold interest in, and no person or entity (other than the Seller Parties) has any right to use, operate or occupy, any Leased Real Property. The Company and the Seller Subsidiaries have made available to Buyer true, correct and complete copies of (A) all of the Real Property Leases; and (B) all Lien Instruments with respect to or affecting any of the Leased Real Property or any Real Property Lease. Each of the Real Property Leases is valid, binding and enforceable in accordance with its terms and is in full force and effect, free and clear of Liens other than those disclosed on Schedule 4.9(b), and there are no offsets or defenses by either landlord or tenant thereunder. There are no existing breaches of or defaults under, and no events or circumstances have occurred which, with or without notice or lapse of time or both, would constitute a breach of or a default under, any of the Real Property Leases by the Company or any Seller Subsidiary or, to the Knowledge of the Seller Parties, any other Person. The plants, buildings, structures, fixtures, furnishings, and equipment on the Leased Real Property are in good operating condition and in a state of good maintenance and repair, ordinary wear and tear excepted, are adequate and suitable for the purposes for which they are currently being used and currently contemplated to be used. To the Knowledge of the Seller Parties, no material improvements constituting a part of the current Leased Real Property encroach on real property not leased by a Seller Party to the extent that removal of such encroachment would materially impair the manner and extent of the current use, occupancy and operation of such improvements. There are neither any actual, nor, to the Knowledge of the Seller Parties, any threatened or contemplated, condemnation or eminent domain proceedings that affect the Leased Real Property or any part thereof, and no Seller Party has received any notice from any Governmental Body. The past and current use or occupancy of the Leased Real Property and the conduct of the Business as currently conducted and contemplated to be conducted do not violate in any material respect any easement, covenant, condition, restriction or similar provision in any instrument of record or other unrecorded agreement affecting such Leased Real Property. No security deposit or portion thereof deposited with respect to the Leases for the Leased Real Property has been applied in respect of a breach or default under such Leases which has not been redeposited in full.
4.10 **Tangible Personal Property.** Schedule 4.10 sets forth a true and complete list of all equipment and other tangible personal property owned or leased by, in the possession of, or used for the conduct of Business by the Company and the Seller Subsidiaries as currently conducted and currently contemplated to be conducted and having, individually, a value in excess of $1,000, or in the aggregate with all other similar items, a value in excess of $1,000 (the “Tangible Personal Property”). The Tangible Personal Property is sufficient to conduct the Business in the manner currently conducted and contemplated to be conducted. Each material item of Tangible Personal Property is in good condition and repair (ordinary wear and tear excepted), free and clear of any material defects, and none of such Tangible Personal Property requires any repair or replacement within the next three (3) months except for maintenance and replacement consistent with past practice of the Company and Seller Subsidiaries, currently planned capital improvements and repairs described in Schedule 4.10, or as a result of actions by the Company and Seller Subsidiaries or their employees after the Closing Date. No Seller Party has received notice that any of the Tangible Personal Property or its operation is in violation of any existing law. During the past three (3) years, there has not been any interruption of the operations of the Business due to a deficiency, or the inadequate maintenance, of the Tangible Personal Property. Except as set forth in Schedule 4.10, none of the Tangible Personal Property is held under any lease, security agreement or conditional sales contract. Schedule 4.10 sets forth a list and reasonably detailed description of all Tangible Personal Property that is not owned or leased by such Seller Parties. The Company and each Seller Subsidiary have good and marketable title to all of the Tangible Personal Property owned by it, and a valid leasehold or other possessory interest in all other Tangible Personal Property used, operated or occupied by it or located on its premises.

4.11 **Contracts.**

(a) Schedule 4.11 lists all (i) written Contracts and a summary of all oral Contracts to which the Company or any Seller Subsidiary is party or by which the Company or any Seller Subsidiary or any of its assets is bound or affected, other than Lien Instruments, Real Property Leases or any such Contracts that do not involve expenditures or receipts by the Company or any Seller Subsidiary in excess of $50,000 per annum and (ii) Contracts with a Material Customer or Material Supplier. The Company and Seller Subsidiaries have made available to Buyer true and complete copies of all Contracts, including any and all amendments and other modifications to such Contracts.
(b) Each of the Assumed Contracts is valid, binding and enforceable in accordance with its terms and is in full force and effect. There is no existing material default by any Seller Subsidiary, and no event or circumstance has occurred which, with or without notice or lapse of time or both, would constitute a material default by the Company or any Seller Subsidiary, as applicable, under any such Assumed Contract. No Seller Party has Knowledge of any material default by any other party, or of the occurrence of any event or circumstance which, with or without notice or lapse of time or both, would constitute a material default by any other party, under any such Assumed Contract. Assuming timely receipt of the applicable Consents, the sale of the Purchased Assets by Seller Subsidiaries to Buyer will not, with respect to any Assumed Contract, (i) constitute a default thereunder; (ii) require the consent of any person or party; or (iii) affect the continuation, validity and effectiveness of any Assumed Contract. Neither the Company nor any Seller Subsidiary has released any of their material rights under any Assumed Contract; neither the Company nor any Seller Subsidiary has given any notice of its intention to terminate or has otherwise sought to repudiate or disclaim any Assumed Contract; and to the Knowledge of the Seller Parties, there is no dispute regarding the validity or scope of any such Assumed Contract, or performance under any such Assumed Contract, including with respect to any payments to be made or received by a Seller Party thereunder. No third party to any Assumed Contract has notified the Company nor any Seller Subsidiary of its intent to terminate a Assumed Contract or, except as set forth on Schedule 4.11(b), the assertion of its right to renegotiate the terms or conditions of such Assumed Contract.

(c) None of the Assumed Contracts imposes (i) any noncompete obligation, (ii) any restrictions on the ability of Buyer to operate the Business in any geographic area, (iii) any “most favored nations” or similar obligation to offer terms included in or based on another Assumed Contract or (iv) any consent to assignment requirements other than as set forth on Schedule 4.3.

4.12 Receivables. All accounts receivable and trade accounts of the Business (the “Receivables”) are legal, valid and binding obligations, and are and will be collectible in full at face value (net of the reserves established by the Company and Seller Subsidiaries shown on the Financial Statements). All Receivables represent services actually performed in the ordinary course of the Business. Deferred revenues are presented on the Financial Statements, in accordance with GAAP, with respect to the Company’s and the Seller Subsidiaries’ (a) billed but unearned Receivables; (b) previously billed and collected Receivables still unearned; and (c) unearned customer deposits. Schedule 4.12 lists all accounts payable of the Company and Seller Subsidiaries as of September 30, 2010, together with an aging thereof. At the Closing Date, all accounts payable will have been incurred in exchange for goods or services delivered or rendered to the Company and Seller Subsidiaries in the ordinary course of business.
4.13 **Intellectual Property**. Seller Subsidiaries own or possess valid, exclusive and irrevocable licenses to, the entire right, title and interest in and to all Intellectual Property Rights necessary for the Business as now conducted and as proposed to be conducted (collectively, the “Business Intellectual Property”), without any violation, misappropriation or infringement of, or other conflict with, the rights of another Person, including, without limitation, the Intellectual Property Rights of another Person. Schedule 4.13(a)-(f) contains a complete list of (a) all patents and pending patent applications owned by Seller Subsidiaries, (b) all trademarks, service marks and trade dress, including all registrations and applications owned by Seller Subsidiaries, (c) all copyrights, registered and unregistered, owned by Seller Subsidiaries, (d) all mask works and domain name registrations owned by Seller Subsidiaries, (e) all agreements to which Sellers Subsidiaries is a party or is otherwise obligated that relate to Business Intellectual Property and/or the Intellectual Property of another Person; (f) all written consents, settlements, judgments, injunctions, decrees, awards, stipulations, orders or similar litigation-related, or *inter partes* obligations to which Seller Subsidiaries are a party or to which Seller Subsidiaries are otherwise bound, that relate to Business Intellectual Property or the Intellectual Property Rights of another Person, including any employee or former employee of Seller Subsidiaries. Except as set forth on Schedule 4.13(g), all Business Intellectual Property was developed solely by either (A) employees of the Seller Subsidiaries acting within the scope of their employment who have validly and irrevocably assigned all of their rights, including all Intellectual Property Rights therein or related thereto, to Seller Subsidiaries or (B) by third parties who have validly, irrevocably and exclusively assigned (or validly licensed, if not assignable) all of their rights, including to the extent assignable all Intellectual Property Rights therein or related thereto, to Seller Subsidiaries. All of Business Intellectual Property Rights are subsisting, valid and enforceable and there has not been any act or omission by the Seller Parties that has had an adverse effect, or could have an adverse effect, on the validity and/or enforceability of any of Business Intellectual Property Rights. There are no outstanding options, licenses, agreements, claims, Liens, encumbrances or shared ownership of interests of any kind relating to any of Business Intellectual Property, nor are the Seller Parties bound by or a party to any options, licenses or agreements of any kind with respect to the Intellectual Property Rights of any other Person except as set forth on Schedules 4.13(a)-(f). There is no pending or, to the Seller Parties’ Knowledge, threatened action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative or investigative) involving Seller Parties commenced, brought, conducted, or heard by or before, or otherwise involving, any governmental or judicial authority to which Seller Parties are a party claiming that Seller Parties have violated, misappropriated, or infringed any Intellectual Property Rights of any Person and Seller Parties have not received any communications alleging that any of them has violated, misappropriated, or infringed or, by conducting the Business as proposed, would violate, misappropriate, or infringe any Intellectual Property Rights of any other Person and Seller Parties are not aware of any potential basis for such an allegation or of any reason to believe that such an allegation may be forthcoming. The Business Intellectual Property Rights do not include any patents or patent obligations. To the Seller Parties’ Knowledge, no other Person has infringed or misappropriated any part of or otherwise made any unauthorized use of the Business Intellectual Property. Seller Parties have not brought any action, suit or proceeding for infringement of any Business Intellectual Property or breach of any license or agreement involving any Business Intellectual Property and does not currently have any plans to do so. Except as set forth on Schedules 4.13(a)-(f), there are no written consents, settlements, judgments, injunctions, decrees, awards, stipulations, orders or similar litigation-related, or *inter partes* obligations to which Seller Parties are a party or to which Seller Parties are otherwise bound, that will restrict the rights of Seller Parties to use, transfer, license or enforce any of Business Intellectual Property or restrict the conduct of the Business or limit any right to compete in any line of business or to compete with or solicit any Person. To the Seller Parties’ Knowledge, no employees of Seller Subsidiaries are obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with any employee.
using his or her best efforts to promote the interests of Seller Subsidiaries or that would conflict with the Business as presently conducted by Seller Subsidiaries. The consummation of the transactions contemplated by this Agreement will not result in the loss or impairment of, nor require the consent of any other Person in respect of, Seller Parties’ right to own, transfer, license or use any of the Business Intellectual Property, as owned or used in the conduct of the Business as currently conducted, in each case except as described on Schedules 4.13(a)-(e)(1-44). Seller Parties and each other party to the agreements listed on Schedule 4.13(e) have performed in all material respects their obligations thereunder, and neither the Seller Subsidiaries nor any other party thereto is in material default thereunder, nor has there occurred any event or circumstance which with notice or lapse of time or both would constitute a material default or material event of default, on the part of the Seller Parties or any other party thereto, and Seller Parties have not taken (or failed to take) any action that would result in the forfeiture, relinquishment or material diminishment, of any of their Intellectual Property Rights or of the registrations related thereto. All necessary registration, maintenance and renewal fees currently due in connection with the Business Intellectual Property have been properly made. All necessary documents, recordations and certificates in connection with the Business Intellectual Property have been filed with the relevant Governmental Bodies or authorities, as the case may be, for the purposes of maintaining the registrations related to the Business Intellectual Property in such jurisdiction. There are no actions that must be taken by Seller Parties within 90 days of Closing, which, if not taken, would result in the loss of any Intellectual Property Rights of Seller Parties. Neither this Agreement nor the transactions contemplated by this Agreement will result in Seller Parties granting to any Person any incremental right to any Business Intellectual Property, being bound by, or subject to, any incremental non-compete or other incremental restriction on the operation or scope of their respective Business, or being obligated to pay incremental royalties or other amounts, or offer any incremental discounts, to any Person, in each case except as described on 4.13(a)-(e)(1-44). As used herein, an “incremental” right, non-compete, restriction, royalty or discount refers to a right, non-compete, restriction, royalty or discount, as applicable, in excess of the rights, non-competes, restrictions, royalties or discounts payable that would have been required to be offered or granted, as applicable, had the Parties not entered into this Agreement or consummated the transactions contemplated hereby. Seller Parties have taken reasonable commercial efforts to protect Business Intellectual Property, including, without limitation, its trade secrets. Seller Parties have not granted any exclusive license in and to any Business Intellectual Property. Seller Parties have not licensed, distributed or otherwise transferred or made available to any third party any software or database product that contains any computer program code authored, created, designed, developed or implemented by Seller Parties that incorporates, contains, references, uses, or links to, any Open Source Software. Seller Parties’ database constitutes a trade secret of Seller Parties and the Seller Parties have used their best efforts to maintain the confidentiality of the database and to restrict access to the database except to those Persons that have a legitimate business reason for accessing the database and that have executed a confidentiality agreement prohibiting the disclosure of the database without the express written authorization of Seller Parties. All data which has been collected, stored, maintained or otherwise used by Seller Parties’
databases has been collected, stored, maintained and used in accordance with applicable laws and any applicable agreements in all material respects. Seller Parties have not received a notice of noncompliance with applicable data protection laws, rules, regulations, guidelines or industry standards. The practices of Seller Subsidiaries are, and have always been, in compliance with (i) Seller Subsidiaries’ then-current privacy policy, including the privacy policy posted on their websites, and (ii) the then-current privacy policies of any customer of a Seller Subsidiary, when required to do so by any contract between such Seller Subsidiary and such customer. Seller Parties have implemented and maintained reasonable measures to protect and maintain the confidential nature of any personal information. Seller Parties are not subject to any obligation that would prevent the Seller Parties from using the personal information in the operation of the Business as currently conducted. Seller Parties have not provided any confidential information related to the Business Intellectual Property to a third party except pursuant to non-disclosure or other confidentiality agreements. Seller Parties are not under any contractual or other obligation to disclose to any third party any Business Intellectual Property. The Seller Parties have not transferred ownership of, or granted any exclusive license with respect to, any Business Intellectual Property or Intellectual Property Rights of another Person. No government funding, facilities or resources of a university, college, other educational institution or research center or funding from third parties was used in the development of the Business Intellectual Property and no Governmental Body, university, college, other educational institution or research center has any claim or right in or to the Business Intellectual Property. None of the Seller Parties has any outstanding indemnification agreements to indemnify any other Person against any charge of infringement. Except as set forth on Schedule 4.13(g), each employee, officer, contractor, agent, and consultant who contributed to the creation or development of the Business Intellectual Property of the rights to such contributions that Seller Parties does not already own by operation of law has executed a proprietary information and inventions agreement in the form delivered to Buyer. Seller Parties are not aware that any employees, officers, contractors, or consultants are in violation thereof, and Seller Subseries have no reason to believe otherwise. No such employee, officer, contractor or consultant included a list of prior inventions or otherwise modified such agreement. No current or former director, officer, employee, consultant or contractor of Seller Parties will, after giving effect to each of the transactions contemplated herein, own or retain any rights in or to, or have the right to receive any royalty or other payment with respect to, any of the Intellectual Property Rights used or owned by Seller Parties. Seller Parties own, lease or license computer systems that are necessary for the operation of the Business as currently conducted. In the past 12 months, there has been no failure or other material substandard performance of any computer systems which has caused any material disruption to the Business. Seller Parties have taken commercially reasonable steps to provide for the back up and recovery of data and information and has commercially reasonable disaster recovery plans, procedures and facilities and, as applicable, has taken commercially reasonable steps to implement such plans and procedures. Seller Parties have taken commercially reasonable actions to protect the integrity and security of its computer systems and the software information stored thereon from unauthorized use, access, or modification by third parties. To the Seller Parties’ Knowledge, the computer systems do not contain any computer code intentionally designed to disrupt, disable, or harm in any manner the operation of any software or hardware or to allow a third party to have access to the user’s computer or network without such user’s authority. Telecom Solutions, LLC, L1 Maintenance, LLC, L1 Land, LLC and L1 Air, LLC do not own, or possess any rights, to any Business Intellectual Property Rights.
4.14 Litigation. Except as disclosed on Schedule 4.14, there are no claims, actions, suits, hearings or investigations ("Claims") pending or, to the Knowledge of the Seller Parties, threatened, against the Seller Parties. There are no Claims initiated by the Seller Parties pending, or that any Seller Party intends to initiate, against any other Person. No Seller Party has received any Claim or, to the Knowledge of the Seller Parties, threatened Claim, regarding a violation of securities laws, breach of fiduciary duty or similar violation by any of the respective officers, managers, members, directors or employees of any Seller Party.

4.15 Compliance with Rules; Orders. Except as set forth on Schedule 4.15, each Seller Party is in compliance with all laws, statutes, rules, regulations, ordinances, orders and licensing requirements of any federal, state, local and foreign agencies and authorities ("Rules") applicable to the Business, the Purchased Assets, the Assumed Liabilities, the Leased Real Property, the Land and/or properties of the Company or any Seller Subsidiary. There is not outstanding or, to the Knowledge of the Seller Parties, threatened, any Order involving the any Seller Party or related to the Business, the Purchased Assets, the Leased Real Property, the Land or the Assumed Liabilities.

4.16 Licenses and Permits. The Company and Seller Subsidiaries hold all material Governmental Permits necessary for the ownership, use, occupancy or operation of the Business as currently conducted and currently contemplated to be conducted, all of which are identified on Schedule 4.16. The Governmental Permits listed on Schedule 4.16 are valid and in full effect and the Business has been conducted in compliance with the requirements, standards, criteria and conditions set forth in the Governmental Permits listed on Schedule 4.16. Neither the Company nor any Seller Subsidiary is in material violation of any Governmental Permit, and no proceeding to revoke, modify, cancel, not renew or limit any Governmental Permit is pending or, to the Knowledge of any Seller Party, threatened. No Governmental Permit will be terminated or otherwise modified as a result of the transactions contemplated by this Agreement and the Ancillary Agreements.

4.17 Health, Safety and Environmental Matters.

(a) Except as set forth in Schedule 4.17, the Company and each Seller Subsidiary is in compliance and has complied in all material respects with all applicable Rules relating to public health and safety, worker health and safety and pollution and protection of the environment, including, without limitation, the Environmental Laws, except for non-compliance that has been corrected to the satisfaction of the applicable governing body without any remaining Liability. The Company and Seller Subsidiaries do not have any Liability under any applicable Rules relating to public health and safety, worker health and safety and pollution and protection of the environment, including, without limitation, the Environmental Laws other than Liabilities which do not exceed in the aggregate $50,000. To the Knowledge of the Seller Parties, there are no circumstances that could result in future non-compliance or Liability under applicable Rules relating to public health and safety, worker health and safety and pollution and protection of the environment, including, without limitation, the Environmental Laws.
(b) Either the Company and/or a Seller Subsidiary (as appropriate) possesses all Environmental Permits required by Environmental Laws for the conduct of the Business as presently conducted and as contemplated to be conducted, and is in compliance (and has complied) with the terms and conditions of such Environmental Permits in all material respects except for non-compliance that has been corrected to the satisfaction of the applicable governing body without any remaining Liability. Neither the Company nor any Seller Subsidiary is in material violation of any Environmental Permit, and no proceeding to revoke, modify, cancel, not renew or limit any Environmental Permit is pending or, to the Knowledge of any Seller Party, threatened. No Environmental Permit will be terminated or otherwise modified as a result of the transactions contemplated by this Agreement and the Ancillary Agreements.

(c) No Seller Party has received written notice of any pending or threatened Environmental Claim against any Seller Party or affecting the Land, any Leased Real Property or other Purchased Asset, and no Environmental Claim is pending or to the Knowledge of a Seller Party threatened, against the Seller or any Seller Subsidiary; and there is no reasonable or actionable basis for any such Environmental Claim.

(d) Except as set forth in Schedule 4.17 and other than typical janitorial and office supplies stored, used and disposed of in accordance with Environmental Laws, neither the Company nor any Seller Subsidiary has generated, exposed any person to, used, stored, transported, disposed of, or released, and to the Knowledge of the Seller Parties, no other Person has generated for transport, transported, disposed of, or released, any Hazardous Substances at, on, under or from any of the Leased Real Property (or the soil, groundwater, surface water, ambient air or building elements thereof) or Purchased Assets in violation of Environmental Laws. There are no Hazardous Substances present on, in or under the Leased Real Property or the Land as a result of the operations of the Company and Seller Parties during the occupancy of the Leased Real Property by the Company or any Seller Party. Except as set forth in Schedule 4.17, there are no Hazardous Materials present in the soil, groundwater, surface water or building elements of the Leased Real Property or the Land. There are no Hazardous Materials other present at, in or under any Leased Real Property or the Land, other than typical janitorial and office supplies stored and used in compliance with Environmental Laws and Hazardous Materials in ambient indoor air at levels not exceeding the background levels for the area.

(e) No Seller Party has ever been subject to, or received any notice (written or oral) of any private, administrative or judicial action, or any notice (written or oral) of any intended private, administrative, or judicial action relating to the presence or alleged presence of Hazardous Substances in, under or upon any of the Leased Real Property or the Land, and other than as set forth on Schedule 4.17 or as described in any documents or reports referenced therein, to the Knowledge of any Seller Party, there is no reasonable basis for any such notice or action; and there are no pending or, to the Knowledge of any Seller Party, threatened actions or proceedings (or notices of potential actions or proceedings) from any Governmental Body or any other entity regarding any matter relating to health, safety or protection of the environment and affecting the Business, the Leased Real Property or the Land.
4.18 **Insurance**. Schedule 4.18 contains a true, correct and complete list of all policies of fire and casualty, property and other liability, worker's compensation and other forms of insurance maintained by the Company and Seller Subsidiaries with respect to the Business or any Purchased Asset including the name of the insurance carrier, the policy number, and the nature of coverage provided, copies of which have been provided to Buyer. All such policies are in full force and effect and all premiums due and payable for periods prior to the Closing Date under such policies have been paid or will be paid when due. No notice of cancellation of any such policies has been received; and such policies are sufficient for compliance with all requirements of law, the Contracts, Lien Instruments and Real Property Leases. Except for amounts deductible under policies of insurance and as described in Schedule 4.18, neither the Company nor any Seller Subsidiary is subject to liability as a self insurer. Except as set forth in Schedule 4.18, there are no claims pending or threatened under any of such policies and there are no disputes between the Company and any Seller Subsidiary and any of the underwriters of said policies.

4.19 **Labor Matters**. None of the Company, any Seller Subsidiary or any ERISA Affiliate is, nor has any of them ever been, subject to or bound by any collective bargaining agreement, labor contract or similar agreement or arrangement with any labor union, trade union, works council or other employee representative, nor is any such agreement or contract being negotiated. There is no pending or, to the Knowledge of the Seller Parties, threatened or reasonably anticipated union organizational activity, strike, labor dispute, slowdown, concerted refusal to work overtime, work stoppage or other labor or employment dispute against or affecting the Business and neither the Company nor any Seller Subsidiary has any knowledge of any activities or proceedings of any labor union to organize any Business Employees. Except as set forth on Schedule 4.19, neither the Company nor any Seller Subsidiary has received: (i) written notice of any unfair labor practice charge or complaint pending or threatened before the National Labor Relations Board or any other Governmental Body against or relating to any Business Employee nor is any such charge or complaint pending, (ii) written notice of any proceedings arising out of any collective bargaining agreement, or similar agreement nor are any such proceedings pending, (iii) notice of threats to commence any proceedings by or on behalf of any Business Employee, former employee or any other representative of such employee with respect to or relating to the Company and any Seller Subsidiaries before the Equal Employment Opportunity Commission or any other Governmental Body responsible for the prevention of unlawful employment practices nor are any such proceedings pending, or (iv) written notice of the intent of any Governmental Body responsible for the enforcement of labor, employment, wages and hours of work, child labor, immigration, classification of employees, whistleblower or occupational safety and health laws to conduct an investigation with respect to or relating to any employee or to any site or facility at which any employee is located, or notice that such investigation is in progress. The Company and Seller Subsidiaries are in compliance with all Rules respecting employment and employment practices in all material respects.
4.20 Compensation. Schedule 6.4(a) is a complete and correct list of the name, position, rate of compensation and any incentive compensation arrangements, bonuses or commissions or fringe or other benefits, whether payable in cash or in kind, of each Business Employee and each other person to whom the Company and such Seller Subsidiary pays or provides, or has an obligation, agreement (written or unwritten), policy or practice of paying or providing, retirement, health, welfare or other benefits of any kind or description whatsoever. Except as set forth on Schedule 6.4(a), (i) there are no severance payments or other payments that are or could become payable to any Business Employee under the terms of any oral or written agreement or commitment or any Rule, custom, trade or practice as a result of the transactions completed by this Agreement or the Ancillary Agreements, and (ii) as of the date hereof, to the Knowledge of the Seller Parties, no Business Employee has any plans to terminate his or her employment with the Company and/or any Seller Subsidiary. Except as set forth on Schedule 6.4(a), (i) there are no severance payments or other payments that are or could become payable to any Business Employee under the terms of any oral or written agreement or commitment or any Rule, custom, trade or practice as a result of the transactions completed by this Agreement or the Ancillary Agreements, and (ii) as of the date hereof, to the Knowledge of the Seller Parties, no Business Employee has any plans to terminate his or her employment with the Company and/or any Seller Subsidiary. Except as set forth on Schedule 6.4(a), no Business Employees are currently on leave relating to work-related injuries and/or receiving disability benefits under any Plan. Schedule 4.20 sets forth the employees of Telecom Solutions, LLC, L1 Land, LLC, L1, Air, LLC and/or L1 Maintenance, LLC, and except as set forth on Schedule 4.20, no Business Employees has been, or currently is an employee, consultant, contractor or agent of Telecom Solutions, LLC, L1 Land, LLC, L1, Air, LLC and/or L1 Maintenance, LLC.

4.21 Employee Benefits.

(a) Schedule 4.21 contains an accurate and complete list of all Plans, as defined below, contributed to, maintained or sponsored by the Company and each Seller Subsidiary, to which the Company and such Seller Subsidiary is obligated to contribute or with respect to which the Company and such Seller Subsidiary has any liability or potential liability, whether direct or indirect, including all Plans contributed to, maintained or sponsored by each member of the controlled group of companies, within the meaning of Section 414 of the IRC or Section 4001(b) of ERISA, of which the Company and each Seller Subsidiary is a member (each, an “ERISA Affiliate”).

(b) For purposes of this Agreement, the term “Plans” means: (i) employee benefit plans as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), whether or not funded and whether or not terminated; (ii) employment agreements; and (iii) personnel policies or fringe benefit plans, policies, programs and arrangements, whether or not subject to ERISA, whether or not funded and whether or not terminated, including, without limitation, stock bonus, deferred compensation, pension, severance, bonus, vacation, travel, incentive and health, disability and welfare plans.

(c) Except as disclosed on Schedule 4.21, neither the Company nor any Seller Subsidiary nor any ERISA Affiliate contributes to, has any obligation to contribute to or otherwise has any liability or potential liability with respect to any of the following: (i) any “defined benefit” Plan (as defined in Section 3(35) of ERISA or Section 414(j) of the IRC); (ii) any “Multi-employer” Plan (as such term is defined in Sections 4063 and 4064 of ERISA or in Section 413 of the IRC); (iii) any “multiple employer” Plan of the type described in Sections 4063 and 4064 of ERISA or in Section 413 of the IRC; or (iv) any plan which provides health, life insurance, accident or other “welfare-type” benefits to current or future retirees or current former employees, their spouses or dependents, other than in accordance with Section 4980B of the IRC or applicable state continuation coverage law.

(d) Except as disclosed on Schedule 4.21, none of the Plans obligate the Company or Seller Subsidiaries to pay separation, severance, termination or similar-type benefits solely as a result of any transaction contemplated by this Agreement or solely as a result of a “change in control,” as such term is used in Section 280G of the IRC.
(e) Each Plan and all related trusts, insurance contracts and funds have been maintained, funded and administered in material compliance with all applicable Rules, including, but not limited to, ERISA and the IRC. None of the Company, any Seller Subsidiary, any trustee or administrator of any Plan or any other person has engaged in any transaction with respect to any Plan or failed to act in a manner which could subject the Company or any Seller Subsidiary, or any trustee or administrator of any Plan, or any party dealing with any Plan, or Buyer to any material tax or penalty imposed by ERISA or the IRC. No actions, suits, claims, complaints, charges, proceedings, hearings, investigations or demands with respect to the Plans (other than routine claims for benefits) are pending or threatened, and no Seller Party has Knowledge of any facts that could give rise to or be expected to give rise to any actions, suits, claims, complaints, charges, proceedings, hearings, investigations or demands. No Purchased Assets are the subject of any lien arising under Section 302(f) of ERISA or Section 412(n) of the IRC, and neither the Company nor any Seller Subsidiary has been required to post any security pursuant to Section 307 of ERISA or Section 401(a)(29) of the IRC. Neither the Company nor any Seller Subsidiary nor any ERISA Affiliate has incurred and there are no circumstances under which the Company any Seller Subsidiary or any ERISA Affiliate could reasonably incur any liability (whether directly or indirectly) under Title IV of ERISA.

(f) Each Plan that is intended to be qualified under Section 401(a) of the IRC, and each trust (if any) forming a part of such Plan, has received a current favorable determination or opinion letter from the IRS as to the qualification under the IRC of such Plan and the tax exempt status of such related trust, and nothing has occurred since the date of such determination or opinion letter that reasonably could be expected to adversely affect the qualification of such Plan or the tax exempt status of such related trust.

(g) No underfunded “defined benefit plan” (as such term is defined in Section 3(35) of ERISA) has been, during the five years preceding the Closing Date, transferred out of the controlled group of companies (within the meaning of IRC Section 414 or ERISA Section 4001(b)) of which the Company and Seller Subsidiaries are a member or was a member during such five-year period.

(h) No Plan has any unfunded liabilities.

(i) With respect to each Plan, the Company and Seller Subsidiaries have made available to Buyer with true, complete and correct copies, to the extent applicable, of the following:

(i) all documents pursuant to which the Plans are maintained, funded and administered;

(ii) the two most recent annual reports (Form 5500 series) filed with the Internal Revenue Service (with attachments);

(iii) the two most recent actuarial reports;

(iv) the two most recent financial statements;

(v) all governmental rulings, determinations and opinions (and pending requests for governmental rulings, determinations and opinions); and

(vi) the most recent valuation of the present and future obligations under each Plan that provides post-retirement or post-employment health, life insurance, accident or other “welfare-type” benefits.
4.22 Absence of Certain Changes. Except as disclosed on Schedule 4.22, since December 31, 2009 the Company and each Seller Subsidiary has conducted its operations and the Business in the ordinary course consistent with past practices, and has not:

(a) suffered a Material Adverse Change;

(b) experienced any damage, destruction or loss to or of any of the material assets or properties owned or leased by the Company or any Seller Subsidiary related to the Business or any Purchased Asset;

(c) borrowed any amount or incurred any Indebtedness not in the ordinary course of business;

(d) paid, waived, released, discharged or satisfied any Lien, obligation or Liability, other than in the ordinary course of business, or prepaid or cancelled any amount of Indebtedness for borrowed money;

(e) subjected any portion of the Purchased Assets to any Lien;

(f) made or granted any bonus or any wage, salary or compensation increase to any manager, officer, employee or sales representative, group of employees or consultant or made or granted any increase in any Plan, or amended or terminated any existing Plan or adopted any new Plan or arrangement, except for compensation increases to non-executive employees in the ordinary course of business consistent with past practice;

(g) made any acquisition (by merger, consolidation, or acquisition of equity interests or assets) of any Person;

(h) transferred or granted any license or sublicense of any rights under or with respect to any of the Business Intellectual Property other than in the ordinary course of business consistent with past practice;

(i) sold, assigned, licensed, pledged, disposed of or transferred any of their assets or rights, except for as expressly contemplated by this Agreement and except for any such assets having an aggregate value of less than $50,000;

(j) changed their independent public accountants, changed their accounting methods or accounting practices or changed their depreciation or amortization policies or rates;

(k) adopted, amended, modified or terminated any Plan, Contract or commitment for the benefit of any Employee, made any contribution to any Plan (other than regularly scheduled contributions) or increased the compensation or other benefits payable or provided to any officer, director, employee or other personnel or granted any equity or equity based awards;

(l) made any oral or written representation or commitment with respect to any aspect of any Plan that is not in accordance with the existing written terms and provisions of such Plan;
(m) entered into any joint ventures, strategic partnerships or alliances;

(n) except as required by GAAP, by Rules, or by circumstances which did not exist as of such date, changed any of the accounting principles or practices used by it;

(o) changed its practices and procedures with respect to the collection of Receivables or offered to discount the amount of any Receivables or extended any other incentive (whether to the account debtor or any employee or third party responsible for the collection of Receivables) with respect thereto;

(p) changed its standard invoicing or billing practices and procedures;

(q) made or changed any Tax election, changed any annual accounting period, adopted or changed any accounting method with respect to Taxes, filed any amended Tax Return, entered into any closing agreement, settle or compromise any proceeding with respect to any Tax claim or assessment, surrendered any right to claim a refund of Taxes, consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment relating to the Company Entities, or taken any other similar action relating to the filing of any Tax Return or the payment of any Tax;

(r) entered into any commitment for capital expenditures in excess of $10,000 for any individual commitment or $50,000 in the aggregate;

(s) incurred or guaranteed any Indebtedness, issued any debt securities or rights to acquire debt securities, or enter into any arrangement having the economic effect of any of the foregoing;

(t) paid or agreed to pay in settlement, or compromise or waive any rights under or pursuant to, any matter involving actual or threatened Claims;

(u) failed to use commercially reasonable efforts to preserve intact the Business and to keep available the services of its present officers, employees and other personnel and preserve its relationships with customers, suppliers and others having business dealings with it;

(v) failed to use commercially reasonable efforts to maintain the Purchased Assets in their current condition, except for ordinary wear and tear, or failed to repair, maintain, or replace any of the Purchased Assets in accordance with the normal standards of maintenance applicable in the industry;

(w) amended, terminated, or failed to use commercially reasonable efforts to renew any Assumed Contract, or received any notice or other notification that any other Person has or intends to take any such actions;

(x) entered into any contract related to the Business or any Purchased Asset outside the ordinary course of business; or
(y) agreed or made any commitment (orally or in writing) to take any of the foregoing actions.

4.23 Absence of Certain Business Practices. None of the Company, any Seller Subsidiary, or any employee, officer, director or affiliate of any of them, or any other Person acting on behalf of any of them, has, with respect to, on behalf of or to otherwise further the interests of such Seller Party, (a) used funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity, (b) made any direct or indirect unlawful payments to foreign or domestic government officials or employees, (c) established or maintained any unlawful or unrecorded funds or other assets or to foreign or domestic political parties or campaigns or violated any provision of the Foreign Corrupt Practices Act of 1977, as amended, or the OECD Convention on Combating Bribery of Foreign Public Officials in Business Transactions; (d) made any bribe, kickback or other unlawful payment or (e) made any material favor or gift which is not, in good faith, believed by such Person to be fully deductible for any income tax purposes and which was, in fact, so deducted.

4.24 Related Party Transactions. Except as set forth on Schedule 4.24, no Related Party (i) has borrowed money from or loaned money to the Company or any Seller Subsidiary that is currently outstanding or otherwise has any cause of action or claim against the Company or any Seller Subsidiary, (ii) has any direct or indirect ownership interest in any property or asset used or developed by or for the Company or any Seller Subsidiary in the conduct of the Business except through such Person’s ownership of Interests, (iii) has or has had any direct or indirect ownership interest in, or served as an officer, director, employee or consultant of, any Person which is a present competitor, supplier or customer of the Business or (iv) is a party to any agreement or is engaged in any ongoing transaction with the Company or any Seller Subsidiary other than employment in the ordinary course of the Business.

4.25 Customers and Suppliers. Schedule 4.25(a) lists the twenty (20) largest customers (each a “Material Customer”) of the Business for the year ended December 31, 2009 and the 8 month period ended September 30, 2010, based on and listing the gross sales (rounded to the nearest $1,000). Except as set forth on Schedule 4.25(a), no Material Customer has canceled, terminated or otherwise modified, or threatened to cancel, terminate or otherwise modify, its relationship with the Company or any of the Seller Subsidiaries during the twelve months immediately preceding the Closing Date or has during such twelve month period decreased, or threatened to decrease or limit its business with such Seller Parties. Schedule 4.25(b) lists the ten (10) largest suppliers and vendors (each a “Material Supplier”) of the Business for the year ended December 31, 2009, based on and listing the gross purchases (rounded to the nearest $1,000). Except as set forth on Schedule 4.25(b), no Material Supplier has canceled, terminated or otherwise modified, or threatened to cancel, terminate or otherwise modify, its relationship with the Company or any of the Seller Subsidiaries during the twelve months immediately preceding the Closing Date or has during such twelve month period decreased, or threatened to decrease or limit its business with such Seller Parties. No Material Customer or Material Supplier has cancelled, terminated or otherwise modified its relationship with the Business since December 31, 2009 and no Seller Party has received notice that any Material Customer or Material Supplier intends to cancel, terminate or otherwise modify its relationship with the Business for any reason including, without limitation, as a result of the consummation of the transactions contemplated by the Agreement and the Ancillary Agreements.

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4.26 **Powers of Attorney.** There are no outstanding powers of attorney executed on behalf of any Seller Party related to the Business or any Purchased Asset that are presently in effect.

4.27 **Investment Representation.**

(a) Each Seller Party that receives Parent Common Stock is an “accredited investor” as defined in Regulation D under the Securities Act has such knowledge and experience in financial and business matters that such Seller Party is capable of evaluating the relative risks and merits of an investment in the Parent Common Stock.

(b) The Seller Party has had an opportunity to ask questions of and receive answers from the Buyer, or a person or persons acting on the Buyer’s behalf, concerning the terms and conditions of the Parent Common Stock. In addition, each Seller Party has read or reviewed and is familiar with the Buyer’s reports on Forms 10-K, 10-Q and 8-K as filed with the U.S. Securities and Exchange Commission (the “SEC”).

(c) Such Seller Party acquiring such shares represents that the Parent Common Stock to be issued hereunder are being acquired solely for such Seller Party’s own account, for investment and not with a view to or for the resale or distribution thereof (except pursuant to the Registration Rights Agreement (as defined below); such Seller Party has no present plans to enter into any contract, undertaking, agreement, or arrangement relating thereto that would render the Buyer unable to rely on the safe harbor set forth in Regulation D under the Securities Act for the issuance of the Parent Common Stock hereunder.

(d) Such Seller Party acquiring Parent Common Stock understands that the shares of such Parent Common Stock to be issued hereunder have not been registered under the Securities Act or under the securities laws of any state or other jurisdiction and are being offered and issued in reliance upon exemptions for private offerings. Such Seller Party acquiring such Parent Common Stock acknowledges and is aware that there are substantial restrictions on the transferability of the Parent Common Stock; the Parent Common Stock to be issued hereunder cannot be resold unless they are registered under the Securities Act and qualified under any applicable securities law of any state or other jurisdiction, or an exemption from such registration or qualification is available.

4.28 **Preferences; Solvency.** Each of the following statements are, and, after giving effect to the transactions contemplated by this Agreement and the other Ancillary Agreements and upon any distribution of any contemplated assets of the Company or a Selling Subsidiary to a liquidating trust or to the Company’s or a Selling Subsidiary’s creditors and shareholders, each of the following statements will be true and correct:

(a) The aggregate value of all assets of the Company and the Selling Subsidiaries, on a consolidated basis, or any such liquidating trust at their respective then present fair saleable values exceeds the amount of all of the debts and liabilities (including contingent, subordinated, unmatured and unliquidated liabilities) of the Company and the Selling Subsidiaries, on a consolidated basis, or such liquidating trust. For purposes of this Section 4.28, “present fair saleable value” means the amount that may be realized within a reasonable time through a sale within such period by a capable and diligent businessman from an interested buyer who is willing to purchase under ordinary selling conditions. In determining the present fair saleable value of the Company’s and the Selling Subsidiaries’ contingent liabilities (such as litigation, guarantees and pension plan liabilities) on a consolidated basis, the Company and the Selling Subsidiaries have considered such liabilities that could possibly become actual or matured liabilities.
(b) The Company and the Selling Subsidiaries or any such liquidating trust are not insolvent as such term is used in Sections 547 and 548 of the United States Bankruptcy Code and all other applicable preference, fraudulent transfer or fraudulent conveyance laws, statutes, rules or regulations applicable to the Company, the Selling Subsidiaries or such liquidating trust, including the laws of the State of South Carolina.

(c) The consideration received by the Company and the Selling Subsidiaries hereunder constitutes reasonably equivalent consideration for the Company’s and the Selling Subsidiaries’ entering into the transactions contemplated by this Agreement.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF BUYER PARTIES

Each Buyer Party represents and warrants to each of the Seller Parties as follows:

5.1 Organization and Good Standing. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Parent is a corporation duly organized, validly existing and in good standing under the laws of Delaware.

5.2 Authority. Each Buyer Party has the requisite power and authority to execute, deliver and perform this Agreement and all other agreements and documents required to be delivered hereunder (collectively, the “Buyer Party Agreements”) and to consummate the transactions contemplated by the Buyer Party Agreements. The execution, delivery and performance of the Buyer Party Agreements and the consummation of the transactions contemplated thereby have been duly and validly authorized by all necessary corporate action on the part of such Buyer Party. Each of the Buyer Party Agreements has been, or with respect to Buyer Party Agreements to be executed at the Closing will be, duly executed and delivered by such Buyer Party, and each constitutes or will constitute when executed and delivered a valid and binding obligation of such Buyer Party, enforceable against such Buyer Party in accordance with its terms.

5.3 No Conflict or Breach. The execution, delivery and performance of the Buyer Party Agreements do not and will not (a) conflict with or constitute a violation of the Certificate of Incorporation or Bylaws of either Buyer Party; or (b) conflict with or constitute a violation of any law, statute, judgment, order, decree or regulation of any court, administrative agency, Governmental Body or arbitrator applicable to or relating to either Buyer Party, excluding from the foregoing clause (b) such conflicts or violations that would not, individually or in the aggregate, (A) prevent or materially delay consummation of the transactions contemplated hereby, (B) otherwise prevent or materially delay performance by such Buyer Party of its material obligations under this Agreement or (c) a material adverse effect on the Buyer Parties.
5.4 **Governmental Approvals.** Except as listed on Schedule 5.4 no consent, approval, authorization, registration or filing with any federal, state or local judicial or Governmental Body or administrative agency is required in connection with the valid execution and delivery by either Buyer Party of the Buyer Party Agreements or the consummation by such Buyer Party of the transactions contemplated in the Buyer Party Agreements.

5.5 **Litigation.** There are no Claims pending or, to the knowledge of Buyer, threatened, that seek to enjoin, or would reasonably be expected to have the effect of preventing, making illegal, or otherwise interfering with, any of the transactions contemplated by this Agreement, except as would not, individually or in the aggregate, reasonably be expected to prevent or materially delay the ability of either Buyer Party to consummate the transactions contemplated by this Agreement.

5.6 **Brokers.** No finder, broker, agent or other intermediary has acted for or on behalf of either Buyer Party in connection with the transactions contemplated by this Agreement, and there are no claims for any brokerage commission, finder’s fee or similar payment due from such Buyer Party.

5.7 **Financing.** Parent has funds available in an amount sufficient to pay the Purchase Price and related costs and expenses of the transaction contemplated hereby to be paid by it.

5.8 **Capitalization; Parent Common Stock.**

   (a) The authorized capital stock of Parent consists solely of 125,000,000 shares of Parent Common Stock and 10,000,000 shares of preferred stock, $0.001 par value per share. Parent has sufficiently authorized Parent Common Stock available for issuance to permit Buyer to consummate the transactions contemplated by the Agreement.

   The Parent Common Stock (i) will be, when delivered, duly authorized, validly issued, fully paid and nonassessable, (ii) will not, when delivered, be subject to preemptive rights created by statute, Parent’s constitutive documents or any agreement to which Buyer is a party or by which Buyer is bound, and (iii) will, when delivered, be free of Liens (except for any Liens created as a result of the Registration Rights Agreement and Liens arising out of the recipient’s actions). Assuming the truth and accuracy of the representations and warranties made by each of the Seller Parties in Section 4.27, the issuance to the Seller Parties of the shares Parent Common Stock will not require registration under the Securities Act.
6.1 **Conduct of Business Pending the Closing.** At all times from the execution of this Agreement until the Closing or the date, if any, on which this Agreement is terminated pursuant to **Section 8.1**, except as may be required by law, as set forth in **Schedule 6.1** or as contemplated elsewhere in this Agreement, the Company shall use its commercially reasonable efforts to, and shall cause each Seller Subsidiary to use its commercially reasonable efforts to, operate the Business in the ordinary course consistent with past practice in all material respects and in compliance in all material respects with all applicable laws and regulations and to use commercially reasonable efforts to preserve substantially intact the Business and the goodwill of the Business. Furthermore, with respect to the Business, the Company agrees not to take any of the following actions (and to cause Seller Subsidiaries not to take such actions) (except as expressly permitted by this Agreement or as contemplated by the transactions contemplated hereby, as set forth in **Schedule 6.1**, or to the extent Buyer shall consent in writing, which consent shall not be unreasonably withheld, delayed or conditioned):

(a) (i) sell, lease, license or otherwise dispose of (1) any of the Purchased Assets or (2) any of the capital stock of or other equity interests in any Seller Subsidiary, or (ii) mortgage or pledge any of the Purchased Assets or subject any of the Purchased Assets to any Lien (other than a Permitted Lien), other than, in the case of both clauses (i)(1) and (ii), in the ordinary course of the Business consistent with past practice;

(b) except with respect to ordinary course contracts with customers of the Business, enter into or amend any Assumed Contract other than in the ordinary course of the Business consistent with past practice;

(c) except as set forth on **Schedule 6.1**, or as required pursuant to new contracts entered into in the ordinary course of business, make or commit to make capital expenditures relating to the Business;

(d) except as otherwise permitted or contemplated by this Agreement, authorize, recommend, propose or announce an intention to adopt a plan of complete or partial liquidation or dissolution of the Company or any of Seller Subsidiaries; and

(e) agree in writing or otherwise to take any action inconsistent with any of the foregoing.
6.2 Tax Matters.

The Seller Parties shall pay all sales, use, stamp, documentary, recording, value added, goods and services, bulk sales, excise, registration, conveyance and real estate and other transfer Taxes and fees ("Transfer Taxes"), if any, due as a result of the purchase, sale or transfer of the Purchased Assets in accordance herewith whether imposed by law on the Company, Seller Subsidiaries or Buyer. The party required by applicable law to file any necessary documentation or Tax Returns with respect to such Transfer Taxes (the “Filing Party”) shall do so in the time and manner so required, and shall pay all Transfer Taxes reflected on such documentation or Tax Returns. If Buyer is the Filing Party, the Seller Parties shall reimburse Buyer for such Transfer Taxes within 10 days of receipt of reasonable evidence of the amount of such Transfer Taxes. Upon the request of the party that is not the Filing Party, the Filing Party shall furnish the Company with proof of such payment. The parties shall cooperate as reasonably requested to minimize the amount of such Transfer Taxes, including, as applicable, providing appropriate documentation, obtaining certificates of exemption, and transferring by electronic means any Purchased Assets susceptible to such transfer.

(a) Subject to Section 6.2(a) and Section 6.2(c), the Seller Parties shall be responsible for the preparation and timely filing of all Tax Returns of the Seller Parties required to be filed for any Tax period, including all Tax Returns required to be filed with respect to the Business or the Purchased Assets for any Pre-Closing Tax Period. Such Tax Returns shall be true, complete and correct and prepared in accordance with applicable law and past practices (except as required by applicable law). To the extent that Buyer could be liable as a successor for Taxes reflected or required to be reflected on any such Tax Return, the Seller Parties shall provide Buyer with a copy of such Tax Return at least thirty (30) days prior to the due date, and shall revise such Tax Return in accordance with Buyer’s reasonable comments. Any disputes with respect to such Tax Returns shall be resolved in accordance with the procedures set forth in Section 2.7. The Seller Parties shall be responsible for and shall timely pay all Taxes of the Seller Parties for any Tax period, and all Taxes with respect to the Business or the Purchased Assets for any Pre-Closing Tax Period. For the avoidance of doubt, with respect to any Tax Incentive applicable to the Purchased Assets or the Business during the Pre-Closing Tax Period (each, a “Pre-Closing Tax Incentive”), the Seller Parties shall be responsible for and shall pay any amount required to be forfeited to a Governmental Body, any offset against any refund, claim or amount owing from such Governmental Body, or any other similar detriment with respect to any Pre-Closing Tax Incentive (each, a “Clawback”), regardless of when the Clawback is assessed or incurred and regardless of the reason for the Clawback.

(b) Subject to Section 6.2(a) and Section 6.2(c), Buyer will be responsible for the preparation and timely filing of all Tax Returns required to be filed with respect to its operation of the Business or ownership or use of the Purchased Assets for any Tax period (or portion thereof) commencing after the Closing (the “Post-Closing Tax Period”). Such Tax Returns shall be true, complete and correct and prepared in accordance with applicable law. Buyer shall be responsible for and shall timely pay all Taxes with respect to its operation of the Business or ownership or use of the Purchased Assets for any Post-Closing Tax Period.

(c) All real property Taxes, personal property Taxes and similar ad valorem obligations levied with respect to the Purchased Assets for a taxable period that includes (but does not end on) the Closing Date (each such period, a “Straddle Period”) shall be apportioned between the Company and Buyer as of the Closing Date based on the number of days in such Straddle Period that are in the Pre-Closing Tax Period, and the number of days in such Straddle Period that are in the Post-Closing Tax Period. The Company shall be liable for the portion of such Taxes attributable to the Pre-Closing Tax Period, and Buyer shall be liable for the portion of such Taxes attributable to the Post-Closing Tax Period. The Filing Party shall file any Tax Returns with respect to such Taxes in the time and manner required by law. Such Tax Returns shall be true, complete and correct and prepared in accordance with applicable law and past practices (except as required by applicable law). The Filing Party shall provide the Non-Filing Party with a copy of each such Tax Return at least thirty (30) days prior to the due date, and shall revise such Tax Return in accordance with the Non-Filing Party’s reasonable comments. Any disputes with respect to such Tax Returns shall be resolved in accordance with the procedures set forth in Section 2.7. If bills for such Taxes have not been issued as of the Closing Date, and, if the amount of such Taxes for the period including the Closing Date is not then known, the apportionment of such Taxes shall be made at Closing on the basis of the prior period’s Taxes. After Closing, upon receipt of bills for the period including the Closing Date, adjustments to the apportionment shall be made by the parties, so that if either party paid more than its proper share at the Closing, the other party shall promptly reimburse such party for the excess amount paid by them. If either party receives a refund of Taxes that the other party has paid pursuant to this Section 6.2(c), it shall reimburse the other party its proportionate share of such refund, less any Taxes or other costs imposed with respect to the receipt of such refund.
(d) The Company, Seller Subsidiaries and Buyer agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance relating to the Business, the Purchased Assets and Assumed Liabilities (including access to books and records) as is reasonably necessary for the filing of all Tax Returns, the making of any election relating to Taxes, the preparation for any audit by any Taxing Authority, and the prosecution or defense of any action, suit or proceeding, claim, arbitration, litigation or investigation relating to any Tax. Any expenses incurred in furnishing such information or assistance shall be borne by the party requesting it.

(e) At Buyer’s election, Buyer and the Seller Parties shall utilize the alternate procedure set forth in Revenue Procedure 2004-53 with respect to wage withholding for Transferred Employees.

6.3 Third Party Consents and Regulatory Approvals.

(a) Subject to the terms and conditions hereof, the Company shall use its reasonable best efforts and Buyer shall use its commercially reasonable efforts to, and the Company shall cause Seller Subsidiaries to use their reasonable best efforts to:

(i) take, or cause to be taken, all actions, and do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective the transactions contemplated hereby as promptly as practicable;

(ii) as promptly as practicable, obtain from any Governmental Body or any other third party any consents, licenses, permits, waivers, approvals, authorizations, or orders required to be obtained or made by the Company or Buyer or any of their respective Subsidiaries in connection with the authorization, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

(iii) as promptly as practicable, make all necessary filings, and thereafter make any other required submissions, with respect to this Agreement under (A) the Exchange Act and any other applicable federal or state securities laws, (B) the HSR Act and any related governmental request thereunder, and (C) any other applicable law; and

(iv) execute or deliver any additional instruments necessary to consummate the transactions contemplated by, and to fully carry out the purposes of, this Agreement.

The Company and Buyer shall cooperate with each other in connection with the making of all such filings, including, without limitation, providing copies of all such documents to the non-filing party and its advisors prior to filing and, if requested, considering in good faith reasonable additions, deletions or changes suggested in connection therewith. The Company and Buyer shall use their respective reasonable best efforts to furnish to each other, upon reasonable request, all information reasonably necessary or advisable in connection with any application or other filing to be made pursuant to the rules and regulations of any applicable law in connection with the transactions contemplated by this Agreement. For the avoidance of doubt, Buyer and the Company agree that nothing contained in this Section 6.3(a) shall modify or affect their respective rights and responsibilities under Section 6.3(b) or Section 2.7(g).
Subject to the terms hereof, Buyer and the Company agree, and shall cause each of their respective Subsidiaries, to cooperate and to use their respective reasonable best efforts to obtain any government clearances or approvals required for Closing under the HSR Act, as amended, and any other federal, state or foreign law, regulation or decree designed to prohibit, restrict or regulate actions for the purpose or effect of monopolization or restraint of trade (collectively, “Antitrust Laws”), and to respond to any government requests for information under any Antitrust Law, and to contest and resist any action, including any legislative, administrative or judicial action, and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order (whether temporary, preliminary or permanent) (an “Antitrust Order”) that restricts, prevents or prohibits the consummation of the transactions contemplated by this Agreement under any Antitrust Law. The parties hereto will consult and cooperate with one another, and consider in good faith the views of one another, in connection with, and provide to the other parties in advance, any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any party hereto in connection with proceedings under or relating to any Antitrust Law. Buyer shall pay all filing and related fees in connection with any such filings that must be made by any of the parties under the Antitrust Laws. The parties hereto do not anticipate filing Notification and Report Forms under the HSR Act.

Subject to applicable law and as required by any Governmental Body, the Company and Buyer each shall keep the other apprised of the status of matters relating to completion of the transactions contemplated by this Section 6.3, including promptly furnishing the other with copies of notices or other material communications received by Buyer or the Company, as the case may be, or any of its Subsidiaries, from any third party and/or Governmental Body with respect to the transactions contemplated hereby. Neither the Company nor Buyer shall permit any of their representatives to participate in any meeting with any Governmental Body in respect of any filings, investigation or other inquiry unless it consults with the other party in advance and, to the extent permitted by such Governmental Body, gives the other party the opportunity to attend and participate thereat.

6.4 Employment and Benefit Matters.

(a) Schedule 6.4(a) sets forth, as of the date hereof, a list of individuals employed by the Company and/or Seller Subsidiaries that are primarily engaged in the Business (the individuals set forth on such schedule are each a “Business Employee” and are collectively referred to as the “Business Employees”) showing for each such Business Employee the following information: (i) name, (ii) position, (iii) rate of compensation and any incentive compensation arrangements, bonuses, commissions, severance arrangements or fringe or other benefits, whether payable in cash or in kind, (iv) the date of hire, (v) visa status and (vi) whether such individual is on leave relating to work-related injuries and/or receiving disability benefits under any Plan. On or immediately after the Closing Date, the Company shall update Schedule 6.4(a) to reflect any new hires, terminations or departures of Business Employees (and the individuals appearing on such updated schedule shall be deemed to be Business Employees for purposes of this Section 6.4). On or before the Closing Date and except as indicated otherwise on Schedule 6.4, Buyer shall offer employment to each Business Employee, such offer to be pursuant to an offer letter on Buyer’s standard form and conditioned on the occurrence of the Closing and on such employees satisfying normal employment conditions of Buyer; provided that such offers of employment shall be with respect to base salary and cash bonus eligibility measured immediately following the Closing that, in the aggregate, are substantially similar to those in effect immediately prior to the Closing and the start date for each Business Employee shall be on the Closing Date (the “Offers”). The Company and Seller Subsidiaries shall use their commercially reasonable efforts to assist Buyer in employing as new employees of Buyer, all Business Employees. Any Business Employee who accepts Buyer’s offer of employment and commences employment with Buyer shall be referred to, individually, as a “Transferred Employee” and, collectively, as the “Transferred Employees.” Seller Subsidiaries shall terminate the employment of all Transferred Employees with Seller Subsidiaries effective immediately prior to such Transferred Employees commencing employment with Buyer. Buyer shall in no way be obligated to continue to employ any Transferred Employee for any specific period of time, except to the extent otherwise provided in any written agreement entered into by Buyer and/or any Subsidiary thereof and any Transferred Employee after the Closing.
(b) From and after the Closing, each Transferred Employee will become eligible to participate in Buyer’s standard existing employee benefits provided to similarly situated Buyer employees such Transferred Employee immediately prior to the Closing. Buyer shall treat, and shall cause its applicable benefit plans to treat, the period of employment of the Transferred Employees with Seller Subsidiaries attributable to any period before the Closing as employment rendered to Buyer for purposes of eligibility to participate, vesting and entitlement to benefits where length of service is relevant (including vacation accrued) but excluding benefit accrual under any defined benefit plan of Buyer or vesting of equity compensation except where doing so would cause duplication of benefits. Without limiting the foregoing, Buyer shall use commercially reasonable efforts to cause any pre-existing conditions or limitations, eligibility waiting periods or required physical examinations under any health or similar plan of Buyer to be waived with respect to the Transferred Employees and their eligible dependents, to the extent waived under the plan maintained by Seller Subsidiaries in which the Transferred Employees participated immediately prior to the Closing Date.

(c) Seller Subsidiaries shall be liable for the administration and payment of all workers’ compensation and health and welfare Liabilities and benefits (including Liabilities arising out of the termination of employment of any Business Employee) with respect to any Transferred Employees to the extent resulting from claims arising prior to the Closing Date. Buyer shall be liable for the administration and provision of benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”) with respect to Business Employees and/or Transferred Employees to the extent resulting from claims arising on and after the Closing Date (including such COBRA related benefits arising out of the termination of employment of any Business Employee). The Seller Parties shall be responsible for fifty percent (50%) of the costs of any such COBRA benefits required to be paid by Buyer (including, without limitation, administrative costs) as a result of the preceding sentence. For purposes of the preceding sentence, claims shall be considered incurred on the date when medical/dental services are rendered or medical/dental supplies provided, and not when the condition arose or the course of treatment began. It is anticipated that no notice obligations shall arise under the Worker Adjustment Retraining Notification Act (“WARN”) since it is expected that fewer than fifty employees at a single site of employment will suffer an “employment loss” as defined by WARN given the Offers to the Business Employees. Nevertheless, in the event Buyer and/or the Seller Parties are required to defend against an action alleging a WARN violation as a result of employment losses suffered in connection with the transactions contemplated by this Agreement, as between Buyer and the Seller Parties, Buyer accepts responsibility for any Loss under WARN arising from its termination of Transferred Employees and, provided that Buyer makes the Offers to the Business Employees except as indicated otherwise on Schedule 6.4, the Seller Parties accept responsibility for any Loss under WARN arising out of terminations of any Business Employees (other than the Transferred Employees) by the Seller Parties.
(d) Buyer shall perform all of its obligations under COBRA with respect to Transferred Employees that become covered by any group health insurance plan of Buyer. The Company and the Seller Subsidiaries and the group medical plan sponsored by the Company or Seller Subsidiaries shall be responsible for COBRA continuation coverage with respect to any qualifying event that occurs prior to the Closing Date.

(e) Buyer or Parent, as applicable, shall provide credit to each Transferred Employee for up to eighty (80) hours of vacation time and paid time off that the respective Transferred Employee accrued pursuant to the policies of the Company or Seller Subsidiary but did not forfeit or use prior to the Closing Date, as set forth on Schedule 6.4(a).

(f) As soon as practicable following the Closing Date, and subject to the approval of the Compensation Committee of the Board of Directors of Parent, Parent shall grant (i) options to purchase shares of Parent Common Stock and shares of restricted Parent Common Stock under its 2010 Equity Incentive Plan (the “2010 Plan”) in the amounts and to the individuals set forth on Schedule 6.4(f) or as otherwise mutually agreed by Buyer and the Company and (ii) 600,000 shares of restricted Parent Common Stock under the 2010 Plan in the amounts and to the individuals set forth on Schedule 6.4(f) or as otherwise mutually agreed by Buyer and the Company. The shares of Parent Common Stock issuable upon exercise of the options and the shares of restricted Parent Common Stock granted in accordance with this Section 6.4(f) shall be registered on Buyer’s registration statement on Form S-8 filed with the SEC on August 17, 2010. The exercise price for such options shall be the closing price of Parent Common Stock on NASDAQ on the date of grant and such stock options shall vest with respect to 5% of the shares subject to the stock option on the first day of each calendar quarter immediately following the grant date for 15 consecutive quarters and, with respect to the remaining 25% of the shares subject to the stock option, on the first day of the following calendar quarter, subject to continued services through each applicable vesting date. The stock options granted in accordance with this Section 6.4(f) shall be governed by the terms and conditions of the 2010 Plan and the standard form of stock option agreement under the 2010 Plan. The restricted Parent Common Stock granted in accordance with this Section 6.4(f) shall be governed by the terms and conditions of the 2010 Plan and the standard form of restricted stock agreement under the 2010 Plan or such other agreement approved by Parent.

Except as expressly set forth in this Section 6.4 with respect to Transferred Employees, Buyer shall have no obligation or Liability with respect to any Business Employee (including any beneficiary or dependent thereof) and the Company or Seller Subsidiaries, as applicable, are and shall remain responsible for any obligation or Liability, whether contractual or statutory, arising out of the Company’s or Seller Subsidiaries’ employment of or termination of Business Employees. Nothing in this Agreement confers upon any Business Employee or Transferred Employee any rights or remedies of any nature or kind whatsoever under or by reason of this Section 6.4.
6.5 Notice of Developments. The Company and Buyer will give prompt written notice to each other of any development of
(a) the discovery, prior to Closing, of any event, condition, fact or circumstance, including events, conditions, facts or circumstances
in existence on the date of this Agreement, that causes, caused, constitutes or constituted a breach or inaccuracy in any material
respect of any representation or warranty of the Seller Parties or Buyer Parties, as applicable, contained in this Agreement and (b) the
failure of the any Seller Party to comply with or satisfy in any material respect any covenant to be complied with by it hereunder
following the Closing. No such notification will, in any way, limit, qualify, modify or affect the validity of the representations or
warranties of any Seller Party or Buyer’s remedies or the conditions to their respective obligations hereunder.

6.6 Access to Records and Personnel

(a) Exchange of Information. From and after the Closing until the sixth anniversary of the Closing, each party shall
provide, or cause to be provided, to each other, as soon as reasonably practicable after written request therefor and at the requesting
party’s sole expense, reasonable access (including using commercially reasonable efforts to give access to the Company’s auditors,
accountants and other advisors reasonably requested by each party), during normal business hours, to the other party’s
representatives and to any books, records, files, documents, instruments, accounts, correspondence, writings, evidences of title and
other papers relating to the Business and the Purchased Assets (the “Books and Records”) in the possession or under the control of
the other party with respect to periods prior to the Closing that the requesting party reasonably needs (i) to comply with reporting,
disclosure, filing, auditing or other requirements imposed on the requesting party (including under applicable securities laws) by a
governmental authority having jurisdiction over the requesting party in connection with the transactions contemplated herein, (ii) for
use in any other judicial, regulatory, administrative or other proceeding or in order to satisfy audit, accounting, claims, regulatory,
litigation or other similar requirements arising from the transactions contemplated by this Agreement, or (iii) to comply with its
obligations under this Agreement; provided, however, that no party shall be required under this provision to provide access to or
disclose information if the parties are in a dispute with each other regarding matters related to such information request or where
such access or disclosure would violate any law, protective order or confidentiality agreement, or waive any attorney-client, attorney
work product or other similar privilege, and each party may redact information regarding itself or its affiliates or otherwise not
relating to the other party and its affiliates, to the extent such redaction is not related to the Business, and, in the event such provision
of information could reasonably be expected to violate any law, protective order or confidentiality agreement or waive any attorney-
client, attorney work product or other similar privilege, the parties shall take commercially reasonable measures to permit the
compliance with such obligations in a manner that avoids any such harm or consequence, to the extent practicable.

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(b) Record Retention. Except as otherwise provided herein, each party shall use its commercially reasonable efforts to retain the Books and Records in such party’s respective possession or control for the greater of (i) six years following the Closing Date or (ii) a commercially reasonable period of time following the Closing Date, as set forth in their regular document retention policies, or (iii) such longer period as may be required by law. Notwithstanding the foregoing, any party may destroy or otherwise dispose of any Books and Records not in accordance with its retention policy, provided that, prior to such destruction or disposal (i) such party shall provide no less than 30 days’ prior written notice to the other party of any such proposed destruction or disposal (which notice shall specify in detail which of the Books and Records is proposed to be so destroyed or disposed of), and (ii) if a recipient of such notice shall request in writing prior to the scheduled date for such destruction or disposal that any of the information proposed to be destroyed or disposed of be delivered to such recipient, such party proposing the destruction or disposal shall, as promptly as practicable, arrange for the delivery of such of the Books and Records as was requested by the recipient (it being understood that all reasonable out-of-pocket costs associated with the delivery of the requested Books and Records shall be paid by such recipient).

(c) Other Agreements Providing For Exchange of Information. Except with respect to information that is generally available to the public, the party requesting such information shall (i) hold all such information in the strictest confidence, except as required by applicable law or which must be disclosed in connection with any audit or taxing authority inquiry, (ii) shall disseminate such information only to its officers, directors, employees and representatives who have been advised of the confidential nature of such information and are subject to confidentiality obligations in favor of the party requesting such information, and only on an as-needed basis, (iii) shall return promptly, upon request of the other party, all copies of the information received by it, and (iv) shall cause its officers, directors, employees and other representatives to comply with the terms and conditions of this provision.

(d) Confidential Information. Nothing in this Section 6.6 shall require either party to violate any agreement with any third parties regarding the confidentiality of confidential and proprietary information or of customer information; provided, however, that in the event that any party is required under this Section 6.6 to disclose any such information, that party shall use commercially reasonable efforts to seek to obtain such third party’s consent to the disclosure of such information and implement requisite procedures to enable the disclosure of such information.

6.7 Mail Handling. To the extent the Company or any Company Subsidiary receives any mail or packages addressed to the Company or any Company Subsidiary but relating to the Business, the Purchased Assets or the Assumed Liabilities, the Company shall promptly deliver such mail or packages to Buyer. To the extent the Company or any Company Subsidiary receives any payments or refunds or any other proceeds in respect of the Purchased Assets, an Assumed Contract or otherwise arising out of the Business, the Company shall cause such amounts to be remitted promptly to Buyer.
6.8 No Solicitation of Acquisition Proposals. The Seller Parties shall not, and shall cause their respective employees, officers, directors, agents, representatives and subsidiaries (and their employees, officers, directors, agents and representatives) not to (and will not authorize any of them to), directly or indirectly, initiate, solicit, encourage or knowingly facilitate or induce any offer or proposal to invest in the Company or any Seller Subsidiary or acquire (i) any of the Purchased Assets or (ii) any significant interest in the Company or any Seller Subsidiary whether by merger, purchase of assets, grant of an exclusive license or otherwise (an “Acquisition Proposal”), or effect any such transaction to the extent such transaction would be consummated prior to the earlier of the consummation of the transactions contemplated hereby or the termination of this Agreement in accordance with its terms, or participate in any discussions or negotiations regarding, or furnish any information to any other Person with respect to, or agree to or otherwise enter into, any Acquisition Proposal. The Company represents and warrants to Buyer that the Company and its subsidiaries have ceased any and all activities, discussions or negotiations with any third parties conducted on or prior to the date hereof with respect to any Acquisition Proposal with respect to the Seller Subsidiaries, the Business or the Purchased Assets. The Company shall promptly notify Buyer orally and in writing after receipt of any Acquisition Proposal or any inquiry or request for information relating to the Purchased Assets or the Business that it reasonably believes could lead to an Acquisition Proposal, which notice shall identify the Person making such Acquisition Proposal, inquiry or request, the material terms and conditions of such Acquisition Proposal, inquiry or request and a true and complete copy of all written materials provided in connection with such Acquisition Proposal, inquiry or request. The Company shall, and shall direct its representatives to, discontinue any solicitation efforts or negotiations with respect to or in furtherance of any Acquisition Proposal.

6.9 Notification. Promptly after the Closing Date, the Company will send a communication, the form and content of which will be subject to the review and approval of Buyer, which approval will not be unreasonably withheld, conditioned or delayed, to all customers of the Business notifying them of the consummation of the sale of the Purchased Assets and Assumed Liabilities to Buyer.

6.10 Noncompetition; Nonsolicitation.

(a) Each Seller Party agrees that for a period of sixty (60) months commencing on the Closing Date, such Seller Party shall not, and shall cause its subsidiaries not to, without the express written approval of Buyer, (i) engage in the Business, (ii) solicit any Person who was during the 12-month period preceding the Closing a customer of the Business, or (iii) solicit, request, advise or knowingly induce any Person who was during the 12-month period preceding the Closing a customer, vendor (other than legal counsel and accountants), supplier, independent contractor or other business contact of the Company or a Seller Subsidiary related to the Business or any Purchased Asset, or who is a current or potential (as of the Closing Date) customer, vendor, supplier, independent contractor or other business contact of the Company or a Seller Subsidiary related to the Business or any Purchased Asset to cancel, curtail or otherwise adversely change its relationship with Buyer as owner of the Business. To the extent Buyer believes that a Seller Party is in breach of Section 6.10, Buyer will provide written notice to the Company of the operations of such Seller Party that Buyer believes constitute a violation of Section 6.10 and a period of 10 days following receipt of such notice to resolve such alleged breach (the “Resolution Period”). Such notice shall specify in reasonable detail the basis for Buyer’s belief that such breach has occurred. At least one member of the senior management of each of the parties, including each party’s legal and business representatives, shall meet and attempt in good faith to negotiate a resolution of such dispute during the Resolution Period. Each Seller Party shall ensure that its activities and the activities of its subsidiaries pursuant to and permitted by any other agreement between the parties do not violate the covenants and agreements of the Company in this Section 6.10.
(b) Each Seller Party agrees that for a period of sixty (60) months commencing on the Closing Date, such Seller Party shall not, and shall cause its subsidiaries not to, (i) hire or attempt to hire any Transferred Employee or solicit, induce, recruit or encourage (or attempt to solicit, induce, recruit or encourage) any Transferred Employee to leave or terminate their employment with Buyer. Notwithstanding the foregoing, it shall not be a breach of this paragraph for a Seller Party to (x) solicit Transferred Employees through, or hire Transferred Employees who respond to, general advertisements in newspapers and/or other media of general circulation (including advertisements posted on the Internet), job fairs or other similar general solicitation, so long as they are not specifically directed towards such Transferred Employees, (y) engage any recruiting firm or similar third-party organization to identify or solicit persons for employment on such Seller Party’s behalf, which may result in the solicitation of any Transferred Employee who is identified by any such recruiting firm or organization, as long as such recruiting firm or organization is not instructed to target or contact any Transferred Employee or employees of Buyer or the Business generally, or (z) solicit or hire any Transferred Employee whose employment with Buyer or any of its subsidiaries has been terminated for at least 180 days (provided there was no breach of this paragraph or any other agreement with Purchaser with respect to such Transferred Employee prior to the commencement or expiration of such 180-day period following termination).

6.11 Real Estate Option & New Lease. At or prior to Closing, the Company shall cause L1 Land, LLC to (i) terminate the existing lease of the Land and the improvements thereon between L1 Land, LLC and IAS Holdings, LLC, dated as of January 1, 2010, (ii) enter into the New Lease with Buyer, and (iii) enter into a purchase option agreement with Buyer substantially in the form attached as Exhibit D (the “Purchase Option Agreement”) pursuant to which L1 Land, LLC shall grant to Buyer an exclusive option to purchase the Land and all improvements thereon and appurtenant rights thereto as set forth in the Purchase Option Agreement during the one-year period following the Closing Date subject to the terms and conditions of the Purchase Option Agreement.

6.12 Financial Statements. From and after the Closing, to the extent reasonably requested by Buyer and at Buyer’s sole cost and expense, in connection with (i) any separate presentation to be prepared by Buyer of the financial statements relating to the Business, or (ii) any presentation to be prepared by Buyer of the pro forma effects of Buyer’s acquisition of the Business, in each case, the Seller Parties shall, and shall use commercially reasonable efforts to cause Seller Parties’ auditors to, prepare and provide audited financial statements for the Seller Parties with an unqualified opinion for 2008 and 2009 and financial statements for the nine months ended September 30, 2009 and September 30, 2010 prepared on a basis which is consistent with the audited financial statements. The Seller Parties shall use commercially reasonable efforts to cause Seller Parties’ auditors to provide such financial statements on or before November 12, 2010. Prior to Closing, Seller Parties’ auditors shall have provided to the Seller Parties an engagement letter with the estimated cost and expense and proposed timetable to prepare such financial statements on or before November 12, 2010.
6.13 **Insurance.** The Seller Parties shall maintain the policies of insurance described in Schedule 4.18 until the expiration of such policy’s current term as set forth on Schedule 4.18. The Seller Parties shall agree to examine the purchase of run-off term (or tail) policies for reasonable run-off (or tail) periods.

**ARTICLE 7**

**CLOSING CONDITIONS**

7.1 **Conditions to the Obligations of Buyer and Seller Parties.** The obligation of Buyer and Seller Parties to effect the transactions contemplated hereby is also subject to the satisfaction (or waiver in writing if permissible under applicable law), at or prior to the Closing, of the following conditions:

(a) No Governmental Body of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law which is in effect on the Closing Date which would, and no proceeding by any Governmental Body shall have been threatened against any of the parties hereto or any of the officers or directors of any of them seeking to, prohibit, enjoin or restrain the consummation of the transactions contemplated by this Agreement to occur on the Closing Date or otherwise making such transactions illegal.

(b) (i) All material consents of Governmental Body shall have been obtained and shall be in full force and effect, and (ii) the applicable waiting period under any applicable Antitrust Laws shall have expired or been terminated.

(c) None of the Seller Parties or Buyer may rely on the failure of any condition set forth in this Section 7.1, as the case may be, to be satisfied if such failure was caused by such party’s failure to perform or comply with the covenants of such party set forth in Section 6.3.

7.2 **Conditions to the Obligations of Buyer.** The obligation of Buyer to effect the transactions contemplated hereby is also subject to the satisfaction (or waiver by Buyer), at or prior to the Closing, of the following conditions:

(a) The representations and warranties of the Seller Parties (i) shall have been true and correct in all material respects on the date of this Agreement and (ii) shall be true and correct in all respects on the Closing Date as if made on the Closing Date, except to the extent that such representations and warranties are qualified by the term “material,” “materiality,” “Material Adverse Effect” or any other correlative term, in which case such representations and warranties shall have been true and correct in all respects on the date of this Agreement and shall be true and correct in all respects at and as of the Closing Date, unless in each case a representation or warranty is made as of a specified date (in which case such representation or warranty shall be accurate in all respects as of such date), and Buyer shall have received a certificate signed on behalf of the Seller Parties by an authorized officer or manager, as applicable, of the Seller Parties to such effect.

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(b) The Seller Parties shall have performed and complied in all material respects with all covenants contained in this Agreement that are required to be performed or complied with by it on or prior to the Closing, and Buyer shall have received a certificate signed on behalf of the Seller Parties by an authorized officer or manager, as applicable, of the Seller Parties to such effect.

(c) Buyer shall have received a copy of all resolutions authorizing the execution, delivery and performance of this Agreement by the Seller Parties, and the consummation of the transactions contemplated therein, accompanied by the certification by an authorized officer or manager, as applicable, of the Seller Parties to the effect that such resolutions are in full force and effect and have not been amended, modified or rescinded.

(d) Since the date of this Agreement, no Material Adverse Effect shall have occurred and be continuing, and Buyer shall have received a certificate signed on behalf of the Seller Parties by an authorized officer or manager, as applicable, of the Seller Parties to such effect.

(e) Buyer shall have received from the Seller Parties legal opinions of Goodwin Procter LLP and Womble Carlyle Sandridge & Rice, PLLC in the form attached hereto as Exhibit E and Exhibit F, respectively.

(f) Buyer shall have received a countersigned Employment Agreement from each individual listed on Schedule 7.2(f) and such agreements shall be effective as of the Closing.

(g) Buyer shall have received a countersigned Significant Owner Agreement from each individual listed on Schedule 7.2(g) and such agreements shall be effective as of the Closing.

(h) Buyer shall have received a countersigned Registration Rights Agreement from the Seller Parties in the form attached hereto as Exhibit G (the “Registration Rights Agreement”).

(i) Buyer shall have received a countersigned Purchase Option Agreement from L1 Land, LLC and such agreement shall be full force and effect as of the Closing.

(j) Buyer shall have received from the Seller Parties (other than individuals) a Certificate of Good Standing from the State of South Carolina.

7.3 Conditions to the Obligations of the Seller Parties. The obligation of the Seller Parties to effect the transactions contemplated hereby is also subject to the satisfaction (or waiver in writing if permissible under applicable law), at or prior to the Closing, of the following conditions:

(a) The representations and warranties of the Buyer (i) shall have been true and correct in all material respects on the date of this Agreement and (ii) shall be true and correct in all respects on the Closing Date as if made on the Closing Date, except to the extent that such representations and warranties are qualified by the term “material,” “materiality,” “Material Adverse Effect” or any other correlative term, in which case such representations and warranties shall have been true and correct in all respects on the date of this Agreement and shall be true and correct in all respects at and as of the Closing Date, unless in each case a representation or warranty is made as of a specified date (in which case such representation or warranty shall be accurate in all respects as of such date), and the Seller Parties shall have received a certificate signed by the Chief Executive Officer or President of Buyer to such effect;
(b) Buyer shall have performed and complied in all material respects with all covenants contained in this Agreement that are required to be performed or complied with by it on or prior to the Closing, and the Seller Parties shall have received a certificate signed by the Chief Executive Officer or President of Buyer to such effect; and

(c) the Seller Parties shall have received a countersigned Registration Rights Agreement from Parent.

(d) [Intentionally Omitted].

(e) the Seller Parties shall have received a countersigned Employment Agreement by Parent for each of the individuals listed on Schedule 7.2(f).

(f) the Seller Parties shall have received a countersigned Significant Owner Agreement by Parent for each of the individuals listed on Schedule 7.2(g).

(g) the Seller Parties shall have received a countersigned Option to Purchase Real Estate from Parent.

ARTICLE 8
TERMINATION

8.1 Termination. This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing:

(a) by mutual written consent of the Company (on behalf of itself and the Seller Parties) and Parent (on behalf of itself and the Buyer Parties);

(b) by either Parent (on behalf of itself and the Buyer Parties) or the Company (on behalf of itself and the Seller Parties) if any Governmental Body of competent jurisdiction shall have issued a final nonappealable order, decree, judgment, injunction or ruling or taken any other action enjoining, restraining or otherwise prohibiting the consummation of the transactions contemplated hereby;

(c) either Parent (on behalf of itself and the Buyer Parties) or the Company (on behalf of itself and the Seller Parties) if the closing shall not have occurred on or before November 3, 2010 (the “Termination Date”); provided, however, that the right to terminate this Agreement under this Section 8.1(c) shall not be available to any party if the breach by such party of its obligations under this Agreement, or the failure to act in good faith is the principal cause of or resulted in the failure of the transactions contemplated hereby to be consummated on or before such date.
(d) by Parent (on behalf of itself and the Buyer Parties) in the event of a material breach by any Seller Party of any representation, warranty, covenant or other agreement contained herein, or if a representation or warranty of any Seller Party shall have become untrue, which situation in either case, (i) would result in a failure of a condition set forth in Section 7.2, and (ii) cannot be cured by the Termination Date; provided, however, that Parent (on behalf of itself and the Buyer Parties) shall have given at least seven (7) days prior written notice and the Seller Parties shall have failed to remedy such breach and none of the Seller Parties is in willful and material breach of any representation, warranty or covenant contained in this Agreement; and

(e) by the Company (on behalf of itself and the Seller Parties), in the event of a material breach by either Buyer Party of any representation, warranty, covenant or other agreement contained herein, or if a representation or warranty of either Buyer Party shall have become untrue, which situation in either case, (i) would result in a failure of a condition set forth in Section 7.3, and (ii) cannot be cured by the Termination Date; provided, however, that the Company shall have given at least seven (7) days prior written notice and such Buyer Party shall have failed to remedy such breach and no Seller Party is not in willful and material breach of any representation, warranty or covenant in this Agreement.

8.2 Effects of Termination. In the event of a termination of this Agreement by either Parent (on behalf of itself and the Buyer Parties) or the Company as provided in Section 8.1, this Agreement shall immediately become null and void and have no effect, and none of the Buyer Parties, the Seller Parties, any of their respective Subsidiaries, or any of the officers or directors of any of them shall have any Loss of any nature whatsoever hereunder, or in connection with the transactions contemplated hereby, except that Section 8.2 (Effects of Termination), Section 10.1 (Expenses) and Section 10.8 (Governing Law) and Section 10.9 (Resolution of Disputes); and all other obligations of the parties specifically intended to be performed after the termination of this Agreement shall survive any termination of this Agreement. For the avoidance of doubt, the parties acknowledge and agree that nothing in this Section 8.2 shall relieve any party for any liability for any breach of this Agreement prior to its termination.

ARTICLE 9
INDEMNIFICATION; REMEDIES

9.1 Indemnification by the Seller Parties.

Subject to the limitations set forth in this ARTICLE 9, the Seller Parties shall indemnify, defend and hold harmless the Buyer Parties and their respective officers, directors, shareholders, members, representatives and agents (collectively, the “Buyer Indemnitees”) from, against and with respect to any and all loss, Tax, damage, claim, obligation, penalties, fines, judgments, awards, settlements, fees, liability, cost and expense (including, without limitation, reasonable attorneys’ fees and costs and expenses actually incurred in investigating, preparing, defending against or prosecuting any litigation or potential or threatened litigation, claim, proceeding or demand), of any kind or character (collectively, “Loss”), arising out of or in connection with or related to any of the following:

(a) any breach of any of the representations or warranties of the Seller Parties contained in or made pursuant to this Agreement (including the Ancillary Agreements, closing certificates and Disclosure Schedules);
(b) any failure by the Seller Parties to perform or observe, or to have performed or observed, any covenant, agreement, obligation or condition to be performed or observed by any of them pursuant to this Agreement (including the Ancillary Agreements and the disclosure schedules);

(c) any Pre-Closing Environmental Liabilities; and

(d) any Excluded Liability (including all Litigation Obligations).

9.2 Indemnification by Buyer. Subject to the limitations set forth in this ARTICLE 9, the Buyer Parties shall indemnify, defend and hold harmless the Seller Parties and their members, managers, officers, representatives and agents collectively, the “Seller Indemnitees”) from, against and with respect to any Loss arising out of or in connection with any of the following:

(a) any breach of any of the representations and warranties of Buyer contained in or made pursuant to this Agreement (including the Ancillary Agreements, closing certificates and the disclosure schedules); and

(b) any failure by Buyer to perform or observe, or to have performed or observed, any covenant, agreement or condition to be performed or observed by it pursuant to this Agreement (including the Ancillary Agreements and the disclosure schedules).

9.3 Notice of Claim. Any party seeking to be indemnified hereunder (the “Indemnified Party”) shall notify the party from whom indemnity is sought (the “Indemnity Obligor”) in writing of any claim for recovery, specifying in reasonable detail the nature of the actual or potential Loss.

9.4 Defense.

(a) If the facts pertaining to a Loss arise out of the claim of any third party, or if there is any claim against a third party available by virtue of the circumstances of the Loss, the Indemnity Obligor may, by giving written notice to the Indemnified Party within twenty (20) days following its receipt of the notice of such claim, elect to assume the defense or the prosecution of such claim, including the employment of counsel or accountants at its cost and expense. The Indemnified Party shall have the right to employ counsel separate from counsel employed by the Indemnity Obligor in any such action and to participate in such action, but the fees and expenses of such counsel shall be at the Indemnity Obligor’s own expense.
(b) Whether or not the Indemnity Obligor chooses to defend or prosecute an indemnification claim under Section 9.4(a), all the parties to this Agreement shall cooperate in the defense or prosecution of such claim and shall furnish such records, information and testimony and shall attend such conferences, discovery proceedings and trials as may be reasonably requested in connection therewith. Each party shall act in good faith and in a commercially reasonable manner in addressing any liabilities that may provide the basis for an indemnifiable claim.

(c) No Indemnity Obligor may settle any claim affecting an Indemnified Party without such Indemnified Party’s prior written consent, not to be unreasonably withheld, conditioned or delayed. No Indemnified Party may settle any claim affecting an Indemnity Obligor without such Indemnity Obligor’s prior written consent, not to be unreasonably withheld, conditioned or delayed.

(d) In the event of payment by the Indemnity Obligor to the Indemnified Party in connection with any Loss arising out of a third party claim, the Indemnity Obligor shall not be subrogated to and shall not stand in the place of the Indemnified Party as to any events or circumstances in respect of which the Indemnified Party may have any right or claim against such third party relating to such indemnified matter.

9.5 Limitations

(a) The Seller Parties shall not have any liability (for indemnification or otherwise) with respect to the Operational Representations made by a Seller Party unless Buyer notifies the Company, in writing delivered in accordance with Section 10.3, of a claim relating thereto on or before the Holdback Payment Date. The Buyer Parties shall not have any liability (for indemnification or otherwise) with respect to the Operational Representations made by any Buyer Party unless a Seller Party notifies the Buyer, in writing delivered in accordance with Section 10.3, of a claim relating thereto on or before the Holdback Payment Date.

(b) The Seller Parties shall not have any liability (for indemnification or otherwise) with respect to any Fundamental Representation made by a Seller Party, unless Buyer notifies the Company, in writing delivered in accordance with Section 10.3, of such claim on or before the expiration of the applicable statute of limitations. The Buyer Parties shall not have any liability (for indemnification or otherwise) with respect to any Fundamental Representation, made by any Buyer Party unless the Company notifies the Buyer, in writing delivered in accordance with Section 10.3, of such claim on or before the expiration of the applicable statute of limitations.

(c) No Indemnity Obligor shall have any indemnification obligation under this ARTICLE 9 with respect to breaches of representations and warranties, except with respect to breaches of representations and warranties as a result of fraud, intentional misrepresentation and willful misconduct, unless and until the cumulative aggregate amount of all Losses with respect to breaches of representations and warranties, except with respect to breaches of representations and warranties as a result of fraud, intentional misrepresentation and willful misconduct, which are otherwise recoverable by the Indemnified Party hereunder, taken collectively, equals or exceeds $155,000 (the “Basket”), and thereafter the indemnification obligation of the Indemnity Obligor shall include the Basket and not just the extent such Losses exceed such threshold.
(d) Except with respect to Losses arising out of, related to, or in connection with (i) fraud, willful misconduct, intentional misrepresentation, (ii) the breach or inaccuracy of any of the Fundamental Representations, (iii) the failure to perform obligations under a covenant or Ancillary Agreement, (iv) the Excluded Liabilities (including all Litigation Obligations) and (v) any Pre-Closing Environmental Liabilities and subject to the provisions of this Sections 9.5, (A) no Indemnity Obligor shall be obligated to indemnify any Indemnified Party pursuant to Section 9.1 for any amount of Losses in excess of the Holdback Consideration Amount and (B) the Holdback Consideration Amount shall be the sole and exclusive recourse for satisfying such indemnification obligations of the Seller Parties under Section 9.1.

(e) Except with respect to Losses arising out of, related to or in connection with (i) fraud, willful misconduct, intentional misrepresentation, (ii) the failure to perform obligations under a covenant or Ancillary Agreement, (iii) the Excluded Liabilities (including all Litigation Obligations) or (iv) any Pre-Closing Environmental Liabilities, and subject to the provisions of this Sections 9.5, the cumulative aggregate maximum liability of an Indemnity Obligor for Losses with respect to any and all claims for indemnification or reimbursement, in each case, based upon a breach of the Fundamental Representations shall be limited to and shall not exceed the Purchase Price.

(f) With respect to Losses arising out of, related to or in connection with (i) fraud, willful misconduct, intentional misrepresentation, (ii) the failure to perform obligations under a covenant or Ancillary Agreement, (iii) the Excluded Liabilities (including all Litigation Obligations) and (iv) any Pre-Closing Environmental Liabilities, the cumulative aggregate maximum liability of an Indemnity Obligor for Losses shall not be capped.

(g) In no event will any party to this Agreement have any liability, under this ARTICLE 9 or otherwise, for any punitive damages except as awarded by a court of competent jurisdiction with respect to a third party claim or a settlement agreement between the Buyer Parties and the Seller Parties.

(h) The amount payable by an Indemnity Obligor to an Indemnified Party with respect to a Loss shall be reduced by the amount of any insurance proceeds actually received by the Indemnified Party with respect to the Loss net of increases in the costs of such insurance.

(i) The amount payable by an Indemnity Obligor with respect to a Loss shall exclude any net federal, state or local tax benefit derived by the Indemnified Party by reason of the Loss, if, and when, realized by the Seller Parties.

(j) Any amounts paid by an Indemnity Obligor under this ARTICLE 9 shall be treated as an adjustment to the Purchase Price.

(k) Notwithstanding anything to the contrary herein, all references in this Agreement and the Exhibits and Schedules hereto to “material,” “material respects,” “Material Adverse Change,” “Material Adverse Effect” and similar materiality qualifications shall be excluded with regard to determining whether there has been a breach of a representation or warranty for which an Indemnified Party is entitled to indemnification under this Agreement and the amount of any Loss that is the subject of indemnification hereunder.

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(l) Buyer Indemnitees shall not be entitled to indemnification hereunder for any Losses (and the amount of any Losses shall not be included in the calculation of any limitations on indemnification set forth herein) to the extent such liability reduces the calculation of Working Capital in the Closing Working Capital Statement. No Indemnity Obligor shall be obligated to indemnify an Indemnified Party more than once for the same Losses.

(m) When determining the Losses for which the Buyer Indemnitees are entitled, Buyer’s agreement in Section 2.3 to assume, perform and discharge related Assumed Liabilities and Buyer Parties’ indemnification obligations in Section 9.2 related to Assumed Liabilities will be disregarded for purposes of determining whether the Buyer Indemnitees are entitled to indemnification under Section 9.1 and for purposes of determining the amount of any such Loss.

9.6 Survival; Exclusive Remedy.

All covenants of the parties required to be completed following the Closing Date shall survive Closing indefinitely except for covenants which expressly provide for a shorter term. The representations and warranties of the parties contained in or made pursuant to this Agreement shall be terminated and extinguished upon the earlier of the end of the applicable statute of limitation or the end of the applicable survival period set forth in Section 9.5 above. Thereafter, except with respect to (i) fraud, willful misconduct, intentional misrepresentation, (ii) the Excluded Liabilities (including all Litigation Obligations), (iii) for claims raised prior to such termination and extinguishment and (iv) any Pre-Closing Environmental Liabilities, none of the Seller Parties, Buyer Parties or any owner, partner, officer, director, manager, principal, agent or affiliate of any of the preceding shall be subject to any liability of any nature whatsoever with respect to any such representation or warranty. After the Closing, except for the remedy of specific performance and other equitable remedies, the indemnification obligations of the Seller Parties under this ARTICLE 9 shall be the sole and exclusive remedy of the Buyer Parties available at law or in equity for any breach or inaccuracy, or alleged breach or inaccuracy, of any representation, warranty, covenant or other terms, conditions or obligations of the Seller Parties under this Agreement, except with respect to (i) fraud, intentional misrepresentation and willful misconduct, (ii) the failure to perform obligations under a covenant or Ancillary Agreement; (iii) the Excluded Liabilities (including all Litigation Obligations) and (iv) any Pre-Closing Environmental Liabilities. After the Closing, the indemnification obligations of the Buyer Parties under this ARTICLE 9 shall be the sole and exclusive remedy of the Seller Parties available at law or in equity for any breach or inaccuracy, or alleged breach or inaccuracy, of any representation, warranty, covenant or other terms, conditions or obligations of the Buyer Parties under this Agreement except for fraud, intentional misrepresentation and willful misconduct.

ARTICLE 10
MISCELLANEOUS

10.1 Expenses. Except as otherwise expressly provided in this Agreement, each party will bear its own expenses incurred in connection with the preparation, execution, and performance of this Agreement and the transactions contemplated hereby, including all fees and expenses of agents, representatives, counsel, and accountants. In the event of termination of this Agreement, the obligation of each party to pay its own expenses will be subject to any rights of such party arising from a breach of this Agreement by another party.
10.2 **Publicity.** Unless otherwise required by law, the rules and regulations of any stock exchange or quotation services on which such party’s stock is traded or quoted, prior to the Closing Date, no news release or other public announcement pertaining to the transactions contemplated by this Agreement will be made by or on behalf of any party without the prior written approval of the Company and Buyer (which approval shall not be unreasonably withheld, conditioned or delayed). If in the judgment of any party such a news release or public announcement is required by law or the rules or regulations of any stock exchange on which such party’s stock is traded, the party intending to make such release or announcement shall use commercially reasonable efforts to provide prior written notice to the other party of the contents of such release or announcement and to allow the other party reasonable time to comment on such release or announcement in advance of such issuance.

10.3 **Notices.**

(a) All notices, demands and other communications given with respect to this Agreement shall be in writing and shall be given by one of the following methods (all charges prepaid and properly addressed to the addresses set forth in Section 10.3(b)):

(i) by personal delivery, in which case the notice, demand or communication will be deemed given upon receipt;

(ii) by prepaid, nationally recognized overnight courier service, in which case the notice, demand or communication will be deemed given one business day after deposit with such overnight courier service;

(iii) by first class U.S. mail (return receipt requested), in which case the notice, demand or communication will be deemed given five business days after being deposited into the U.S. mail.

(b) All notices, demands and communications sent pursuant to this Section 9.3 must be addressed as follows:

**If to the Seller Parties:**

L1 Holdings, Inc.
c/o L1 Air, LLC
103 Foulk Road
Suite 202
Wilmington, DE 19803
Facsimile No.: (305)-832-0679
Attention: Todd W. Baldree

**With a copy to (which copy does not constitute notice):**

Goodwin Procter LLP
Exchange Place
Boston, Massachusetts 02109
Facsimile No.: (617) 523-1231
Attention: Stuart M. Cable, Esq.
If to Buyer:

4000 International Parkway
Carrollton, TX 75007-1913
Attention: Stephen T. Winn
E-mail: steve.winn@realpage.com
Facsimile: (972) 820-3036

With a copy to (which copy does not constitute notice):

4000 International Parkway
Carrollton, TX 75007-1913
Attention: Margot Lebenberg, Chief Legal Officer
E-mail: margot.lebenberg@realpage.com
Facsimile: (972) 820-3932

(c) A party may change its address set forth in Section 10.3(b) by giving notice pursuant to this Section 10.3.

10.4 Assignment. This Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and permitted assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties to this Agreement without the prior written consent of all other parties to this Agreement, and any purported assignment without such consent shall be void; provided, however, that the Buyer Parties may assign their respective rights under this Agreement to their lenders as collateral security for their obligations under any of their debt financing arrangements.

10.5 Third Party Beneficiaries. None of the provisions of this Agreement or any document contemplated by this Agreement is intended to grant any right or benefit to any person or entity which is not a party to this Agreement.

10.6 Amendments. Any waiver, amendment, modification or supplement of or to any term or condition of this Agreement shall be effective only if in writing and signed by all parties to this Agreement.

10.7 Waiver. The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power, or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege.

10.8 Governing Law. Any and all disputes between the parties in any way related to this Agreement, including all matters of construction, validity and performance, will be governed by and construed in accordance with the laws of the State of New York, without giving effect to any conflict of laws rules.
10.9 Resolution of Disputes.

(a) No party to this Agreement shall institute a proceeding in any court or administrative agency to resolve a dispute between the parties arising out of or related to this Agreement before that party has sought to resolve the dispute through direct negotiation with the other party.

(b) If the dispute is not resolved within three (3) weeks after a demand for direct negotiation, the parties shall attempt to resolve the dispute through mediation in New York, New York, administered by the American Arbitration Association under its commercial mediation rules and procedures then in effect.

(c) If the mediator is unable to facilitate a settlement of the dispute within a reasonable period of time, as determined by the mediator, the mediator shall issue a written statement to the parties to that effect and the aggrieved party may then seek relief in the state or federal courts located in New York, New York.

(d) Each party consents to the exclusive personal and subject matter jurisdiction of the mediation and arbitration proceedings as provided in this Section 10.9 and waives any defense based upon forum non conveniens or lack of personal or subject matter jurisdiction.

(e) Notwithstanding any other provision of this Agreement, including this Section 10.9, each party shall have the right to at any time apply to any court of competent jurisdiction for preliminary injunctive relief.

10.10 Severability. In the event that any provision in this Agreement shall be determined to be invalid, illegal or unenforceable in any respect, the remaining provisions of this Agreement shall not be in any way impaired, and the illegal, invalid or unenforceable provision shall be fully severed from this Agreement and there shall be automatically added a replacement provision as similar in terms and intent to such severed provision as may be legal, valid and enforceable.

10.11 Headings. The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of this Agreement and shall not in any way affect the meaning or interpretation of this Agreement.

10.12 Construction and Certain Definitions.

(a) Each party to this Agreement and its counsel have reviewed and revised this Agreement. The normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or of any amendments or Schedules to this Agreement.

(b) References to this Agreement are references to this Agreement and to the Schedules to this Agreement.
(c) References to any document (including this Agreement) are references to that document as amended, consolidated, supplemented, novated or replaced by the parties thereto from time to time.

(d) References to Sections and Articles are references to sections and articles of this Agreement.

(e) References to a party to this Agreement shall include its respective successors and permitted assigns.

(f) The word “including” shall mean including without limitation, unless followed by the word “only.”

(g) The gender of all words in this Agreement includes the masculine, feminine and neuter, and the number of all words in this Agreement include the singular and plural.

(h) The phrase “date of this Agreement” and similar terms shall mean the date set forth in the introductory clause of this Agreement.

10.13 **Entire Agreement.** This Agreement and the Schedules to this Agreement, together with the Confidentiality Agreement, the letter of intent dated September 24, 2010 among the parties concerning the transactions contemplated by this Agreement and the documents and instruments delivered pursuant to this Agreement, constitute the entire contract between the parties to this Agreement pertaining to the subject matter of this Agreement and supersede all prior and contemporaneous agreements and understandings between the parties with respect to such subject matter.

10.14 **Counterparts; Electronic Delivery.** This Agreement may be executed and delivered by facsimile or other electronic means and in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.15 **Specific Performance.** The parties agree that irreparable damage would occur in the event that any of the provisions of Sections 6.10 and 10.2 of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, Buyer shall be entitled to seek an injunction or injunctions, without the posting of any bond, to prevent breaches of Sections 6.10 and 10.2 of this Agreement by the Seller Parties and to enforce specifically the terms and Sections 6.10 and 10.2 of this Agreement, in addition to any other remedy to which such party is entitled at law or in equity and (b) the Seller Parties shall be entitled to seek an injunction or injunctions, without the posting of any bond, to prevent breaches of Sections 6.10 and 10.2 of this Agreement by the Buyer Parties and to enforce specifically the terms and provisions of Sections 6.10 and 10.2 of this Agreement.

[Signature pages follow.]
IN WITNESS WHEREOF, each of the parties has signed this Agreement, or has caused this Agreement to be signed by its duly authorized officer, as of the date first above written.

PARENT:

REALPAGE, INC.

By: /s/ Stephen T. Winn
Name: Stephen T. Winn
Title: Chief Executive Officer

BUYER:

RP NEWCO, LLC

By: RealPage, Inc., as Sole Member

By: /s/ Stephen T. Winn
Name: Stephen T. Winn
Title: Chief Executive Officer
COMPANY:

IAS Holdings, LLC

By: L1 Holdings, Inc., its Manager

By: /s/ Todd W. Baldree
    Name: Todd W. Baldree
    Title: President

SELLER SUBSIDIARIES:

Level One, LLC

By: /s/ Todd W. Baldree
    Name: Todd W. Baldree
    Title: Manager

L1 Technologies, LLC

By: /s/ Todd W. Baldree
    Name: Todd W. Baldree
    Title: Manager

L1 Land, LLC

By: /s/ Todd W. Baldree
    Name: Todd W. Baldree
    Title: Manager
COMPANY OWNERS:

L1 Holdings, Inc.

By: /s/ Todd W. Baldree
    Name: Todd W. Baldree
    Title: President

/s/ Todd W. Baldree
Todd Baldree, individually

/s/ Calvin D. Long II
Calvin D. Long, II, individually

/s/ Benjamin Holbrook
Benjamin Holbrook, individually
ANNEX I

“2010 Plan” shall have the meaning set forth in Section 6.4(f).

“Act” shall have the meaning set forth in Section 4.1.

“Acquisition Proposal” shall have the meaning set forth in Section 6.8.

“Agreement” shall have the meaning set forth in the Introduction.

“Allocation” shall have the meaning set forth in Section 2.7.

“Ancillary Agreements” shall have the meaning set forth in Section 4.1 and shall include any agreements executed in connection with the Closing to which the Company and any Seller Subsidiary is a party.

“Antitrust Laws” shall have the meaning set forth in Section 6.3(b).

“Antitrust Orders” shall have the meaning set forth in Section 6.3(b).

“Arbitrator” shall have the meaning set forth in Section 2.6(f).

“Assumed Contracts” shall mean all contracts set forth on Schedule 2.3(b).

“Audited Financial Statements” shall have the meaning set forth in Section 4.5(a).

“Basket” shall have the meaning set forth in Section 9.5(c).

“Books and Records” shall have the meaning set forth in Section 6.6(a).

“Business” shall mean the business of providing contact center services to the multi-tenant real-estate industry, including, but not limited to, answering leasing and maintenance phone calls and e-mails from current and prospective residents of apartment communities and providing customers with toll-free numbers to be used on advertisements.

“Business Employee and Business Employees” shall have the meaning set forth in Section 6.4(a).

“Business Intellectual Property” shall have the meaning set forth in Section 4.13.

“Buyer” shall have the meaning set forth in the Introduction.

“Buyer Indemnitees” shall have the meaning set forth in Section 9.1.

“Buyer Party Agreements” shall have the meaning set forth in Section 5.2.

“Buyer Party and Buyer Parties” shall have the meaning set forth in the Introduction.
“CERCLA” means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., any amendments thereto, any successor statutes, and any regulations promulgated thereunder.

“COBRA” shall have the meaning set forth in Section 6.4(a).

“Claims” shall have the meaning set forth in Section 4.14.

“Closing” shall have the meaning set forth in Section 2.7(b).

“Closing Date” shall have the meaning set forth in Section 2.7(b).

“Closing Working Capital Statement” shall have the meaning set forth in Section 2.6(e).

“Collar” means $75,000.

“Company” shall have the meaning set forth in the Introduction.

“Company Owner and Company Owners” shall have the meanings set forth in the Introduction.

“Company Owner Ancillary Agreements” shall have the meaning set forth in Section 3.1 and shall include any agreements executed in connection with the Closing to which a Company Owner is a party.

“Company Specified Account” shall mean the bank account specified by the Seller Parties in writing at least one (1) day prior to the anticipated Closing Date or Holdback Payment Date, as applicable.

“Confidentiality Agreement” means that certain non-disclosure agreement by and among certain of the parties hereto dated as of September 21, 2010.

“Consents” shall have the meaning set forth in Section 4.3.

“Contracts” means any agreement, contract, obligation, promise, undertaking, lease, note, bond, mortgage, indenture, license, or purchase order (in each case, whether written or oral) that is legally binding.

“Employment Agreement” shall have the meaning set forth in the Recitals.

“Environmental Claim” means any written complaint, notice, claim, demand, action, suit or judicial, administrative or arbitration proceeding asserting liability or potential liability (including without limitation, liability or potential liability for investigatory costs, cleanup costs, governmental response costs, natural resource damages, property damage, personal injury, fines or penalties) arising out of, relating to, based on or resulting from: (i) the presence, discharge, emission, release or threatened release of a Hazardous Material, (ii) circumstances forming the basis of any violation or alleged violation of any Environmental Laws or Environmental Permits, (iii) the exposure of any person to a Hazardous Substance, or (iii) otherwise relating to obligations or liabilities under any Environmental Law.
“**Environmental Laws**” shall mean any applicable federal, state, territorial, provincial, foreign or local law, common law doctrine, rule, order, decree, judgment, injunction, license, permit or regulation relating to environmental matters, including, without limitation, those pertaining to land use, air, soil, surface water, ground water (including the protection, cleanup, removal, remediation or damage thereof), public or employee health or safety or any other environmental matter, together with any other laws (federal, state, territorial, provincial, foreign or local) relating to emissions, discharges, releases or threatened releases of any Hazardous Material, including, without limitation, medical, chemical, biological, biohazardous or radioactive waste and materials, into ambient air, land, surface water, groundwater, personal property, structures, or the environment or otherwise relating to or regulating the manufacture, processing, distribution, use, treatment, storage, disposal, transportation, discharge or handling of any Hazardous Material, including, without limitation, CERCLA, the Resource Conservation and Recovery Act (42 U.S.C. 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), the Clean Air Act (42 U.S.C. 1251 et seq.), the Toxic Substances Control Act (15 U.S.C. 2601 et seq.), and OSHA (29 U.S.C. 651 et seq.), as such laws have been amended and are in effect as of the date hereof, and any analogous or similar federal or state or local laws, statutes and regulations promulgated thereunder as are in effect as of the date hereof.

“**Environmental Permits**” means any Governmental Permit under or issued pursuant to any Environmental Law.

“**ERISA**” shall have the meaning set forth in Section 4.21(b).

“**ERISA Affiliate**” shall have the meaning set forth in Section 4.21(a).

“**Estimated Working Capital**” shall have the meaning set forth in Section 2.6(d).

“**Estimated Working Capital Certificate**” shall have the meaning set forth in Section 2.6(d).

“**Excluded Assets**” shall have the meaning set forth in Section 2.2.

“**Excluded Contracts**” shall have the meaning set forth in Section 2.2(h).

“**Excluded Liabilities**” shall have the meaning set forth in Section 2.4.

“**Excluded Subsidiaries**” shall mean (i) L1 Air, LLC, a Delaware limited liability company, (ii) L1 Maintenance, LLC, a South Carolina limited liability company and (iii) L1 Land, LLC, a South Carolina limited liability company.


“**Filing Party**” shall have the meaning set forth in Section 6.2.

“**Financial Statements**” shall have the meaning set forth in Section 4.5(a).
“Fundamental Representations” shall mean those representations and warranties of the Seller Parties contained in Section 3.1 [Authority of Company Owners], Section 3.2 [Interest Ownership], Section 4.1 [Organization and Good Standing; Governing Documents; Authority], Section 4.2 [No Conflict or Breach], Section 4.4 [Capital Structure], Section 4.6 [Brokers], Section 4.7 [Taxes], Section 4.8 [Title to Purchased Assets; Liens], Section 4.10 [Tangible Personal Property], Section 4.13 [Intellectual Property], Section 4.14 [Litigation], Section 4.19 [Labor Matters], Section 4.21 [Employee Benefits] and Section 4.24 [Related Party Transactions], and with respect to the Buyer Parties, those representations and warranties of the Buyer Parties contained in Section 5.1 [Organization and Good Standing].

“GAAP” shall mean generally accepted accounting principles in the United States.

“Governing Documents” shall mean, with respect to any entity, its articles of incorporation and corporate bylaws (in the case of a corporation); its articles of organization and operating agreement (in the case of a limited liability company); or comparable documents if the entity’s form of legal organization is other than a corporation or limited liability company.

“Governmental Body” shall mean any federal, state, local, municipal, foreign, or other government; or governmental or quasi-governmental authority of any nature (including any legislature, commission, regulatory or administrative authority, governmental agency, bureau, branch, department, official, commission or entity and any court, arbitrator or other tribunal).

“Governmental Permits” shall mean all licenses, certificates, privileges, immunities, approvals, franchises, authorizations, exemptions, orders and permits from any Governmental Body.

“Gross Consideration” shall have the meaning set forth in Section 2.5(a).

“Hazardous Substances” shall mean (i) any chemical pollutant, contaminant, pesticide, petroleum product or byproduct, radioactive substance, solid waste (hazardous or extremely hazardous), special, dangerous or toxic waste, hazardous or toxic substance, chemical or material regulated, listed, referred to, limited or prohibited as a danger to health or the environment or under any Environmental Law, including without limitation: (A) friable or damaged asbestos, asbestos-containing material, polychlorinated biphenyls (PCBs), solvents and waste oil; (B) any hazardous substance, material or waste, as defined under CERCLA or any Environmental Law; (C) any hazardous substance, material, or waste defined under RCRA or any Environmental Law; and (D) even if not prohibited, listed, limited or regulated by an Environmental Law, all pollutants, contaminants, hazardous, dangerous or toxic chemical materials, wastes or any other substances, including without limitation, any industrial process or pollution control waste (whether or not hazardous within the meaning of RCRA) which could pose a hazard to the environment, or the health and safety of any person or impair the use or value of any portion of the property of the Company and Seller Subsidiaries.

“HSR Act” shall mean the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended.

“Holdback Consideration Amount” means $8,000,000.00.
“Holdback Payment Date” shall have the meaning set forth in Section 2.6(b).

“Indebtedness” means, with respect to the Company and the Company Subsidiaries, (i) any indebtedness for borrowed money (including the principal amount thereof, any accrued interest thereon and any prepayment premiums or termination fees with respect thereto), whether short term or long term, (ii) any indebtedness arising under capitalized leases, conditional sales contracts and other similar title retention instruments whether short term or long term, (iii) all liabilities secured by any Lien on any property owned by the Company and the Company Subsidiaries, (iv) all liabilities under any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement or other similar agreement, (v) all indebtedness for the deferred purchase price of property or services, (vi) any indebtedness evidenced by any note, bond, debenture mortgage or other debt instrument or debt security, (vii) all Liabilities under any letters of credit, (viii) all interest, fees and other expenses owed with respect to indebtedness described in the foregoing clauses (i) through (vii), and (ix) all indebtedness referred to in the foregoing clauses (i) through (viii) which is directly or indirectly guaranteed by any of the Companies or that is secured by the assets or properties of any of the Company and the Company Subsidiaries.

“Indemnified Party” shall have the meaning set forth in Section 9.3.

“Indemnity Obligor” shall have the meaning set forth in Section 9.3.

“Intellectual Property Rights” means all of the following in any jurisdiction throughout the world: (a) patents, patent applications, and patent disclosures, together with all reissuances, certificates, continuations, continuations-in-part, divisionals, extensions, registrations, and reexaminations thereof and all inventions, whether or not patentable and whether or not reduced to practice, (b) trademarks, service marks, trade dress, logos, trade names, Internet domain names and corporate names, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all certificates, applications, registrations, renewals and moral rights (including any right to claim authorship to or to object to any distortion, mutilation, other modification or derogatory action in relation to a copyrightable work, whether or not such would be prejudicial to the author’s reputation, and any similar right, existing under common or statutory law of any country in the world or under any treaty, regardless of whether or not such right is denominated or generally referred to as a moral right) in connection therewith, (c) copyrightable works, copyrights, and all applications, registrations, and renewals in connection therewith, (d) mask works and all applications, registrations, and renewals in connection therewith, (e) newsletters, magazines, books, handbooks, special reports, whitepapers videos, online education courses and membership programs currently offered by the Company or Seller Subsidiaries, seminars, conferences, classroom training programs and broadcast events offered by the Company or Seller Subsidiaries since January 1, 2006 and all products and services approved by the Company’s new product committee since January 1, 2006 but not yet offered by the Company or Seller Subsidiaries, and (e) trade secrets, know-how and confidential business information (including ideas, research and development, inventions, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, discoveries, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans, proposals, and methods).
“Interests” shall have the meaning set forth in the Recitals.

“Interim Financial Statements” shall have the meaning set forth in Section 4.5(a).

“IRC” shall mean the Internal Revenue Code of 1986, as amended, or any successor law, and regulations issued by the IRS pursuant to the Internal Revenue Code of 1986, as amended, or any successor law.

“IRS” shall mean the United States Internal Revenue Service and, to the extent relevant, the United States Department of the Treasury and, to the extent relevant, the counterpart agencies of other countries.

“Knowledge” as applied to any individual shall mean that such individual has actual knowledge of the information and such additional knowledge as would be acquired by such Persons conducting a reasonable inquiry concerning the subject matter in question. “Knowledge” with respect the Seller Parties shall mean the Knowledge of the following members of the management group of the Company and Seller Subsidiaries: Todd W. Baldree, Calvin D. Long, II, Benjamin C. Holbrook, Mike Pfohl, Simeon Wright and Joy Fought. Knowledge with respect to Buyer means the Knowledge of Stephen T. Winn, Timothy J. Barker and Michael Britti.

“Land” is the 13.33 acre (more or less) tract of land (excluding any improvements thereon), owned by L1 Land, LLC, which is located on the eastern side of Batesville Road in Greenville County, South Carolina, identified as Tax Parcel 0530.01-01-004.23, and shown on the survey entitled, “Survey for T. Walter Brashier”, dated March 12, 1983, prepared by W. R. Williams, Jr., and recorded in the Office of the Register of Deeds for Greenville County in Plat Book 9-M, Page 47.

“Leased Real Property” shall have the meaning set forth in Section 4.9(b).

“Liabilities” shall mean any liabilities (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due), including any liabilities for Taxes.

“Lien Instrument” shall have the meaning set forth in Section 4.8(a).

“Liens” means any charge, lien, mortgage, deed of trust, pledge, security interest, charge, option, right of first refusal, easement, servitude, community property interest, conditional sale or other title retention agreement, restrictive covenant, encroachment, encumbrance, claim, restriction, title defect or limitation, hypothecation, or other similar restriction, or any agreement to provide any of the foregoing.

“Litigation Obligations” means any matter or Liabilities related to any matter disclosed on Schedule 4.14.
“Local Transfer Documents” shall have the meaning set forth in Section 2.7(d).

“Loss” shall have the meaning set forth in Section 9.1.

“Material Adverse Change” or “Material Adverse Effect” means any change, event, circumstance or effect (whether alone or together with other changes, events, circumstances or effects) that is or would reasonably be expected to be materially adverse to the financial condition, properties, assets (including intangible assets) or business (assuming the Company remains standalone) of the Company; provided, however, that the terms “Material Adverse Change” and “Material Adverse Effect” shall not include any change, event, circumstance or effect resulting from (i) changes in conditions in the United States or the global economy or the capital or financial or markets generally, including changes in interest or exchange rates, fluctuating commodity prices and unexpected product shortages, that do not affect the Business in a disproportionate manner relative to similarly situated businesses in the Seller Subsidiaries’ industry, (ii) changes in general legal, regulatory, political, economic or business conditions or changes in GAAP that, in each case, generally affect the industry in which the Business operates, but do not disproportionately affect the Business, (iii) acts of war, sabotage or terrorism, or any escalation or worsening of any such acts of war, sabotage or terrorism to the extent such change does not affect the Business in a disproportionate manner relative to similarly situated businesses in the Seller Subsidiaries’ industry, or (iv) hurricanes, floods, earthquakes or other natural disasters.

“Material Customer” shall have the meaning set forth in Section 4.25.

“Material Supplier” shall have the meaning set forth in Section 4.25.

“NASDAQ” shall mean the Nasdaq Global Select Market, any successor stock exchange or inter-dealer quotation system operated by The Nasdaq Stock Market, Inc. or any successor thereto.

“New Lease” means a new lease, in the form attached hereto as Exhibit H, that will be executed by L1 Land, LLC, as lessor, and Buyer, as lessee, and that will become effective with respect to the Leased Real Property on the Land at the Closing.

“Offers” shall have the meaning set forth in Section 6.4(a).

“Open Source Software” means any software that contains, includes, incorporates, or has instantiated therein, or is derived in any manner (in whole or in part) from, any software that is distributed as free software, open source software (e.g., Linux) or similar licensing or distribution models, including software licensed or distributed under any of the following licenses or distribution models, or licenses or distribution models similar to any of the following: (1) GNU’s General Public License (GPL) or Lesser/Library GPL (LGPL); (2) the Artistic License (e.g., PERL); (3) the Mozilla Public License; (4) the Netscape Public License; (5) the Sun Community Source License (SCSL); (6) the Sun Industry Standards License (SISSL); (7) the BSD License; and (8) the Apache License.
“Operational Representations” shall mean with respect to the Seller Parties, those representations and warranties of the Seller Parties contained in ARTICLE 3 and ARTICLE 4 of this Agreement which are not Fundamental Representations, and with respect to Buyer, those representations and warranties of Buyer contained in ARTICLE 5 of this Agreement which are not Fundamental Representations.

“Order” means any award, writ, injunction, judgment, order or decree entered, issued, made, or rendered by, or settlement under the jurisdiction of, any Governmental Body.

“Parent” shall have the meaning set forth in the Introduction.

“Parent Common Stock” shall mean the common stock, par value $0.01 per share, of Parent.

“Permitted Liens” shall mean (i) liens for taxes and other governmental charges and assessments which are not yet due and payable or which are being contested in good faith with an appropriate reserve reflected on the Financial Statements; (ii) carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s or other like security interests arising in the ordinary course of business and securing obligations that are not due and payable or which are being contested in good faith with an appropriate reserve reflected on the Company’s financial statements; (iii) pledges and deposits made in the ordinary course of business in compliance with workmen’s compensation, unemployment insurance and other social security laws or regulations; and (iv) Liens on cash deposits and other funds maintained with a depositary institution, in each case arising in the ordinary course of business by virtue of any statutory or common law provision relating to banker’s liens (provided that (A) the applicable deposit account is not a dedicated cash collateral account and (B) the applicable deposit account does not provide collateral or security to the applicable depositary institution or any other person or entity).

“Person” shall mean any natural person, partnership, trust, estate, association, limited liability company, corporation, custodian, nominee, governmental instrumentality or agency, body politic or any other entity in its own or any representative capacity.

“Plans” shall have the meaning set forth in Section 4.21(b).

“Pre-Closing Environmental Liabilities” means all Environmental Claims, Liabilities and Losses now or hereafter asserted against, resulting to, imposed on or incurred by any Person related to, in connection with or arising from: (i) any actual or alleged release, threatened release or presence of any Hazardous Substance prior to the Closing on or from or affecting any of the Leased Real Property, any of the Purchased Assets or the Business; (ii) any actual or alleged violation of any Environmental Law prior to the Closing relating to, arising out of or in connection with the Leased Real Property, the Business or any of the Purchased Assets; and (iii) any Environmental Claim made by any Person relating to, arising out of or in connection with (A) the Leased Real Property, the Business or any of the Purchased Assets prior to the Closing, (B) any act or omission of the Company or any Seller Subsidiary or any of their respective affiliates, or the officers, directors, agents, employees, contractors or representatives of the Company, any Seller Subsidiary or their respective affiliates prior to the Closing, or (C) any condition of the Leased Real Property that existed prior to the Closing, (iv) indemnities or other contractual undertakings entered into by any Seller Party prior to the Closing and whether or not included in the Assumed Contracts and whether or not such indemnities or other contractual undertakings are performed prior to or after the Closing, (v) the presence prior to or at the Closing of any Hazardous Substance on, in, about, or under, any Purchased Asset or any Leased Real Property, or the soil, groundwater, surface water, ambient air, or building elements thereof; (vi) the conduct of the Business prior to the Closing or (vii) any actual or alleged violation of any Environmental Law prior to the Closing.
“Pre-Closing Tax Period” shall have the meaning set forth in Section 2.4(f).

“Post-Closing Tax Period” shall have the meaning set forth in Section 6.2(b).

“Purchase Option Agreement” shall have the meaning set forth in Section 6.11.

“Purchase Price” shall have the meaning set forth in Section 2.5(a).

“Purchased Assets” shall have the meaning set forth in Section 2.1.

“Real Property Leases” shall have the meaning set forth in Section 4.9(b).

“Receivables” shall have the meaning set forth in Section 4.12.

“Registration Rights Agreement” shall have the meaning set forth in Section 7.2(h).

“Related Party” means (i) the Company, (ii) any manager, member, partner, shareholder, equityholder, director, or officer of the Company or Company Subsidiaries, (iii) any family member of the individuals described in clause (ii), and (iv) any affiliate of the Company.

“Resolution Period” shall have the meaning set forth in Section 6.10(a).

“Rules” shall have the meaning set forth in Section 4.15.

“SEC” shall have the meaning set forth in Section 4.27(b).

“Section 1060 Forms” shall have the meaning set forth in Section 2.7.

“Securities Act” shall mean the Securities Act of 1933, as amended.

“Seller Indemnitees” shall have the meaning set forth in Section 9.2.

“Seller Party and Seller Parties” shall have the meanings set forth in the Introduction.

“Seller Subsidiary and Seller Subsidiaries” shall have the meanings set forth in the Introduction.

“Significant Owner Agreement” shall have the meaning set forth in the Recitals.
“Software License Fee Statement” shall have the meaning set forth in Section 2.6(e).

“Software License Fees” means the amount of fees actually paid by Buyer to provide the following licenses as identified by the Buyer Parties to the Seller Parties prior to Closing: (i) client access licenses to all servers for the Company’s existing workstations, desktops and/or personal computers which the parties estimate to be approximately 300 licenses, (ii) two (2) client access licenses for Microsoft standard SQL servers, (iii) SQL enterprise processor licenses and client access licenses, which the parties estimate to be approximately 340 licenses and (iv) client access licenses for Microsoft Exchange which the parties estimate to be approximately 300 licenses.

“Software License Holdback Amount” shall have the meaning set forth in Section 2.6(c).

“Specific Items” shall have the meaning set forth in Section 2.7(a).

“Straddle Period” shall have the meaning set forth in Section 6.2(a).

“Subsidiary” shall have the meaning set forth in Section 4.4(b).

“Support Documentation” shall have the meaning set forth in Section 2.6(e).

“Target Working Capital” means $0.00.

“Tangible Personal Property” shall have the meaning set forth in Section 4.10.

“Tax” or “Taxes” (and with correlative meaning, “Taxable” and “Taxing”) means (i) any federal, state, provincial, local, foreign or other income, alternative, minimum, add-on minimum, accumulated earnings, capital stock, net worth, capital, profits, intangibles, windfall profits, gross receipts, value added, sales, use, goods and services, excise, escheat, customs duties, transfer, conveyance, mortgage, registration, stamp, documentary, recording, premium, severance, environmental (including taxes under Section 59A of the IRC), natural resources, real property, personal property, ad valorem, intangibles, rent, occupancy, license, occupational, employment, unemployment insurance, social security, disability, workers’ compensation, payroll, health care, withholding, estimated or other taxes, duties, levies or other similar governmental charges or assessments or deficiencies thereof (including all interest and penalties thereon and additions thereto whether disputed or not) and (ii) any liability in respect of any items described in clause (i) above by reason of (a) being a transferee or successor or by having been a member of a combined, affiliated, unitary, consolidated or similar group or otherwise by operation of law, or (b) by contract or otherwise.

“Tax Incentive” shall have the meaning set forth in Section 4.7.

“Tax Return” shall mean any return (including but not limited to any information return), report, statement, schedule, notice, form, or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection, or payment of any Tax or in connection with the administration, implementation, or enforcement of or compliance with any legal requirement relating to any Tax.
“Termination Date” shall have the meaning set forth in Section 8.1(c).

“Transfer Taxes” shall have the meaning set forth in Section 6.2.

“Transferred Employee and Transferred Employees” shall have the meaning set forth in Section 6.4(a).

“WARN” shall have the meaning set forth in Section 6.4(a).

“Working Capital” shall mean, with respect to the Company and Seller Subsidiaries, the excess of Current Assets over Current Liabilities as determined as of the Closing Date in accordance with GAAP and the methodology described on Schedule 2.6 as of the Closing Date.
REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this “Agreement”) is made and entered into as of November 3, 2010, by and between RealPage, Inc., a Delaware corporation (the “Company”) and each of the other parties signatory hereto (the “Investors”).

RECITALS

WHEREAS, pursuant to that certain Asset Purchase Agreement dated as of November 3, 2010, by and among the Company, RP Newco LLC, a wholly owned subsidiary of the Company (the “Buyer”), and the Seller Parties named therein, including the Investors (the “Asset Purchase Agreement”), on the Holdback Payment Date (as defined in the Asset Purchase Agreement), the Company may issue, and the Investors may receive, shares of Common Stock in payment of a portion of the Holdback Consideration Amount (as defined in the Asset Purchase Agreement) to which the Investors are entitled to on the Holdback Payment Date pursuant to the terms of the Asset Purchase Agreement subject to the Buyer’s sole and exclusive right to elect to make full or partial payment of such amount in cash in lieu of Common Stock.

WHEREAS, the execution and delivery of this Agreement by the Investors and Company are inducements and conditions precedent to the consummation of the transactions contemplated in the Asset Purchase Agreement;

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein and in the Asset Purchase Agreement, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Certain Definitions. Unless otherwise set forth in this Agreement, all capitalized terms shall have the meaning set forth in the Asset Purchase Agreement. As used in this Agreement, the following terms shall have the following respective meanings:

“Company” shall have the meaning set forth in the preamble and shall include the Company’s successors by merger, acquisition, reorganization or otherwise.

“Commission” shall mean the United States Securities and Exchange Commission, or any other federal agency administering the Securities Act and the Exchange Act at the time.

“Common Stock” shall mean the common stock, par value $0.001 per share, of the Company, and any other common equity securities issued by the Company, and any other shares of stock issued or issuable with respect thereto (whether by way of a stock dividend or stock split or in exchange for or upon conversion of such shares or otherwise in connection with a combination of shares, recapitalization, merger, consolidation or other corporate reorganization).

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended from time to time, or any similar successor federal statute, and the rules and regulations of the Commission thereunder.

“Holder” shall mean any Investor who holds Registrable Securities.
“Person” shall mean an individual, a corporation, a partnership, a joint venture, a trust, an unincorporated organization, a limited liability company or partnership, a government and any agency or political subdivision thereof.

“Registrable Securities” shall mean (i) any shares of Common Stock issued to the Investors in payment of any portion of the Holdback Consideration Amount to which the Investors are entitled under the terms of the Asset Purchase Agreement, and (ii) any other securities issued or issuable with respect to any such shares described in clause (i) above by way of a stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization; provided, however, that Registrable Securities shall not include any shares of Common Stock described in clause (i) or (ii) above which have previously been registered or sold to the public pursuant to a registration statement, which have been sold or could be sold during any ninety (90) day period without volume limitations under Rule 144 or which have been sold in a private transaction in which the transferor’s rights under this Agreement are not validly assigned in accordance with this Agreement.

“register,” “registered” and “registration” shall refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act and applicable rules and regulations thereunder, and the declaration or ordering of the effectiveness of such registration statement.

“Registration Expenses” shall mean the expenses so described in Section 5 hereof.

“registration statement” shall refer to a registration statement in compliance with the Securities Act and applicable rules and regulations thereunder, used to register any Registrable Securities pursuant to this Agreement.

“Rule 144” shall mean Rule 144 as promulgated by the Commission under the Securities Act, as may be amended from time to time, or any similar successor rule that may be promulgated by the Commission.

“Securities Act” shall mean the Securities Act of 1933, as amended from time to time, or any similar successor federal statute, and the rules and regulations of the Commission thereunder.

“Selling Expenses” shall mean any underwriting discounts, selling commissions and stock transfer taxes applicable to the sale of Registrable Securities and the fees and disbursements of counsel or any other professional advisors for any Holders incurred in connection with a registration.

“Senior Holders” shall mean the holders of the registration rights set forth in the Senior Registration Rights Agreement.

“Senior Registration Rights Agreement” shall mean that certain Second Amended and Restated Registration Rights Agreement dated February 22, 2008, between the Company and certain of its securityholders, as may be amended from time to time.
2. Registration Rights.

(a) S-3 Registration. After the Holdback Payment Date, and only if the Company has issued shares of Common Stock to the Investors in payment of any portion of the Holdback Consideration Amount to which the Investors are entitled under the terms of the Asset Purchase Agreement, subject to the terms and conditions of this Agreement, the Company shall use reasonable efforts as described in this Section to register for resale the Registrable Securities on a registration statement on Form S-3 (or any successor form) under the Securities Act (or, if the Company is not eligible to use a Form S-3 registration statement or if a Form S-3 registration statement is otherwise not available, such other form that the Company is eligible to use and that is available in order to register the Registrable Securities) the “Registration Statement”). Subject to the terms and conditions of this Agreement, the Company shall use reasonable efforts to cause such Registration Statement to be filed with the Commission no later than thirty (30) days following the date on which the Company issues shares of Common Stock to the Investors in payment of any portion of the Holdback Consideration Amount to which the Investors are entitled under the terms of the Asset Purchase Agreement, and shall use reasonable efforts to cause such Registration Statement to be declared effective as soon as reasonably practicable after the filing thereof.

(b) Piggyback Registration. If at any time within one hundred eighty (180) days following the Holdback Payment Date, and only if the Company has issued shares of Common Stock to the Investors in payment of any portion of the Holdback Consideration Amount to which the Investors are entitled under the terms of the Asset Purchase Agreement, the Company proposes to register any of its securities under the Securities Act for sale to the public on its own account or the account of any of its securityholders (other than a registration pursuant to Section 2(a), a registration relating solely to employee benefit plans, a registration relating to the offer and sale of debt securities, a registration relating to a corporate reorganization or other Rule 145 transaction, or a registration on any registration form that does not permit secondary sales), then the Company shall give written notice of such proposed registration to the Holders. Within ten (10) days after the Company’s notice is deemed given pursuant to Section 8(b), any Holder who desires to include Registrable Securities in such proposed registration shall deliver to the Company a written request specifying the number of Registrable Securities that such Holder desires to include in the proposed registration. Upon receipt of such written request, the Company shall, subject to Section 2(c) and Section 2(d), use its commercially reasonable efforts to include in such proposed registration (and any related qualification under “blue sky” laws) all Registrable Securities of the Holder requested to be registered. If any Holder decides not to include all of its Registrable Securities in a registration by the Company pursuant to this Section 2(b), the registration rights of such Holder under this Section 2(b) shall continue to apply to subsequent registrations with respect to Registrable Securities retained by such Holder, all upon the terms and conditions set forth in this Agreement. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 2(b) prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration.
(c) **Participation in Underwritten Registrations.** No Holder of Registrable Securities may participate in any underwritten registration hereunder unless such Holder (a) enters into an underwriting agreement in customary form with the representative of the underwriter or underwriters selected by the Company or other Persons entitled to select such underwriters and agrees to sell its Registrable Securities on the basis of such underwriting agreement, and (b) completes and executes all questionnaires, lock-up agreements, powers of attorney, indemnities, custody agreements and other documents required under the terms of such underwriting agreement. If a Holder who has requested inclusion in an underwritten offering does not agree to the terms of any such underwriting, such Holder and such Holder’s securities shall be excluded therefrom and from the registration statement by written notice from the Company or the underwriter.

(d) **Senior Registration Rights.** Notwithstanding anything contained herein, the registration rights of the Holders set forth in this Agreement shall be subordinate to the registration rights of the Senior Holders under the Senior Registration Rights Agreement and, in the event of any reduction in the number of shares to be registered in a proposed registration, the number of shares of Registrable Securities to be included in the proposed registration shall be reduced prior to any reduction in the number of shares to be registered on the account of the Senior Holders in such registration to the extent required by, and in accordance with, the Senior Registration Rights Agreement.

(e) **Postponement of Effectiveness.** Upon receipt of any notice (a “Suspension Notice”) from the Company of the happening of any event which makes any statement made or incorporated in the registration statement or related prospectus untrue or which requires the making of any changes in such registration statement or prospectus (or the information incorporated therein) so that they will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein in the light of the circumstances under which they were made not misleading, each holder of Registrable Securities registered under such registration statement shall forthwith discontinue disposition of Registrable Securities pursuant to such registration statement until such holder’s receipt of the copies of the supplemented or amended prospectus or until it is advised in writing (the “Advice”) by the Company that the use of the prospectus may be resumed, and has received copies of any additional or supplemental filings which are incorporated by reference in the prospectus. In the event that the Company shall give any Suspension Notice, the Company shall use commercially reasonable efforts to render the Advice and end the suspension period as promptly as reasonably practicable. The Company shall prepare and file with the Commission such amendments and supplements to the registration statement and the prospectus used in connection therewith as may be necessary to keep the registration statement continuously effective and in compliance with applicable laws until such time as all Registrable Securities have been sold pursuant to the registration statement; provided, however, the Company shall not be required to keep such registration statement effective for more than 120 days (or such shorter period which will terminate when all Registrable Securities covered by such registration statement have been sold, but not prior to the expiration of the applicable period referred to in Section 4(3) of the Securities Act and Rule 174 thereunder, if applicable) (the first to occur, the “Expiration Date”).

The Company may require each seller of Registrable Securities as to which any registration is being effected to furnish to the Company such information as is required to be included with respect to such seller in a registration statement including information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities, which information may be requested pursuant to an investor questionnaire prepared for such purpose.
Each Holder will be deemed to have agreed by virtue of its execution and delivery of this Agreement and its acquisition of Registrable Securities that, upon receipt of any notice from the Company of a Suspension Notice as set forth in Section 2(e) such Holder will forthwith discontinue disposition of such Registrable Securities covered by such registration statement or prospectus until such Holder’s receipt of the copies of the supplemented or amended prospectus contemplated by Section 2(e) hereof, or until it receives Advice that the use of the prospectus may be resumed and such Holder has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such prospectus. Further, each Holder acknowledges and agrees that its receipt of a Suspension Notice may constitute material, non-public information under federal and/or applicable state securities laws.

3. Registration Procedures.

When the Company is required pursuant to the provisions of this Agreement to effect the registration of any of its securities under the Securities Act, the Company will:

(a) prepare and file with the Commission a registration statement on the appropriate form under the Securities Act with respect to such securities, which form shall comply in all material respects with the requirements of the applicable form and include all financial statements required by the Commission to be filed therewith, and use its commercially reasonable efforts to cause such registration statement to become and remain effective until completion of the proposed offering;

(b) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective until the Expiration Date and to comply with the provisions of the Securities Act with respect to the sale or other disposition of all securities covered by such registration statement, but only to the extent provided in this Agreement;

(c) file and use its commercially reasonable efforts to register or qualify the securities covered by such registration statement under such other securities or state securities or “blue sky” laws of such jurisdictions as each selling Holder shall reasonably request, and do any and all other acts and things that may be necessary under such state securities or “blue sky” laws to enable such selling Holder to consummate the public sale or other disposition in such jurisdictions of the securities owned by such selling Holder, except that the Company shall not for any such purpose be required to qualify to do business as a foreign corporation or consent to service of process in any jurisdiction wherein it is not so qualified or has not so consented;

(d) make generally available to the Holders an earnings statement satisfying the provisions of Section 11(a) of the Securities Act no later than seventy-five (75) days after the end of the twelve (12)-month period beginning with the first (1st) day of the Company’s first fiscal quarter commencing after the effective date of a registration statement, which earnings statement shall cover said twelve (12)-month period, and which requirement will be deemed to be satisfied if the Company satisfies the requirements of Rule 158 under the Securities Act;
(e) if the Registrable Securities are of a class of securities that is listed on a national securities exchange, file copies of any prospectus with the Commission in compliance with Rule 153 under the Securities Act so that the holders of Registrable Securities benefit from the prospectus delivery procedures described therein;

(f) cooperate with each Holder and each underwriter, if any, participating in the disposition of Registrable Securities and their respective counsel in connection with any filings required to be made with the Financial Industry Regulatory Authority, Inc. ("FINRA"), including, if appropriate, the pre-filing of a prospectus as part of a shelf registration statement in advance of an underwritten offering;

(g) during the period when the prospectus is required to be delivered under the Securities Act, promptly file all documents required to be filed with the Commission, including pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act;

(h) provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case no later than the effective date of such registration;

(i) cause all Registrable Securities registered pursuant to the registration statement to be listed on the NASDAQ Stock Market ("NASDAQ") or other exchange on which securities of the same class issued by the Company are then listed prior to or concurrent with the effectiveness of the registration statement;

(j) provide copies to and permit one legal counsel designated by the selling Holders to review the registration statement and all amendments and supplements thereto no fewer than three (3) days prior to their filing with the Commission; provided, however, that notwithstanding the foregoing, if the Company intends to file any prospectus, prospectus supplement or prospectus sticker which does not make any material changes in the documents already filed (including, without limitation, any prospectus under Rule 430A or 424(b)), then the counsel for the selling Holders will be afforded such opportunity to review such documents prior to filing consistent with the time constraints involved in filing such document, but in any event no less than one (1) day;

(k) upon request of a selling Holder or the legal counsel designated by the selling Holders, furnish (i) one (1) copy of any registration statement and any amendment thereto, each preliminary prospectus and prospectus and each amendment or supplement thereto, and each letter written by or on behalf of the Company to the Commission or the staff of the Commission, and each item of correspondence from the Commission or the staff of the Commission, in each case relating to such registration statement (other than any portion of any thereof which contains information for which the Company has sought confidential treatment) by electronic transmission, and (ii) such number of copies of a prospectus, including a preliminary prospectus, and all amendments and supplements thereto and such other documents as selling Holder may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such selling Holder that are covered by the related registration statement;
(l) use commercially reasonable efforts to (i) prevent the issuance of any stop order or other suspension of effectiveness and, (ii) if such order is issued, obtain the withdrawal of any such order as soon as reasonably practicable; and

(m) promptly notify the holders of Registrable Securities at any time when a prospectus relating to Registrable Securities is required to be delivered under the Securities Act, upon the Company’s becoming aware that the prospectus included in a registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and at the request of any such holder, use commercially reasonable efforts to promptly prepare and furnish to such holder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing; and

(n) otherwise use commercially reasonable efforts to comply with all applicable rules and regulations of the Commission under the Securities Act and the Exchange Act.

4. Indemnification.

(a) Indemnification by the Company. To the extent permitted by law, the Company will indemnify and hold harmless each Investor, the members, owners, partners, officers, directors, employees, agents, successors and assigns of each Investor, and each Person controlling such Investor within the meaning of Section 15 of the Securities Act (individually and collectively the “Indemnified Person”), against any losses, claims, damages, or liabilities (individually and collectively, the “Liability”) (joint or several) to which such Indemnified Person may become subject under the Securities Act or otherwise, insofar as such Liability (or actions or proceedings in respect thereof) arises out of or is based upon any of the following statements, omissions or violations (collectively a “Violation”) by the Company: (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement under which such Registrable Securities were registered under the Securities Act pursuant to this Agreement, including any final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any
violation or alleged violation of the Securities Act, or any applicable federal or state securities law or any rule or regulation promulgated under the Securities Act, or any applicable federal or state securities law in connection with the offering covered by such registration statement; provided however, that the Company shall not be required to indemnify any Person against any Liability to the extent that such Liability (or actions or proceedings in respect thereof) arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished by such Investor, any of such Investor’s officers, directors, partners, legal counsel or accountants or any Person controlling such Investor expressly for use in connection with a registration statement, including any final prospectus contained therein or any amendments or supplements thereto; provided further, that the Company shall not be required to indemnify any Person against Liability to the extent that such Liability (or actions or proceedings in respect thereof) arises out of or is based upon an untrue statement or omission made in any preliminary prospectus if (i) such Investor failed to send or deliver a copy of the final prospectus with or prior to the delivery of written confirmation of the sale by such Investor to the Person asserting the claim from which such Liabilities arise, and (ii) the final prospectus would have corrected such untrue statement or such omission; provided further, that the Company shall not be required to indemnify any Person against Liability to the extent that such Liability (or actions or proceedings in respect thereof) arises out of or is based upon an untrue statement or omission in any prospectus if (x) such untrue statement or omission is corrected in an amendment or supplement to such prospectus, and (y) having previously been furnished by or on behalf of the Company with copies of such prospectus as so amended or supplemented, such Investor thereafter fails to deliver such prospectus as so amended or supplemented prior to or concurrently with the sale of a Registrable Security to the Person asserting the claim from which such Liabilities arise; and provided further, that the indemnity agreement contained in this Section 4(a) shall not apply to amounts paid in settlement if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld). The Company’s indemnification obligations shall survive any transfer by such Investor of its Registrable Securities.

(b) Indemnification by Investors. To the extent permitted by law, each Investor agrees to indemnify and hold harmless the Company, each of the officers, directors, employees, agents, successors and assigns of the Company, any other stockholder selling shares of Common Stock in such registration, and each Person controlling the Company or such other stockholder within the meaning of Section 15 of the Securities Act the Company (individually and collectively also the “Indemnified Person”), from and against any Liability (joint or several) to which any such Indemnified Person may become subject under the Securities Act or otherwise, insofar as such Liability (or actions or proceedings in respect thereof) arises out of, or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement under which such Registrable Securities were registered under the Securities Act pursuant to this Agreement, including any final prospectus contained therein or any amendments or supplements thereto, or (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, in each case to the extent that such untrue statement or alleged untrue statement or omission or alleged omission occurs in reliance upon and conformity with written information furnished by such Investor, any of such Investor’s officers, directors, partners, legal counsel or accountants or any Person controlling such Investor expressly for use in connection with a registration statement, including any final prospectus contained therein or any amendments or supplements thereto. The liability of any Investor for indemnification contained in this Section 4(b) shall not exceed the net proceeds from the sale of shares of Common Stock sold under such registration statement received by such Investor, except in the case of willful fraud, or intentional misstatement or omission by such Investor. Each Investor’s indemnification obligations shall survive any transfer by such Investor of its Registrable Securities.
(c) **Conduct of Indemnification Proceedings.** In the event the Company, any Investor or other Indemnified Person receives a complaint, claim or other notice of any liability or action, giving rise to a claim for indemnification under Sections 4(a) or 4(b), the Person claiming indemnification under such paragraphs shall promptly notify the Person against whom indemnification is sought (the "Indemnifying Person") of such complaint, notice, claim or action, and the Indemnifying Person shall have the right to investigate and defend any such loss, claim, damage, liability or action; provided, that the failure to promptly give notice shall not relieve the Indemnifying Person from any Liability except to the extent that it is materially prejudiced by the failure or delay of the Indemnified Person in giving such notice. If any such complaint, claim or other notice of any Liability or action is brought against any Indemnified Person and it notifies the Indemnifying Person of its commencement, the Indemnifying Person will be entitled to participate in and, to the extent that it elects by delivering written notice to the Indemnifying Person promptly after receiving notice of the commencement of the action from the Indemnified Person, jointly with any other Indemnifying Person similarly notified, to assume the defense of the action, with counsel reasonably satisfactory to the Indemnified Person, and after notice from the Indemnifying Person to the Indemnified Person of its election to assume the defense, the Indemnifying Person shall not be liable to the Indemnified Person for any legal or other expenses except as provided below. The Indemnified Person shall have the right to employ its own counsel in any such action, but the fees, expenses and other charges of such counsel shall be at the expense of the Indemnifying Person unless (i) the Indemnified Person has reasonably concluded (based on advice of legal counsel) that there may be legal defenses available to it or other Indemnified Persons different from or in addition to those available to the Indemnifying Person or Persons, or (ii) a conflict or potential conflict exists (based on advice of counsel to the Indemnified Person) between the Indemnified Person and the Indemnifying Person (in which case the Indemnifying Person shall not have the right to direct the defense of such action on behalf of the Indemnified Person), in each of which cases the reasonable fees, disbursements and other charges of counsel will be at the expense of the Indemnifying Person or Persons. The Indemnifying Person or Persons shall not, unless there exists a conflict of interest among the Indemnified Persons, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees, disbursements and other charges of more than one separate firm admitted to practice in such jurisdiction at any time for all such Indemnified Persons. All such fees, disbursements and other charges shall be reimbursed by the Indemnifying Person promptly as they are incurred. An Indemnifying Person shall not be liable for any settlement of any action or claim effected without its written consent (which consent will not be unreasonably withheld). No Indemnifying Person shall, without the prior written consent of each Indemnified Person, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding relating to the matters contemplated by this Section 4 (whether or not any Indemnified Person is a party thereto) unless such settlement, compromise or consent includes an unconditional release of each Indemnified Person from all liability arising or that may arise out of such claim, action or proceeding.

(d) **Contribution.** If the indemnification provided for in this Section 4 from the Indemnifying Person is held by a court of competent jurisdiction to be unavailable to an Indemnified Person hereunder in respect of any Liability or expenses referred to herein, then the Indemnifying Person, in lieu of indemnifying such Indemnified Person, shall contribute to the amount paid or payable by such Indemnified Person as a result of such Liability or expenses in such proportion as is appropriate to reflect the relative fault of the Indemnifying Person and Indemnified Persons in connection with the actions which resulted in such Liability or expenses, as well as any other relevant equitable considerations. The relative fault of such Indemnifying Person and Indemnified Persons shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact, has been made by, or relates to information supplied by, such Indemnifying Person or Indemnified Persons, and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent such action.
The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 4(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) The amount paid by an Indemnifying Person or payable to an Indemnified Person as a result of the Liabilities or expenses referred to in this Section 4 shall be deemed to include, subject to limitations set forth above, any legal or other expenses, in each case, reasonably incurred by such Indemnified Person in connection with investigating or defending any such action or claim. The indemnification and contribution provided for in this Section 4 shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Persons or any other officer, director, employee, agent or controlling person of the Indemnified Persons.

5. Registration Expenses.

All expenses incurred in connection with effecting the registrations provided for in Section 2 including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company, expenses of any audits incident to or required by any such registration and expenses of complying with the state securities or “blue sky” laws of any jurisdictions but excluding any Selling Expenses (all of such expenses referred to as “Registration Expenses”), shall be paid by the Company whether or not the registration statement to which such Registration Expenses relate becomes effective; provided, however, that the Company shall not be liable (and shall be reimbursed by the participating Holders) for any Registration Expenses if such registration statement does not become effective as a result of the actions or omissions of the Holders participating in the registration. All Selling Expenses relating to securities registered on behalf of the Holders shall be paid by the Holders.


Each Holder agrees not to directly or indirectly offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of or otherwise dispose of or transfer any shares of capital stock of the Company held by it during the period commencing ten (10) days prior to the effective date of a registration statement related to an underwritten public offering of the Company’s securities and ending one hundred and eighty (180) days following the effective date of such registration statement (or for such shorter period of time as is sufficient and appropriate in the opinion of the managing underwriter or for such longer period of time as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports and (ii) analyst recommendations and opinions, including, but not limited to, the restrictions contained in NASD Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto) and, if so requested by the Company or managing underwriter, each Holder shall execute an agreement with respect to the foregoing.
7. Rule 144.

The Company covenants that it will timely file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the Commission thereunder and to take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act subject to the limitations of the exemptions provided by Rule 144 or any similar rule or regulation hereafter adopted by the Commission. Upon request, the Company will provide to a Holder written certification of its compliance with the reporting requirements of Rule 144.

Restrictions on Transfer:

(a) The holder of each certificate representing Registrable Securities by acceptance thereof agrees to comply in all respects with the provisions of this Section 8. Each Holder agrees not to make any sale, assignment, transfer, pledge or other disposition of all or any portion of the Registrable Securities, or any beneficial interest therein, unless and until:

(i) There is then in effect a registration statement under the Securities Act covering such proposed disposition and the disposition is made in accordance with the registration statement; or

(ii) The Holder shall have given prior written notice to the Company of the Holder’s intention to make such disposition and shall have furnished the Company with a detailed description of the manner and circumstances of the proposed disposition, and the Holder shall have furnished the Company, at the Holder’s expense, with an opinion of counsel reasonably satisfactory to the Company to the effect that such disposition will not require registration of such Registrable Securities under the Securities Act whereupon the holder of such Registrable Securities shall be entitled to transfer such Registrable Securities in accordance with the terms of the notice delivered by the Holder to the Company.

(b) Notwithstanding the provisions of Section 8(a), no such registration statement or opinion of counsel shall be necessary for (i) a transfer not involving a change in beneficial ownership, or (ii) transactions involving the distribution without consideration of Registrable Securities by (x) a parent, subsidiary or other affiliate of the Holder, if the Holder is a corporation, (y) any of the Holder’s partners, members or other equity owners, retired partners, retired members or other equity owners, or to the estate of any of the Holder’s partners, members or other equity owners or retired partners, retired members or other equity owners, or (z) a venture capital fund that is controlled by or under common control with one or more general partners or managing members of, or shares the same management company with, the Holder; provided, in each case, that the Holder shall give written notice to the Company of the Holder’s intention to effect such disposition and shall have furnished the Company with a detailed description of the manner and circumstances of the proposed disposition and the transferor delivers an executed copy of the Instrument of Accession attached hereto as Exhibit A.
(c) Each certificate representing Registrable Securities shall (unless otherwise permitted by the provisions of this Agreement) be stamped or otherwise imprinted with a legend substantially similar to the following (in addition to any legend required under applicable state securities laws):

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE ISSUER THAT SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION OTHERWISE COMPLIES WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE, INCLUDING A LOCK-UP PERIOD IN THE EVENT OF A PUBLIC OFFERING, AS SET FORTH IN A REGISTRATION RIGHTS AGREEMENT AMONG THE COMPANY AND THE ORIGINAL HOLDERS OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE COMPANY.

The Holders consent to the Company making a notation on its records and giving instructions to any transfer agent of the Registrable Securities in order to implement the restrictions on transfer established in this Section 8. The legends stamped on a certificate evidencing the Registrable Securities and the stock transfer instructions and record notations with respect to the Registrable Securities shall be removed and the Company shall issue a certificate without such legend to the holder if (i) those securities are registered under the Securities Act, or (ii) the holder provides the Company with an opinion of counsel reasonably acceptable to the Company to the effect that a sale or transfer of those securities may be made without registration or qualification.
9. **Termination.**

This Agreement shall terminate on the date on which the portion of the Holdback Consideration Amount to which the Investors are entitled under the terms of the Asset Purchase Agreement is paid in full if no shares of Common Stock are issued in payment of any portion of the Holdback Consideration Amount.

10. **Miscellaneous.**

   (a) **Amendments and Waivers.** The provisions of this Agreement may be amended, modified, supplemented or waived with the prior written consent of the Company and the Holders of a majority of the Registrable Shares then outstanding.

   (b) **Notices.**

      (i) All notices, demands and other communications given with respect to this Agreement shall be in writing and shall be given by one of the following methods (all charges prepaid and properly addressed to the addresses set forth in Section 8(b)(ii)):

         (A) by personal delivery, in which case the notice, demand or communication will be deemed given upon receipt;

         (B) by facsimile or electronic mail transmission, in which case the notice, demand or communication will be deemed given when directed to the relevant facsimile number or electronic mail address, if sent during normal business hours, or if not sent during normal business hours, then on the next business day;

         (C) by prepaid, nationally recognized overnight courier service, in which case the notice, demand or communication will be deemed given one business day after deposit with such overnight courier service;

         (D) by first class U.S. mail (return receipt requested), in which case the notice, demand or communication will be deemed given five business days after being deposited into the U.S. mail.

      (ii) All notices, demands and communications sent pursuant to this Section 8(b) must be addressed as follows:

         **If to an Investor:** To the address, facsimile number or electronic mail address set forth on the signature page of such Investor to this Agreement (as may be updated in accordance with Section 8(b)(iii)).

         **With a copy to (which copy does not constitute notice):**

         Goodwin Procter LLP
         Exchange Place
         Boston, Massachusetts 02109
         Facsimile No.: (617) 523-1231
         Email Address: scable@goodwinprocter.com
         Attention: Stuart M. Cable, Esq.
If to a Holder: To such address, facsimile number or electronic mail address as shown in the Company’s records, or, until any such Holder furnishes contact information, the to the address, facsimile number or electronic mail address of the last holder of such shares for which the Company has contact information in its records.

With a copy to (which copy does not constitute notice):

Goodwin Procter LLP
Exchange Place
Boston, Massachusetts 02109
Facsimile No.: (617) 523-1231
Email Address: scable@goodwinprocter.com
Attention: Stuart M. Cable, Esq.

If to the Company:

4000 International Parkway
Carrollton, TX 75007-1913
Attention:    Stephen T. Winn
E-mail: steve.winn@realpage.com
Facsimile:    (972) 820-3036

With a copy to (which copy does not constitute notice):

4000 International Parkway
Carrollton, TX 75007-1913
Attention:    Margot Lebenberg, Chief Legal Officer
E-mail: margot.lebenberg@realpage.com
Facsimile:    (972) 820-3932

(iii) A party may change its address set forth in Section 8(b)(ii) by giving notice pursuant to this Section 8(b).

(c) Successors and Assigns. This Agreement will inure to the benefit of and be binding upon the successors and assigns of the Company. This Agreement may not be assigned by any Investor without the prior written consent of the Company; provided, however, that any Investor shall be permitted to assign the rights under this Agreement without such consent to any person to whom such Investor transfers Registrable Securities in accordance with Section 8(b). Except as otherwise provided in this Section 8(c), any attempted assignment by any Holder will be void and of no effect.

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(d) **Counterparts; Electronic Delivery.** This Agreement may be executed and delivered by facsimile or other electronic means and in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(e) **Headings.** The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of this Agreement and shall not in any way affect the meaning or interpretation of this Agreement.

(f) **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of Delaware, as applied to contracts made and performed within the State of Delaware, without regard to principles of conflict of laws.

(g) **Dispute Resolution.**

(i) No party to this Agreement shall institute a proceeding in any court or administrative agency to resolve a dispute between the parties arising out of or related to this Agreement before that party has sought to resolve the dispute through direct negotiation with the other party.

(ii) If the dispute is not resolved within three (3) weeks after a demand for direct negotiation, the parties shall attempt to resolve the dispute through mediation in New York, New York, administered by the American Arbitration Association under its commercial mediation rules and procedures then in effect.

(iii) If the mediator is unable to facilitate a settlement of the dispute within a reasonable period of time, as determined by the mediator, the mediator shall issue a written statement to the parties to that effect and the aggrieved party may then seek relief in the state and federal courts located in New York, New York.

(iv) Each party consents to the exclusive personal and subject matter jurisdiction of the mediation and arbitration proceedings as provided in this Section 8(g) and waives any defense based upon forum non conveniens or lack of personal or subject matter jurisdiction.

(v) Notwithstanding any other provision of this Agreement, including this Section 8(g), each party shall have the right to at any time apply to any court of competent jurisdiction for preliminary injunctive relief.

(h) **Severability.** In the event that any provision in this Agreement shall be determined to be invalid, illegal or unenforceable in any respect, the remaining provisions of this Agreement shall not be in any way impaired, and the illegal, invalid or unenforceable provision shall be fully severed from this Agreement and there shall be automatically added a replacement provision as similar in terms and intent to such severed provision as may be legal, valid and enforceable.
(i) **Entire Agreement.** This Agreement, together with the documents and instruments delivered pursuant to this Agreement, constitute the entire contract between the parties to this Agreement pertaining to the subject matter of this Agreement and supersede all prior and contemporaneous agreements and understandings between the parties with respect to such subject matter.

(j) **Attorneys’ Fees.** In any action or proceeding brought to enforce any provision of this Agreement, or where any provision hereof is validly asserted as a defense, the prevailing party, as determined by the court, will be entitled to recover reasonable attorneys’ fees in addition to any other available remedy.

[Remainder of Page Left Intentionally Blank]
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

REALPAGE, INC.

By: /s/ Stephen T. Winn
   Name: Stephen T. Winn
   Title: Chief Executive Officer

INVESTOR:

IAS Holdings, LLC

By: L1 Holdings, Inc., its Manager

By: /s/ Todd W. Baldree
   Name: Todd W. Baldree
   Title: President

INVESTOR:

Level One, LLC

By: /s/ Todd W. Baldree
   Name: Todd W. Baldree
   Title: Manager

INVESTOR:

L1 Technology, LLC

By: /s/ Todd W. Baldree
   Name: Todd W. Baldree
   Title: Manager

[Signature Page to Registration Rights Agreement]
INVESTOR:
L1 Land, LLC
By: /s/ Todd W. Baldree
   Name: Todd W. Baldree
   Title: Manager

INVESTOR:
L1 Holdings, Inc.
By: /s/ Todd W. Baldree
   Name: Todd W. Baldree
   Title: President

INVESTOR:
/s/ Todd W. Baldree
   Todd W. Baldree

INVESTOR:
/s/ Calvin D. Long II
   Calvin D. Long, II

INVESTOR:
/s/ Benjamin Holbrook
   Benjamin Holbrook

[Signature Page to Registration Rights Agreement]
EXHIBIT A — INSTRUMENT OF ACCESSION FOR INVESTORS

INSTRUMENT OF ACCESSION

The undersigned, __________, as a condition precedent to becoming the owner or holder of record of (_______) shares of Common Stock of RealPage, Inc., a Delaware corporation (the “Company”), hereby agrees to become an “Investor” under that certain Registration Rights Agreement dated as of November 3, 2010 by and among the Company and each of the other parties signatory thereto. This Instrument of Accession shall take effect and shall become an integral part of, and the undersigned shall become a party to and bound by, said Registration Rights Agreement immediately upon execution and delivery to the Company of this Instrument.

IN WITNESS WHEREOF, this INSTRUMENT OF ACCESSION has been duly executed by or on behalf of the undersigned, as a sealed instrument under the laws of the State of Delaware, as of the date below written.

Signature:

______________________________
(Print Name) ______________________

Address:

________________________________________
________________________________________

Date: ________________________________
SEVENTH AMENDMENT TO CREDIT AGREEMENT

THIS SEVENTH AMENDMENT TO CREDIT AGREEMENT (this “Amendment”) is entered into as of September 30, 2010, by and among WELLS FARGO CAPITAL FINANCE, LLC (formerly known as Wells Fargo Foothill, LLC), a Delaware limited liability company, as the arranger and administrative agent (“Agent”) for the Lenders (as defined in the Credit Agreement referred to below), the Lenders party hereto and REALPAGE, INC., a Delaware corporation (the “Borrower”).

WHEREAS, Borrower, Agent, and Lenders are parties to that certain Credit Agreement dated as of September 3, 2009 (as amended, restated, modified or supplemented from time to time, the “Credit Agreement”); and

WHEREAS, Borrower has requested that Agent and the Lenders amend the Credit Agreement in certain respects.

NOW THEREFORE, in consideration of the premises and mutual agreements herein contained, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Credit Agreement.

2. Amendments to Credit Agreement. Subject to the terms and conditions set forth herein, the defined term “Fixed Charges” set forth in Schedule 1.1 of the Credit Agreement is amended and restated in its entirety as follows:

“Fixed Charges” means, with respect to any fiscal period and with respect to Borrower determined on a consolidated basis in accordance with GAAP, the sum, without duplication, of (a) Interest Expense accrued during such period; provided that, with respect to the Preferred Shareholder Notes, Borrower shall include only Interest Expense paid during such period, (b) principal payments in respect of Indebtedness that are required to be paid during such period; provided that, with respect to the Preferred Shareholder Notes, Borrower shall include only principal payments paid during such period, (c) all federal, state, and local income taxes accrued during such period, (d) all Restricted Junior Payments paid (whether in cash or other property, other than Restricted Junior Payments paid in common Stock or Preferred Shareholder Notes) during such period (other than the cash dividend paid by Borrowers on December 31, 2009 to the holders of the Preferred Stock in the amount of $2,515,832.00) and (e) any payment made in respect of the RealHound Payment during such period. Notwithstanding anything to the contrary contained in the foregoing, Fixed Charges shall not include (w) the payment to Intacct, Inc. made on August 11, 2009 in the amount of $2,500,000, (x) the payment to Intacct, Inc. to be made in an amount not to exceed $100,000 (so long as such payment is made on or before December 31, 2009), (y) the payment made in respect of the OpsTechnology Payment (so long as such payment is made on or before December 31, 2009) and (z) the payment of the Cash Dividend (as defined in that certain Consent dated August 13, 2010 among Borrower, Agent and the Lenders party thereto (the “August 2010 Consent”), the repayment of the Preferred Shareholder Notes in full and the repayment of the Senior Subordinated Debt in full, in each case with respect to this clause (z), in accordance with the terms of the August 2010 Consent.

3. Continuing Effect. Except as expressly set forth in Section 2 of this Amendment, nothing in this Amendment shall constitute a modification or alteration of the terms, conditions or covenants of the Credit Agreement or any other Loan Document, or a waiver of any other terms or provisions thereof, and the Credit Agreement and the other Loan Documents shall remain unchanged and shall continue in full force and effect, in each case as amended hereby.
4. **Reaffirmation and Confirmation.** Borrower hereby ratifies, affirms, acknowledges and agrees that the Credit Agreement and the other Loan Documents to which it is a party represent the valid, enforceable and collectible obligations of Borrower, and further acknowledges that there are no existing claims, defenses, personal or otherwise, or rights of setoff whatsoever with respect to the Credit Agreement or any other Loan Document. Borrower hereby agrees that this Amendment in no way acts as a release or relinquishment of the Liens and rights securing payments of the Obligations. The Liens and rights securing payment of the Obligations are hereby ratified and confirmed by Borrower in all respects.

5. **Conditions to Effectiveness.** This Amendment shall become effective upon the satisfaction of the following conditions precedent:

   (a) Agent shall have received a copy of this Amendment executed and delivered by Agent, the Lenders and the Loan Parties (with four (4) original copies of this Amendment to follow within two (2) Business Days after the date hereof); and

   (b) No Default or Event of Default shall have occurred and be continuing on the date hereof or as of the date of the effectiveness of this Amendment.

6. **Representations and Warranties.** In order to induce Agent and Lenders to enter into this Amendment, each Loan Party hereby represents and warrants to Agent and Lenders that:

   (a) After giving effect to this Amendment, all representations and warranties contained in the Loan Documents to which such Loan Party is a party are true and correct in all material respects on and as of the date of this Amendment (except to the extent any representation or warranty expressly related to an earlier date and except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality or dollar thresholds in the text thereof);

   (b) No Default or Event of Default has occurred and is continuing; and

   (c) This Amendment and the Loan Documents, as amended hereby, constitute legal, valid and binding obligations of such Loan Party and are enforceable against such Loan Party in accordance with their respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors’ rights generally.

7. **Miscellaneous.**

   (a) **Expenses.** Borrower agrees to pay on demand all reasonable costs and expenses of Agent and the Lenders (including reasonable attorneys fees) incurred in connection with the preparation, negotiation, execution, delivery and administration of this Amendment and all other instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith. All obligations provided herein shall survive any termination of this Amendment and the Credit Agreement as amended hereby.

   (b) **Choice of Law and Venue; Jury Trial Waiver; Reference Provision.** Without limiting the applicability of any other provision of the Credit Agreement or any other Loan Document, the terms and provisions set forth in Section 12 of the Credit Agreement are expressly incorporated herein by reference.

   (c) **Counterparts.** This Amendment may be executed in any number of counterparts, and by the parties hereto on the same or separate counterparts, and each such counterpart, when executed and delivered, shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment.

(a) In consideration of the agreements of Agent and Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Loan Party, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges Agent and Lenders, and their successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives (Agent, each Lender and all such other Persons being hereinafter referred to collectively as the “Releasees” and individually as a “Releasee”), of and from all demands, actions, causes of action, suits, controversies, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever (individually, a “Claim” and collectively, “Claims”) of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which such Loan Party or any of its successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and date of this Amendment for or on account of, or in relation to, or in any way in connection with any of the Credit Agreement, or any of the other Loan Documents or transactions thereunder or related thereto.

(b) Each Loan Party understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) Each Loan Party agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above.

[Signature Page Follows]
IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized and delivered as of the date first above written.

REALPAGE, INC.,
a Delaware corporation

By: /s/ Timothy J. Barker
    Name: Timothy J. Barker
    Title: Chief Financial Officer and Treasurer

WELLS FARGO CAPITAL FINANCE, LLC,
a Delaware limited liability company, as Agent and as a Lender

By: /s/ Troy V. Erickson
    Name: Troy V. Erickson
    Title: Director

COMERICA BANK,
a Texas Banking Association, as a Lender

By: /s/ Charles Fell
    Name: Charles Fell
    Title: Vice President

Signature Page to Seventh Amendment to Credit Agreement
CONSENT AND REAFFIRMATION

Each Guarantor hereby (i) acknowledges receipt of a copy of the foregoing Seventh Amendment to Credit Agreement (the “Amendment”; capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Amendment), (ii) consents to Borrower’s execution and delivery of the Amendment; (iii) agrees to be bound by the Amendment (including Section 8 thereof); (iv) affirms that nothing contained in the Amendment shall modify in any respect whatsoever any Loan Document to which it is a party except as expressly set forth therein; and (v) ratifies, affirms, acknowledges and agrees that each of the Loan Documents to which such Guarantor is a party represents the valid, enforceable and collectible obligations of such Guarantor, and further acknowledges that there are no existing claims, defenses, personal or otherwise, or rights of setoff whatsoever with respect to the Credit Agreement or any other such Loan Document. Each Guarantor hereby agrees that the Amendment in no way acts as a release or relinquishment of the Liens and rights securing payments of the Obligations. The Liens and rights securing payment of the Obligations are hereby ratified and confirmed by such Guarantor in all respects. Although each Guarantor has been informed of the matters set forth herein and has acknowledged and agreed to same, each Guarantor understands that neither Agent nor any Lender has any obligation to inform any Guarantor of such matters in the future or to seek any Guarantor’s acknowledgment or agreement to future amendments, waivers or consents, and nothing herein shall create such a duty.

[Signature Page Follows]
OPSTECHNOLOGY, INC.,
a Delaware corporation

By: /s/ Timothy J. Barker
Name: Timothy J. Barker
Title: VP, CFO and Treasurer

MULTIFAMILY INTERNET VENTURES, LLC,
a California limited liability company

By: /s/ Timothy J. Barker
Name: Timothy J. Barker
Title: VP, CFO and Treasurer

STARFIRE MEDIA, INC.,
a Delaware corporation

By: /s/ Timothy J. Barker
Name: Timothy J. Barker
Title: VP and Treasurer

REALPAGE INDIA HOLDINGS, INC.,
a Delaware corporation

By: /s/ Timothy J. Barker
Name: Timothy J. Barker
Title: VP, CFO and Treasurer

A.L. WIZARD, INC.,
a Delaware corporation

By: /s/ Timothy J. Barker
Name: Timothy J. Barker
Title: VP, CFO and Treasurer

PROPERTYWARE, INC.,
a California corporation

By: /s/ Timothy J. Barker
Name: Timothy J. Barker
Title: VP, CFO and Treasurer
43642 YUKON INC.,
a Yukon company

By: /s/ Timothy J. Barker
    Name: Timothy J. Barker
    Title: VP, CFO and Treasurer

eREAL ESTATE INTEGRATION, INC.
a California corporation

By: /s/ Timothy J. Barker
    Name: Timothy J. Barker
    Title: VP and Treasurer
CONSENT AND EIGHTH AMENDMENT TO CREDIT AGREEMENT

THIS CONSENT AND EIGHTH AMENDMENT TO CREDIT AGREEMENT (this “Amendment”) is entered into as of November 3, 2010, by and among WELLS FARGO CAPITAL FINANCE, LLC (formerly known as Wells Fargo Foothill, LLC), a Delaware limited liability company, as the arranger and administrative agent (“Agent”) for the Lenders (as defined in the Credit Agreement referred to below), the Lenders party hereto and REALPAGE, INC., a Delaware corporation (the “Borrower”).

WHEREAS, Borrower, Agent, and Lenders are parties to that certain Credit Agreement dated as of September 3, 2009 (as amended, restated, modified or supplemented from time to time, the “Credit Agreement”);

WHEREAS, Borrower has informed Agent and Lenders that Borrower desires to (i) establish, on or about the date hereof, a wholly-owned Subsidiary RP Newco LLC, a Delaware limited liability company (“RP Newco”) and (ii) cause RP Newco to purchase certain of the assets of each of IAS Holdings, LLC, Level One, LLC and L1 Technology (collectively, “Level 1 Sellers”) pursuant to that certain Asset Purchase Agreement dated as of the date hereof a copy of which is attached hereto as Exhibit A (the “Level 1 Acquisition Agreement”) by and among Level 1 Sellers, L1 Land, LLC, L1 Holdings, Inc., Todd W. Baldree, Calvin D. Long, II, and Benjamin Holbrook, Borrower and RP Newco (such acquisition, the “Level 1 Acquisition”), which purchase absent requisite Lender consent would otherwise be prohibited by Section 6.3(a) of the Credit Agreement; and

WHEREAS, Borrower has requested that Agent and the Lenders consent to the Level 1 Acquisition and amend the Credit Agreement in certain respects as set forth herein and Agent and the Lenders have agreed to the foregoing, on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the premises and mutual agreements herein contained, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Credit Agreement.

2. Consent. In reliance upon the representations and warranties of Borrower set forth in Section 8 below and subject to the satisfaction of the conditions to effectiveness set forth in Section 7 below, Agent and the Lenders hereby consent to the consummation of the Level 1 Acquisition in accordance with the terms of the Level 1 Acquisition Agreement and agree that, notwithstanding anything to the contrary contained in the Credit Agreement or any other Loan Document, the L1 Acquisition shall be considered a “Permitted Acquisition” for all purposes thereunder. Except as expressly set forth in this Amendment, the foregoing consent shall not constitute (i) a modification or alteration of the terms, conditions or covenants of the Credit Agreement or any other Loan Document or (ii) a waiver, release or limitation upon the exercise by Agent and/or Lenders of any of their respective rights, legal or equitable thereunder.
3. Amendments to Credit Agreement. In reliance upon the representations and warranties of Borrower set forth in Section 8 below, and subject to the satisfaction of the conditions to effectiveness set forth in Section 7 below, the Credit Agreement is hereby amended as follows:

(a) The table set forth in Section 7(b) of the Credit Agreement is hereby amended and restated in its entirety as follows:

<table>
<thead>
<tr>
<th>Applicable Amount</th>
<th>Applicable Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.35:1.00</td>
<td>The last day of each month during the period from and including November 1, 2010 through and including December 31, 2010</td>
</tr>
<tr>
<td>2.00:1.00</td>
<td>The last day of each month during the period from and including January 31, 2011 through and including March 31, 2011</td>
</tr>
<tr>
<td>1.75:1.00</td>
<td>The last day of each month during the period from and including April 30, 2011 through and including June 30, 2011</td>
</tr>
<tr>
<td>1.50:1.00</td>
<td>July 31, 2011 and the last day of each month ending thereafter</td>
</tr>
</tbody>
</table>

(b) Schedules P-1, 4.1(c), 4.6(a), 4.6(b), 4.6(c), 4.13, 4.15, 4.17 and 4.25 are replaced with Schedules P-1, 4.1(c), 4.6(a), 4.6(b), 4.6(c), 4.13, 4.15, 4.17 and 4.25 attached hereto. The parties hereto hereby agree that the schedules attached hereto shall satisfy Borrower’s obligation to update such Schedules in connection with the Compliance Certificate required to be delivered by Borrower to Agent and Lenders for the fiscal quarter ended September 30, 2010.

(c) Schedule 1.1 to the Credit Agreement is hereby amended by adding each of the following defined terms in their appropriate alphabetical order:

“Eighth Amendment” means the Consent and Eighth Amendment dated as of October _____, 2010 by and among Borrower, Agent and the Lenders party thereto.

“Level 1 Acquisition” has the meaning specified therefor in the recitals of the Eighth Amendment.

“Level 1 Holdback” means collectively, (i) a portion of the purchase price of the Level 1 Acquisition equal to $8,000,000 not paid at the closing therefor but held by RP Newco LLC and/or Borrower for satisfaction of indemnification obligations and purchase price adjustments and (ii) a portion of the purchase price of the Level 1 Acquisition equal to $150,000 not paid at closing therefor but held by RP Newco LLC and/or Borrower for satisfaction of fees relating to the purchase by Borrower and/or RP Newco LLC of certain software licenses, in each case relating to the Level 1 Acquisition.
“Level 1 Sellers” has the meaning specified therefor in the recitals of the Eighth Amendment.

(d) The definition of “Permitted Indebtedness” set forth on Schedule 1.1 of the Credit Agreement is hereby amended by (x) deleting the word “and” immediately at the end of clause (5), and (y) inserting a new clause (v) at the end of clause (u) as follows:

and (v) the Level 1 Holdback owing to the Level 1 Sellers arising in connection with the Level 1 Acquisition.

4. Amendment to Security Agreement. In reliance upon the representations and warranties of Borrower set forth in Section 8 below, and subject to the satisfaction of the conditions to effectiveness set forth in Section 7 below, the parties hereto (and each Guarantor by its execution and delivery of the attached Consent and Reaffirmation) hereby agree that the Security Agreement is hereby amended to replace, Schedules 2, 3, 4, 5, 6 and 8 with Schedules 2, 3, 4, 5, 6 and 8 attached as Exhibit B hereto. The parties hereto hereby agree that the schedules attached hereto shall satisfy Borrower’s obligation to update such Schedules in connection with the Compliance Certificate required to be delivered by Borrower to Agent and Lenders for the fiscal quarter ended September 30, 2010.

5. Continuing Effect. Except as expressly set forth in Sections 2 and 3 of this Amendment, nothing in this Amendment shall constitute a modification or alteration of the terms, conditions or covenants of the Credit Agreement or any other Loan Document, or a waiver of any other terms or provisions thereof, and the Credit Agreement and the other Loan Documents shall remain unchanged and shall continue in full force and effect, in each case as amended hereby.

6. Reaffirmation and Confirmation. Borrower hereby ratifies, affirms, acknowledges and agrees that the Credit Agreement and the other Loan Documents to which it is a party represent the valid, enforceable and collectible obligations of Borrower, and further acknowledges that there are no existing claims, defenses, personal or otherwise, or rights of setoff whatsoever with respect to the Credit Agreement or any other Loan Document. Borrower hereby agrees that this Amendment in no way acts as a release or relinquishment of the Liens and rights securing payments of the Obligations. The Liens and rights securing payment of the Obligations are hereby ratified and confirmed by Borrower in all respects.

7. Conditions to Effectiveness. This Amendment shall become effective upon the satisfaction of the following conditions precedent:

(a) Agent shall have received a copy of this Amendment executed and delivered by Agent, the Lenders and the Loan Parties (with four (4) original copies of this Amendment to follow within two (2) Business Days after the date hereof), together with each of the additional documents, instruments and agreements listed on the closing checklist attached hereto as Exhibit A; and

(b) No Default or Event of Default shall have occurred and be continuing on the date hereof or as of the date of the effectiveness of this Amendment.
8. **Representations and Warranties.** In order to induce Agent and Lenders to enter into this Amendment, each Loan Party hereby represents and warrants to Agent and Lenders that:

(a) After giving effect to this Amendment, all representations and warranties contained in the Loan Documents to which such Loan Party is a party are true and correct in all material respects on and as of the date of this Amendment (except to the extent any representation or warranty expressly related to an earlier date and except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality or dollar thresholds in the text thereof);

(b) No Default or Event of Default has occurred and is continuing; and

(c) This Amendment and the Loan Documents, as amended hereby, constitute legal, valid and binding obligations of such Loan Party and are enforceable against such Loan Party in accordance with their respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors’ rights generally.

9. **Miscellaneous.**

(a) **Expenses.** Borrower agrees to pay on demand all reasonable costs and expenses of Agent and the Lenders (including reasonable attorneys fees) incurred in connection with the preparation, negotiation, execution, delivery and administration of this Amendment and all other instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith. All obligations provided herein shall survive any termination of this Amendment and the Credit Agreement as amended hereby.

(b) **Choice of Law and Venue; Jury Trial Waiver; Reference Provision.** Without limiting the applicability of any other provision of the Credit Agreement or any other Loan Document, the terms and provisions set forth in Section 12 of the Credit Agreement are expressly incorporated herein by reference.

(c) **Counterparts.** This Amendment may be executed in any number of counterparts, and by the parties hereto on the same or separate counterparts, and each such counterpart, when executed and delivered, shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment.
10. **Release.**

(a) In consideration of the agreements of Agent and Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Loan Party, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges Agent and Lenders, and their successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives (Agent, each Lender and all such other Persons being hereinafter referred to collectively as the “Releasees” and individually as a “Releasee”), of and from all demands, actions, causes of action, suits, controversies, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever (individually, a “Claim” and collectively, “Claims”) of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which such Loan Party or any of its successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and date of this Amendment for or on account of, or in relation to, or in any way in connection with any of the Credit Agreement, or any of the other Loan Documents or transactions thereunder or related thereto.

(b) Each Loan Party understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) Each Loan Party agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above.

[Signature Page Follows]
IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized and delivered as of the date first above written.

**REALPAGE, INC.,**  
a Delaware corporation

By: /s/ Timothy J. Barker  
Name: Timothy J. Barker  
Title: Chief Financial Officer

**WELLS FARGO CAPITAL FINANCE, LLC,**  
a Delaware limited liability company, as Agent and as a Lender

By: /s/ Troy V. Erickson  
Name: Troy V. Erickson  
Title: Director

**COMERICA BANK,**  
a Texas Banking Association, as a Lender

By: /s/ Charles Fell  
Name: Charles Fell  
Title: Vice President
CONSENT AND REAFFIRMATION

Each Guarantor hereby (i) acknowledges receipt of a copy of the foregoing Consent and Eighth Amendment to Credit Agreement (the “Amendment”; capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Amendment), (ii) consents to Borrower’s execution and delivery of the Amendment; (iii) agrees to be bound by the Amendment (including Sections 4 and 9 thereof); (iv) affirms that nothing contained in the Amendment shall modify in any respect whatsoever any Loan Document to which it is a party except as expressly set forth therein; and (v) ratifies, affirms, acknowledges and agrees that each of the Loan Documents to which such Guarantor is a party represents the valid, enforceable and collectible obligations of such Guarantor, and further acknowledges that there are no existing claims, defenses, personal or otherwise, or rights of setoff whatsoever with respect to the Credit Agreement or any other such Loan Document. Each Guarantor hereby agrees that the Amendment in no way acts as a release or relinquishment of the Liens and rights securing payments of the Obligations. The Liens and rights securing payment of the Obligations are hereby ratified and confirmed by such Guarantor in all respects. Although each Guarantor has been informed of the matters set forth herein and has acknowledged and agreed to same, each Guarantor understands that neither Agent nor any Lender has any obligation to inform any Guarantor of such matters in the future or to seek any Guarantor’s acknowledgment or agreement to future amendments, waivers or consents, and nothing herein shall create such a duty.

[Signature Page Follows]
OPSTECHNOLOGY, INC.,
a Delaware corporation

By: /s/ Timothy J. Barker
Name: Timothy J. Barker
Title: VP, CFO and Treasurer

MULTIFAMILY INTERNET VENTURES, LLC,
a California limited liability company

By: /s/ Timothy J. Barker
Name: Timothy J. Barker
Title: VP, CFO and Treasurer

STARFIRE MEDIA, INC.,
a Delaware corporation

By: /s/ Timothy J. Barker
Name: Timothy J. Barker
Title: VP and Treasurer

REALPAGE INDIA HOLDINGS, INC.,
a Delaware corporation

By: /s/ Timothy J. Barker
Name: Timothy J. Barker
Title: VP, CFO and Treasurer

A.L. WIZARD, INC.,
a Delaware corporation

By: /s/ Timothy J. Barker
Name: Timothy J. Barker
Title: VP, CFO and Treasurer

Consent and Reaffirmation to Consent and Eighth Amendment to Credit Agreement
PROPERTYWARE, INC.,
a California corporation

By: /s/ Timothy J. Barker
   Name: Timothy J. Barker
   Title: VP, CFO and Treasurer

43642 YUKON INC.,
a Yukon company

By: /s/ Timothy J. Barker
   Name: Timothy J. Barker
   Title: VP, CFO and Treasurer

eREAL ESTATE INTEGRATION, INC.
a California corporation

By: /s/ Timothy J. Barker
   Name: Timothy J. Barker
   Title: VP and Treasurer

RP NEWCO LLC,
a Delaware limited liability company

By: /s/ Timothy J. Barker
   Name: Timothy J. Barker
   Title: Chief Financial Officer

Consent and Reaffirmation to Consent and Eighth Amendment to Credit Agreement

________________________________________________________________________
EXHIBIT A

(See attached)

Consent and Reaffirmation to Consent and Eighth Amendment to Credit Agreement
EXHIBIT B

(See attached)
REALPAGE, INC. EMPLOYMENT AGREEMENT
409A ADDENDUM

This Employment Agreement 409A Addendum (the “409A Addendum”) is entered into by and between RealPage, Inc. (the “Company”), and Stephen T. Winn (the “Executive”) effective as of the date last set forth below.

WHEREAS, the Company and Executive have previously entered into an employment agreement, as amended through the date hereof (the “Employment Agreement”).

WHEREAS, the Company and Executive desire to ensure that the terms of the Employment Agreement comply with the requirements of Section 409A of the Internal Revenue Code and the regulations and other guidance issued thereunder (“Section 409A”) to avoid adverse tax consequences to the Executive.

NOW, THEREFORE, in consideration of the foregoing and the promises and covenants contained herein, the parties agree as follows:

1. Section 409A Requirements. This 409A Addendum supplements and amends the Employment Agreement and is intended to comply with the provisions of Section 409A, to the extent applicable to payments under the Employment Agreement. If the provisions of this 409A Addendum are inconsistent with the Employment Agreement, the terms of this 409A Addendum will govern.

2. Delayed Payment Rules for Specified Employees. If Executive is a “specified employee” of the Company (or any successor entity thereto) within the meaning of Section 409A on the date of Executive’s termination (other than a termination due to death), then the severance payable to Executive, if any, under the Employment Agreement, when considered together with any other severance payments or separation benefits that are considered deferred compensation under Section 409A (together the “Deferred Compensation Separation Payments”) that are payable within the first six (6) months following Executive’s termination of employment, shall be delayed until the first payroll date that occurs on or after the date that is six (6) months and one (1) day after the date of the termination, when they shall be paid in full arrears. All subsequent Deferred Compensation Separation Payments, if any, shall be paid in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following termination but prior to the six (6) month anniversary thereof, any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive’s death and all other payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Employment Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2).

3. Separation from Service. No Deferred Compensation Separation Payments that become payable under the Employment Agreement by reason of Executive’s termination of employment with the Company (or any successor entity thereto) will be made unless such termination of employment constitutes a “separation from service” within the meaning of Section 409A.
4. **Application of 409A Rules.** Each payment under the Employment Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. Any amounts paid under the Employment Agreement that either (i) satisfy the requirements of the “short-term deferral” rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations, or (ii) qualify as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations not in excess of the Section 409A Limit, shall not constitute Deferred Compensation Separation Payments. “Section 409A Limit” will mean the lesser of two (2) times: (A) Executive’s annualized compensation based upon the annual rate of pay paid to Executive during the Company’s taxable year preceding the Company’s taxable year of Executive’s termination of employment as determined under Treasury Regulation 1.409A-1(b)(9)(ii)(A)(1); or (B) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Executive’s employment is terminated.

5. **Taxable Reimbursements; In-Kind Benefits.** Any taxable reimbursements and taxable in-kind benefits provided in the Employment Agreement that are subject to Section 409A are intended to comply with the requirements of Treasury Regulation Section 1.409A-3(i)(1)(iv) and the following payment rules shall apply: (i) the amount of any such expense reimbursement or in-kind benefit provided during a taxable year of the Executive shall not affect any expenses eligible for reimbursement in any other taxable year; (ii) the reimbursement of an eligible expense shall be made no later than the last day of the Executive’s taxable year that immediately follows the taxable year in which the expense was incurred; and (iii) the right to any such reimbursement shall not be subject to liquidation or exchange for another benefit or payment.

6. **Payments Conditioned on Release of Claims.** To the extent any Deferred Compensation Separation Payments are conditioned on execution of a release of claims and such release could become effective in the calendar year following the calendar year in which Executive separators from service, the severance payments will be paid (or commence payment), beginning on the latest of (i) the first payroll period in the year following the Executive’s separation from service or (ii) the date the release becomes effective and irrevocable, or (iii) the minimum extent the payments must be delayed because Executive is a “specified employee.”

6. **Construction.** The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided in the Employment Agreement will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply.

[Signature Page Follows]
IN WITNESS WHEREOF, the undersigned parties have caused this 409A Addendum to be executed as of the last date set forth below.

**EXECUTIVE**

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<tr>
<th>Signature</th>
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<tr>
<td>/s/ Stephen T. Winn</td>
<td>/s/ Timothy J. Barker</td>
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<td>Stephen T. Winn</td>
<td>Timothy J. Barker</td>
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*(Signature page to 409A Addendum)*
This Employment Agreement 409A Addendum (the “409A Addendum”) is entered into by and between RealPage, Inc. (the “Company”), and Timothy J. Barker (the “Executive”) effective as of the date last set forth below.

WHEREAS, the Company and Executive have previously entered into an employment agreement, as amended through the date hereof (the “Employment Agreement”).

WHEREAS, the Company and Executive desire to ensure that the terms of the Employment Agreement comply with the requirements of Section 409A of the Internal Revenue Code and the regulations and other guidance issued thereunder (“Section 409A”) to avoid adverse tax consequences to the Executive.

NOW, THEREFORE, in consideration of the foregoing and the promises and covenants contained herein, the parties agree as follows:

1. **Section 409A Requirements.** This 409A Addendum supplements and amends the Employment Agreement and is intended to comply with the provisions of Section 409A, to the extent applicable to payments under the Employment Agreement. If the provisions of this 409A Addendum are inconsistent with the Employment Agreement, the terms of this 409A Addendum will govern.

2. **Delayed Payment Rules for Specified Employees.** If Executive is a “specified employee” of the Company (or any successor entity thereto) within the meaning of Section 409A on the date of Executive’s termination (other than a termination due to death), then the severance payable to Executive, if any, under the Employment Agreement, when considered together with any other severance payments or separation benefits that are considered deferred compensation under Section 409A (together the “Deferred Compensation Separation Payments”) that are payable within the first six (6) months following Executive’s termination of employment, shall be delayed until the first payroll date that occurs on or after the date that is six (6) months and one (1) day after the date of the termination, when they shall be paid in full arrears. All subsequent Deferred Compensation Separation Payments, if any, shall be paid in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following termination but prior to the six (6) month anniversary thereof, any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive’s death and all other payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Employment Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2).

3. **Separation from Service.** No Deferred Compensation Separation Payments that become payable under the Employment Agreement by reason of Executive’s termination of employment with the Company (or any successor entity thereto) will be made unless such termination of employment constitutes a “separation from service” within the meaning of Section 409A.
4. Application of 409A Rules. Each payment under the Employment Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. Any amounts paid under the Employment Agreement that either (i) satisfy the requirements of the “short-term deferral” rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations, or (ii) qualify as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations not in excess of the Section 409A Limit, shall not constitute Deferred Compensation Separation Payments. “Section 409A Limit” will mean the lesser of two (2) times: (A) Executive’s annualized compensation based upon the annual rate of pay paid to Executive during the Company’s taxable year preceding the Company’s taxable year of Executive’s termination of employment as determined under Treasury Regulation 1.409A-1(b)(9)(ii)(A)(1); or (B) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Executive’s employment is terminated.

5. Taxable Reimbursements; In-Kind Benefits. Any taxable reimbursements and taxable in-kind benefits provided in the Employment Agreement that are subject to Section 409A are intended to comply with the requirements of Treasury Regulation Section 1.409A-3(i)(1)(iv) and the following payment rules shall apply: (i) the amount of any such expense reimbursement or in-kind benefit provided during a taxable year of the Executive shall not affect any expenses eligible for reimbursement in any other taxable year; (ii) the reimbursement of an eligible expense shall be made no later than the last day of the Executive’s taxable year that immediately follows the taxable year in which the expense was incurred; and (iii) the right to any such reimbursement shall not be subject to liquidation or exchange for another benefit or payment.

6. Payments Conditioned on Release of Claims. To the extent any Deferred Compensation Separation Payments are conditioned on execution of a release of claims and such release could become effective in the calendar year following the calendar year in which Executive separates from service, the severance payments will be paid (or commence payment), beginning on the latest of (i) the first payroll period in the year following the Executive’s separation from service or (ii) the date the release becomes effective and irrevocable, or (iii) the minimum extent the payments must be delayed because Executive is a “specified employee.”

6. Construction. The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided in the Employment Agreement will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply.

[Signature Page Follows]
IN WITNESS WHEREOF, the undersigned parties have caused this 409A Addendum to be executed as of the last date set forth below.

**EXECUTIVE**

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<tr>
<td>/s/ Timothy J. Barker</td>
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**REALPAGE, INC.**

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(Signature page to 409A Addendum)
This Employment Agreement 409A Addendum (the “409A Addendum”) is entered into by and between RealPage, Inc. (the “Company”), and Ashley Chaffin Glover (the “Executive”) effective as of the date last set forth below.

WHEREAS, the Company and Executive have previously entered into an employment agreement, as amended through the date hereof (the “Employment Agreement”).

WHEREAS, the Company and Executive desire to ensure that the terms of the Employment Agreement comply with the requirements of Section 409A of the Internal Revenue Code and the regulations and other guidance issued thereunder (“Section 409A”) to avoid adverse tax consequences to the Executive.

NOW, THEREFORE, in consideration of the foregoing and the promises and covenants contained herein, the parties agree as follows:

1. Section 409A Requirements. This 409A Addendum supplements and amends the Employment Agreement and is intended to comply with the provisions of Section 409A, to the extent applicable to payments under the Employment Agreement. If the provisions of this 409A Addendum are inconsistent with the Employment Agreement, the terms of this 409A Addendum will govern.

2. Delayed Payment Rules for Specified Employees. If Executive is a “specified employee” of the Company (or any successor entity thereto) within the meaning of Section 409A on the date of Executive’s termination (other than a termination due to death), then the severance payable to Executive, if any, under the Employment Agreement, when considered together with any other severance payments or separation benefits that are considered deferred compensation under Section 409A (together the “Deferred Compensation Separation Payments”) that are payable within the first six (6) months following Executive’s termination of employment, shall be delayed until the first payroll date that occurs on or after the date that is six (6) months and one (1) day after the date of the termination, when they shall be paid in full arrears. All subsequent Deferred Compensation Separation Payments, if any, shall be paid in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following termination but prior to the six (6) month anniversary thereof, any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive’s death and all other payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Employment Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2).

3. Separation from Service. No Deferred Compensation Separation Payments that become payable under the Employment Agreement by reason of Executive’s termination of employment with the Company (or any successor entity thereto) will be made unless such termination of employment constitutes a “separation from service” within the meaning of Section 409A.
4. **Application of 409A Rules.** Each payment under the Employment Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. Any amounts paid under the Employment Agreement that either (i) satisfy the requirements of the “short-term deferral” rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations, or (ii) qualify as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations not in excess of the Section 409A Limit, shall not constitute Deferred Compensation Separation Payments. “Section 409A Limit” will mean the lesser of two (2) times: (A) Executive's annualized compensation based upon the annual rate of pay paid to Executive during the Company’s taxable year preceding the Company’s taxable year of Executive’s termination of employment as determined under Treasury Regulation 1.409A-1(b)(9)(ii)(A)(1); or (B) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Executive’s employment is terminated.

5. **Taxable Reimbursements; In-Kind Benefits.** Any taxable reimbursements and taxable in-kind benefits provided in the Employment Agreement that are subject to Section 409A are intended to comply with the requirements of Treasury Regulation Section 1.409A-3(i)(1)(iv) and the following payment rules shall apply: (i) the amount of any such expense reimbursement or in-kind benefit provided during a taxable year of the Executive shall not affect any expenses eligible for reimbursement in any other taxable year; (ii) the reimbursement of an eligible expense shall be made no later than the last day of the Executive's taxable year that immediately follows the taxable year in which the expense was incurred; and (iii) the right to any such reimbursement shall not be subject to liquidation or exchange for another benefit or payment.

6. **Payments Conditioned on Release of Claims.** To the extent any Deferred Compensation Separation Payments are conditioned on execution of a release of claims and such release could become effective in the calendar year following the calendar year in which Executive separates from service, the severance payments will be paid (or commence payment), beginning on the latest of (i) the first payroll period in the year following the Executive's separation from service or (ii) the date the release becomes effective and irrevocable, or (iii) the minimum extent the payments must be delayed because Executive is a “specified employee.”

6. **Construction.** The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided in the Employment Agreement will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply.

[Signature Page Follows]
IN WITNESS WHEREOF, the undersigned parties have caused this 409A Addendum to be executed as of the last date set forth below.

EXECUTIVE

Signature

/s/ Ashley Chaffin Glover
Ashley Chaffin Glover
November 5, 2010
Date

REALPAGE, INC.

Signature

/s/ Stephen T. Winn
Stephen T. Winn
November 5, 2010
Date

(Signature page to 409A Addendum)
This Employment Agreement 409A Addendum (the “409A Addendum”) is entered into by and between RealPage, Inc. (the “Company”), and Dirk D. Wakeham (the “Executive”) effective as of the date last set forth below.

WHEREAS, the Company and Executive have previously entered into an employment agreement, as amended through the date hereof (the “Employment Agreement”).

WHEREAS, the Company and Executive desire to ensure that the terms of the Employment Agreement comply with the requirements of Section 409A of the Internal Revenue Code and the regulations and other guidance issued thereunder (“Section 409A”) to avoid adverse tax consequences to the Executive.

NOW, THEREFORE, in consideration of the foregoing and the promises and covenants contained herein, the parties agree as follows:

1. Section 409A Requirements. This 409A Addendum supplements and amends the Employment Agreement and is intended to comply with the provisions of Section 409A, to the extent applicable to payments under the Employment Agreement. If the provisions of this 409A Addendum are inconsistent with the Employment Agreement, the terms of this 409A Addendum will govern.

2. Delayed Payment Rules for Specified Employees. If Executive is a “specified employee” of the Company (or any successor entity thereto) within the meaning of Section 409A on the date of Executive’s termination (other than a termination due to death), then the severance payable to Executive, if any, under the Employment Agreement, when considered together with any other severance payments or separation benefits that are considered deferred compensation under Section 409A (together the “Deferred Compensation Separation Payments”) that are payable within the first six (6) months following Executive’s termination of employment, shall be delayed until the first payroll date that occurs on or after the date that is six (6) months and one (1) day after the date of the termination, when they shall be paid in full arrears. All subsequent Deferred Compensation Separation Payments, if any, shall be paid in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following termination but prior to the six (6) month anniversary thereof, any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive’s death and all other payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Employment Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2).

3. Separation from Service. No Deferred Compensation Separation Payments that become payable under the Employment Agreement by reason of Executive’s termination of employment with the Company (or any successor entity thereto) will be made unless such termination of employment constitutes a “separation from service” within the meaning of Section 409A.
4. Application of 409A Rules. Each payment under the Employment Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. Any amounts paid under the Employment Agreement that either (i) satisfy the requirements of the “short-term deferral” rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations, or (ii) qualify as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations not in excess of the Section 409A Limit, shall not constitute Deferred Compensation Separation Payments. “Section 409A Limit” will mean the lesser of two (2) times: (A) Executive's annualized compensation based upon the annual rate of pay paid to Executive during the Company's taxable year preceding the Company’s taxable year of Executive’s termination of employment as determined under Treasury Regulation 1.409A-1(b)(9)(ii)(A)(1); or (B) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Executive’s employment is terminated.

5. Taxable Reimbursements; In-Kind Benefits. Any taxable reimbursements and taxable in-kind benefits provided in the Employment Agreement that are subject to Section 409A are intended to comply with the requirements of Treasury Regulation Section 1.409A-3(i)(1)(iv) and the following payment rules shall apply: (i) the amount of any such expense reimbursement or in-kind benefit provided during a taxable year of the Executive shall not affect any expenses eligible for reimbursement in any other taxable year; (ii) the reimbursement of an eligible expense shall be made no later than the last day of the Executive's taxable year that immediately follows the taxable year in which the expense was incurred; and (iii) the right to any such reimbursement shall not be subject to liquidation or exchange for another benefit or payment

6. Payments Conditioned on Release of Claims. To the extent any Deferred Compensation Separation Payments are conditioned on execution of a release of claims and such release could become effective in the calendar year following the calendar year in which Executive separates from service, the severance payments will be paid (or commence payment), beginning on the latest of (i) the first payroll period in the year following the Executive's separation from service or (ii) the date the release becomes effective and irrevocable, or (iii) the minimum extent the payments must be delayed because Executive is a “specified employee.”

6. Construction. The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided in the Employment Agreement will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply.

[Signature Page Follows]
IN WITNESS WHEREOF, the undersigned parties have caused this 409A Addendum to be executed as of the last date set forth below.

**EXECUTIVE**

<table>
<thead>
<tr>
<th>Signature</th>
<th>REALPAGE, INC.</th>
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</thead>
<tbody>
<tr>
<td>/s/ Dirk D. Wakeham</td>
<td>/s/ Stephen T. Winn</td>
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<tr>
<td>Dirk D. Wakeham</td>
<td>Stephen T. Winn</td>
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<td>November 5, 2010</td>
<td>November 5, 2010</td>
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<td>Date</td>
<td>Date</td>
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</tbody>
</table>

*(Signature page to 409A Addendum)*
This Employment Agreement 409A Addendum (the “409A Addendum”) is entered into by and between RealPage, Inc. (the “Company”), and Margot Lebenberg (the “Executive”) effective as of the date last set forth below.

WHEREAS, the Company and Executive have previously entered into an employment agreement, as amended through the date hereof (the “Employment Agreement”).

WHEREAS, the Company and Executive desire to ensure that the terms of the Employment Agreement comply with the requirements of Section 409A of the Internal Revenue Code and the regulations and other guidance issued thereunder (“Section 409A”) to avoid adverse tax consequences to the Executive.

NOW, THEREFORE, in consideration of the foregoing and the promises and covenants contained herein, the parties agree as follows:

1. **Section 409A Requirements.** This 409A Addendum supplements and amends the Employment Agreement and is intended to comply with the provisions of Section 409A, to the extent applicable to payments under the Employment Agreement. If the provisions of this 409A Addendum are inconsistent with the Employment Agreement, the terms of this 409A Addendum will govern.

2. **Delayed Payment Rules for Specified Employees.** If Executive is a “specified employee” of the Company (or any successor entity thereto) within the meaning of Section 409A on the date of Executive’s termination (other than a termination due to death), then the severance payable to Executive, if any, under the Employment Agreement, when considered together with any other severance payments or separation benefits that are considered deferred compensation under Section 409A (together the “Deferred Compensation Separation Payments”) that are payable within the first six (6) months following Executive’s termination of employment, shall be delayed until the first payroll date that occurs on or after the date that is six (6) months and one (1) day after the date of the termination, when they shall be paid in full arrears. All subsequent Deferred Compensation Separation Payments, if any, shall be paid in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following termination but prior to the six (6) month anniversary thereof, any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive’s death and all other payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Employment Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2).

3. **Separation from Service.** No Deferred Compensation Separation Payments that become payable under the Employment Agreement by reason of Executive’s termination of employment with the Company (or any successor entity thereto) will be made unless such termination of employment constitutes a “separation from service” within the meaning of Section 409A.
4. **Application of 409A Rules.** Each payment under the Employment Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. Any amounts paid under the Employment Agreement that either (i) satisfy the requirements of the “short-term deferral” rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations, or (ii) qualify as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations not in excess of the Section 409A Limit, shall not constitute Deferred Compensation Separation Payments. “Section 409A Limit” will mean the lesser of two (2) times: (A) Executive’s annualized compensation based upon the annual rate of pay paid to Executive during the Company’s taxable year preceding the Company’s taxable year of Executive’s termination of employment as determined under Treasury Regulation 1.409A-1(b)(9)(ii)(A)(1); or (B) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Executive’s employment is terminated.

5. **Taxable Reimbursements; In-Kind Benefits.** Any taxable reimbursements and taxable in-kind benefits provided in the Employment Agreement that are subject to Section 409A are intended to comply with the requirements of Treasury Regulation Section 1.409A-3(i)(1)(iv) and the following payment rules shall apply: (i) the amount of any such expense reimbursement or in-kind benefit provided during a taxable year of the Executive shall not affect any expenses eligible for reimbursement in any other taxable year; (ii) the reimbursement of an eligible expense shall be made no later than the last day of the Executive’s taxable year that immediately follows the taxable year in which the expense was incurred; and (iii) the right to any such reimbursement shall not be subject to liquidation or exchange for another benefit or payment.

6. **Payments Conditioned on Release of Claims.** To the extent any Deferred Compensation Separation Payments are conditioned on execution of a release of claims and such release could become effective in the calendar year following the calendar year in which Executive separates from service, the severance payments will be paid (or commence payment), beginning on the latest of (i) the first payroll period in the year following the Executive’s separation from service or (ii) the date the release becomes effective and irrevocable, or (iii) the minimum extent the payments must be delayed because Executive is a “specified employee.”

6. **Construction.** The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided in the Employment Agreement will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply.

[Signature Page Follows]
IN WITNESS WHEREOF, the undersigned parties have caused this 409A Addendum to be executed as of the last date set forth below.

EXECUTIVE

Signature
/s/ Margot Lebenberg
Margot Lebenberg
November 5, 2010
Date

REALPAGE, INC.

Signature
/s/ Stephen T. Winn
Stephen T. Winn
November 5, 2010
Date

(Signature page to 409A Addendum)
This Employment Agreement 409A Addendum (the “409A Addendum”) is entered into by and between RealPage, Inc. (the “Company”), and Jason Lindwall (the “Executive”) effective as of the date last set forth below.

WHEREAS, the Company and Executive have previously entered into an employment agreement, as amended through the date hereof (the “Employment Agreement”).

WHEREAS, the Company and Executive desire to ensure that the terms of the Employment Agreement comply with the requirements of Section 409A of the Internal Revenue Code and the regulations and other guidance issued thereunder (“Section 409A”) to avoid adverse tax consequences to the Executive.

NOW, THEREFORE, in consideration of the foregoing and the promises and covenants contained herein, the parties agree as follows:

1. Section 409A Requirements. This 409A Addendum supplements and amends the Employment Agreement and is intended to comply with the provisions of Section 409A, to the extent applicable to payments under the Employment Agreement. If the provisions of this 409A Addendum are inconsistent with the Employment Agreement, the terms of this 409A Addendum will govern.

2. Delayed Payment Rules for Specified Employees. If Executive is a “specified employee” of the Company (or any successor entity thereto) within the meaning of Section 409A on the date of Executive’s termination (other than a termination due to death), then the severance payable to Executive, if any, under the Employment Agreement, when considered together with any other severance payments or separation benefits that are considered deferred compensation under Section 409A (together the “Deferred Compensation Separation Payments”) that are payable within the first six (6) months following Executive’s termination of employment, shall be delayed until the first payroll date that occurs on or after the date that is six (6) months and one (1) day after the date of the termination, when they shall be paid in full arrears. All subsequent Deferred Compensation Separation Payments, if any, shall be paid in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following termination but prior to the six (6) month anniversary thereof, any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive’s death and all other payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Employment Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2).

3. Separation from Service. No Deferred Compensation Separation Payments that become payable under the Employment Agreement by reason of Executive’s termination of employment with the Company (or any successor entity thereto) will be made unless such termination of employment constitutes a “separation from service” within the meaning of Section 409A.
4. **Application of 409A Rules.** Each payment under the Employment Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. Any amounts paid under the Employment Agreement that either (i) satisfy the requirements of the “short-term deferral” rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations, or (ii) qualify as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations not in excess of the Section 409A Limit, shall not constitute Deferred Compensation Separation Payments. “Section 409A Limit” will mean the lesser of two (2) times: (A) Executive’s annualized compensation based upon the annual rate of pay paid to Executive during the Company’s taxable year preceding the Company’s taxable year of Executive’s termination of employment as determined under Treasury Regulation 1.409A-1(b)(9)(ii)(A)(1); or (B) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Executive’s employment is terminated.

5. **Taxable Reimbursements; In-Kind Benefits.** Any taxable reimbursements and taxable in-kind benefits provided in the Employment Agreement that are subject to Section 409A are intended to comply with the requirements of Treasury Regulation Section 1.409A-3(i)(1)(iv) and the following payment rules shall apply: (i) the amount of any such expense reimbursement or in-kind benefit provided during a taxable year of the Executive shall not affect any expenses eligible for reimbursement in any other taxable year; (ii) the reimbursement of an eligible expense shall be made no later than the last day of the Executive’s taxable year that immediately follows the taxable year in which the expense was incurred; and (iii) the right to any such reimbursement shall not be subject to liquidation or exchange for another benefit or payment.

6. **Payments Conditioned on Release of Claims.** To the extent any Deferred Compensation Separation Payments are conditioned on execution of a release of claims and such release could become effective in the calendar year following the calendar year in which Executive separates from service, the severance payments will be paid (or commence payment), beginning on the latest of (i) the first payroll period in the year following the Executive’s separation from service or (ii) the date the release becomes effective and irrevocable, or (iii) the minimum extent the payments must be delayed because Executive is a “specified employee.”

6. **Construction.** The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided in the Employment Agreement will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply.

[Signature Page Follows]
IN WITNESS WHEREOF, the undersigned parties have caused this 409A Addendum to be executed as of the last date set forth below.

EXECUTIVE

Signature

/s/ Jason Lindwall
Jason Lindwall
November 5, 2010
Date

REALPAGE, INC.

Signature

/s/ Stephen T. Winn
Stephen T. Winn
November 5, 2010
Date

(Signature page to 409A Addendum)
CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES OXLEY ACT OF 2002
Exhibit 31.1

I, Stephen T. Winn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of RealPage, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Paragraph omitted pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 5, 2010

/s/ Stephen T. Winn

Stephen T. Winn
Chairman of the Board, Chief Executive Officer and Director
CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

Exhibit 31.2

I, Timothy J. Barker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of RealPage, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Paragraph omitted pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 5, 2010

/s/ Timothy J. Barker
Timothy J. Barker
Chief Financial Officer
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of RealPage, Inc. (the “Company”) on Form 10-Q for the period ending September 30, 2010 (the “Report”), I, Stephen T. Winn, Chairman of the Board, Chief Executive Officer and Director of RealPage Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of RealPage, Inc.

Date: November 5, 2010

/s/ Stephen T. Winn
Stephen T. Winn
Chairman of the Board, Chief Executive Officer
and Director

In connection with the Quarterly Report of RealPage, Inc. (the “Company”) on Form 10-Q for the period ending September 30, 2010 (the “Report”), I, Timothy J. Barker, Chief Financial Officer and Treasurer of RealPage, Inc, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of RealPage, Inc.

Date: November 5, 2010

/s/ Timothy J. Barker
Timothy J. Barker
Chief Financial Officer