FORM 10-Q

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

Delaware
(State or other jurisdiction of incorporation or organization)

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

(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.

<table>
<thead>
<tr>
<th>Class</th>
<th>Outstanding at October 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock, $0.001 par value</td>
<td>71,817,310</td>
</tr>
</tbody>
</table>
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### Condensed Consolidated Balance Sheets

#### (in thousands, except share data)

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2011 (Unaudited)</th>
<th>December 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$47,491</td>
<td>$118,010</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>20,334</td>
<td>15,346</td>
</tr>
<tr>
<td>Accounts receivable, less allowance for doubtful accounts of $1,003 and $1,370 at September 30, 2011 and December 31, 2010, respectively</td>
<td>36,739</td>
<td>29,577</td>
</tr>
<tr>
<td>Deferred tax asset, net of valuation allowance</td>
<td>601</td>
<td>1,529</td>
</tr>
<tr>
<td>Other current assets</td>
<td>12,111</td>
<td>6,060</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>$117,276</td>
<td>$170,522</td>
</tr>
<tr>
<td>Property, equipment, and software, net</td>
<td>26,552</td>
<td>24,515</td>
</tr>
<tr>
<td>Goodwill</td>
<td>128,632</td>
<td>73,885</td>
</tr>
<tr>
<td>Identified intangible assets, net</td>
<td>115,141</td>
<td>54,361</td>
</tr>
<tr>
<td>Deferred tax asset, net of valuation allowance</td>
<td>2,760</td>
<td>17,322</td>
</tr>
<tr>
<td>Other assets</td>
<td>2,855</td>
<td>2,187</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$393,216</td>
<td>$342,792</td>
</tr>
<tr>
<td><strong>Liabilities and stockholders’ equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$8,259</td>
<td>$4,787</td>
</tr>
<tr>
<td>Accrued expenses and other current liabilities</td>
<td>27,401</td>
<td>15,436</td>
</tr>
<tr>
<td>Current portion of deferred revenue</td>
<td>51,204</td>
<td>47,717</td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>10,768</td>
<td>10,781</td>
</tr>
<tr>
<td>Customer deposits held in restricted accounts</td>
<td>20,278</td>
<td>15,253</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>$117,910</td>
<td>$93,974</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>8,910</td>
<td>7,947</td>
</tr>
<tr>
<td>Long-term debt, less current portion</td>
<td>47,173</td>
<td>55,258</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>5,926</td>
<td>13,029</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>179,919</td>
<td>170,208</td>
</tr>
<tr>
<td>Commitments and contingencies (Note 8)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Stockholders’ equity:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferred stock, $0.001 par value, 10,000,000 shares authorized and zero shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Common stock, $0.001 par value: 125,000,000 shares authorized, 72,027,632 and 68,703,366 shares issued and 71,766,288 and 68,490,277 shares outstanding at September 30, 2011 and December 31, 2010, respectively</td>
<td>72</td>
<td>69</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>306,220</td>
<td>263,219</td>
</tr>
<tr>
<td>Treasury stock, at cost: 261,344 and 213,089 shares at September 30, 2011 and December 31, 2010, respectively</td>
<td>(1,741)</td>
<td>(958)</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(91,202)</td>
<td>(89,730)</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(52)</td>
<td>(16)</td>
</tr>
<tr>
<td><strong>Total stockholders’ equity</strong></td>
<td>213,297</td>
<td>172,584</td>
</tr>
<tr>
<td><strong>Total liabilities and stockholders’ equity</strong></td>
<td>$393,216</td>
<td>$342,792</td>
</tr>
</tbody>
</table>

See accompanying notes
### REALPAGE, INC.

#### Condensed Consolidated Statements of Operations
*(Unaudited)*

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th></th>
<th>Nine Months Ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30,</td>
<td>2011</td>
<td>September 30,</td>
<td>2010</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On demand</td>
<td>$ 62,765</td>
<td>$ 43,097</td>
<td>$ 172,741</td>
<td>$ 120,393</td>
</tr>
<tr>
<td>On premise</td>
<td>1,772</td>
<td>2,127</td>
<td>5,045</td>
<td>6,419</td>
</tr>
<tr>
<td>Professional and other</td>
<td>3,118</td>
<td>2,804</td>
<td>9,052</td>
<td>7,403</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>67,655</td>
<td>48,028</td>
<td>186,838</td>
<td>134,215</td>
</tr>
<tr>
<td><strong>Cost of revenue(1)</strong></td>
<td>27,585</td>
<td>20,203</td>
<td>78,078</td>
<td>56,595</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>40,070</td>
<td>27,825</td>
<td>108,760</td>
<td>77,620</td>
</tr>
<tr>
<td><strong>Operating expense:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product development(1)</td>
<td>11,230</td>
<td>9,127</td>
<td>32,083</td>
<td>26,431</td>
</tr>
<tr>
<td>Sales and marketing(1)</td>
<td>17,688</td>
<td>9,428</td>
<td>44,992</td>
<td>25,793</td>
</tr>
<tr>
<td>General and administrative(1)</td>
<td>11,840</td>
<td>6,969</td>
<td>31,190</td>
<td>20,230</td>
</tr>
<tr>
<td><strong>Total operating expense</strong></td>
<td>40,758</td>
<td>25,524</td>
<td>108,265</td>
<td>72,454</td>
</tr>
<tr>
<td><strong>Operating (loss) income</strong></td>
<td>(688)</td>
<td>2,301</td>
<td>495</td>
<td>5,166</td>
</tr>
<tr>
<td>Interest expense and other, net</td>
<td>(684)</td>
<td>(1,822)</td>
<td>(2,582)</td>
<td>(4,749)</td>
</tr>
<tr>
<td><strong>(Loss) income before income taxes</strong></td>
<td>(1,372)</td>
<td>479</td>
<td>(2,087)</td>
<td>417</td>
</tr>
<tr>
<td>Income tax (benefit) expense</td>
<td>(266)</td>
<td>187</td>
<td>(615)</td>
<td>164</td>
</tr>
<tr>
<td><strong>Net (loss) income</strong></td>
<td>$ (1,106)</td>
<td>$ 292</td>
<td>$ (1,472)</td>
<td>$ 253</td>
</tr>
<tr>
<td><strong>Net loss attributable to common stockholders</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$ (1,106)</td>
<td>$ (327)</td>
<td>$ (1,472)</td>
<td>$ (2,691)</td>
</tr>
<tr>
<td>Diluted</td>
<td>$ (1,106)</td>
<td>$ (327)</td>
<td>$ (1,472)</td>
<td>$ (2,691)</td>
</tr>
<tr>
<td><strong>Net loss per share attributable to common stockholders</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$ (0.02)</td>
<td>$ (0.01)</td>
<td>$ (0.02)</td>
<td>$ (0.08)</td>
</tr>
<tr>
<td>Diluted</td>
<td>$ (0.02)</td>
<td>$ (0.01)</td>
<td>$ (0.02)</td>
<td>$ (0.08)</td>
</tr>
</tbody>
</table>

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

|                      |         |         |         |         |
| Basic                | 68,792  | 43,636  | 68,096  | 31,878  |
| Diluted              | 68,792  | 43,636  | 68,096  | 31,878  |

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

|                      |       |       |       |       |
|Cost of revenue       | $ 459 | $ 140 | $ 1,069 | $ 407 |
|Product development   | 1,258 | 627   | 3,343   | 1,664 |
|Sales and marketing   | 3,433 | 201   | 8,793   | 541   |
|General and administrative | 1,258| 391   | 3,025   | 1,133 |

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

#### Condensed Consolidated Statements of Stockholders’ Equity

(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>Common Stock Shares</th>
<th>Additional Paid-in Capital</th>
<th>Accumulated Other Comprehensive Loss</th>
<th>Accumulated Deficit</th>
<th>Treasury Shares Shares</th>
<th>Total Stockholders’ Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance as of December 31, 2010</strong></td>
<td>68,703 $69 $263,219 $(16) $(89,730) (213) $(958) $172,584</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td>— — — (36)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(36)</td>
</tr>
<tr>
<td>Net loss</td>
<td>— — — (1,472)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(1,472)</td>
</tr>
<tr>
<td>Exercise of stock options</td>
<td>2,223 3 8,550 — — — — 8,553</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasury stock purchase, at cost</td>
<td>— — — (48) (783) (783)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of restricted stock</td>
<td>1,102 — 18,221 — — — — 18,221</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>— — 16,230 — — — — 16,230</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance as of September 30, 2011</strong></td>
<td>72,028 $72 $306,220 $(52) $(91,202) (261) $(1,741) $213,297</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes.
## Condensed Consolidated Statements of Cash Flows
(Unaudited)

### Nine Months Ended September 30,

<table>
<thead>
<tr>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Net (loss) income</td>
<td>$(1,472)</td>
</tr>
<tr>
<td>Adjustments to reconcile net (loss) income to net cash provided by operating activities:</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>21,458</td>
</tr>
<tr>
<td>Deferred tax benefit</td>
<td>(1,430)</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>16,230</td>
</tr>
<tr>
<td>Loss on sale of assets</td>
<td>398</td>
</tr>
<tr>
<td>Acquisition-related contingent consideration</td>
<td>102</td>
</tr>
<tr>
<td>Changes in assets and liabilities, net of assets acquired and liabilities assumed in business combinations:</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(3,900)</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>37</td>
</tr>
<tr>
<td>Other current assets</td>
<td>(2,778)</td>
</tr>
<tr>
<td>Other assets</td>
<td>(587)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>1,473</td>
</tr>
<tr>
<td>Accrued compensation, taxes and benefits</td>
<td>(1,161)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>1,906</td>
</tr>
<tr>
<td>Other current and long-term liabilities</td>
<td>(577)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>29,699</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Purchases of property, equipment and software</td>
<td>(10,782)</td>
</tr>
<tr>
<td>Acquisition of businesses, net of cash acquired</td>
<td>(87,817)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(98,599)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
</tr>
<tr>
<td>(Costs) proceeds from public offerings</td>
<td>(775)</td>
</tr>
<tr>
<td>Proceeds from notes payable</td>
<td>10,000</td>
</tr>
<tr>
<td>Payments on notes payable</td>
<td>(8,086)</td>
</tr>
<tr>
<td>Proceeds from revolving credit facility, net</td>
<td>—</td>
</tr>
<tr>
<td>Payments on capital lease obligations</td>
<td>(438)</td>
</tr>
<tr>
<td>Preferred stock dividend</td>
<td>—</td>
</tr>
<tr>
<td>Issuance of common stock</td>
<td>8,499</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>(783)</td>
</tr>
<tr>
<td>Net cash (used in) provided by financing activities</td>
<td>(1,583)</td>
</tr>
<tr>
<td>Net (decrease) increase in cash and cash equivalents</td>
<td>(70,483)</td>
</tr>
<tr>
<td>Effect of exchange rate on cash</td>
<td>(36)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents:</strong></td>
<td></td>
</tr>
<tr>
<td>Beginning of period</td>
<td>118,010</td>
</tr>
<tr>
<td>End of period</td>
<td>$47,491</td>
</tr>
</tbody>
</table>

### Supplemental cash flow information:

- Cash paid for interest | $1,957 | $4,288 |
- Cash paid for income taxes, net of refunds | $797 | $227 |

### Non-cash financing activities:

- Accrued dividends and accretion of preferred stock | $— | $3,030 |
- Conversion of preferred stock to common shares | $— | $73,732 |
- Accrued property and equipment | $254 | $1,154 |

*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.

Public Offerings

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

On December 6, 2010, our registration statement on Form S-1 (File No 333-170667) relating to a public stock offering was declared effective by the SEC. We sold an additional 4,000,000 shares of common stock in the offering. The offering closed on December 10, 2010.

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 Annual Report on Form 10-K filed with the SEC on February 28, 2011 (“Form 10K”).

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, 2011 and 2010 was in North America.

Net long-lived assets held were $26.1 million and $24.0 million in North America and $0.5 million and $0.5 million in our international subsidiaries at September 30, 2011 and December 31, 2010, 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 Form 10-K.

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 our customer support and professional services in these specific arrangements. As a result, the elements within our 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.

No single customer accounted for 5% or more of our revenue or accounts receivable for the three and nine months ended September 30, 2011 or 2010.

Comprehensive (Loss) Income

Comprehensive (loss) income consists of net (loss) income and other comprehensive loss. Other comprehensive loss is comprised of foreign currency translation losses. Our comprehensive (loss) 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>2011</td>
<td>2010</td>
</tr>
<tr>
<td>(in thousands, unaudited)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net (loss) income</td>
<td>$ (1,106)</td>
<td>$ 292</td>
</tr>
<tr>
<td>Foreign currency translation loss</td>
<td>(16)</td>
<td>(6)</td>
</tr>
<tr>
<td>Comprehensive (loss) income</td>
<td>$ (1,122)</td>
<td>$ 286</td>
</tr>
</tbody>
</table>

Recently Issued Accounting Standards

In December 2010, the FASB issued ASU 2010-29 “Business Combinations (Topic 805)—Disclosure of Supplementary Pro Forma Information for Business Combinations” (“ASU 2010-29”) effective prospectively for material (either on an individual or aggregate basis) business combinations entered into in fiscal years beginning on or after December 15, 2010 with early adoption permitted. This accounting standard update clarifies SEC registrants presenting comparative financial statements should disclose in their pro forma information revenue and earnings of the combined entity as though the current period business combinations had occurred as of the beginning of the comparable prior annual reporting period only. The update also expands the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. We adopted ASU 2010-29 during the first quarter of 2011. These requirements will change our annual pro forma disclosures for acquisitions which have historically included the impact on all comparable periods. ASU 2010-29 also changes our annual and quarterly pro forma disclosures to include a description and the related amount of material adjustments made to pro forma results as seen in Note 3 herein.
3. Acquisitions

2011 Acquisitions

In May 2011, we acquired substantially all of the assets of Compliance Depot, LLC (“Compliance Depot”) for approximately $22.5 million which included a cash payment of $19.2 million at closing and three deferred payments of $1.1 million payable nine, twelve and eighteen months after the acquisition date. The acquisition of Compliance Depot expands our ability to provide vendor risk management and compliance software solutions for the rental housing industry. 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 less than $0.1 million and expensed as incurred. We included the results of operations of this acquisition in our consolidated financial statements from the effective date of the acquisition. Goodwill and identified intangibles associated with this acquisition are deductible for tax purposes.

In July 2011, we acquired Senior-Living.com, Inc., operating under the name SeniorLiving.net (“SLN”), pursuant to an Agreement and Plan of Merger. The preliminary purchase price consisted of a cash payment of $4.0 million at closing, additional cash payments of $0.5 million, half of which is due on each of the first and second anniversaries of the acquisition date, and an estimated cash payment payable (acquisition-related contingent consideration) and up to 400,000 shares of our common stock, in each case payable based on the achievement of certain revenue targets 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 $0.3 million. In addition, we recorded the fair value of the common shares of $8.4 million. These fair values were based on management’s 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 has a maximum value of $0.5 million. The acquisition of SLN expands our lead generation capabilities into the senior living rental housing market. 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 less than $0.1 million and expensed as incurred. We included the results of operations of this acquisition in our consolidated financial statements from the effective date of the acquisition. Goodwill and identified intangibles associated with this acquisition are not deductible for tax purposes. The liability established for the acquisition-related contingent consideration will continue to be re-evaluated and recorded at an estimated fair value based on the probabilities, as determined by management, of achieving the related targets. This evaluation will be performed until all of the targets have been met or terms of the agreement expire. As of September 30, 2011, our liability for the estimated cash payment was $0.3 million and the estimated fair value of the common stock was $8.4 million. During the third quarter 2011, there were no costs due to changes in the estimated fair value of the cash acquisition-related contingent consideration.

In August 2011, we acquired Multifamily Technology Solutions, Inc. (“MTS”), which owns the Internet listing service for rental properties called MyNewPlace, pursuant to an Agreement and Plan of Merger. MTS continued as the surviving corporation of the Merger and a wholly owned subsidiary of RealPage. The preliminary purchase price consisted of a cash payment of $64.0 million, including amount placed in escrow, net of cash acquired, 294,770 shares of RealPage restricted common stock and the assumption of MTS stock options exercisable for 349,693 shares of RealPage common stock. In addition, the purchase agreement included a put option on the restricted common shares, in which, if the average market price of our common shares falls below an established threshold, we will pay the difference between the average market price and the established threshold in cash. We established a liability of $1.2 million for the put option which is based on its estimated fair value at the acquisition date. We also recorded the fair value of the restricted common shares and the assumed stock options of $6.3 million and $3.6 million, respectively. The fair value of the restricted common shares was based on management’s estimate of the fair value of restricted common shares using a probability weighted discounted cash flow model. The fair values of the assumed stock options and the put option was based on the Black-Scholes option pricing model using inputs consistent with those used in the valuation of our stock options. The acquisition of MTS adds an Internet listing service for rental properties and expands our syndication and organic lead generation capabilities. 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 approximately $0.7 million and expensed as incurred. We included the results of operations of this acquisition in our consolidated financial statements from the effective date of the acquisition. Goodwill and identified intangibles associated with this acquisition are not deductible for tax purposes. The liability established for the put option on the restricted common shares will continue to be re-evaluated and recorded at an estimated fair value based on the changes in market prices of our common stock. During the third quarter 2011, there were no costs due to changes in the estimated fair value of the acquisition-related contingent consideration. One of the minority shareholders of MTS, is a customer of the Company. In connection with the distribution of the purchase price, we paid this customer for their proportion of the purchase price. This transaction was at arm’s length and is not related to the ongoing relationship with the Company.

The purchase agreement also included a portion of the cash and restricted common shares consideration to be placed into escrow. As such, we placed $14.0 million in cash and 65,873 restricted common shares into an escrow account on the date of acquisition. One half of these amounts will be released from escrow twelve months after the acquisition date. The remaining amounts will be released eighteen months after the acquisition date.

We allocated the purchase price for MTS (preliminary), SLN (preliminary) and Compliance Depot as follows:

<table>
<thead>
<tr>
<th>MTS (in thousands)</th>
<th>SLN (in thousands)</th>
<th>Compliance Depot (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed product technologies</td>
<td>$2,280</td>
<td>$1,200</td>
</tr>
<tr>
<td>Customer relationships</td>
<td>27,600</td>
<td>2,630</td>
</tr>
<tr>
<td>Tradenames</td>
<td>24,800</td>
<td>2,560</td>
</tr>
<tr>
<td>Goodwill</td>
<td>33,342</td>
<td>8,127</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(164)</td>
<td>—</td>
</tr>
<tr>
<td>Net deferred taxes</td>
<td>(15,574)</td>
<td>(1,347)</td>
</tr>
<tr>
<td>Net other assets</td>
<td>2,663</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total purchase price, net of cash acquired</strong></td>
<td><strong>$74,947</strong></td>
<td><strong>$13,175</strong></td>
</tr>
</tbody>
</table>

### 2010 Acquisitions

In November 2010, we acquired certain of the assets of Level One, LLC and L1 Technology, LLC (collectively “Level One”), subsidiaries of IAS Holdings, LLC, for approximately $61.9 million, which included a cash payment of $53.9 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 our initial public offering. 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 nine 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 approximately $0.3 million and expensed as incurred. We included the results of operations of this acquisition in our consolidated financial statements from the effective date of the acquisition. Goodwill and identified intangibles associated with this acquisition are deductible for tax purposes.

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 management’s 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 approximately $0.1 million and expensed as incurred. We included the results of operations of this acquisition in our consolidated financial statements from the effective date of the
acquisition. Goodwill and identified intangibles associated with this transaction are not deductible for tax purposes. The liability established for the acquisition-related contingent consideration will continue to be re-evaluated and recorded at an estimated fair value based on the probabilities, as determined by management, of achieving the related targets. This evaluation will be performed until all of the targets have been met or terms of the agreement expire. As of September 30, 2011, our liability for the estimated cash payment was $0.9 million. During the three and nine months ended September 30, 2011, we recognized (gains) and losses of $(3,000) and $0.1 million due to changes in the estimated fair value of the cash acquisition-related contingent consideration.

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 nine 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 $0.9 million of transaction costs related to this acquisition were expensed as incurred. 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 the proceeds from the amended credit agreement and cash flow from operations. This acquisition made immediately available product offerings that complemented our existing products. We accounted for the acquisition by allocating the total consideration to the fair value of assets received and liabilities assumed. Goodwill and identified intangibles associated with this acquisition are deductible for tax purposes.

We allocated the purchase price for Level One, eREI and Domin-8 as follows:

<table>
<thead>
<tr>
<th>Intangible assets:</th>
<th>Level One</th>
<th>eREI (in thousands)</th>
<th>Domin-8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed product technologies</td>
<td>$ 692</td>
<td>$ 5,279</td>
<td>$ 3,678</td>
</tr>
<tr>
<td>Customer relationships</td>
<td>18,300</td>
<td>498</td>
<td>6,418</td>
</tr>
<tr>
<td>Tradenames</td>
<td>3,740</td>
<td>844</td>
<td>1,278</td>
</tr>
<tr>
<td>Goodwill</td>
<td>36,897</td>
<td>4,664</td>
<td>4,896</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(352)</td>
<td></td>
<td>(4,502)</td>
</tr>
<tr>
<td>Net deferred taxes</td>
<td>—</td>
<td>(2,648)</td>
<td></td>
</tr>
<tr>
<td>Net other assets</td>
<td>2,573</td>
<td></td>
<td>1,155</td>
</tr>
<tr>
<td>Total purchase price, net of cash acquired</td>
<td>$ 61,850</td>
<td>$ 8,623</td>
<td>$ 12,923</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, 2011 and September 30, 2010 as if the Domin-8, eREI, Level One, Compliance Depot, SLN and MTS acquisitions had occurred at the beginning of the periods presented. The pro forma financial information includes business combination effects resulting from these acquisitions including approximately $0.3 million, $1.7 million, $1.8 million and $6.9 million of amortization charges from acquired intangible assets and approximately $0.8 million, $0.1 million, $2.6 million and $1.9 million of an income tax benefit for the related tax effects as though the aforementioned companies were combined as of the beginning of the three months ended September 30, 2011 and September 30, 2010, and the nine months ended September 30, 2011 and September 30, 2010, respectively. 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>2011 Pro Forma</td>
<td>2010 Pro Forma</td>
</tr>
<tr>
<td></td>
<td>(in thousands)</td>
<td>(in thousands)</td>
</tr>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On demand</td>
<td>$65,585</td>
<td>$55,771</td>
</tr>
<tr>
<td>On premise</td>
<td>1,772</td>
<td>2,127</td>
</tr>
<tr>
<td>Professional and other</td>
<td>3,118</td>
<td>2,804</td>
</tr>
<tr>
<td>Total revenue</td>
<td>$70,475</td>
<td>$60,702</td>
</tr>
<tr>
<td>Net loss</td>
<td>$ (1,300)</td>
<td>$ (168)</td>
</tr>
<tr>
<td>Net loss attributable to common stockholders:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted</td>
<td>(1,300)</td>
<td>(787)</td>
</tr>
<tr>
<td>Net loss per share attributable to common stockholders:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$ (0.02)</td>
<td>$ (0.02)</td>
</tr>
<tr>
<td>Diluted</td>
<td>$ (0.02)</td>
<td>$ (0.02)</td>
</tr>
</tbody>
</table>
4. Property, Equipment and Software

Property, equipment and software consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2011</th>
<th>December 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in thousands)</td>
<td>(in thousands)</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>$8,819</td>
<td>$8,772</td>
</tr>
<tr>
<td>Data processing and communication equipment</td>
<td>36,349</td>
<td>31,712</td>
</tr>
<tr>
<td>Furniture, fixtures, and other equipment</td>
<td>9,630</td>
<td>8,012</td>
</tr>
<tr>
<td>Software</td>
<td>30,207</td>
<td>26,617</td>
</tr>
<tr>
<td></td>
<td>85,005</td>
<td>75,113</td>
</tr>
<tr>
<td>Less: Accumulated depreciation and amortization</td>
<td>(58,453)</td>
<td>(50,598)</td>
</tr>
<tr>
<td>Property, equipment and software, net</td>
<td>$26,552</td>
<td>$24,515</td>
</tr>
</tbody>
</table>

Depreciation and amortization expense for property, equipment and software was $3.1 million, $2.9 million, $9.5 million and $8.5 million for the three months ended September 30, 2011 and 2010 and the nine months ended September 2011 and 2010, 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, 2011 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>(in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at December 31, 2010</td>
<td>73,885</td>
</tr>
<tr>
<td>Goodwill acquired in 2011</td>
<td>54,840</td>
</tr>
<tr>
<td>Other</td>
<td>(93)</td>
</tr>
<tr>
<td>Balance at September 30, 2011</td>
<td>$128,632</td>
</tr>
</tbody>
</table>

Other intangible assets consisted of the following at September 30, 2011 and December 31, 2010:

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2011</th>
<th>December 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in thousands)</td>
<td>(in thousands)</td>
</tr>
<tr>
<td>Finite-lived intangible assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developed technologies</td>
<td>3 years $24,938 $ (12,982) $11,956</td>
<td>7 years $21,082 $ (7,618) $13,464</td>
</tr>
<tr>
<td>Customer relationships</td>
<td>1-10 years $74,183 $ (12,702) $61,481</td>
<td>7 years $34,923 $ (6,932) $27,991</td>
</tr>
<tr>
<td>Vendor relationships</td>
<td>7 years $5,650 $ (3,127) $2,523</td>
<td>7 years $5,650 $ (2,480) $3,170</td>
</tr>
<tr>
<td>Option to purchase building</td>
<td>1 year $131 (120) $11</td>
<td>1 year $131 $ (22) $109</td>
</tr>
<tr>
<td>Non-competition agreement</td>
<td>4-5 years $120 (120) —</td>
<td>4-5 years $120 (112) 8</td>
</tr>
<tr>
<td>Total finite-lived intangible assets</td>
<td>105,022 $ (29,051) $75,971</td>
<td>105,022 $ (17,164) $87,858</td>
</tr>
<tr>
<td>Indefinite-lived intangible assets</td>
<td>Tradenames $39,170 —</td>
<td>Tradenames $39,170 —</td>
</tr>
<tr>
<td>Total intangible assets</td>
<td>$144,192 $ (29,051) $115,141</td>
<td>$71,525 $ (17,164) $54,361</td>
</tr>
</tbody>
</table>

Amortization of finite-lived intangible assets was $4.3 million, $2.5 million, $11.9 million and $6.3 million for the three months ended September 30, 2011 and 2010 and the nine months ended September 2011 and 2010, respectively.
6. Debt

**Term Loan**

At December 31, 2010, under the terms of our amended credit agreement, 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%). 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. Principal payments on the term loan are 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. Debt issuance costs incurred in connection with the Credit Agreement are deferred and amortized over the remaining term of the arrangement.

In February 2011, we entered into an amendment to the Credit Agreement. Under terms of the February 2011 amendment, our revolving line of credit was increased from $10.0 million to $37.0 million. In addition, the interest rates on the term loan and revolving line of credit vary dependent on defined leverage ratios and range from a stated rate of 2.75% — 3.25% plus LIBOR or a stated rate of 0.0% — 0.5% plus Wells Fargo’s prime rate (or, if greater, the federal funds rate plus 0.5% or three month LIBOR plus 1.0%). Principal payments on the term loan and outstanding revolver balance remain consistent with our amended credit agreement.

As of September 30, 2011, we have total outstanding debt of $57.9 million and $37.0 million available under our revolving line of credit. We have unamortized debt issuance costs of $1.1 million and $1.3 million at September 30, 2011 and December 31, 2010, respectively. As of September 30, 2011, we are in compliance with our debt covenants.

7. Share-based Compensation

On March 1, 2011, we granted 449,850 options with an exercise price of $24.03 which vest over four years with 75% vesting over 15 quarters and the remaining 25% vesting on the 16th quarter. We also granted 299,900 shares of restricted stock at $24.03 which vest ratably over four years. Both stock options and restricted stock were granted under the 2010 Equity Plan.

On April 1, 2011, we granted 17,535 shares of restricted stock at $28.52 which vest ratably over four years to our Board of Directors under the 2010 Equity Plan.

On May 10, 2011, we granted 147,950 options with an exercise price of $29.50 which vest over four years with 75% vesting over 15 quarters and the remaining 25% vesting on the 16th quarter. We also granted 98,800 shares of restricted stock at $29.50 which vest ratably over four years. Both stock options and restricted stock were granted under the 2010 Equity Plan. In connection with our strategic acquisition of Compliance Depot in May 2011, we granted 17,500 shares of restricted stock at $29.50 to certain employees of Compliance Depot which vest as certain revenue targets are achieved.

In connection with our acquisition of SLN on August 9, 2011, we granted an employee 67,500 options with an exercise price of $24.03 and 49,500 shares of restricted stock. The options vest over four years with 75% vesting over 15 quarters and the remaining 25% vesting on the 16th quarter. The restricted shares vest over four years with 0% vesting in the first two years and 12.5% vesting quarterly thereafter. Both stock options and restricted stock were granted under the 2010 Equity Plan.

On August 9, 2011, we granted 266,700 options with an exercise price of $24.03 which vest over four years with 75% vesting over 15 quarters and the remaining 25% vesting on the 16th quarter. We also granted 177,900 shares of restricted stock which vest ratably over four years. Both stock options and restricted stock were granted under the 2010 Equity Plan.

In connection with our acquisition of MTS, on August 24, 2011, we assumed 349,693 options granted from MTS’s 2005 Equity Incentive Plan (“MTS Plan”). Assumed options were converted to equivalent share-based awards of RealPage based on the ratio of our fair market value of stock to the fair market value of MTS’s stock on the acquisition date. The number of shares and ratio of exercise price to market price were equitably adjusted to preserve the intrinsic value of the award as of immediately prior to the acquisition. The conversion was accounted for as a modification under the provisions of GAAP which did not result in an incremental increase in the fair value of the assumed option awards. As of September 30, 2011, we had 344,183 assumed options outstanding under the MTS Plan. The majority of assumed options vest over a four-year period at a rate of 25% or 20% after one year and then monthly on a straight-line basis thereafter while others vest ratably over a four-year period. Options granted generally are exercisable up to 10 years. No further options will be granted under the MTS Plan.

On August 29, 2011, in connection with our acquisition of MTS, we granted certain employees 249,300 options with an exercise price of $19.73 which vest which vest over four years with 75% vesting over 15 quarters and the remaining 25% vesting on the 16th quarter and also granted 146,200 shares of restricted stock which vest ratably over four years. These stock options and restricted shares were granted under the 2010 Equity Plan.
8. 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 reduces 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 as of September 30, 2011 or December 31, 2010.

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 as of September 30, 2011 or December 31, 2010.

Litigation

From time to time, in the normal course of our business, we are a party to litigation matters and claims. Litigation can be expensive and disruptive to normal business operations. Moreover, the results of complex legal proceedings are difficult to predict and our view of these matters may change in the future as the litigation and events related thereto unfold. We expense legal fees as incurred. Insurance recoveries associated with legal costs incurred are recorded when they are deemed probable of recovery. We record a provision for contingent losses when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. An unfavorable outcome in any legal matter, if material, could have an adverse effect on our operations, financial position, liquidity and results of operations.

On January 24, 2011, Yardi Systems, Inc. (“Yardi”) filed a lawsuit in the U.S. District Court for the Central District of California against RealPage, Inc. and DC Consulting, Inc. and filed a First Amended Complaint on August 12, 2011. On March 28, 2011, we filed an answer and counterclaims, on May 18, 2011, we filed amended counterclaims, on September 2, 2011, we filed Second Amended Counterclaims and on September 12, 2011, we filed an answer to Yardi’s First Amended Complaint. Yardi has also filed a pending motion to dismiss several of our counterclaims which we have opposed. Trial in this case is currently set for August 2012. This case is at an early stage and we are not able to predict its outcome. For additional information regarding this lawsuit, see “Legal Proceedings” in Item 1 of Part II of this report.

We are involved in other litigation matters not listed above but we do not consider the matters to be material either individually or in the aggregate at this time. Our view of the matters not listed may change in the future as the litigation and events related thereto unfold.

9. Net Loss Per Share

Net loss per share is presented in conformity with the two-class method required for participating securities. In August 2010, all of the Company’s outstanding redeemable convertible preferred stock converted into common stock in connection with our IPO. Prior to the conversion, holders of Series A Preferred, Series A1 Preferred, Series B Preferred and Series C Preferred were each entitled to receive 8% per annum cumulative dividends, 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 did not share in the loss of the Company.

For the period prior to the conversion of the redeemable convertible preferred stock, net loss per share information is computed using the two-class method. 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 loss attributable to common stockholders is determined by allocating undistributed earnings, calculated as net loss 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 8,521 shares and 3,476,622 shares and 239,804 shares and 2,036,796 shares were excluded from the diluted shares outstanding because their effect was anti-dilutive for the three and nine months ended September 30, 2011 and 2010, respectively.
The following table presents the calculation of basic and diluted net loss per share attributable to common stockholders:

<table>
<thead>
<tr>
<th>Numerator:</th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Net (loss) income</td>
<td>$(1,106)</td>
<td>$292</td>
</tr>
<tr>
<td>8% cumulative dividends on participating preferred stock</td>
<td>—</td>
<td>(619)</td>
</tr>
<tr>
<td>Net loss attributable to common stockholders — basic and diluted</td>
<td>$(1,106)</td>
<td>$(327)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Denominator:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic:</td>
</tr>
<tr>
<td>Weighted average common shares used in computing basic net loss per share</td>
</tr>
<tr>
<td>Diluted:</td>
</tr>
<tr>
<td>Weighted average common shares used in computing basic net loss per share</td>
</tr>
<tr>
<td>Add weighted average effect of dilutive securities:</td>
</tr>
<tr>
<td>Stock options</td>
</tr>
<tr>
<td>Restricted stock</td>
</tr>
<tr>
<td>Weighted average common shares used in computing diluted net loss per share</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net loss per common share:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
</tr>
<tr>
<td>Diluted</td>
</tr>
</tbody>
</table>

10. 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.

The acquisition of the stock of SLN and MTS resulted in an additional net deferred tax liability of $16.9 million. This net liability includes a deferred tax liability of $23.8 million related to indefinite lived intangibles, a deferred tax asset, net of valuation allowance, of $6.4 million related to net operating loss carryforwards and other miscellaneous deferred tax assets of $0.5 million. These net operating loss carryforwards are subject to a Section 382 limitation. The limitation on these pre-acquisition net operating loss carryforwards will fully expire in 2020.
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (which Sections were adopted as part of the Private Securities Litigation Reform Act of 1995). Statements preceded by, followed by or that otherwise include the words “anticipates,” “believes,” “could,” “seeks,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “projects,” “should,” “will,” “would” or similar expressions and the negatives of those terms are generally forward-looking in nature and not historical facts. These forward looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any anticipated results, performance or achievements. Except as required by law, we disclaim any intention, and undertake no obligation, to revise any forward-looking statements, whether as a result of new information, a future event, or otherwise. For risks and uncertainties that could impact our forward-looking statements, please see Part II Item 1A, “Risk Factors” herein.

Overview

RealPage, Inc., a Delaware corporation, and its subsidiaries, (the “Company” or “we” or “us”) is a leading provider of on-demand software solutions for the rental housing industry. Our broad range of property management solutions enables 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 helps optimize the property management process and improves the experience for all of these constituents.

Our solutions enable property owners and managers to increase 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. As of September 30, 2011, over 7,600 customers used one or more of our on demand software solutions to help manage the operations of approximately 6.4 million rental housing units. Our customers include each of the ten largest multi-family property management companies in the United States, ranked as of January 1, 2011 by the National Multi Housing Council, based on number of units managed.

We sell our solutions through our direct sales organization. Our total revenues were approximately $67.7 million, $48.0 million, $186.8 million and $134.2 million for the three months ended September 30, 2011 and 2010 and the nine months ended September 30, 2011 and 2010, respectively. In the same periods, we had operating (loss) income of approximately $(0.7) million, $2.3 million, $0.5 million and $5.2 million, respectively, and net (loss) income of approximately $(1.1) million, $0.3 million, $(1.5) million and $0.3 million, respectively.

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 September 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 17 acquisitions of complementary technologies to supplement our internal product development and sales and marketing efforts and expand the scope of our solutions, the types of rental housing properties served by our solutions and our customer base.

On August 11, 2010, our registration statement on Form S-1 (File No 333-166397) relating to our initial public offering was declared effective by the SEC. We sold 6,000,000 shares of common stock in our initial public 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 our initial public offering, all outstanding shares of our convertible preferred stock, including a portion of accrued but unpaid dividends on our outstanding shares of Series A, Series A1 and Series B convertible preferred stock, were converted into 29,567,952 shares of common stock.

On December 6, 2010, our registration statement on Form S-1 (File No 333-170667) relating to a public stock offering was declared effective by the SEC. We sold an additional 4,000,000 shares of common stock in the offering. The offering closed on December 10, 2010.
New Product Family

In August 2011, we announced our new product family, LeaseStar, which will consolidate and integrate products and services related to our acquisitions of eREI, LevelOne, SeniorLiving.net, MTS and our suite of products and services historically branded as Crossfire. We believe the LeaseStar product family will unify major organic and paid lead channels into a single marketplace where consumers can find a rental unit and transact business by viewing real time availability, pricing, pre-qualify and lease online.

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 certain of the assets of Level One, LLC and L1 Technology, LLC, ("Level One"), subsidiaries of IAS Holdings, LLC. Level One services property management companies by providing centralized lead capture services designed to enable owners to lease more apartments, reduce overall marketing spend and free up on-site leasing staff. We are in the process of integrating Level One with our CrossFire product family. We continue to market the Level One brand. Level One’s services are utilized in the management of approximately one million rental property units. The purchase price of Level One was approximately $61.9 million, which included a cash payment of $53.9 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. To facilitate the acquisition, we borrowed $30.0 million under our delayed draw term loans and utilized $24.0 million of the net proceeds from our initial public offering.

In May 2011, we acquired substantially all of the assets of Compliance Depot LLC ("Compliance Depot") for approximately $22.5 million which included a cash payment of $19.2 million and deferred payments of $1.1 million payable six, twelve and eighteen months after the acquisition date. The acquisition of Compliance Depot expands our ability to provide vendor risk management and compliance software for the rental housing industry. Interfacing with vendors through a branded platform, Compliance Depot allows property managers and owners to: track compliance with vendor obligations to carry workers compensation and general liability insurance, identify vendor bankruptcy filings, liens, criminal records, collections and professional license verification, confirm federal regulation compliance, such as The Patriot Act; as well as manage contractual agreements and federal and state tax documents.

In July 2011, we acquired Senior-Living.com, Inc., operating under the name SeniorLiving.net ("SLN"), for a purchase price consisting of a cash payment of $4.0 million at closing, additional cash payments of $0.5 million, half of which is due on each of the first and second anniversaries of the acquisition date, and a deferred earn out payment of up to $0.5 million in cash and up to 400,000 shares of our common stock, in each case payable based on the achievement of specified milestones on or before June 30, 2014. The acquisition of SLN expands our lead generation capabilities into the senior living rental housing market.

In August 2010, we acquired Multifamily Technology Solutions, Inc. ("MTS"), which owns the Internet listing service for rental properties called MyNewPlace, pursuant to an Agreement and Plan of Merger. MTS continued as the surviving corporation of the Merger and a wholly owned subsidiary of RealPage. We acquired MTS for a purchase price of $74.9 million, net of cash acquired, comprised of approximately $64.0 million in cash, 294,770 shares of RealPage restricted common stock and the assumption of MTS stock options exercisable for 349,693 shares of RealPage common stock. The acquisition of MTS adds a pay-for-performance Internet listing service, expands our suite of SAAS lead generation and management tools and service delivery capabilities.

Critical Accounting Policies and Estimates

The preparation of our condensed 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 condensed consolidated financial statements:

- Revenue recognition;
- Accounts receivable;
- Business combinations;
- Goodwill and other intangible assets with indefinite lives;
- Impairment of long-lived assets
• Intangible assets;
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- 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 Form 10-K 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 our Form 10-K.

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 legacy on premise software solutions (i.e. RentRoll and HUDManager) to new customers, and only market and support our acquired on premise software solutions. We expect on premise revenue to continue to decline over time as we transition acquired on premise customers to our on demand property management systems.

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. We established a product development and service center in Hyderabad, India and a product development center in Manila, Philippines in 2008 and 2011, respectively, 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.

Non-GAAP on demand revenue. This metric represents on demand revenue adjusted to reverse the effect of the write down of deferred revenue associated with purchase accounting for strategic acquisitions. We use this metric to evaluate our on demand revenue as we believe its inclusion provides a more accurate depiction of on demand revenue arising from our strategic acquisitions.

Non-GAAP 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. Non-GAAP on demand revenue per average on demand unit for the interim periods presented are annualized.

Adjusted EBITDA. We define this metric as net income (loss) 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. In 2011, Adjusted EBITDA excludes litigation related expenses pertaining to the Yardi litigation as discussed in Part II, Item 1 “Legal Proceedings.” Beginning in the second quarter of 2011, Adjusted EBITDA includes acquisition-related deferred revenue adjustments. 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” herein. Our Adjusted EBITDA grew from approximately $9.1 million and $24.3 million for the three and nine months ended September 30, 2010 to approximately $15.0 million and $40.9 million for the three and nine months ended September 30, 2011 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 Data

<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>2011</td>
<td>2010</td>
</tr>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On demand</td>
<td>$62,765</td>
<td>$43,097</td>
</tr>
<tr>
<td>On premise</td>
<td>1,772</td>
<td>2,127</td>
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<tr>
<td>Professional and other</td>
<td>3,118</td>
<td>2,804</td>
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<tr>
<td><strong>Total revenue</strong></td>
<td>67,655</td>
<td>48,028</td>
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<tr>
<td><strong>Cost of revenue(1)</strong></td>
<td>27,585</td>
<td>20,203</td>
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<td><strong>Gross profit</strong></td>
<td>40,070</td>
<td>27,825</td>
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<tr>
<td><strong>Operating expense:</strong></td>
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<td></td>
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<td>Product development(1)</td>
<td>11,230</td>
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<td>Sales and marketing(1)</td>
<td>17,688</td>
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<tr>
<td>General and administrative(1)</td>
<td>11,840</td>
<td>6,969</td>
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<tr>
<td><strong>Total operating expense</strong></td>
<td>40,758</td>
<td>25,524</td>
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<tr>
<td><strong>Operating (loss) income</strong></td>
<td>(688)</td>
<td>2,301</td>
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<tr>
<td><strong>Interest expense and other, net</strong></td>
<td>(684)</td>
<td>(1,822)</td>
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<tr>
<td><strong>(Loss) income before income taxes</strong></td>
<td>(1,372)</td>
<td>479</td>
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<tr>
<td><strong>Income tax expense</strong></td>
<td>(266)</td>
<td>187</td>
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<tr>
<td><strong>Net (loss) income</strong></td>
<td>$ (1,106)</td>
<td>$ 292</td>
</tr>
</tbody>
</table>

| **Net (loss) income attributable to common stockholders** |        |        |        |        |
| Basic                      | $ (1,106) | $ (327) | $ (1,472) | $ (2,691) |
| Diluted                   | $ (1,106) | $ (327) | $ (1,472) | $ (2,691) |

| **Net income (loss) per share attributable to common stockholders** |        |        |        |        |
| Basic                      | $ (0.02) | $ (0.01) | $ (0.02) | $ (0.08) |
| Diluted                   | $ (0.02) | $ (0.01) | $ (0.02) | $ (0.08) |

| **Weighted average shares used in computing net loss per share attributable to common stockholders** |        |        |        |        |
| Basic                      | 68,792  | 43,636  | 68,096  | 31,878  |
| Diluted                   | 68,792  | 43,636  | 68,096  | 31,878  |

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

- Cost of revenue
  - 2011: $459, 2010: $140
  - (as a percentage of total revenue) 2011: 92.8%, 2010: 89.7%
- Product development
  - 2011: 1,258, 2010: 627
- Sales and marketing
  - 2011: 3,433, 2010: 201
- General and administrative
  - 2011: 1,258, 2010: 391

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>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On demand</td>
<td>92.8%</td>
<td>89.7%</td>
</tr>
<tr>
<td>On premise</td>
<td>2.6</td>
<td>4.4</td>
</tr>
<tr>
<td>Professional and other</td>
<td>4.6</td>
<td>5.8</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Cost of revenue</strong></td>
<td>40.8</td>
<td>42.1</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>59.2</td>
<td>57.9</td>
</tr>
<tr>
<td><strong>Operating expense:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product development</td>
<td>16.6</td>
<td>19.0</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>26.1</td>
<td>19.6</td>
</tr>
<tr>
<td>General and administrative</td>
<td>17.5</td>
<td>14.5</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>60.2</td>
<td>53.1</td>
</tr>
</tbody>
</table>
### Three Months Ended September 30, 2011 compared to Three Months Ended September 30, 2010

#### Operating (loss) income
- **2011:** (1.0) (as a percentage of total revenue)
- **2010:** 4.8

#### Operating (loss) income
- **2011:** 0.3 (as a percentage of total revenue)
- **2010:** 3.8

#### Interest expense and other, net
- **2011:** (1.0) (as a percentage of total revenue)
- **2010:** (3.8)

#### Interest expense and other, net
- **2011:** (1.4) (as a percentage of total revenue)
- **2010:** (3.5)

#### Net (loss) income before taxes
- **2011:** (2.0) (as a percentage of total revenue)
- **2010:** 1.0

#### Net (loss) income before taxes
- **2011:** (1.1) (as a percentage of total revenue)
- **2010:** 0.3

#### Income tax expense (benefit)
- **2011:** (0.4) (as a percentage of total revenue)
- **2010:** 0.4

#### Income tax expense (benefit)
- **2011:** (0.3) (as a percentage of total revenue)
- **2010:** 0.1

#### Net (loss) income
- **2011:** (1.6) (as a percentage of total revenue)
- **2010:** 0.6

#### Net (loss) income
- **2011:** (0.8) (as a percentage of total revenue)
- **2010:** 0.2

### Revenue

#### Revenue:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30, 2011</th>
<th>Three Months Ended September 30, 2010</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>On demand</td>
<td>$62,765</td>
<td>$43,097</td>
<td>$19,668</td>
<td>45.6%</td>
</tr>
<tr>
<td>On premise</td>
<td>1,772</td>
<td>2,127</td>
<td>(355)</td>
<td>(16.7)</td>
</tr>
<tr>
<td>Professional and other</td>
<td>3,118</td>
<td>2,804</td>
<td>314</td>
<td>11.2</td>
</tr>
<tr>
<td>Total revenue</td>
<td>67,655</td>
<td>$48,028</td>
<td>$19,627</td>
<td>40.9</td>
</tr>
</tbody>
</table>

#### On demand unit metrics:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ending on demand units</td>
<td>7,074</td>
<td>5,567</td>
<td>1,507</td>
<td>27.1</td>
</tr>
<tr>
<td>Average on demand units</td>
<td>6,727</td>
<td>5,387</td>
<td>1,340</td>
<td>24.9</td>
</tr>
<tr>
<td>Non-GAAP on demand revenue</td>
<td>$63,041</td>
<td>$43,097</td>
<td>$19,944</td>
<td>46.3</td>
</tr>
<tr>
<td>Non-GAAP on demand revenue per average on demand unit</td>
<td>$37.49/ $32.00/ $5.49/ 17.2%</td>
<td>$36.27/ $31.73/ $4.54/ 14.3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**On demand revenue.** Our on demand revenue increased $19.7 million, or 45.6%, for the three months ended September 30, 2011 as compared to same period in 2010, 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, combined with revenue contributed from our Level One, Compliance Depot, SLN and MTS strategic acquisitions.

Our on demand revenue increased $52.3 million, or 43.5%, for the nine months ended September 30, 2011 as compared to same period in 2010, 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, combined with revenue contributed from our Level One, Compliance Depot, SLN and MTS strategic acquisitions.

**On premise revenue.** On premise revenue decreased $0.4 million, or 16.7%, for the three months ended September 30, 2011 as compared to the same period in 2010. We have completed the effort of migrating our legacy on premise customer base (i.e. RentRoll and HUDManager) to our on demand property management systems. We no longer actively market our legacy on premise software solutions to new customers, and only market and support our acquired on premise software solutions. We expect on premise revenue to continue to decline over time as we transition acquired on premise customers to our on demand property management systems.

On premise revenue decreased $1.4 million, or 21.4%, for the nine months ended September 30, 2011 as compared to the same period in 2010. We have completed the effort of migrating our legacy on premise customer base (i.e. RentRoll and HUDManager) to our on demand property management systems. We no longer actively market our legacy on premise software solutions to new customers, and only market and support our acquired on premise software solutions. We expect on premise revenue to continue to decline over time as we transition acquired on premise customers to our on demand property management systems.

**Professional and other revenue.** Professional and other services revenue increased $0.3 million, or 11.2%, for the three months ended September 30, 2011 as compared to the same period in 2010, primarily attributable to installation and implementation support services, training services, partially offset by a decrease in consulting-related revenues.

Professional and other services revenue increased $1.6 million, or 22.3%, for the nine months ended September 30, 2011 as compared to the same period in 2010, primarily due to an increase in revenue from installation and implementation support services, training services and OneSite consulting services offset by a decrease in other consulting-related revenues.
Total revenue. Our total revenue increased $19.6 million, or 40.9%, for the three months ended September 30, 2011 as compared to the same period in 2010, 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 existing customer base.
Our total revenue increased $52.6 million, or 39.2%, for the nine months ended September 30, 2011 as compared to the same period in 2010, 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 existing customer base.

On demand unit metrics. As of September 30, 2011, one or more of our on demand solutions was utilized in the management of 7.1 million rental property units, representing an increase of 1.5 million units, or 27.1% as compared to September 30, 2010. 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 Level One, Compliance Depot and MTS acquisitions contributing approximately 13.9% of ending on demand units as of September 30, 2011.

For the three months ended September 30, 2011, our annualized non-GAAP on demand revenue per average on demand unit was $37.49 representing an increase of $5.49, or 17.2%, as compared to the three months ended September 30, 2010, primarily due to improved penetration of our on demand solutions (including our strategic acquisitions) into our customer base.

For the nine months ended September 30, 2011, our annualized non-GAAP on demand revenue per average on demand unit was $36.27 representing an increase of $4.54, or 14.3%, as compared to the nine months ended September 30, 2010, primarily due to improved penetration of our on demand solutions (including our strategic acquisitions) into our customer base.

Cost of Revenue

<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>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>$23,834</td>
<td>$16,895</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>3,751</td>
<td>3,308</td>
</tr>
<tr>
<td>Total cost of revenue</td>
<td>$27,585</td>
<td>$20,203</td>
</tr>
</tbody>
</table>

Cost of revenue. Total cost of revenue increased $7.4 million, or 36.5%, for the three months ended September 30, 2011 as compared to the same period in 2010. The increase in cost of revenue was primarily due to: a $2.5 million increase from costs related to investments in infrastructure and other support services to support the increased sales of our solutions; a $4.2 million increase in personnel expense of which $4.0 million was added as a result of our Level One, Compliance Depot, SLN and MTS acquisitions; a $0.3 million increase in non-cash amortization of acquired technology as a result of our Level One, Compliance Depot, SLN and MTS acquisitions; a $0.1 million increase in property and equipment depreciation expense resulting from expanding our infrastructure to support revenue delivery activities; and a $0.3 million increase in stock-based compensation related to our professional services and datacenter operations personnel. Cost of revenue as a percentage of total revenue was 40.8% for the three months ended September 30, 2011 as compared to 42.1% for the same period in 2010. The decrease in cost of revenue as a percentage of total revenue is the result of higher profitability from our core multi-family business which had year-over-year margin expansion as the business continues to scale, partially offset by costs added through acquisitions.

Total cost of revenue increased $21.5 million, or 38.0%, for the nine months ended September 30, 2011 as compared to the same period in 2010. The increase in cost of revenue was primarily due to: a $5.4 million increase from costs related to investments in infrastructure and other support services to support the increased sales of our solutions; a $13.1 million increase in personnel expense of which $10.2 million was added as a result of our Level One, Compliance Depot, SLN and MTS acquisitions; a $1.8 million increase in non-cash amortization of acquired technology as a result of our Level One, Compliance Depot, SLN and MTS acquisitions; a $0.5 million increase in property and equipment depreciation expense resulting from expanding our infrastructure to support revenue delivery activities; and a $0.7 million increase in stock-based compensation related to our professional services and datacenter operations personnel. Cost of revenue as a percentage of total revenue was 41.8% for the nine months ended September 30, 2011 as compared to 42.2% for the same period in 2010. The decrease in cost of revenue as a percentage of total revenue is the result of higher profitability from our core multi-family business which had year-over-year margin expansion as the business continues to scale, partially offset by costs added through acquisitions.

Operating Expenses

<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>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Product development</td>
<td>$10,795</td>
<td>$ 8,560</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>435</td>
<td>567</td>
</tr>
<tr>
<td>Total product development expense</td>
<td>$11,230</td>
<td>$ 9,127</td>
</tr>
</tbody>
</table>
**Product development.** Total product development expense increased $2.1 million, or 23.0%, for the three months ended September 30, 2011 as compared to the same period in 2010. The increase in product development expense was primarily due to: a $1.0 million increase in personnel expense of which $0.8 million related to product development groups added as a result of our Level One, Compliance Depot, SLN and MTS acquisitions; a $0.1 million increase from consulting fees; a $0.6 million increase in stock-based compensation related to product development personnel; and a $0.4 million increase in other general product development expense.

Total product development expense increased $5.7 million, or 24.1%, for the nine months ended September 30, 2011 as compared to the same period in 2010. The increase in product development expense was primarily due to: a $3.3 million increase in personnel expense of which $1.2 million related to product development groups added as a result of our Level One, Compliance Depot, SLN and MTS acquisitions; $0.2 million increase from consulting fees; a $1.7 million increase in stock-based compensation related to product development personnel; and a $0.5 million increase in other general product development expense.

<table>
<thead>
<tr>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(in thousands)</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>$15,017</td>
</tr>
<tr>
<td>Depreciation and</td>
<td>$8,357</td>
</tr>
<tr>
<td>amortization</td>
<td>$6,660</td>
</tr>
<tr>
<td>Total sales and marketing</td>
<td>$37,718</td>
</tr>
<tr>
<td>expense</td>
<td>$22,636</td>
</tr>
<tr>
<td></td>
<td>$15,082</td>
</tr>
<tr>
<td></td>
<td>66.6%</td>
</tr>
</tbody>
</table>

**Sales and marketing.** Total sales and marketing expense increased $8.3 million, or 87.6%, for the three months ended September 30, 2011 as compared to the same period in 2010. The increase in sales and marketing expense was primarily due to a $3.2 million increase in stock-based compensation primarily related to sales and marketing personnel from our Level One acquisition and additional stock-based awards granted during the period. Personnel expense increased $1.9 million as we have increased our sales force head count to 161 as of September 30, 2011 which includes sales personnel added as a result of our 2011 acquisitions. Additional factors contributing to the increase include a $1.6 million increase in non-cash amortization of acquired technology as a result of our Level One, Compliance Depot, SLN and MTS Depot acquisitions; a $1.1 million increase in marketing program expense; and a $0.5 million increase in travel related expenses.

Total sales and marketing expense increased $19.2 million, or 74.4%, for the nine months ended September 30, 2011 as compared to the same period in 2010. The increase in sales and marketing expense was primarily due to a $8.3 million increase in stock-based compensation primarily related to sales and marketing personnel from our Level One acquisition and additional stock-based awards granted during the period. Personnel expense increased $4.7 million as we have increased our sales force head count to 161 as of September 30, 2011 which includes sales personnel added as a result of our 2011 acquisitions. Additional factors contributing to the increase include a $4.3 million increase in non-cash amortization of acquired technology as a result of our Level One, Compliance Depot, SLN and MTS acquisitions; a $1.3 million increase from marketing program expense; a $1.1 million increase in travel related expenses; offset by a $0.5 million decrease in other general sales and marketing expense.

<table>
<thead>
<tr>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in thousands)</td>
</tr>
<tr>
<td>General and administrative</td>
<td>$11,255</td>
</tr>
<tr>
<td></td>
<td>$6,603</td>
</tr>
<tr>
<td></td>
<td>$4,652</td>
</tr>
<tr>
<td>Total general and administrative</td>
<td>$29,555</td>
</tr>
<tr>
<td>expense</td>
<td>$19,128</td>
</tr>
<tr>
<td></td>
<td>$10,427</td>
</tr>
<tr>
<td></td>
<td>54.5%</td>
</tr>
</tbody>
</table>

**General and administrative.** Total general and administrative expense increased $4.9 million, or 69.9%, for the three months ended September 30, 2011 as compared to the same period in 2010. The increase in general and administrative expense was primarily due to: a $1.6 million increase in personnel expense related to accounting, management information systems, internal audit, business development, 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 $0.2 million increase in depreciation expense; a $0.8 million increase in professional fees; a $0.5 million increase in facilities expense; a $0.9 million increase in stock-based compensation related to general and administrative personnel; a $0.6 million increase in legal expenses related to the Yardi litigation; and a $0.3 million increase in other general and administrative expense.

Total general and administrative expense increased $11.0 million, or 54.2%, for the nine months ended September 30, 2011 as compared to the same period in 2010. The increase in general and administrative expense was primarily due to: a $3.6 million increase in personnel expense related to accounting, management information systems, internal audit, business development, 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 $0.5 million increase in depreciation expense; a $1.2 million increase in professional fees; a $1.3 million increase in facilities expense; a $0.6 million increase in travel related expenses; a $0.4 million increase in sales and property taxes; a $1.9 million increase in stock-based compensation related to general and administrative personnel; a $1.0 million increase in legal expenses related to the Yardi litigation; and a $0.5 million increase in other general and administrative expense.
Interest expense and other, net, decreased $1.1 million, or 62.5%, for the three months ended September 30, 2011 as compared to the same period in 2010 primarily due to a decrease associated with the early extinguishment of our preferred stockholder notes payable in connection with our initial public offering combined with the effect of lower interest rates under our amended credit agreement. See “Long-term Debt Obligations” for further discussion regarding our amended credit agreement.

Interest expense and other, net, decreased $2.2 million, or 45.6%, for the nine months ended September 30, 2011 as compared to the same period in 2010 primarily due to a decrease associated with the early extinguishment of our preferred stockholder notes payable in connection with our initial public offering combined with the effect of lower interest rates under our amended credit agreement. See “Long-term Debt Obligations” for further discussion regarding our amended credit agreement. This decrease was offset by an increase in other losses of $0.4 million related to the sale of a non-operating asset held for sale.

Provision for Taxes

We compute our provision for income taxes on a quarterly basis by applying the estimated annual effective tax rate to income from recurring operations and other taxable items. Our income tax benefit of $0.3 million and $0.6 million in the three and nine months ended September 30, 2011, respectively, consists primarily of the U.S. federal benefit of net losses before taxes, foreign taxes and various state taxes that are considered income taxes for financial reporting purposes but are assessed on adjusted gross revenue rather than adjusted net income.

Reconciliation of Non-GAAP Financial Measures

Adjusted EBITDA. 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. In 2011, Adjusted EBITDA excludes litigation related expenses pertaining to the Yardi litigation as discussed in Part II, Item 1 “Legal Proceedings.” Beginning in June, 2011, Adjusted EBITDA includes acquisition-related deferred revenue adjustments. 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.

Total non-GAAP revenue. Total non-GAAP revenue consists of total revenue, adjusted to reverse the effect of the write down of deferred revenue associated with purchase accounting for strategic acquisitions. This effect is added back to total revenue because we believe its inclusion provides a more accurate depiction of total revenue arising from strategic acquisitions.

Non-GAAP on demand revenue. Non-GAAP on demand revenue consists of on demand revenue, adjusted to reverse the effect of the write down of deferred revenue associated with purchase accounting for strategic acquisitions. This effect is added back to on demand revenue because we believe its inclusion provides a more accurate depiction of total on demand revenue arising from strategic acquisitions.

We use these non-GAAP financial measures 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 these non-GAAP financial measures as our only measure of operating performance. These non-GAAP financial measures 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 these measures through disclosure of these limitations, presentation of our financial statements in accordance with GAAP and reconciliation of these measures to the most directly comparable GAAP measure.
The following provides a reconciliation of net (loss) income to Adjusted EBITDA:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th></th>
<th>Nine Months Ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30,</td>
<td>2011</td>
<td>September 30,</td>
<td>2011</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>(in thousands)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net (loss) income</td>
<td>$ (1,106)</td>
<td>$ 292</td>
<td>$ (1,472)</td>
<td>$ 253</td>
</tr>
<tr>
<td>Acquisition-related deferred revenue adjustment</td>
<td>276</td>
<td>—</td>
<td>520</td>
<td>—</td>
</tr>
<tr>
<td>Depreciation, asset impairment and loss on sale of asset</td>
<td>2,696</td>
<td>2,606</td>
<td>8,570</td>
<td>7,657</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>4,749</td>
<td>2,760</td>
<td>13,286</td>
<td>7,256</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>684</td>
<td>1,823</td>
<td>2,199</td>
<td>4,759</td>
</tr>
<tr>
<td>Income tax expense (benefit)</td>
<td>(266)</td>
<td>187</td>
<td>(615)</td>
<td>164</td>
</tr>
<tr>
<td>Litigation related expense</td>
<td>605</td>
<td>—</td>
<td>961</td>
<td>—</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>6,408</td>
<td>1,359</td>
<td>16,230</td>
<td>3,745</td>
</tr>
<tr>
<td>Acquisition-related expense</td>
<td>969</td>
<td>60</td>
<td>1,199</td>
<td>453</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$ 15,015</td>
<td>$ 9,087</td>
<td>$ 40,878</td>
<td>$ 24,287</td>
</tr>
</tbody>
</table>

The following provides a reconciliation of revenue to non-GAAP revenue:

|                                | Three Months Ended |          | Nine Months Ended |          |
|                                | September 30,     | 2011     | September 30,     | 2011     |
|                                |                   |          |                   |          |
| **(in thousands)**             |                   |          |                   |          |
| Revenue:                        |                   |          |                   |          |
| On demand                       | $ 62,765          | $ 43,097 | $ 172,741         | $ 120,393 |
| Add: Acquisition-related deferred revenue adjustment | 276             | —        | 520               | —        |
| Non-GAAP on demand revenue      | $ 63,041          | $ 43,097 | $ 173,261         | $ 120,393 |
| On premise                      | 1,772             | 2,127    | 5,045             | 6,419    |
| Professional and other          | 3,118             | 2,804    | 9,052             | 7,403    |
| Total non-GAAP revenue          | $ 67,931          | $ 48,028 | $ 187,358         | $ 134,215 |

Liquidity and Capital Resources

On August 11, 2010, our registration statement on Form S-1 (File No. 333-166397) relating to our initial public offering was declared effective by the SEC. We sold 6,000,000 shares of common stock in our initial public offering, resulting in proceeds, net of transaction expenses, of $57.5 million. On December 3, 2010, our registration statement on Form S-1 (File No. 333-170667) relating to a public stock offering was declared effective by the SEC. We sold an additional 4,000,000 shares of common stock in the offering resulting in net proceeds, net of transaction expenses, of $98.4 million.

Our primary sources of liquidity as of September 30, 2011 consisted of $47.5 million of cash and cash equivalents, $37.0 million available under our revolving line of credit and $5.1 million of current assets less current liabilities (excluding $47.5 of cash and cash equivalents and $51.2 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 believe that our existing cash and cash equivalents, working capital (excluding deferred revenue and cash and cash equivalents) and our cash flow from operations, 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. As of December 31, 2010, we had federal and state net operating loss carry-forwards of $81.0 million and $1.7 million, respectively, which are exclusive of net operating loss carry-forwards related to SLN and MTS. These carryforwards may be available to offset potential payments of future federal and state income tax liabilities and which, if unused, expire at various dates through 2030 for both federal and state income tax purposes.

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

| Net cash provided by operating activities | $29,699 | $14,741 |
| Net cash used in investing activities    | (98,599) | (24,658) |
| Net cash (used in) provided by financing activities | (1,583) | 44,903 |

**Net Cash Provided by Operating Activities**

In the nine months ended September 30, 2011, we generated $29.7 million of net cash from operating activities, which consisted of a net loss of $1.5 million and changes in working capital of $(5.6) million, offset by net non-cash income of $37.7 million representing an increase of $19.1 million or 102.6%, compared to the same period in 2010. The primary driver in our improvement in cash generated from operating activities was the improvement in income before net non-cash charges of $17.4 million compared to the same period in 2010. Net non-cash charges to income primarily consisted of depreciation, amortization and stock-based compensation expense. The use of operating cash flow resulting from the changes in working capital was primarily due to an increase in accounts receivable, other assets and payments of accrued benefits and other current liabilities, offset by general timing differences in other deferred revenue and accounts payable.

**Net Cash Used in Investing Activities**

In the nine months ended September 30, 2011, our investing activities used $98.6 million. Investing activities consisted of $87.8 million related to 2011 acquisitions and prior years’ acquisition-related commitment payments and $10.8 million of capital expenditures. The increase in cash used in investing activities as of September 30, 2011 compared to September 30, 2010 relates to our 2011 acquisitions and consideration paid net of cash acquired for our second quarter 2011 acquisition combined with an increase in capital spending year over year.

Capital expenditures in the nine months ended September 30, 2011 and 2010 were primarily related to investments in technology infrastructure to support our growth initiatives.

**Net Cash Used in Financing Activities**

Our financing activities provided $1.6 million in the nine months ended September 30, 2011, representing a decrease of $46.5 million, as compared to the same period of 2010. Cash used in financing activities as of September 30, 2011 was primarily due to aggregate principal payments of $8.1 million for scheduled term debt maturities, capital lease payments of $0.4 million offset by net proceeds of $7.7 million from stock issuances under our stock based compensation plans.

Cash provided by financing activities during the nine months ended September 30, 2011 and 2010 was used 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. There have been no material changes in our contractual obligations outside the normal course of business from our disclosures within our Form 10-K.

**Long-Term Debt Obligations**

At December 31, 2010, under the terms of our amended credit agreement, 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%). 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. 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. Debt issuance costs incurred in connection with the Credit Agreement are deferred and amortized over the remaining term of the arrangement.
In February 2011, we entered into an amendment to the credit agreement. Under terms of the February 2011 amendment, our revolving line of credit was increased from $10.0 million to $37.0 million. In addition, the interest rates on the term loan and revolving line of credit vary dependent on defined leverage ratios and range from a stated rate of 2.75% — 3.25% plus LIBOR or a stated rate of 0.0% — 0.5% plus Wells Fargo’s prime rate (or, if greater, the federal funds rate plus 0.5% or three month LIBOR plus 1.0%). Principal payments on the term loan and outstanding revolver balance remain consistent with our amended credit agreement.

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 1.25:1.00 as of December 31, 2010 and each 12-month period 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 from July 31, 2010 until October 31, 2010, then 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. Under terms of the February 2011 amendment, our senior leverage ratio must be at or below 2.75:1.00 for all fiscal quarters after December 31, 2010.

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 $47.5 million and $118.0 million at September 30, 2011 and December 31, 2010, respectively.

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 $57.9 million and $66.0 at September 30, 2011 and December 31, 2010, 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 $0.6 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 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.


The SEC, as required by Section 404 of the Sarbanes-Oxley Act, adopted rules requiring every company that files reports with the SEC to include a management report on such company’s internal control over financial reporting in its annual report. In addition, our independent registered public accounting firm must attest to our internal control over financial reporting. Our Form 10-K does not include a report of management’s assessment regarding internal control over financial reporting or an attestation report of our independent registered public accounting firm due to a transition period established by SEC rules applicable to newly public companies. Management will be required to provide an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2011. We believe we will have adequate resources and expertise, both internal and external, in place to meet this requirement. However, there is no guarantee that our efforts will result in management’s ability to conclude, or our independent registered public accounting firm to attest, that our internal control over financial reporting is effective as of December 31, 2011.

Changes in Internal Controls

There were no significant changes in the Company’s internal control over financial reporting during the three months ended September 30, 2011 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Inherent Limitations of Internal Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in
decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we have been and may be involved in various legal proceedings arising from our ordinary course of business.

On January 24, 2011, Yardi Systems, Inc. filed a lawsuit in the U.S. District Court for the Central District of California against RealPage, Inc. and DC Consulting, Inc. Yardi filed a First Amended Complaint on August 12, 2011. The lawsuit alleges claims for relief for violation of the Computer Fraud and Abuse Act, violation of the California Comprehensive Data Access and Fraud Act, violation of the Digital Millennium Copyright Act, copyright infringement, trade secret misappropriation, unfair competition, and inducement of breach of contract. Yardi seeks injunctive relief, punitive damages, recovery of all profits attributable to Defendants’ allegedly wrongful acts and infringements, statutory damages, exemplary damages, prejudgment interest, and attorneys’ fees and costs. The First Amended Complaint alleges, among other things, that RealPage took Yardi employee, client and independent consultant credentials and used them to access Yardi’s computer system and steal Yardi’s trade secrets and copyrighted software, related support documentation, price lists and other proprietary information. In addition, the First Amended Complaint alleges that RealPage improperly obtained administrative-level access to Yardi’s software and copied it onto RealPage’s servers for its own competitive purposes, used these unauthorized software copies to discover the allegedly proprietary programming, functionality and feature set of Yardi’s software, to compete unfairly against Yardi, to create unauthorized derivative works from Yardi’s software, and to enhance RealPage’s own products and services. Yardi alleges that in doing so, and in offering to indemnify our customers, RealPage induced Cloud customers to violate their confidentiality and other agreements with Yardi. On March 28, 2011, RealPage filed an answer to Yardi’s Complaint, and on September 12, 2011, RealPage answered the First Amended Complaint. RealPage has also filed counterclaims against Yardi, first in connection with its March 28 answer and then in First Amended Counterclaims filed on May 18, 2011. On September 2, 2011, following the Court’s order granting in part and denying in part Yardi’s motion to dismiss certain of RealPage’s causes of action without prejudice, RealPage filed Second Amended Counterclaims. RealPage’s counterclaims allege that Yardi and its agents wrongfully obtained and used our trade secrets and engaged in anti-competitive behavior with respect to certain of our clients. RealPage’s counterclaims seek relief for misappropriation of trade secrets, Sherman Act (antitrust) violations and California Cartwright Act violations, intentional interference with contract, intentional interference with prospective economic advantage, and violation of California’s unfair competition statute. RealPage seeks damages, punitive damages, injunctive relief and all profits, gains and advantages that Yardi received as a result of its wrongful conduct along with attorneys’ fees and costs. Yardi filed a Motion to Dismiss RealPage’s Second Amended Counterclaims on September 30, 2011. RealPage has opposed the motion. Trial in this case is currently set for August 2012. Because this lawsuit is at an early stage, it is not possible to predict its outcome. We intend to defend this case and pursue our counterclaims vigorously. However, even if we were successful in defending against Yardi’s claims or in prevailing on our counterclaims, the proceedings could result in significant costs and divert our management’s attention.

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 late August 2010, we received limited, follow-up requests for information to which we have responded. 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.
On March 26, 2010, Smarter Agent, LLC, a provider of mobile real estate applications, filed a complaint against our subsidiary, Multifamily Technology Solutions, Inc., and multiple other defendants for patent infringement in the U.S. District Court for the District of Delaware. The complaint alleges, among other things, that our mobile technology infringes three patents held by Smarter Agent purporting to cover: a “Global positioning-based real estate database access device and method,” a “Position-based information access device and method” and a “Position-based information access device and method of searching,” and seeks injunctive relief, unspecified damages, enhanced damages, prejudgment interest, and attorneys’ fees and costs. We have denied the allegations and asserted counterclaims seeking declarations that we are not infringing the patents and that the patents are invalid. In November 2010, the U.S. Patent and Trademark Office granted our petition for re-examination of the three patents-in-suit and its first office action found all claims invalid. Smarter Agent has submitted arguments to overcome the objections, but the U.S Patent and Trademark Office has finally rejected one of the patents, with final action on the other two still pending. In March 2011, the court stayed the litigation pending the completion of the re-examination proceedings and any related appeals. Because this lawsuit is at an early stage, it is not possible to predict its outcome. We intend to defend this case and pursue our counterclaims vigorously. However, even if we were successful in defending against such claims or in prevailing on our counterclaims, the proceedings could result in significant costs and divert management’s attention.

Item 1A. Risk Factors.

Risks Related to Our Business

Our quarterly operating results have fluctuated in the past and may fluctuate in the future, which could cause our stock price to decline.

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 filing. 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;
• our ability to increase sales to existing customers, attract new customers and retain existing customers;
• changes in our pricing policies or those of our competitors;
• the variable nature of our sales and implementation cycles;
• general economic, industry and market conditions in the rental housing industry that impact the financial condition of our current and potential customers;
• the amount and timing of our investment in research and development activities;
• technical difficulties, service interruptions, data or document losses or security breaches;
• Internet usage trends among consumers, and the methodologies internet search engines utilized to direct those consumers to websites such as in our LeaseStar product family;
• our ability to hire and retain qualified key personnel, including the rate of expansion of our sales force and IT department;
• changes in the legal, regulatory or compliance environment related to the rental housing industry, including without limitation fair credit reporting, payment processing, privacy, utility billing, insurance, the Internet, e-commerce, licensing, HIPAA and HITECH;
• the amount and timing of operating expenses and capital expenditures related to the expansion of our operations and infrastructure;
the timing of revenue and expenses related to recent and potential acquisitions or dispositions of businesses or technologies;

our ability to integrate acquisition operations in a cost-effective and timely manner;

litigation and settlement costs, including unforeseen costs;

public company reporting requirements; and

new accounting pronouncements and changes in accounting standards or practices, particularly any affecting the recognition of subscription revenue or accounting for mergers and acquisitions.

Fluctuations in our quarterly operating results or guidance that we provide 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 year ended December 31, 2010 and 2009, we experienced net losses of $3.2 million and $3.1 million in 2008 and 2007, respectively. Net income for 2009 included a discrete tax benefit of approximately $27.0 million as a result of our net deferred tax assets valuation allowance. As of September 30, 2011, our accumulated deficit was $91.2 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. As a result of increased general and administrative expenses due to the additional operational and reporting costs associated with being a public company, 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 filing. 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, dispersed geographic locations, 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, administrative, operational, financial and other resources. We increased our number of employees from 532 as of December 31, 2006 to 2,132 as of September 30, 2011. We increased our number of on demand customers from 1,469 as of December 31, 2006 to over 7,600 as of September 30, 2011. 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, processes and controls; 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 product performance issues, 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, integrated software-enabled value-added services and web-based advertising and lease generation services. Many of our solutions include a large number of product centers that are highly integrated and require interoperability with other RealPage products, 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 bi-weekly, 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, corruption or loss of our data 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.

With the exception of some of our LeaseStar and Propertyware solutions, which are typically month-to-month, 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 giving 30 days’ notice or 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 in part 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 level of satisfaction 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. Additionally, we believe one of our competitors, Yardi, is able to exert significant coercive power over its large customer base because of the high switching costs its customers face and that it uses this coercive power to require its customers to sign agreements that prohibit the Yardi customers from using the products and services of competing property management software providers, including RealPage. We have filed federal claims to enjoin Yardi from this anticompetitive practice. That suit is described in Item 1 herein. If our customers cancel or amend 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 generally 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, with the exception of our month-to-month advertising, lease generation and Propertyware agreements, 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 failure to develop new or additional solutions:
- 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;
- the inability of our LeaseStar product family to grow traffic to its websites, resulting in lower levels of lead and lease/move-in traffic to customers;
- our inability to build and promote our brand;
- perceived security, integrity, reliability, quality or compatibility problems with our solutions; and
- Yardi’s interference with our existing and prospective customer relationships, including its coercive use of agreements requiring its locked-in customer base not to use our products and services.

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, including our most recent acquisitions of Compliance Depot in May 2011, SeniorLiving.net in July 2011 and Multifamily Technology Solutions, Inc. in August 2011. 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, data integrity, disaster recovery 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.

If we are unable to successfully develop or acquire and sell enhancements and new solutions, our revenue growth will be harmed and we may not be able to meet profitability expectations.

The industry in which we operate is characterized by rapidly changing customer requirements, technological developments and evolving industry standards. Our ability to attract new customers and increase revenue from existing customers will depend in large part on our ability to successfully develop, bring to market and sell enhancements to our existing solutions and new solutions that effectively respond to the rapid changes in our industry. Any enhancements or new solutions that we develop or acquire may not be introduced to the market in a timely or cost-effective manner and may not achieve the broad market acceptance necessary to generate the revenue required to offset the operating expenses and capital expenditures related to development or acquisition. If we are unable to timely develop or acquire and sell enhancements and new solutions that keep pace with the rapid changes in our industry, our revenue will not grow as expected and we may not be able to maintain or meet profitability expectations.

We derive a substantial portion of our revenue from a limited number of our solutions and failure to maintain demand for these solutions or diversify our revenue base through increasing demand for our other solutions could negatively affect our operating results.

Historically, a majority of our revenue was derived from sales of our OneSite property management system and our LeasingDesk software-enabled value-added service. If we are unable to develop enhancements to these solutions to maintain demand for these solutions or to diversify our revenue base by increasing demand for our other solutions, our operating results could be negatively impacted.

We use a small number of data centers to deliver our solutions. Any disruption of service at our facilities could interrupt or delay our customers' access to our solutions, which could harm our operating results.

The ability of our customers to access our service is critical to our business. We currently serve a majority of our customers from a primary data center located in Carrollton, Texas. We also maintain a secondary data center in downtown Dallas, Texas, approximately 20 miles from our primary data center. Services of our most recent acquisitions are provided from data centers located in San Francisco, California, South Carolina, Texas and Winnipeg, Canada, many of which are operated by third party data vendors. We plan to maintain a data center in San Francisco for LeaseStar and certain other solutions and intend to migrate all other data services to our primary and secondary data centers in Carrollton and Dallas. Until this migration is complete, we have no assurances that the policies and procedures in place at our Carrollton and Dallas data centers will be followed at data centers operated by third party vendors. Any event resulting in extended interruption or delay in our customers’ access to our services or their data could harm our operating results. There can be no certainty that the measures we have taken to eliminate single points of failure in the primary and secondary data centers will be effective to prevent or minimize interruptions to our operations. Our facilities are vulnerable to interruption or damage from a number of sources, many of which are beyond our control, including, without limitation:

• extended power loss;
• telecommunications failures from multiple telecommunication or other internet service providers;
• natural disaster or an act of terrorism;
software and hardware errors, or failures in our own systems or in other systems;

- network environment disruptions such as computer viruses, hacking and similar problems in our own systems and in other systems;
- theft and vandalism of equipment;
- actions or events arising from human error; and
- actions or events caused by or related to third parties.

The occurrence of an extended interruption of services at one or more of our data centers could result in lengthy interruptions in our services. Since January 1, 2007, we have experienced two extended service interruptions lasting more than eight hours caused by equipment and hardware failures. Our service level agreements require us to refund a prorated portion of the access fee if we fail to satisfy our service level commitments related to availability. Refunds for breach of this service level commitment have resulted in immaterial payments to customers in the past. An extended service outage could result in refunds to our customers and harm our customer relationships. In addition, under our some of our advertising and lease generation agreements, we are generally paid for performance and would be unable to perform services under those agreements in the event of a service interruption.

We attempt to mitigate these risks at our data centers 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 or document 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 many of our solutions is intensely competitive, fragmented and rapidly changing. Some of these markets have 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.

Our competitors vary depending on our product and service. In the market for property management software, or multi-tenant enterprise resource planning (“ERP”), we face substantial competitive pressure from Yardi and its Voyager products. Because of Yardi’s large installed customer base and the high switching costs they face, many customers are essentially locked-in to Voyager. We also face competition from AMSI Property Management (owned by Infor Global Solutions, Inc.) and MRI Software LLC. In the single-family market, our ERP systems compete primarily with AppFolio, Inc., DIY Real Estate Solutions (recently acquired by Yardi Systems, Inc.), Property Boss Solutions and Rent Manager (owned by London Computer Systems, Inc.).

In the market for vertically-integrated cloud computing for multifamily real estate owners and property managers (“the vertical cloud market”), our only substantial competition is from Yardi. Our ability to compete in the vertical cloud market is compromised by anticompetitive restrictions imposed by Yardi on its Voyager customers which prevent Voyager customers from using the vertical cloud product of their choice.

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. (formerly 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, The Allstate Corporation, State Farm Fire and Casualty Company, Farmers Insurance Exchange, Nationwide Mutual Insurance Company and United Services Automobile Association) 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.), 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., Spherexx.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 marketing services market, we compete with G5 Search Marketing, Inc Spherexx LLC, ReachLocal, Inc. and Yodle, Inc.

In the Internet listing service market, we compete with ForRent (a division of Dominion Enterprises), Apartment Guide (a division of Primedia Inc.), Rent.com (a division of eBay Inc.), Apartments.com (a division of Classified Ventures, LLC), Apartment Finder (a division of Network Communications, Inc.), and Move, Inc.

In the Senior Living market, we compete against A Place for Mom, Inc., SeniorsForLiving, Inc., Care.com, Inc., Caring, Inc., Care Patrol Franchise Systems, LLC, Aging with Grace, LLC and SeniorHomes.com (owned by Moseo, Corp.).

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. 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 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 will not alter their applications in ways that inhibit integration or assert that their intellectual property rights restrict our ability to integrate our solutions with their applications.

On January 24, 2011, Yardi Systems, Inc. filed a lawsuit in the U.S. District Court for the Central District of California against RealPage, Inc. and DC Consulting, Inc. Yardi filed a First Amended Complaint on August 12, 2011. The lawsuit alleges claims for relief for violation of the Computer Fraud and Abuse Act, violation of the California Comprehensive Data Access and Fraud Act, violation of the Digital Millennium Copyright Act, copyright infringement, trade secret misappropriation, unfair competition, and inducement of breach of contract. Yardi seeks injunctive relief, punitive damages, recovery of all profits attributable to Defendants’ allegedly wrongful acts and infringements, statutory damages, exemplary damages, prejudgment interest, and attorneys’ fees and costs. The First Amended Complaint alleges, among other things, that RealPage took Yardi employee, client and independent consultant credentials and used them to access Yardi’s computer system and steal Yardi’s trade secrets and copyrighted software, related support documentation, price lists and other proprietary information. In addition, the First Amended Complaint alleges that RealPage improperly obtained administrative-level access to Yardi’s software and copied it onto RealPage’s servers for its own competitive purposes, and used these unauthorized software copies to discover the allegedly proprietary programming, functionality and feature set of Yardi’s software, to compete unfairly against Yardi, to create unauthorized derivative works from Yardi’s software, and to enhance RealPage’s own products and services. Yardi alleges that in doing so, and in offering to indemnify our customers, RealPage induced Cloud customers to violate their confidentiality and other agreements with Yardi. On March 28, 2011, RealPage filed an answer to Yardi’s Complaint, and on September 12, 2011, RealPage answered the First Amended Complaint. RealPage has also filed counterclaims against Yardi, first in connection with its March 28 answer and then in First Amended Counterclaims filed on May 18, 2011. On September 2, 2011, following the Court’s order granting in part and denying in part Yardi’s motion to dismiss certain of RealPage’s causes of action without prejudice, RealPage filed Second Amended Counterclaims. RealPage’s counterclaims
We face competition to attract consumers to our LeaseStar product websites and mobile applications, which could impair our ability to continue to grow the number of users who use our websites and mobile applications, which would harm our business, results of operations and financial condition.

The success of our LeaseStar product family depends in part on our ability to continue to attract additional consumers to our websites and mobile applications. Our existing and potential competitors include companies that could devote greater technical and other resources than we have available, have a more accelerated time frame for deployment and leverage their existing user bases and proprietary technologies to provide products and services that consumers might view as superior to our offerings. Any of our future or existing competitors may introduce different solutions that attract consumers or provide solutions similar to our own but with better branding or marketing resources. If we are unable to continue to grow the number of consumers who use our website and mobile applications, our business, results of operations and financial condition would be harmed.

We may be unable to compete successfully against our existing or future competitors in attracting advertisers, which could harm our business, results of operations and financial condition.

In our LeaseStar product family, we compete to attract advertisers with media sites, including websites dedicated to providing real estate listings and other rental housing related services to real estate professionals and consumers, and major Internet portals, general search engines and social media sites, as well as other online companies. We also compete for a share of advertisers’ overall marketing budgets with traditional media such as television, magazines, newspapers and home/apartment guide publications, particularly with respect to advertising dollars spent at the local level by real estate professionals to advertise their qualifications and listings. Large companies with significant brand recognition have large numbers of direct sales personnel and substantial proprietary advertising inventory and web traffic, which may provide a competitive advantage. To compete successfully for advertisers against future and existing competitors, we must continue to invest resources in developing our advertising platform and proving the effectiveness and relevance of our advertising products and services. Pressure from competitors seeking to acquire a greater share of our advertisers’ overall marketing budget could adversely affect our pricing and margins, lower our revenue, and increase our research and development and marketing expenses. If we are unable to compete successfully against our existing or future competitors, our business, financial condition or results of operations would 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.

Failure to effectively manage the development of our solutions and data processing efforts outside the United States could harm our business.

Our success depends, in part, on our ability to process high volumes of customer data and enhance existing solutions and develop new solutions rapidly and cost effectively. We currently maintain an office in Hyderabad, India where we employ development and data processing personnel. We are currently opening an office in Manila, Philippines. We believe that performing these activities in Hyderabad and Manila increases the efficiency and decreases the costs of our development and data processing efforts. However, managing and staffing international operations requires management’s attention and financial resources. The level of cost-savings achieved by our international operations may not exceed the amount of investment and additional resources required to manage and operate these international operations. Additionally, if we experience problems with our workforce or facilities in Hyderabad or Manila, our business could be harmed due to delays in product release schedules or data processing services.

We rely on third-party technologies and services that may be difficult to replace or that could cause errors, failures or disruptions of our service, any of which could harm our business.

We rely on a number of third-party providers, including, but not limited to, computer hardware and software vendors and database providers, to deliver our solutions. We currently utilize equipment, software and services from Akami Inc., Avaya Inc., Cisco Systems, Inc., Compellent Technologies, Inc., Dell Inc., EMC Corporation, Microsoft Corporation, Oracle Corporation and salesforce.com, inc., as well as many other smaller providers. Our OneSite Accounting service relies on a SaaS-based accounting system developed and maintained by a third-party service provider.
We process business and related maintenance of custodial accounts subjects us to a number of risks, including, but not limited to:

- Limits on the amount of custodial balances that any single ODFI will underwrite;
- Failure by us or our bank sponsors to adhere to applicable laws and regulatory requirements or the standards of the credit card associations;
- Incidences of fraud or a security breach or our failure to comply with required external audit standards; and
- Our inability to increase our fees at times when credit card associations increase their merchant transaction processing fees.

We depend upon third-party service providers for important payment processing functions. If these third-party service providers do not fulfill their contractual obligations or choose to discontinue their services, our business and operations could be disrupted and our operating results would be harmed.

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 Bank of America Merchant Services, 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 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 the future, 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 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 costs 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;
- Reliance on bank sponsors and card payment processors and other service providers to process bank card transactions;
- Failure by us or our bank sponsors to adhere to applicable laws and regulatory requirements or the standards of the credit card associations;
- Incidences of fraud or a security breach or our failure to comply with required external audit standards; and
- Our inability to increase our fees at times when credit card associations increase their merchant transaction processing fees.

We rely on third-party institutions to process funds for our customers. These institutions may be unable to fulfill their contractual obligations or choose to discontinue their services. This would result in errors, failures or disruptions of our services, which could harm our business.

We rely on third-party institutions to process funds for our customers. If we are required to find an alternative source for performing these services, we may not be able 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 are dependent upon third-party service providers for important payment processing functions. If these third-party service providers do not fulfill their contractual obligations or choose to discontinue their services, our business and operations could be disrupted and our operating results would be harmed.

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.

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 the future, 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 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 costs 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;
- Reliance on bank sponsors and card payment processors and other service providers to process bank card transactions;
- Failure by us or our bank sponsors to adhere to applicable laws and regulatory requirements or the standards of the credit card associations;
- Incidences of fraud or a security breach or our failure to comply with required external audit standards; and
- Our inability to increase our fees at times when credit card associations increase their merchant transaction processing fees.

We are dependent upon third-party service providers for important payment processing functions. If these third-party service providers do not fulfill their contractual obligations or choose to discontinue their services, our business and operations could be disrupted and our operating results would be harmed.

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 Bank of America Merchant Services, 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 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.
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 data security or data integrity measures are breached as a result of third-party actions or fail due to any employees’ or contractors’ errors or malefiaunse or otherwise, and someone obtains unauthorized access to this information or the data is otherwise compromised, 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. 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 remedy, 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 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 and response times. Since our customer agreements typically include service availability commitments, slow 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 SaaS 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 on 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. Additionally, we believe that one of our competitors, Yardi, is able to exert significant coercive power over its large customer base because of the high switching costs its customers face and that it uses this coercive power to require its customers to sign agreements that prohibit the Yardi customers from using the products and services of competing property management software providers, including RealPage. We have filed suit to enjoin Yardi from this anticompetitive practice. That suit is described in Item 1 herein. Finally, 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.

If use of the Internet and mobile technology, particularly with respect to online rental housing products and services, does not continue to increase as rapidly as we anticipate, our business could be harmed.

Our future success is substantially dependent on the continued use of the Internet and mobile technology as effective media of business and communication by our customers and consumers. Internet and mobile technology use may not continue to develop at historical rates, and consumers may not continue to use the Internet or mobile technology as media for information exchange. Further, these media may not be accepted as viable long-term outlets for rental housing information for a number of reasons, including actual or perceived lack of security of information and possible disruptions of service or connectivity. If consumers begin to access rental housing information through other media and we fail to innovate, our business may be negatively impacted.

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.
If customers and other advertisers reduce or end their advertising spending on our LeaseStar products and we are unable to attract new advertisers, our business would be harmed.

Some components of our LeaseStar product family depend on advertising generated through sales to real estate agents and brokerages, property owners and other advertisers relevant to rental housing. Our ability to attract and retain advertisers, and ultimately to generate advertising revenue, depends on a number of factors, including:

- increasing the number of consumers of our LeaseStar products and services;
- competing effectively for advertising dollars with other online media companies;
- continue to develop our advertising products and services;
- keeping pace with changes in technology and with our competitors; and
- offering an attractive return on investment to our advertiser customers for their advertising spending with us.

Reductions in lead generation could have a negative effect on our operating results.

We could face reductions in leads generated for our clients if third party originators of such leads were to elect to suspend sending leads to us. Reductions in leads generated could reduce the value of our lead generation services, make it difficult for us to add new lead generation services customers, retain existing lead generation services customers and maintain or increase sales levels to our existing lead generation services customers and could adversely affect our operating results.

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 February 23, 2011, the credit facility provides for borrowings of up to $103.0 million, subject to a borrowing formula, including a revolving facility of up to $37.0 million, with a sublimit of $10.0 million for the issuance of letters of credit on our behalf, and a term loan facility of up to $66.0 million. In November 2010, we borrowed $30.0 million on our delayed draw term loans to facilitate our acquisition of Level One. At September 30, 2011, we had approximately $57.9 million of outstanding indebtedness under the term loan facility. Our interest expense in three and nine months ended September 30, 2011 and 2010 for the credit facility was approximately $0.5 million, $1.8 million, $0.5 million and $2.1 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. 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;
- dispose of assets;
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 1.25:1.00 for each 12-month period ending at the end of a fiscal quarter 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 from July 31, 2010 until October 31, 2010, then 2.35:1.00 for each period until December 31, 2010, then 2.75:1.00 for each fiscal quarter 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 meet certain liquidity thresholds both before and after we make cash payments for earnouts and holdbacks in connection with acquisition transactions.

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 equipment capital lease obligations, which totaled approximately $0.2 million as of September 30, 2011. 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 claims, such as 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, Yardi Systems, Inc., contacted us and certain of our customers and expressed its concern that we may misappropriate its intellectual property by hosting its applications for our mutual customers in The RealPage Cloud. On January 24, 2011, Yardi Systems, Inc. filed a lawsuit in the U.S. District Court for the Central District of California against RealPage, Inc. and DC Consulting, Inc. Yardi filed a First Amended Complaint on August 12, 2011. The lawsuit alleges claims for relief for violation of the Computer Fraud and Abuse Act, violation of the California Comprehensive Data Access and Fraud Act, violation of the Digital Millennium Copyright Act, copyright infringement, trade secret misappropriation, unfair competition, and inducement of breach of contract. Yardi seeks injunctive relief, punitive damages, recovery of all profits attributable to Defendants’ allegedly wrongful acts and infringements, statutory damages, exemplary damages, prejudgment interest, and attorneys’ fees and costs. The First Amended Complaint alleges, among other things, that RealPage took Yardi employee, client and independent consultant credentials and used them to access Yardi’s computer system and steal Yardi’s trade secrets and copyrighted software, related support documentation, price lists and other proprietary information. In addition, the First Amended Complaint alleges that RealPage improperly obtained administrative-level access to Yardi’s software and copied it onto RealPage’s servers for its own competitive purposes, used these unauthorized software copies to discover the allegedly proprietary programming, functionality and feature set of Yardi’s software, to compete unfairly against Yardi, to create unauthorized derivative works from Yardi’s software, and to enhance RealPage’s own products and services. Yardi alleges that in doing so, and in offering to indemnify our customers, RealPage induced Cloud customers to violate their confidentiality and other agreements with Yardi. On March 28, 2011, RealPage filed an answer to Yardi’s Complaint, and on September 12, 2011 RealPage answered the First Amended Complaint. RealPage has also filed counterclaims against Yardi, first in connection with its March 28 answer and then in First Amended Counterclaims filed on May 18, 2011. On September 2, 2011, following the Court’s order granting in part and denying in part Yardi’s motion to dismiss certain of RealPage’s causes of action without prejudice, RealPage filed Second Amended Counterclaims. RealPage’s counterclaims allege that Yardi and its agents wrongfully obtained and used our trade secrets and engaged in anti-competitive behavior with respect to certain of our clients. RealPage’s counterclaims seek relief for misappropriation of trade secrets, Sherman Act (antitrust) violations and California Cartwright Act violations, intentional interference with contract, intentional interference with prospective economic advantage, and violation of California’s unfair competition statute. RealPage seeks damages, punitive damages, injunctive relief and all profits, gains and advantages that Yardi received as a result of its wrongful conduct along with attorneys’ fees and costs. Yardi filed a Motion to Dismiss RealPage’s Second Amended Counterclaims on September 30, 2011. RealPage has opposed the motion. Trial in this case is currently set for August 2012. Because this lawsuit is at an early stage, it is not possible to predict its outcome. We intend to defend this case and pursue our counterclaims vigorously. However, even if we were successful in defending against Yardi’s claims or in prevailing on our counterclaims, the proceedings could result in significant costs and divert our management’s attention.

On March 26, 2010, Smarter Agent, LLC, a provider of mobile real estate applications, filed a complaint against our subsidiary, Multifamily Technology Solutions, Inc., and multiple other defendants for patent infringement in the U.S. District Court for the District of Delaware. The complaint alleges, among other things, that our mobile technology infringes three patents held by Smarter Agent purporting to cover: a “Global positioning-based real estate database access device and method,” a “Position-based information access device and method” and a “Position-based information access device and method of searching,” and seeks injunctive relief, unspecified damages, enhanced damages, prejudgment interest, and attorneys’ fees and costs. We have denied the allegations and asserted counterclaims seeking declarations that we are not infringing the patents and that the patents are invalid. In November 2010, the U.S. Patent and Trademark Office granted our petition for re-examination of the three patents-in-suit and its first office action found all claims invalid. Smarter Agent has submitted arguments to overcome the objections, but the U.S. Patent and Trademark Office has finally rejected one of the patents, with final action on the other two still pending. In March 2011, the court stayed the litigation pending the completion of the re-examination proceedings and any related appeals. Because this lawsuit is at an early stage, it is not possible to predict its outcome. We intend to defend this case and pursue our counterclaims vigorously. However, even if we were successful in defending against such claims or in prevailing on our counterclaims, the proceedings could result in significant costs and divert management’s attention.
The Yardi Systems litigation, Smarter Agent, LLC litigation or other similar 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. There is no assurance that 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 by 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 certain 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.

We may be unable to halt the operations of websites that aggregate or misappropriate data from our LeaseStar websites.

From time to time, third parties have misappropriated data from our LeaseStar websites through website scraping, robots or other means and aggregated this data on their websites with data from other companies. In addition, copycat websites have misappropriated data on our network and attempted to imitate our brand or the functionality of our website. When we have become aware of such websites, we have employed technological or legal measures in an attempt to halt their operations. However, we may be unable to detect all such websites in a timely manner and, even if we could, technological and legal measures may be insufficient to halt their operations. In some cases, particularly in the case of websites operating outside of the United States, our available remedies may not be adequate to protect us against the impact of the operation of such websites. Regardless of whether we can successfully enforce our rights against the operators of these websites, any measures that we may take could require us to expend significant financial or other resources, which could harm our business, results of operations or financial condition. In addition, to the extent that such activity creates confusion among consumers or advertisers, our brand and business could be harmed.
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 January 24, 2011, Yardi Systems, Inc. filed a lawsuit in the U.S. District Court for the Central District of California against RealPage, Inc. and DC Consulting, Inc. Yardi filed a First Amended Complaint on August 12, 2011. The lawsuit alleges claims for relief for violation of the Computer Fraud and Abuse Act, violation of the California Comprehensive Data Access and Fraud Act, violation of the Digital Millennium Copyright Act, copyright infringement, trade secret misappropriation, unfair competition, and inducement of breach of contract. Yardi seeks injunctive relief, punitive damages, recovery of all profits attributable to Defendants’ alleged wrongful acts and infringements, statutory damages, exemplary damages, prejudgment interest, and attorneys’ fees and costs. The First Amended Complaint alleges, among other things, that RealPage took Yardi employee, client and independent consultant credentials, and used them to access Yardi’s computer system and steal Yardi’s trade secrets and copyrighted software, related support documentation, price lists and other proprietary information. In addition, the First Amended Complaint alleges that RealPage improperly obtained administrative-level access to Yardi’s software and copied it onto RealPage’s servers for its own competitive purposes, used these unauthorized software copies to discover the allegedly proprietary programming, functionality and feature set of Yardi’s software, to compete unfairly against Yardi, to create unauthorized derivative works from Yardi’s software, and to enhance RealPage’s own products and services. Yardi alleges that in doing so, and in offering to indemnify our customers, RealPage induced Cloud customers to violate their confidentiality and other agreements with Yardi. On March 28, 2011, RealPage filed an answer to Yardi’s Complaint, and on September 12, 2011 RealPage answered the First Amended Complaint. RealPage has also filed counterclaims against Yardi, first in connection with its March 28 answer and then in First Amended Counterclaims filed on May 18, 2011. On September 2, 2011, following the Court’s order granting in part and denying in part Yardi’s motion to dismiss certain of RealPage’s causes of action without prejudice, RealPage filed Second Amended Counterclaims. RealPage’s counterclaims allege that Yardi and its agents wrongfully obtained and used our trade secrets and engaged in anti-competitive behavior with respect to certain of our clients. RealPage’s counterclaims seek relief for misappropriation of trade secrets, Sherman Act (antitrust) violations and California Cartwright Act violations, intentional interference with contract, intentional interference with prospective economic advantage, and violation of California’s unfair competition statute. RealPage seeks damages, punitive damages, injunctive relief and all profits, gains and advantages that Yardi received as a result of its wrongful conduct along with attorneys’ fees and costs. Yardi filed a Motion to Dismiss RealPage’s Second Amended Counterclaims on September 30, 2011. RealPage has opposed the motion. Trial in this case is currently set for August 2012. Because this lawsuit is at an early stage, it is not possible to predict its outcome. We intend to defend this case and pursue our counterclaims vigorously. However, even if we were successful in defending against Yardi’s claims or in prevailing on our counterclaims, the proceedings could result in significant costs and divert our management’s attention.

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 late August 2010, we received limited, follow-up requests for information to which we have responded. 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.

On March 26, 2010, Smarter Agent, LLC, a provider of mobile real estate applications, filed a complaint against our subsidiary, Multifamily Technology Solutions, Inc., and multiple other defendants for patent infringement in the U.S. District Court for the District of Delaware. The complaint alleges, among other things, that our mobile technology infringes three patents held by Smarter Agent purporting to cover: a “Global positioning-based real estate database access device and method,” a “Position-based
information access device and method” and a “Position-based information access device and method of searching,” and seeks injunctive relief, unspecified damages, enhanced damages, prejudgment interest, and attorneys’ fees and costs. We have denied the allegations and asserted counterclaims seeking declarations that we are not infringing the patents and that the patents are invalid. In November 2010, the U.S. Patent and Trademark Office granted our petition for re-examination of the three patents-in-suit and its first office action found all claims invalid. Smarter Agent has submitted arguments to overcome the objections, but the U.S Patent and Trademark Office has finally rejected one of the patents, with final action on the other two still pending. In March 2011, the court stayed the litigation pending the completion of the re-examination proceedings and any related appeals. Because this lawsuit is at an early stage, it is not possible to predict its outcome. We intend to defend this case and pursue our counterclaims vigorously. However, even if we were successful in defending against such claims or in prevailing on our counterclaims, the proceedings could result in significant costs and divert management’s attention.

We could be sued for contract, warranty 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 and services, 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 or loss of the data we provide to our customers could result in financial or other damages to our customers. Additionally, errors associated with any delivery of our services, including utility billing, 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 incurred, 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 incurred, 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, HIPAA/HITECH 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 or demands for client reimbursement. 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.

Some of our LeaseStar products operate under the real estate brokerage laws of numerous states and require maintaining licenses in many of these states. Brokerage laws in these states could change, affecting our ability to do provide some LeaseStar products in these states.

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 participate in our programs opt to require residents to purchase rental insurance policies and agree to grant to Multifamily Internet Ventures LLC exclusive marketing rights at their properties. 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.

Multifamily Internet Ventures LLC is required to maintain a 50-state general agency insurance license as well as individual insurance licenses for each sales agent involved in the solicitation of insurance products. Both the agency and individual licenses require compliance with state insurance regulations, payment of licensure fees, and continuing education programs. In the event that regulatory compliance requirements are not met, Multifamily Internet Ventures LLC could be subject to license suspension or revocation, state Department of Insurance audits, and regulatory fines. As a result, our ability to engage in the business of insurance could be restricted, and our operating revenue will be adversely affected.

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.

Risks Related to Ownership of our Common Stock

The concentration of our capital stock owned by insiders may limit your ability to influence corporate matters.

Our executive officers, directors, and entities affiliated with them together beneficially owned approximately 53.4% of our common stock as of September 30, 2011. Further, Stephen T. Winn, our Chief Executive Officer and Chairman of the Board, and entities beneficially owned by Mr. Winn held an aggregate of approximately 38.1% of our common stock as of September 30, 2011. This significant concentration of ownership may adversely affect the trading price for our common stock because investors often perceive disadvantages in owning stock in companies with controlling stockholders. Mr. Winn and entities beneficially owned by Mr. Winn may control our management and affairs and matters requiring stockholder approval, including the election of directors and the approval of significant corporate transactions, such as mergers, consolidations or the sale of substantially all of our assets. Consequently, this concentration of ownership may have the effect of delaying or preventing a change of control, including a merger, consolidation or other business combination involving us, or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control, even if that change of control would benefit our other stockholders.

The trading price of our common stock price may be volatile.

The trading price of our common stock could be subject to wide fluctuations in response to various factors, including, but not limited to, those described in this “Risk Factors” section, some of which are beyond our control. Factors affecting the trading price of our common stock include:

• variations in our operating results or in expectations regarding our operating results;
• variations in operating results of similar companies;
• announcements of technological innovations, new solutions or enhancements, strategic alliances or agreements by us or by our competitors;
• announcements by competitors regarding their entry into new markets, and new product, service and pricing strategies;
• Marketing, advertising or other initiatives by us or our competitors;
• the gain or loss of customers;
threatened or actual litigation;
• major changes in our board of directors or management;
• recruitment or departure of key personnel;
• changes in the estimates of our operating results or changes in recommendations by any research analysts that elect to follow our common stock;
• market conditions in our industry and the economy as a whole;
• the overall performance of the equity markets;
• sales of our shares of common stock by existing stockholders;
• volatility in our stock price, which may lead to higher stock-based compensation expense under applicable accounting standards; and
• adoption or modification of regulations, policies, procedures or programs applicable to our business.

In addition, the stock market in general, and the market for technology and specifically Internet-related companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may harm the market price of our common stock regardless of our actual operating performance. In addition, in the past, following periods of volatility in the overall market and the market price of a particular company’s securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management’s attention and our resources, whether or not we are successful in such litigation.

Our stock price could decline due to the large number of outstanding shares of our common stock eligible for future sale.

Sales of substantial amounts of our common stock in the public market, or the perception that these sales could occur, could cause the market price of our common stock to decline. These sales could also make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate.

As of September 30, 2011, we had 71,766,288 shares of common stock outstanding. Of these shares, 69,598,468 were immediately tradable without restriction or further registration under the Securities Act, unless these shares are held by “affiliates,” as that term is defined in Rule 144 under the Securities Act.

As of September 30, 2011, holders of 38,010,566 shares, or approximately 53.0%, of our outstanding common stock were entitled to rights with respect to the registration of these shares under the Securities Act. If we register their shares of common stock, these stockholders could sell those shares in the public market without being subject to the volume and other restrictions of Rule 144 and Rule 701.

In addition, we have registered approximately 16,934,606 shares of common stock that have been issued or reserved for future issuance under our stock incentive plans. Of these shares, 3,991,182 shares were eligible for sale upon the exercise of vested options as of September 30, 2011.

Our charter documents and Delaware law could prevent a takeover that stockholders consider favorable and could also reduce the market price of our stock.

Our amended and restated certificate of incorporation and our amended and restated bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it more difficult for stockholders to elect directors and take other corporate actions. These provisions include:

• a classified board of directors whose members serve staggered three-year terms;
• not providing for cumulative voting in the election of directors;
• authorizing our board of directors to issue, without stockholder approval, preferred stock with rights senior to those of our common stock;

• prohibiting stockholder action by written consent; and

• requiring advance notification of stockholder nominations and proposals.

These and other provisions of our amended and restated certificate of incorporation and our amended and restated bylaws and under Delaware law could discourage potential takeover attempts, reduce the price that investors might be willing to pay in the future for shares of our common stock and result in the market price of our common stock being lower than it would be without these provisions.

If securities analysts do not continue to publish research or reports about our business or if they publish negative evaluations of our stock, the price of our stock could decline.

We expect that the trading price for our common stock may be affected by research or reports that industry or financial analysts publish about us or our business. If one or more of the analysts who cover us downgrade their evaluations of our stock, the price of our stock could decline. If one or more of these analysts cease coverage of our company, we could lose visibility in the market for our stock, which in turn could cause our stock price to decline.

We do not anticipate paying any dividends on our common stock.

We do not anticipate paying any cash dividends on our common stock in the foreseeable future. If we do not pay cash dividends, you could receive a return on your investment in our common stock only if the market price of our common stock has increased when you sell your shares. In addition, the terms of our credit facilities currently restrict our ability to pay dividends.
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

In connection with our August 24, 2011 acquisition of MTS, on September 6, 2011, we issued an aggregate total of 294,770 shares of our common stock to certain accredited investors in partial consideration of their ownership of MTS. Pursuant to the Agreement and Plan of Merger relating to the MTS acquisition, a portion of the consideration payable to such accredited investors in connection with our acquisition of MTS was divided by approximately $23.29 to determine the number of restricted shares of our common stock that would be issued to such accredited investors. The sale and issuance of these shares of our common stock was exempt from registration under Rule 506 of Regulation D promulgated under the Securities Act.


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 8, 2011

RealPage, Inc.

By /s/ Timothy J. Barker
Timothy J. Barker
Chief Financial Officer and Treasurer

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## EXHIBIT INDEX

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<td>Agreement and Plan of Merger among the Registrant, Multifamily Technology Solutions, Inc., RP Newco IV Inc. and Shareholder Representative Services LLC as Representative, dated August 22, 2011</td>
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<tr>
<td>3.1(2)</td>
<td>Amended and Restated Certificate of Incorporation of the Registrant</td>
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<td>Shareholders’ Agreement among the Registrant and certain stockholders, dated December 1, 1998, as amended July 16, 1999 and November 3, 2000</td>
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<td>Second Amended and Restated Registration Rights Agreement among the Registrant and certain stockholders, dated February 22, 2008</td>
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<td>Consent and Tenth Amendment to Credit Agreement among the Registrant, Wells Fargo Capital Finance, LLC (f/k/a Wells Fargo Foothill, LLC) and Comerica Bank, dated August 24, 2011</td>
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<td>Certification of Chief Executive Officer Pursuant to Exchange Act Rule 13a-14(a) or 15(d)-14(a), as Adopted Pursuant to Section 302 of the Sarbanes Oxley Act of 2002</td>
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<td>31.2</td>
<td>Certification of Chief Financial Officer Pursuant to Exchange Act Rule 13a-14(a) or 15(d)-14(a), as Adopted Pursuant to Section 302 of the Sarbanes Oxley Act of 2002</td>
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<tr>
<td>32.1*</td>
<td>Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes Oxley Act of 2002</td>
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<tr>
<td>32.2*</td>
<td>Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes Oxley Act of 2002</td>
</tr>
</tbody>
</table>

(1) Incorporated by reference to the same numbered exhibit to the Registrant’s Current Report on Form 8-K (SEC File No. 001-34846) filed on August 23, 2011.

(2) 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.

(3) 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.

(4) 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.

(5) 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.
(6) Incorporated by reference to the same numbered exhibit to the Registrant’s Quarterly Report on Form 10-Q (File No. 001-34846) filed on November 5, 2010.

+ Indicates management contract or compensatory plan or arrangement.

* Furnished herewith.

** In accordance with Rule 406T of Regulation S-T, the information in these exhibits is furnished and deemed not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as set forth by specific reference in such filing.
REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this “Agreement”) is made and entered into as of August 24, 2011, by and between RealPage, Inc., a Delaware corporation (the “Company”) and John Helm and John H. Helm Revocable Trust (each a “Shareholder” and collectively, the “Shareholders”).

RECITALS

WHEREAS, pursuant to that certain Agreement and Plan of Merger dated as of August 22, 2011, by and among the Company, RP Newco IV Inc., a Delaware corporation, a wholly owned subsidiary of Company, Multifamily Technology Solutions, Inc., a Delaware corporation, and Shareholder Representative Services LLC, a Colorado limited liability company, in its capacity as representative (the “Merger Agreement”), pursuant to which the Company will issue, and the Shareholders will receive, Registrable Securities in partial payment of the Total Merger Consideration (as defined in the Merger Agreement) in accordance with the terms and conditions contained therein;

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

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein and in the Merger 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 Merger Agreement. As used in this Agreement, the following terms shall have the following respective meanings:

   “Advice” has the meaning set forth in Section 2(d).

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

   “Company Indemnified Person” has the meaning set forth in Section 4(b).

   “Company Violation” has the meaning set forth in Section 4(a).

   “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).

“Escrow Agreement” shall mean that certain Escrow Agreement dated August _____, 2011, by and among the Company, Shareholder Representative Services LLC, solely in its capacity as representative of the stockholders of Multifamily Technology Solutions, Inc., and Computershare Trust Company, N.A., as may be amended from time to time.

“Escrow Shares” shall mean the Common Stock deposited into escrow pursuant to the Escrow Agreement.

“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.

“Expiration Date” has the meaning set forth in Section 2(d).

“FINRA” has the meaning set forth in Section 3(f).

“Holder” shall mean any Shareholder who holds Registrable Securities.

“Holder Indemnified Person” has the meaning set forth in Section 4(a).

“Holder Violation” has the meaning set forth in Section 4(b).

“Indemnified Person” has the meaning set forth in Section 4(c).

“Indemnifying Person” has the meaning set forth in Section 4(c).

“Liability” has the meaning set forth in Section 4(a).

“NASDAQ” has the meaning set forth in Section 3(i).

“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) the shares of Common Stock issued to the Shareholders pursuant to the Merger Agreement, which represent a portion of the Total Merger Consideration payable to the Shareholders, 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” has the meaning set forth in Section 5.

“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.

“Suspension Notice” has the meaning set forth in Section 2(d).

2. Registration Rights.

(a) Piggyback Registration. If at any time within the 12-month period following the Closing Date, 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 security holders (other than 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 9(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(b), 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(a), the registration rights of such Holder under this Section 2(a) 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(a) prior to
the effectiveness of such registration whether or not any Holder has elected to include securities in such registration. Any proceeds
attributable to Escrow Shares shall remain subject to the terms and conditions of the Escrow Agreement.

(b) Participation in Underwritten Registrations. No Holder may participate in any underwritten registration hereunder
unles 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 the terms in 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.

(c) 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.

(d) 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 a Registration Statement or a 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. Such information may be requested pursuant to an investor questionnaire prepared for such purpose.

Each Holder agrees that, upon receipt of any notice from the Company of a Suspension Notice as set forth in this Section 2(d), 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 this Section 2(d) 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.

With respect to any registration which includes Registrable Securities held by a Holder, the Company shall:

(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 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;

(m) promptly notify the Holders 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 Holder, the members, owners, partners, officers, directors, employees, agents, successors and assigns of each Holder, and each Person controlling such Holder within the meaning of Section 15 of the Securities Act (each a “Holder Indemnified Person”), against any losses, claims, damages, or liabilities (individually and collectively, the “Liability”) (joint or several) to which such Holder 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 by the Company (collectively a “Company Violation”): (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 Holder Indemnified 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 Holder Indemnified Person 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 Holder Indemnified 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 Holder Indemnified Person 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 Holder 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 Holder Indemnified 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 Holder Indemnified Person 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 such consent shall not be unreasonably withheld). The Company’s indemnification obligations shall survive any transfer by such Holder of its Registrable Securities.
(b) **Indemnification by Holders.** To the extent permitted by law, each Holder 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 (each a “Company Indemnified Person”), from and against any Liability (joint or several) to which any such Company 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 by the Holder (collectively a “Holder Violation”): (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 Holder, any of such Holder’s officers, directors, partners, legal counsel or accountants or any Person controlling such Holder expressly for use in connection with a Registration Statement, including any final prospectus contained therein or any amendments or supplements thereto; provided however, that the indemnity agreement contained in this Section 4(b) shall not apply to amounts paid in settlement if such settlement is effected without the consent of the Holder (which such consent shall not be unreasonably withheld). The amount recoverable by the Company from any Holder under this indemnification provision together with any amounts recovered from such Holder under Section 4(d) shall not exceed the amount of net proceeds received by such Holder from the sale of Registrable Securities in connection with any such registration, except in the case of willful fraud, or intentional misstatement or omission by such Holder. Each Holder’s indemnification obligations shall survive any transfer by such Holder of its Registrable Securities.

(c) **Conduct of Indemnification Proceedings.** In the event any Company Indemnified Person or Holder Indemnified Person (each an “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) above, 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 however, 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 Indemnified 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 Indemnified 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 a conflict of interest exists 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. The amount recoverable by the Company from any Holder under this provision together with any amounts recovered from such Holder under Section 4(b) shall not exceed the amount of net proceeds received by such Holder from the sale of Registrable Securities in connection with any such registration, except in the case of willful fraud, or intentional misstatement or omission by such Holder.
(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.
8. 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 may dispose of the Registrable Securities in compliance with Rule 144; or

(iii) 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 for estate planning purposes (including, without limitation, a transfer made during Holder’s lifetime or on death by will or intestacy to his spouse, child (natural or adopted), or any other direct lineal descendant of such Holder (or his spouse) (all of the foregoing collectively referred to as “family members”), or any custodian or trustee of any trust, partnership or limited liability company for the benefit of, or the ownership interests of which are owned wholly by, such Holder or any such family members), or (ii) transactions involving the distribution without consideration of Registrable Securities by any Holder to (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, or 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 (iii) transfers in compliance with Rule 144; provided, in each case (other than (iii)), 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.


(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 9(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 9(b) must be addressed as follows:

If to a Shareholder: To the address, facsimile number or electronic mail address set forth on the signature page of such Shareholder to this Agreement (as may be updated in accordance with Section 9(b)(iii)).

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, 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.

If to the Company:

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

Margot Lebenberg
RealPage, Inc.
4000 International Parkway
Carrollton, Texas 75007
E-mail: margot.lebenberg@realpage.com
Facsimile: (972) 820-3036

(iii) A party may change its address set forth in Section 9(b)(ii) by giving notice pursuant to this Section 9(b).
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 a Shareholder without the prior written consent of the Company; provided, however, that such Shareholder shall be permitted to assign its rights under this Agreement without such consent to any person to whom such Shareholder transfers Registrable Securities in accordance with Section 8(b). Except as otherwise provided in this Section 8(c), any attempted assignment by a Shareholder will be void and of no effect.

(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 9(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 9(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

SHAREHOLDERS:

By: /s/ John Helm  
Name: John Helm  
Address: 23 Turtle Rock Court  
Tiburon, CA 94920

JOHN H. HELM REVOCABLE TRUST

By: /s/ John H. Helm  
Name: John H. Helm  
Title: Trustee  
Address: 23 Turtle Rock Court  
Tiburon, CA 94920

[Signature Page to Registration Rights Agreement]
EXHIBIT A — INSTRUMENT OF ACCESSION FOR SHAREHOLDER

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 a “Holder” under that certain Registration Rights Agreement dated as of August 24, 2011 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:
CONSENT AND TENTH AMENDMENT TO CREDIT AGREEMENT

THIS CONSENT AND TENTH AMENDMENT TO CREDIT AGREEMENT (this “Amendment”) is entered into as of August 24, 2011, 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 (i) has formed a wholly-owned Subsidiary RP Newco IV Inc., a Delaware corporation (“RP Newco”), and (ii) desires to cause RP Newco to merge with and into Multifamily Technology Solutions, Inc., a Delaware corporation (“MTS”) pursuant to that certain Agreement and Plan of Merger dated as of August 22, 2011, a copy of which is attached hereto as Exhibit A (the “MTS Acquisition Agreement”) by and among MTS, Shareholder Representative Services, LLC, as representative of the stockholders of MTS, Borrower and RP Newco (such acquisition, the “MTS 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 MTS 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 7 below and subject to the satisfaction of the conditions to effectiveness set forth in Section 6 below, Agent and the Lenders hereby consent to the consummation of the MTS Acquisition in accordance with the terms of the MTS Acquisition Agreement and agree that, notwithstanding anything to the contrary contained in the Credit Agreement or any other Loan Document, the MTS 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. **Amendment to Credit Agreement.** In reliance upon the representations and warranties of Borrower set forth in Section 7 below, and subject to the satisfaction of the conditions to effectiveness set forth in Section 6 below, the Credit Agreement is hereby amended as follows:

(a) Section 5.15 of the Credit Agreement is hereby amended by adding the following sentence to the end of such Section 5.15:

Notwithstanding the foregoing, with respect to any new location acquired in connection with a Permitted Acquisition, Borrower or such Domestic Subsidiary shall use commercially reasonable efforts to deliver a Collateral Access Agreement with respect thereto within 30 days of the closing of such Permitted Acquisition (or such later date as consented to in writing by Agent in its sole discretion).

(b) Section 6.11 of the Credit Agreement is hereby amended and restated in its entirety as follows:

Section 6.11 **Investments.**

Except for Permitted Investments, directly or indirectly, make or acquire any Investment or incur any liabilities (including contingent obligations) for or in connection with any Investment; provided, however, that (other than (a) an aggregate amount of not more than $250,000 at any one time, in the case of Borrower and its Subsidiaries (other than RealPage Payment Processing and those Subsidiaries that are CFCs), (b) amounts deposited into Deposit Accounts specially and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for Borrower’s or its Subsidiaries’ employees, (c) account numbers 023805669, 112527133, 1125742336 and 112822984 maintained by MultiFamily Internet Ventures, LLC with City National Bank, N.A. so long as such accounts solely hold insurance premiums deposited into such accounts for further distribution to the underwriters of the related insurance policies, (d) amounts maintained by RealPage Payment Processing and (e) an aggregate amount of not more than $250,000 (calculated at current exchange rates) at any one time, in the case of Subsidiaries of Borrower that are CFCs) Borrower and its Subsidiaries shall not have Permitted Investments consisting of cash, Cash Equivalents, or amounts credited to Deposit Accounts or Securities Accounts unless Borrower or its Subsidiary, as applicable, and the applicable bank or securities intermediary have entered into Control Agreements with Agent governing such Permitted Investments in order to perfect (and further establish) Agent’s Liens in such Permitted Investments. Subject to the foregoing proviso, Borrower shall not and shall not permit its Subsidiaries to establish or maintain any Deposit Account or Securities Account unless Agent shall have received a Control Agreement in respect of such Deposit Account or Securities Account; provided, however, that for any Deposit Account or Securities Account acquired directly as a result of a Permitted Acquisition, Agent shall have received such Control Agreement within 90 days from the date of the closing of such Permitted Acquisition (or such later date as consented to in writing by Agent in its sole discretion).
Schedule 1.1 to the Credit Agreement is hereby amended by adding each of the following defined terms in their proper alphabetical order as follows:

“MTS” means Multifamily Technology Solutions, Inc., a Delaware corporation.


“MTS Minnesota” means MTS Minnesota, Inc., a Delaware corporation.

(d) The definition of “Change of Control” set forth in Schedule 1.1 to the Credit Agreement is hereby amended by (i) deleting the word “or” immediately preceding clause (d), (ii) amending and restating clause (d) as follows below and inserting a new clause (e) immediately after clause (d) as follows:

(d) Borrower fails to own, directly or indirectly, 100% of the Stock of each other Loan Party (other than MTS Connecticut and MTS Minnesota), except as otherwise permitted under Section 6.3(a) of the Agreement, or (e) Borrower fails to (i) own, directly or indirectly, at least 40% of the Stock of MTS Minnesota, (ii) own, directly or indirectly, 40% of the Stock of MTS Connecticut, or (iv) except as otherwise permitted under Section 6.3(a) of the Agreement, control, directly or indirectly, 100% of the Stock of each other Loan Party.

(e) Clause (a) of the definition of “Lender Group Expenses” set forth in Schedule 1.1 to the Credit Agreement is hereby amended by deleting the reference to “Borrower or its Subsidiaries” and inserting “Borrower, its Subsidiaries or the shareholders of MTS Connecticut or MTS Minnesota” in lieu thereof.

(f) The definition of “Permitted Investments” set forth on Schedule 1.1 to the Credit Agreement is hereby amended by (i) deleting the word “and” at the end of clause (m), (ii) amending and restating clause (n) as follows, and (iii) inserting a new clause (o) immediately after clause (n) as follows:

(n) the guaranty by Borrower of the obligations of RP Newco II LLC under that certain Office Lease Agreement dated as of September 2, 2005 with respect to the leased location of RP Newco II LLC at 1800 Preston Park Blvd., Suite 220, Plano, TX 75093, and

(o) so long as no Event of Default has occurred and is continuing or would result therefrom, any other Investments in an aggregate amount not to exceed $500,000 during the term of the Agreement.

(g) Clause (r) of the definition of “Permitted Liens” set forth on Schedule 1.1 to the Credit Agreement is hereby amended and restated as follows:

(r) a lien by MTS in favor of Kevin Kofron in his capacity as landlord pursuant to that certain Lease dated May 1, 2008 by and between MTS and Kevin Kofron with respect to the leased location at 309 Cedar Street, #215, Tipton, Iowa, on assets located at such leased location, incurred in the ordinary course of business and not in connection with the borrowing of money, which lien is for sums due or to become due under the lease and not yet delinquent.
(h) 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.

4. 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.

5. 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.

6. 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 B; 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.

7. 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 (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) on and as of the date of this Amendment (except to the extent any representation or warranty expressly relates solely to an earlier date in which case such representations and warranties shall be true and correct in all material respects (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) on and as of such earlier date);
(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.

8. Covenant(s).

(a) Within sixty (60) days after the date hereof (or such later date as Agent may agree to in writing in its sole discretion), Borrower shall use commercially reasonable efforts to deliver, or cause MTS to deliver, to Agent Collateral Access Agreements with respect to each of the following leased locations: (i) 343 Sansome Street, Suite 700, San Francisco, California, (ii) 300 East 2nd Street, Suite 1310, Reno Nevada, (iii) 1320 North B Street, Room #112, the Campbell Building, Fort Smith, Arkansas, (iv) 309 Cedar Street, #215, Tipton, Iowa, (v) 110 East Center Street, Third Floor, Kingsport, Tennessee, and (vi) Waterway Executive Center, 8490 Mukiteo Speedway, Suite 112, Mukiteo, Washington. Any failure by Borrower to comply with the provisions of this Section 8(a) shall constitute an immediate Event of Default.

(b) Within ninety (90) days after the date hereof (or such later date as Agent may agree to in writing in its sole discretion), Borrower shall cause to be delivered to Agent a Control Agreement with respect to each Deposit Account of MTS. Any failure by Borrower to comply with the provisions of this Section 8(b) shall constitute an immediate Event of Default.

(c) Within thirty (30) Business Days after the date hereof (or such later date as Agent may agree in writing in its sole discretion), Borrower shall deliver to Agent evidence of the termination of each of the credit card processing arrangements of MTS and its Subsidiaries in place as of the date hereof, including without limitation, (i) that certain Merchant Processing Agreement dated November 5, 2009 among MTS, Global Payments Direct, Inc., Merchant Services, Inc., and HSBC Bank USA, National Association, (ii) that certain Agreement for American Express Card Acceptance between MTS and American Express Travel Related Services Company, Inc., and (iii) that certain Authorize.Net Payment Gateway Merchant Service Agreement between MTS and Authorize.Net LLC. Any failure by Borrower to comply with the provisions of this Section 8(c) shall constitute an immediate Event of Default.


(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 agreement 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: Vice President, 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
CONSENT AND REAFFIRMATION

Each Guarantor hereby (i) acknowledges receipt of a copy of the foregoing Consent and Tenth 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 10 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: Vice President, Chief Financial Officer and Treasurer

MULTIFAMILY INTERNET VENTURES, LLC,
a California limited liability company

By: /s/ Timothy J. Barker
    Name: Timothy J. Barker
    Title: Vice President, Chief Financial Officer and Treasurer

STARFIRE MEDIA, INC.,
a Delaware corporation

By: /s/ Timothy J. Barker
    Name: Timothy J. Barker
    Title: Vice President, Chief Financial Officer and Treasurer

REALPAGE INDIA HOLDINGS, INC.,
a Delaware corporation

By: /s/ Timothy J. Barker
    Name: Timothy J. Barker
    Title: Vice President, Chief Financial Officer and Treasurer

A.L. WIZARD, INC.,
a Delaware corporation

By: /s/ Timothy J. Barker
    Name: Timothy J. Barker
    Title: Vice President, Chief Financial Officer and Treasurer
PROPERTYWARE, INC.,
a California corporation

By: /s/ Timothy J. Barker
Name: Timothy J. Barker
Title: Vice President, Chief Financial Officer and Treasurer

43642 YUKON INC.,
a Yukon company

By: /s/ Timothy J. Barker
Name: Timothy J. Barker
Title: Vice President, Chief Financial Officer and Treasurer

eREAL ESTATE INTEGRATION, INC.
a California corporation

By: /s/ Timothy J. Barker
Name: Timothy J. Barker
Title: Vice President, Chief Financial Officer and Treasurer

RP NEWCO LLC,
a Delaware limited liability company

By: /s/ Timothy J. Barker
Name: Timothy J. Barker
Title: Vice President, Chief Financial Officer and Treasurer

RP NEWCO II LLC,
a Delaware limited liability company

By: /s/ Timothy J. Barker
Name: Timothy J. Barker
Title: Vice President, Chief Financial Officer and Treasurer
MULTIFAMILY CLOUD CONSORTIUM LLC,
a Delaware limited liability company

By: /s/ Timothy J. Barker
   Name: Timothy J. Barker
   Title: Vice President, Chief Financial Officer and Treasurer

REALPAGE PHILIPPINES HOLDINGS LLC,
a Delaware limited liability company

By: /s/ Timothy J. Barker
   Name: Timothy J. Barker
   Title: Vice President, Chief Financial Officer and Treasurer

REALPAGE FORMS LLC,
a Delaware limited liability company

By: /s/ Timothy J. Barker
   Name: Timothy J. Barker
   Title: Vice President, Chief Financial Officer and Treasurer

SENIOR-LIVING.COM, INC.,
a Delaware corporation

By: /s/ Timothy J. Barker
   Name: Timothy J. Barker
   Title: Vice President, Chief Financial Officer and Treasurer
EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “Agreement”), is made this 5th day of July, 2011 (the “Effective Date”) by and between Kurt Twining, an individual resident of the State of Texas (the “Executive”), residing at 9 Ryddington Place, Dallas, TX 75230 and RealPage,Inc., a Delaware company (the “Employer”), located at 4000 International Parkway, Carrollton, TX 75007.

WHEREAS, Employer desires to retain the services of Executive on the terms and conditions hereinafter set forth; and

WHEREAS, Executive desires to furnish services to Employer on the terms and conditions hereinafter set forth; and

WHEREAS, the parties desire to enter into this Agreement setting forth the terms and conditions of the employment relationship between Executive and Employer; and

NOW, THEREFORE, in consideration of the premises and the mutual agreements set forth below, the parties hereby agree as follows:

1. Employment and Consideration. Employer hereby agrees to employ Executive, and Executive hereby accepts such employment, on the terms and conditions hereinafter set forth. In consideration of the promises of Executive contained in this Agreement, the Company agrees to employ Executive, and to provide Executive with confidential information of the Company necessary for the performance of his position.

2. Employment Screening. Executive has successfully completed a pre-employment drug test, pre-employment consumer report verification, and the Employer new hire paperwork, each of which was to be conducted in accordance with applicable state and/or federal law. Executive understands and agrees that he will be subject to Employer's general policies and practices concerning applicants for senior executive positions and new senior executive employees.

3. Employment Period. The period during which Executive shall furnish services to Employer hereunder (the “Employment Period”) shall commence on the Effective Date and shall end on the Date of Termination (as defined in Section 8(b) below). Nothing in this Section shall limit the right of Employer or Executive to terminate Executive's employment hereunder on the terms and conditions set forth in Section 7 hereof.
4. Position and Duties.

(a) Office; Reporting; Duties. During the Employment Period, Executive shall serve as Chief People Officer of Employer. Executive shall report directly to the Chief Executive Officer or such other executive as the Chief Executive Officer of RealPage shall designate (“Supervisory Executive”). Executive shall have those powers, duties and perquisites consistent with a senior management position and such other powers and duties as may be prescribed by the Supervisory Executive, provided that such other powers and duties are consistent with the scope, dignity and perquisites of Executive’s position within the management structure of RealPage.

(b) Commitment of Full Time Efforts. Executive agrees to devote substantially his full working time, attention and energies to the performance of his duties for Employer, provided, however, that it shall not be a violation of this Agreement for Executive to (i) serve on civic or charitable boards or committees, (ii) serve on corporate boards or committees, with the prior consent of Employer, which consent shall not be unreasonably withheld, and (iii) give speeches and make media appearances in his individual capacity to discuss matters of public interest (so long as such shall not involve any illegal conduct), so long as the foregoing activities comply with the RealPage, Inc. Code of Business Conduct and Ethics and do not interfere materially with the performance of Executive’s responsibilities for Employer.

5. Place of Performance. Executive shall perform his duties for Employer from the offices of Employer, located at 4000 International Parkway, Carrollton, Texas 75007 or such other locations within a twenty-five (25) mile radius of such Place of Performance.


(a) Base Salary. As compensation for the performance by Executive of his obligations hereunder, during the Employment Period, Employer shall pay Executive a base salary at a rate not less than Twenty-One Thousand Six Hundred Sixty-Six and 67/100 Dollars ($21,666.67) per month, or Two Hundred Sixty Thousand and No/100 Dollars ($260,000.00) on an annualized basis (the base salary, at the rate in effect from time to time, is hereinafter referred to as the “Base Salary”). Base Salary shall be paid in approximately equal installments in accordance with Employer’s customary payroll practices and legal requirements regarding withholding and deductions. During the Employment Period, the Base Salary shall be reviewed no less frequently than annually (commencing in 2012) to determine whether or not the same should be adjusted in light of the duties, responsibilities and performance of Executive and other relevant factors.

(b) Annual Bonus. Executive shall be eligible for an annual bonus under the terms of the RealPage Management Incentive Plan (“MIP Target”) of 50% of his Base Salary for achievement of MIP Target at 100%. The performance criteria shall be as established by the Compensation Committee of Employer’s Board of Directors. To be eligible for the Annual Bonus, Executive must be employed by Employer on December 31 of the year with regard to which the Annual Bonus is applicable and must be employed on the date the Annual Bonus is paid. Annual Bonuses shall be paid according to the RealPage Management Incentive Plan. For 2011, Executive shall be guaranteed 50% of his actual earned and received Base Salary.

(c) Equity Grants. Under the terms and conditions of the RealPage, Inc. Amended and Restated 2010 Equity Incentive Plan (the “Plan”) and subject to Compensation Committee approval, Executive, shall be granted an option to purchase Thirty Thousand (30,000) shares of RealPage common stock (Stock Option Grant”), pursuant to a Notice of Stock Option Grant in the form attached as Exhibit 1 hereto; and Twenty Thousand (20,000) shares of RealPage restricted stock (“Restricted Stock Grant”) pursuant to a Restricted Stock Agreement in the form attached as Exhibit II hereto.
(d) **Expenses and Vacations.** Employer, according to its standard travel policy, shall reimburse Executive for all reasonable, in-policy business expenses upon the presentation of itemized statements of such expenses. Executive shall be entitled to three (3) weeks paid vacation per year, in accordance with Employer’s vacation policy and practice applicable to senior executives of Employer.

(e) **Fringe Benefits and Perquisites.** During the Employment Period, Employer shall make available to Executive all the fringe benefits and perquisites that are made available to other senior executives of Employer.

(f) **Other Benefits.** During the Employment Period, Executive shall be eligible to participate in all other employee welfare benefit plans and other benefit programs (including group life insurance, medical and dental insurance, and accident and disability insurance) made available generally to employees or senior executives of RealPage.

7. **Termination.** Executive’s employment hereunder may be terminated under the following circumstances, in each case subject to the provisions of this Agreement:

(a) **Death.** Executive’s employment hereunder shall terminate upon his death.

(b) **Disability.** If, as a result of Executive’s incapacity due to physical or mental condition and, if reasonable accommodation is required by law, after any reasonable accommodation, Executive shall have been absent from his duties hereunder on a full-time basis (i) for a period of six consecutive months or (ii) for shorter periods aggregating six months during any twelve month period, and, in either case, within thirty (30) days after written Notice of Termination (as described in Section 8(a) hereof) is given, Executive shall not have returned to the performance of his duties hereunder on a full-time basis, Employer may terminate Executive’s employment hereunder for “**Disability.**”

(c) **Cause.** Employer may terminate Executive’s employment hereunder for Cause. In the event of a termination under this Section 7(c), the Date of Termination shall be the date set forth in the Notice of Termination. For purposes of this Employment Agreement, “**Cause**” means the occurrence of any of the following events which are not cured by Executive within ten (10) days after receipt of written notice of such alleged cause from Employer or, if such event cannot be corrected within such ten (10) day period, if Executive does not commence to correct such default within said ten (10) day period and thereafter diligently prosecute the correction of same to completion within a reasonable time, provided, however, for no period greater than thirty (30) days: (i) Executive’s conviction for any acts of fraud or breach of trust or any felony criminal acts; (ii) Executive’s making a materially false written statement to Employer’s auditors or legal counsel; (iii) Executive’s material falsification of any corporate document or form; (iv) any material breach by Executive of any Employer published policy received and acknowledged by Executive in writing; (v) any material breach by Executive of the provisions of this Employment Agreement; (vi) Executive’s making a material misrepresentation of fact or omission to disclose material facts in relation to transactions occurring in the business and financial matters of Employer; or (vii) Executive’s failure—in the sole opinion of Employer—to perform Executive’s duties which failure has not been cured within ten (10) days after written notice thereof has been given by Employer to Executive specifying the failure to perform alleged to give rise to Cause, provided that Employer shall be required to give only one notice as to a particular type of failure.
(d) **Good Reason.** For purposes of this Agreement, “Good Reason” shall mean, without Executive’s written consent: (i) there is a material reduction of the level of Executive’s compensation (excluding any bonuses) (except where there is a general reduction applicable to the management team generally), (ii) there is a material reduction in Executive’s overall responsibilities or authority, or scope of duties, it being understood that a reduction in Executive’s responsibilities or authority following a Change of Control shall not constitute Good Reason unless there also occurs a demotion in Executive’s title or position; or (iii) a material change in the geographic location at which Executive must perform his services (except as provided in Section 5 above); provided, that in no instance will the relocation of Executive to a facility or a location of ten (10) miles or less from Executive’s then current office be deemed material for purposes of this Agreement.

In the event of a resignation for Good Reason, Executive must provide Employer with written notice of the acts or omissions constituting the grounds for Good Reason within ninety (90) days of the initial existence of the grounds for Good Reason and a reasonable opportunity for the Company to cure the conditions giving rise to such Good Reason, which shall not be less than thirty (30) days following the date of notice from Executive. If Employer cures the conditions giving rise to such Good Reason within thirty (30) days of the date of such notice, Executive will not be entitled to severance payments and/or benefits contemplated by Section 9(a) above if Executive thereafter resigns from Employer based on such grounds.

(e) **Other Terminations.** Notwithstanding the foregoing provisions, Employer may terminate Executive’s employment at any time, for any reason, with or without cause, and Executive may terminate his employment at any time, with or without cause, in accordance with applicable state and federal law. The parties acknowledge that Executive is an at-will employee of Employer.

8. **Termination Procedure.**

(a) **Notice of Termination.** Any termination of Executive’s employment by Employer or by Executive (other than termination pursuant to Section 7(a) hereof or through expiration of the Term) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 15.

(b) **Date of Termination.** “Date of Termination” shall mean (i) if Executive’s employment is terminated by his death, the date of his death, (ii) if Executive’s employment is terminated pursuant to Section 7(b), thirty (30) days after Notice of Termination is given (provided that Executive shall not have returned to the performance of his duties on a full-time basis during such thirty (30) day period), (iii) if Executive’s employment is terminated pursuant to Section 7(c), the date specified in the Notice of Termination, (iv) if Executive terminates his employment for Good Reason, ten (10) days after Notice of Termination if Employer’s breach shall be uncured, and (v) if Executive’s employment is terminated pursuant to Section 7(e), immediately upon written notice delivered by the terminating party to the other, unless such notice designates a different termination date.

(a) Death; Disability; Termination By Employer without Cause or By Executive for Good Reason. If Executive’s employment is terminated by reason of his death or Disability or by Employer without Cause or by Executive for Good Reason, Employer shall pay to Executive (or his legal representatives or estate or as may be directed by the legal representatives of his estate, as the case may be) (i) six (6) equal monthly installments of an amount per installment equal to one-twenty fourth of Executive’s Base Salary (determined as of the Date of Termination), (ii) and if applicable, where Employer has been party to a Business Combination Transaction, and such termination occurs within twelve (12) months of the Business Combination Transaction, twelve (12) equal monthly installments of an amount per installment equal to one twelfth of Executive’s base Salary (determined as of the Date of Termination), and (iii) a lump sum cash payment, within five days following such Date of Termination, of an amount equal to any earned but unpaid Base Salary or bonus due to Executive in respect of periods through the Date of Termination plus accrued vacation in accordance with Employer’s vacation policy — subject to all required deductions and withholdings (the “Accrued Amounts”). The amount set forth in Section 9(a)(i) and 9(a)(ii) shall be payable if and only if the Executive shall have executed on or before the 30th day following the Date of Termination (or other later date specified by Employer) a full Release and Covenant not to sue the Employer and its employees, officers, directors and stockholders in the form provided by Employer. For purposes of this Agreement, a “Business Combination Transaction” shall be deemed to mean a transaction that results in: A. a merger or consolidation of the Employer with or into another entity in which the Employer shall not be the surviving entity; B. a dissolution of the Employer; C. a transfer of all or substantially all of the assets of the Employer in one transaction or a series of related transactions to one or more other persons or entities; or D. any “person” or “group” (as those terms are used in Sections 13(d) and 14(d) of the 1934 Act), other than Seren Capital L.P. and Stephen T. Winn or any Affiliate of Stephen T. Winn, or a trustee or other fiduciary holding securities under an employee benefit plan of the Employer, becoming the “beneficial owner” (as defined in Rule 13d-3 of the 1934 Act), directly or indirectly, of securities of the Employer representing 40% or more of the combined voting power of the Employer’s then outstanding securities.

(b) Cause or By Executive Other than for Good Reason. If Executive’s employment is terminated by Employer for Cause or by Executive other than for Good Reason, then Employer shall pay Executive, within five (5) days following such Date of Termination, in a lump sum cash payment, the Accrued Amounts.
10. **No Mitigation.** Executive shall not be required to mitigate amounts payable pursuant to Section 9 of this Agreement by seeking other employment or otherwise, nor shall such payments be reduced on account of any remuneration earned by Executive attributable to employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by Executive to Employer or otherwise.

11. **Confidentiality, Non-Compete, and Non-Solicitation.**

   (a) **Non-Disclosure and Non-Use of Confidential Information.** Executive shall not disclose any Employer Confidential Information to any third party (other than accountants, lawyers and other third parties engaged by and working at the behest of Employer) without the specific written consent of Employer and shall use Employer Confidential Information solely for the benefit of Employer. For a period of five (5) years following the termination of Executive’s employment with the Company (regardless of whether termination is voluntary or involuntary and with or without cause), Executive will not, without the written consent of the Company, use, disclose, reproduce, or distribute any of the Company’s Confidential Information.

   (b) **Definition of Confidential Information.** For purposes of this Agreement, Employer “Confidential Information” shall mean all information, regardless of its form or format, about the Company, its Customers and employees that is not readily accessible to the public and not a matter of common knowledge in the Company’s business trade or industry and that is disclosed to or learned by Executive as a direct or indirect consequence of or through Executive’s employment with Employer — about Employer, its parents or subsidiaries, including information about Employer’s technology, finances, business methods, plans, operations, services, products and processes (whether existing or contemplated), or any of its executives, clients, agents or suppliers, information relating to software programs, source codes or object codes; computer systems; computer systems analyses, testing results; flow charts and designs; product specifications and documentation; user documentation; sales plans; sales records; sales literature; customer lists and files; research and development projects or plans; marketing and merchandising plans and strategies; pricing strategies; price lists; sales or licensing terms and conditions; consulting sources; supply and service sources; procedure or policy manuals; legal matters; financial statements; financing methods; financial projections; and the terms and conditions of business arrangements with its parent, clients, suppliers, banks, or other financial institutions.

   (c) **Covenant Not To Compete.** Executive hereby agrees that during employment and for a period of three (3) years thereafter (the “Restricted Period”) (other than on behalf of employer or its affiliates), Executive shall not provide the same or substantially the same services to a Competing Business anywhere in the Restricted Area, regardless of whether these services are provided as a principle, agent, employee executive, consultant, or volunteer, provided, however, that mere ownership of securities having no more than one percent of the outstanding voting power of any Competing Business listed on any national securities exchange or traded actively in the national over-the-counter market shall not be deemed to be in violation of this Agreement so long as Executive otherwise complies with the terms of this provision.
“Restricted Area” shall mean each and every current market throughout the United States in which Employer conducts business. The term “Restricted Area” shall also include any potential markets that Executive is directly or indirectly involved in helping develop on behalf of Employer during the 12 months immediately preceding his termination of employment. The term “Competing Business” shall have the same definition as set forth in Section (d) below.

(d) Non-Solicitation of Customers. Executive hereby agrees that, during the Employment Period and for a period of three (3) years thereafter (the “Restricted Period”), (other than on behalf of Employer or its affiliates), Executive shall not in any way directly or indirectly, for the purpose of conducting or engaging in a Competing Business:

(i) solicit any business from, or attempt to sell any products or services, or to call upon or solicit any customer or client of the Company then-existing, or any Past customer of Employer, or any affiliate of Employer that Executive had direct or indirect contact while employed with Employer;

(ii) assist, cooperate or encourage any third party to do any of the foregoing.

For purposes of this Section 11(c) and (d), the term “Past” customer or “Past” licensee shall refer to any former customer or licensee of Employer or any affiliate within two (2) years of their having ceased to be a customer or licensee of Employer or any affiliate. “Competing Business” means the business of developing, designing, publishing, marketing, maintaining or distributing databases and software applications which are competitive with products or services of Employer, are generally referred to as “single family or multi-tenant real estate management applications” and are generally used at apartment communities by personnel engaged in the operation, screening, call center, leasing, pricing, promotion and maintenance of apartment units. Without limitation of the foregoing, single family or multi-tenant real estate management applications, data bases, software and services shall include software used in prospecting, selling or screening potential residents, performing property management or accounting functions, providing pricing information or performing market research, communicating via the Internet with applicants, residents, service providers, suppliers and advertising providers, facilitating or providing billing, payments and cash management services, vendor screening and vendor compliance services, providing energy management or convergent billing services and producing, soliciting and/or assisting with the solicitation of insurance products or services or developing, marketing or selling a single family or multi-tenant vendor network solution.

(e) Non-Solicitation of Licensees. Executive hereby agrees that, during the Restricted Period (other than on behalf of Employer or its affiliates), Executive shall not in any way directly or indirectly, for the purpose of conducting or engaging in a Competing Business:

(i) solicit any business from, or attempt to sell any products or services, or to call upon or solicit any licensee of the Company then-existing, or any Past licensee of Employer, or any affiliate of Employer that Executive had direct or indirect contact while employed with Employer;

(ii) assist, cooperate or encourage any third party to do any of the foregoing.
For purposes of this Section 11(e), the term “Past” customer or “Past” licensee shall refer to any former customer or licensee of Employer within two (2) years of their having ceased to be a customer or licensee of Employer.

(f) **Non-Interference with Employees.** Executive hereby agrees, during the Restricted Period, not to, directly or indirectly, solicit or induce any of Employer’s or any affiliate’s then-existing employees, representatives, consultants or agents to give up employment with or representation of Employer or any affiliate.

(g) **Non-Interference with Business Relationships.** Executive hereby agrees, during the Restricted Period, that Executive shall not, directly or indirectly, for the purpose of conducting or engaging in a Competing Business, utilize Employer Confidential information to interfere with, impair, or adversely affect any contractual relationships or business relationships between the Employer and any of the technology or distribution companies with whom the Employer or any affiliate has strategic relationships.

(h) **Non-Disparagement.** Executive hereby agrees that during the Restricted Period, Executive shall not disparage either orally or in writing the Employer or any affiliate, their products or services, or their officers, directors, or employees.

(i) **Injunctive Relief.** Executive recognizes and agrees that the injury the Employer will suffer in the event of a breach of this Section 11 may cause the Employer irreparable injury that cannot adequately be compensated by monetary damages alone. Therefore, in the event of a breach of this Section 11 by Executive, or any attempted or threatened breach, Executive agrees that the Employer, without limiting any legal or equitable remedies available to it, may be entitled to equitable relief by preliminary and permanent injunction or otherwise, without the necessity of posting any bond or undertaking, against Executive and/or the business enterprise with which Executive may have become associated, from any court of competent jurisdiction.

12. **Reasonableness of Restrictions.** Executive understands and acknowledges that Employer would not have entered into the Employment Agreement, unless and until it had secured from Executive assurance that Executive would become and remain, until the Date of Termination, as an Executive of Employer in accordance with the terms and conditions hereof including the specific restriction on disclosure of confidential information in accordance with the terms of Section 11 hereof. **Executive expressly acknowledges and agrees that the covenants and restrictive agreements contained in this Agreement are reasonable as to scope, location, and duration and that observation thereof will not cause Executive undue hardship or unreasonably interfere with Executive’s ability to earn a livelihood and practice Executive’s present skills and trades. Executive has consulted with legal counsel of his selection regarding the meaning of such covenants and restrictions, which have been explained to his satisfaction.**
13. **Successors; Binding Agreement.**

(a) **Employer’s Successors.** Employer shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of its businesses and/or assets (“Transaction”) to assume and agree to perform this Agreement in the same manner and to the same extent that Employer would be required to perform it if no such succession had taken place. Employer may honor the obligation set forth in the preceding sentence through execution in the course of consummating the Transaction of either a specific assignment and assumption agreement relating to the obligations set forth herein, or a general assignment and assumption agreement. Failure of Employer to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a material breach of a material provision of this Agreement and shall entitle Executive to compensation in the same amount and on the same terms as he would be entitled to hereunder if he terminated his employment for Good Reason, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, the “Employer” shall mean Employer as hereinbefore defined and any successor to the business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 13 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) **Executive’s Successors.** This Agreement shall not be assignable by Executive. This Agreement and all rights of Executive hereunder shall inure to the benefit of and be enforceable by Executive’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive should die while any amounts would still be payable to him hereunder if he had continued to live, all such amounts unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to Executive’s devisee, legatee, or other designee or, if there be no such designee, to Executive’s estate.

14. **Indemnification.** To the fullest extent permitted by law, Employer shall indemnify Executive (including the advancement of legal, accounting and other expert expenses) for any judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys’ fees, incurred by Executive in connection with the defense of any lawsuit or other claim to which he is made a party by reason of performing his responsibilities as an officer or executive of Employer or any of its subsidiaries; except that, Employer shall have no such duty of indemnification with regard to claims or suits brought, for any reason, against Executive by any former employer of Executive.

15. **Notice.** For the purposes of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered to a national overnight delivery service or (unless otherwise specified) mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed as set forth in the Preamble of this Agreement or to such other address as any party may have furnished to the others in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt. No notices may be given via e-mail or facsimile transmission.
16. Severability. Should any term, condition, provision or part of this Agreement be found to be unlawful, invalid, illegal or unenforceable, that portion shall be deemed null and void and severed from the Agreement for all purposes, but such illegality, or invalidity or unenforceability shall not affect the legality, validity or enforceability of the remaining parts of this Agreement, and the remainder of the Agreement shall remain in full force and effect, unless such would be manifestly inequitable or would serve to deprive either party of a material part of what it bargained for in entering in this Agreement.

17. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. Withholding. Notwithstanding any other provision of this Agreement, Employer may withhold from amounts payable under this Agreement all federal, state, local and foreign taxes that are required to be withheld by applicable laws or regulations.

19. Confidential Information and Invention Assignment. Executive shall execute and deliver a Confidential Information, Invention Assignment and Arbitration Agreement in the form attached as Exhibit III hereto.

20. Outside Fees. Executive agrees and covenants not to solicit or receive, in connection with his employment with Employer, any income or other compensation from any third party doing business with Employer, including, without limitation, any supplier, client, customer, or executive of Employer.

21. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by Executive and an authorized officer of Employer. No waiver by any party hereto at any time of any breach by the other parties hereto of, or compliance with, any condition or provision of this Agreement to be performed by any such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Any termination of Executive’s employment or of this Agreement shall have no effect on any continuing obligations arising under this Agreement, including without limitation, the right of Executive to receive payments pursuant to Section 9 hereof and the obligations of Executive described in Section 11 hereof.

22. Applicable Law, Venue, Jurisdiction and Arbitration. This Agreement shall be governed, construed, and enforced in accordance with the laws of the State of Texas, or U.S. federal law when applicable and supreme (without regard to the principles of conflicts of law). Any action or proceeding concerning, related to, regarding, or commenced in connection with the Agreement must be brought in a state or federal court located in Denton County, Texas, and the parties to the Agreement hereby irrevocably submit to the personal jurisdiction of such courts and waive any objection they may now or hereafter have as to the venue of any such action or proceeding brought in any such court, or that any such court is an inconvenient forum.
(a) **Arbitration Option.** Either party shall also have the option to submit any disputes between Executive (and his attorneys, successors, and assigns) and Employer (and its Affiliates, shareholders, directors, officers, employees, agents, successors, attorneys, and assigns) relating in any manner whatsoever to Executive’s employment or termination thereof by either party, including, without limitation, all disputes arising under this Agreement, (“**Arbitrable Claims**”) to binding arbitration in Denton County, Texas, pursuant to the rules of the American Arbitration Association and the arbitration rules set forth in Texas Code of Civil Procedure (the “Rules”). The arbitrator shall administer and conduct any arbitration in accordance with Texas law, including the Texas Code of Civil Procedure, or U.S. federal law when applicable and supreme. To the extent that the AAA Employment Rules conflict with Texas or U.S. federal law, Texas or U.S. federal law shall take precedence. All persons and entities specified in this Section (other than Employer and Executive) shall be considered third-party beneficiaries of the rights and obligations created by this Section on Arbitration. The decision of the Arbitrator shall be final and binding on the parties and judgment upon the award may be entered in any of the aforementioned courts having jurisdiction over this Agreement.

(b) **Arbitrable Claims.** Arbitrable Claims shall include, but are not limited to, contract (express or implied) and tort claims of all kinds, as well as all claims based on any federal, state, or local law, statute, or regulation, excepting only claims under applicable workers’ compensation law and unemployment insurance claims. By way of example and not in limitation of the foregoing, Arbitrable Claims shall include (to the fullest extent permitted by law) any claims arising under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, as well as any claims asserting wrongful termination, harassment, breach of contract, breach of the covenant of good faith and fair dealing, negligent or intentional infliction of emotional distress, negligent or intentional misrepresentation, negligent or intentional interference with contract or prospective economic advantage, defamation, invasion of privacy, and claims related to disability. The parties shall be eligible to recover in arbitration any and all types of relief that would otherwise be available to them if they brought their claims in a judicial forum. Executive understands that this Agreement does not prohibit him from pursuing an administrative claim with a local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, including, but not limited to, the Department of Fair Employment and Housing, the Equal Employment Opportunity Commission, the National Labor Relations Board, or the Workers’ Compensation Appeals Board. This Agreement does, however, preclude Executive from pursuing court action regarding any such claim, except as permitted by law.

(c) **Procedure.**

1. **Initiation.** Arbitration of Arbitrable Claims shall be in accordance with the Employment Rules and Mediation Procedures of the American Arbitration Association as amended (“**AAA Employment Rules**”), as augmented in this Agreement. Arbitration shall be initiated as provided by the AAA Employment Rules, although the written notice to the other party initiating arbitration shall also include a statement of the claim(s) asserted and the facts upon which the claim(s) are based. Either party may bring an action in court to compel arbitration under this Agreement and to enforce an arbitration award.
2. **Binding Arbitration.** Arbitration shall be final and binding upon the parties and shall be the exclusive forum for all Arbitrable Claims, except for any appeals or enforcement of an arbitration award. Should one party select arbitration pursuant to this Agreement, then no other party shall initiate or prosecute any lawsuit or administrative action on overlapping issues of law or fact, unless the rights or obligations of third parties not subject to being determined in such arbitration are affected or must be determined in order for there to be a complete determination of the controversy, in which event the arbitration may be stayed or dismissed pending determination of the parties’ rights in a different forum where appropriate third parties are joined.

3. **Venue.** All arbitration hearings under this Agreement shall be conducted in Denton County, Texas.

4. **Arbitrator's Decision Must Be In Writing.** The decision of the arbitrator shall be in writing and shall include a statement of the essential conclusions and findings upon which the decision is based.

   (d) **Waiver of Jury Trial.** THE PARTIES HEREBY WAIVE ANY RIGHTS THEY MAY HAVE TO TRIAL BY JURY IN REGARD TO ARBITRABLE CLAIMS, INCLUDING WITHOUT LIMITATION ANY RIGHT TO TRIAL BY JURY AS TO THE MAKING, EXISTENCE, VALIDITY, OR ENFORCEABILITY OF THE AGREEMENT TO ARBITRATE.

   (e) **Arbitrator Selection and Authority.** All disputes involving Arbitrable Claims shall be decided by a single arbitrator. The arbitrator shall be selected by mutual agreement of the parties within thirty (30) days of the effective date of the notice initiating the arbitration. If the parties cannot agree on an arbitrator, then the complaining party shall notify the AAA and request selection of an arbitrator in accordance with the AAA Employment Rules. The arbitrator shall have only such authority to award equitable relief, damages, costs, and fees as a court would have for the particular claim(s) asserted. The arbitrator shall have exclusive authority to resolve all Arbitrable Claims, including, but not limited to, whether any particular claim is arbitrable and whether all or any part of this Agreement is void or unenforceable.

   (f) **Arbitration Fees.** Employer shall pay the expenses and fees of the arbitrator, together with other expenses of the arbitration incurred or approved by the neutral arbitrator, but excluding an initial filing fee of $100 (payable to AAA), and counsel fees or witness fees or other expenses incurred by a party for his or own benefit. If the allocation of responsibility for payment of the arbitrator’s fees would render the obligation to arbitrate unenforceable, the parties authorize the arbitrator to modify the allocation as necessary to preserve enforceability.

   (g) **Confidentiality.** All proceedings and all documents prepared in connection with any Arbitrable Claim shall be confidential and, unless otherwise required by law, the subject matter thereof shall not be disclosed to any person other than the parties to the proceedings, their counsel, witnesses and experts, tax and financial advisors and immediate family members of Executive, the arbitrator, and, if involved, the court and court staff. All documents filed with the arbitrator or with a court shall be filed under seal. The parties shall stipulate to all arbitration and court orders necessary to effectuate fully the provisions of this subsection concerning confidentiality.

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(b) **Continuing Obligations.** The rights and obligations of Executive and Employer set forth in this Section on Arbitration shall survive the termination of Executive’s employment and the expiration of this Agreement.

23. **Section 409A.**

   1. Notwithstanding anything to the contrary in this Agreement, if Executive is a “specified employee” within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and the final regulations and any guidance promulgated thereunder (“Section 409A”) at the time of Executive’s termination (other than due to death), and the severance payable to Executive, if any, pursuant to this Agreement, when considered together with any other severance payments or separation benefits which may be considered deferred compensation under Section 409A (together, the “Deferred Compensation Separation Benefits”) will not and could not under any circumstances, regardless of when such termination occurs, be paid in full by March 15 of the year following Executive’s termination, then only that portion of the Deferred Compensation Separation Benefits which do not exceed the Section 409A Limit (as defined below) may be made within the first six (6) months following Executive’s termination of employment in accordance with the payment schedule applicable to each payment or benefit. For these purposes, each severance payment is hereby designated as a separate payment and will not collectively be treated as a single payment. Any portion of the Deferred Compensation Separation Benefits in excess of the Section 409A Limit shall accrue and, to the extent such portion of the Deferred Compensation Separation Benefits would otherwise have been payable within the first six (6) months following Executive’s termination of employment, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Executive’s termination. All subsequent Deferred Compensation Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following his termination but prior to the six (6) month anniversary of his termination, then 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 Deferred Compensation Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit.

   2. The foregoing provision is intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. Employer and Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.
3. For purposes of this Agreement, “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 Employer’s taxable year preceding Employer’s taxable year of Executive’s termination of employment as determined under Treasury Regulation 1.409A-1(b)(9)(iii)(A) (1) and any Internal Revenue Service guidance issued with respect thereto; 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.

24. Entire Agreement. This Agreement, including the Notice of Stock Option Grant attached as Exhibit I, the Restricted Stock Agreement attached as Exhibit II, and the Confidential Information, Invention Assignment and Arbitration Agreement attached as Exhibit III, sets forth the entire agreement of the parties hereinafter in respect of the subject matter contained herein and supersedes all prior agreements, letters of intent, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by an officer, executive or representative of any party hereto; and any prior agreement of the parties hereto in respect to the subject matter contained herein. Executive acknowledges and agrees that no officer, executive or representative of Employer is authorized to offer any term or condition of employment which is in addition to or different than those set forth in this Agreement.

[SIGNATURE PAGE FOLLOWS]
IN WITNESS WHEREOF, the parties, intending to be legally bound, have executed this Agreement on the Effective Date.

REALPAGE, INC.

By:

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

EXECUTIVE:

/s/ Kurt Twining
Kurt Twining

(Signature Page — Employment Agreement)
Unless otherwise defined herein, the terms defined in the RealPage, Inc. 2010 Equity Incentive Plan (the “Plan”) will have the same defined meanings in this Stock Option Award Agreement (the “Award Agreement”).

NOTICE OF STOCK OPTION GRANT

Participant Name:

Address:

You have been granted an Option to purchase Common Stock of RealPage, Inc. (the “Company”), subject to the terms and conditions of the Plan and this Award Agreement, as follows:

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Vesting Schedule:

Subject to any acceleration provisions contained in the Plan or set forth below, this Option may be exercised, in whole or in part, in accordance with the following schedule:

Five percent (5%) of the Shares subject to the Option shall vest each quarter beginning on the first day of the calendar quarter immediately following the vesting commencement date for fifteen (15) consecutive calendar quarters, and the remaining twenty-five percent (25%) of the Shares subject to the Option shall vest on the first day of the next following calendar quarter so that the Option shall be fully vested on the first calendar day of the sixteenth consecutive calendar quarter following the vesting commencement date, subject to Optionee continuing to be a service provider of the Company or a parent or subsidiary of the Company through each such vesting date.

Termination Period:

This Option will be exercisable for three (3) months after Participant ceases to be a Service Provider, unless such termination is due to Participant’s death or Disability, in which case this Option will be exercisable for twelve (12) months after Participant ceases to be Service Provider. Notwithstanding the foregoing, in no event may this Option be exercised after the Term/Expiration Date as provided above and may be subject to earlier termination as provided in Section 14 of the Plan or Section 20 of Exhibit A hereto.

By Participant’s signature and the signature of the Company’s representative below, Participant and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan and this Award Agreement, including the Terms and Conditions of Stock Option Grant, attached hereto as Exhibit A, all of which are made a part of this document. Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and Award Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and Award Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated above.

PARTICIPANT: _____________________________

Signature

__________________________

Print Name

REALPAGE, INC.

By

Title
EXHIBIT A

TERMS AND CONDITIONS OF STOCK OPTION GRANT

1. Grant of Option. The Company hereby grants to the Participant named in the Notice of Grant attached as Part I of this Award Agreement (the “Participant”) an option (the “Option”) to purchase the number of Shares, as set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the “Exercise Price”), subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 19 of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

If designated in the Notice of Grant as an Incentive Stock Option (“ISO”), this Option is intended to qualify as an ISO under Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”). However, if this Option is intended to be an ISO, to the extent that it exceeds the $100,000 rule of Code Section 422(d) it will be treated as a Nonstatutory Stock Option (“NSO”). Further, if for any reason this Option (or portion thereof) will not qualify as an ISO, then, to the extent of such nonqualification, such Option (or portion thereof) shall be regarded as a NSO granted under the Plan. In no event will the Administrator, the Company or any Parent or Subsidiary or any of their respective employees or directors have any liability to Participant (or any other person) due to the failure of the Option to qualify for any reason as an ISO.

2. Vesting Schedule. Except as provided in Section 3, the Option awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Shares scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Award Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs.

3. Administrator Discretion. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Option at any time, subject to the terms of the Plan. If so accelerated, such Option will be considered as having vested as of the date specified by the Administrator.

4. Exercise of Option.

(a) Right to Exercise. This Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Award Agreement.

(b) Method of Exercise. This Option is exercisable by delivery of an exercise notice, in the form attached as Exhibit B (the “Exercise Notice”) or in a manner and pursuant to such procedures as the Administrator may determine, which will state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the “Exercised Shares”), and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice will be completed by Participant and delivered to the Company. The Exercise Notice will be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares together with any applicable tax withholding. This Option will be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by such aggregate Exercise Price.
5. **Method of Payment.** Payment of the aggregate Exercise Price will be by any of the following, or a combination thereof, at the election of Participant.

(a) cash;

(b) check;

(c) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan; or

(d) surrender of other Shares which have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Exercised Shares, provided that accepting such Shares, in the sole discretion of the Administrator, will not result in any adverse accounting consequences to the Company.

6. **Tax Obligations.**

(a) **Withholding Taxes.** Notwithstanding any contrary provision of this Award Agreement, no certificate representing the Shares will be issued to Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of income, employment and other taxes which the Company determines must be withheld with respect to such Shares. To the extent determined appropriate by the Company in its discretion, it will have the right (but not the obligation) to satisfy any tax withholding obligations by reducing the number of Shares otherwise deliverable to Participant. If Participant fails to make satisfactory arrangements for the payment of any required tax withholding obligations hereunder at the time of the Option exercise, Participant acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

(b) **Notice of Disqualifying Disposition of ISO Shares.** If the Option granted to Participant herein is an ISO, and if Participant sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (i) the date two (2) years after the Grant Date, or (ii) the date one (1) year after the date of exercise, Participant will immediately notify the Company in writing of such disposition. Participant agrees that Participant may be subject to income tax withholding by the Company on the compensation income recognized by Participant.
(c) **Code Section 409A.** Under Code Section 409A, an option that vests after December 31, 2004 (or that vested on or prior to such date but which was materially modified after October 3, 2004) that was granted with a per Share exercise price that is determined by the Internal Revenue Service (the “IRS”) to be less than the Fair Market Value of a Share on the date of grant (a “Discount Option”) may be considered “deferred compensation.” A Discount Option may result in (i) income recognition by Participant prior to the exercise of the option, (ii) an additional twenty percent (20%) federal income tax, and (iii) potential penalty and interest charges. The Discount Option may also result in additional state income, penalty and interest charges to the Participant. Participant acknowledges that the Company cannot and has not guaranteed that the IRS will agree that the per Share exercise price of this Option equals or exceeds the Fair Market Value of a Share on the Date of Grant in a later examination. Participant agrees that if the IRS determines that the Option was granted with a per Share exercise price that was less than the Fair Market Value of a Share on the date of grant, Participant will be solely responsible for Participant’s costs related to such a determination.

7. **Rights as Stockholder.** Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

8. **No Guarantee of Continued Service.** PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THE OPTION OR ACQUIRING SHARES HEREUUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUUNDER AND THE VESTING SCHEDULE SET FORTH HEREOF DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT’S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT’S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

9. **Address for Notices.** Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company, in care of its Chief Legal Officer at RealPage, Inc., 4000 International Parkway, Carrollton, Texas 75007, or at such other address as the Company may hereafter designate in writing.

10. **Non-Transferability of Option.** This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Participant only by Participant.
11. **Binding Agreement.** Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

12. **Additional Conditions to Issuance of Stock.** If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority. Assuming such compliance, for income tax purposes the Exercised Shares will be considered transferred to Participant on the date the Option is exercised with respect to such Exercised Shares.

13. **Plan Governs.** This Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

14. **Administrator Authority.** The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Shares subject to the Option have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

15. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to Options awarded under the Plan or future options that may be awarded under the Plan by electronic means or request Participant’s consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. **Captions.** Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

17. **Agreement Severable.** In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.
18. **Modifications to the Agreement.** This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to revise this Award Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Code Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A of the Code in connection to this Option.

19. **Amendment, Suspension or Termination of the Plan.** By accepting this Award, Participant expressly warrants that he or she has received an Option under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

20. **Forfeiture Events.** Participant acknowledges and agrees that, (a) if Participant’s status as a Service Provider terminates for Cause (as defined herein), or (b) if Participant’s status as a Service Provider terminates by reason of a Voluntary Termination (as defined herein) and participant engages in Acts Harmful to the Interest of the Company (as defined herein) within one (1) year after the Voluntary Termination, as determined by the Administrator, then, to the extent permitted by applicable law, (i) the Participant will immediately forfeit any right to exercise this Option, whether vested or unvested; and (ii) Participant will (A) immediately forfeit any right to, and shall, within three (3) business days after receiving a written demand therefor from the Company, return and surrender to the Company for cancellation all shares of the Company’s capital stock received by the Participant pursuant to any exercise of this Option occurring within six (6) months before or after the date of the termination of Participant’s status as a Service Provider, and (B) immediately forfeit any right to, and shall, within three (3) business days after receiving a written demand therefor from the Company, pay to the Company a cash payment equal to the value of all proceeds received by Participant within six (6) months before or after the date of the termination of Participant’s status as a Service Provider from the sale of any shares of the Company’s capital stock originally acquired by Participant pursuant to any exercise of this Option, less the aggregate exercise price paid by Participant for the shares of capital stock from which such proceeds are derived. In the case of the surrender of shares of the Company’s capital stock hereunder, the Company shall, within three (3) business days of Participant’s surrender and cancellation of such shares of capital stock, refund to Participant the amount of the exercise price paid by Participant to the Company for the shares of capital stock so surrendered and cancelled.

For purposes of this provision, “Acts Harmful to the Interest of the Company” shall mean (a) accepting employment with or serving in any other capacity for any business entity that is in competition with the Company; (b) soliciting, recruiting, or employing any employee of the Company for the benefit of another business entity that is not an affiliate (as defined in Rule 12b-2 of the Exchange Act) of the Company; (c) disclosing any trade secret or confidential information of the Company under circumstances that are injurious to the Company; or (d) disparagement of the Company or any affiliate (as defined in Rule 12b-2 of the Exchange Act) or their business, products, directors, officers or employees.
For purposes of this provision, “Cause” shall mean (a) the unauthorized disclosure of any trade secret or confidential information of the Company; (b) the commission of any act of dishonesty, embezzlement or fraud; (c) the commission of any act of insubordination or willful violation of law or any policy of the Company; or (d) conviction of a felony, which in the determination of the Administrator, causes substantial injury and discredit to the Company.

For purposes of this provision, “Voluntary Termination” shall mean, (a) with respect to an Employee, a termination of employment with the Company, or any Parent or Subsidiary, which is initiated voluntarily by the Employee, as determined in the sole discretion of the Administrator; provided, however, that a Voluntary Termination shall not include a termination of employment by reason of death, Disability or retirement from active service at or after age sixty-five (65) or a breach of any material obligation by the Company; or (b) with respect to a Consultant, a cessation of services for the Company, or any Parent or Subsidiary, which is initiated voluntarily by the Consultant, as determined in the sole discretion of the Administrator.

21. Governing Law. This Award Agreement will be governed by the laws of the State of Texas, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Option or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Texas, and agree that such litigation will be conducted in the courts of Denton County, Texas, or the federal courts for the United States for the Northern District of Texas, and no other courts, where this Option is made and/or to be performed.
EXHIBIT II
REALPAGE, INC.

RESTRICTED STOCK AWARD AGREEMENT
UNDER THE
REALPAGE, INC. AMENDED AND RESTATED 2010 EQUITY INCENTIVE PLAN

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REALPAGE, INC.
2010 EQUITY INCENTIVE PLAN

RESTRICTED STOCK AWARD AGREEMENT

Unless otherwise defined herein, the terms defined in the RealPage, Inc. 2010 Equity Incentive Plan (the “Plan”) will have the
same defined meanings in this Restricted Stock Award Agreement (the “Award Agreement”).

NOTICE OF RESTRICTED STOCK GRANT

Participant Name:

Address:

You have been granted the right to receive an Award of Restricted Stock, subject to the terms and conditions of the Plan and
this Award Agreement, as follows:

Grant Number

Date of Grant

Vesting Commencement Date

Total Number of Shares Granted

Vesting Schedule:

Subject to any acceleration provisions contained in the Plan or set forth below, the Restricted Stock will vest and the Company’s
right to reacquire the Restricted Stock will lapse in accordance with the following schedule:

Six and one quarter percent (6.25%) of the Shares of Restricted Stock shall vest each quarter, beginning on the first day of the
calendar quarter immediately following the vesting commencement date, for sixteen (16) consecutive calendar quarters so that the
Restricted Stock shall be fully vested on the first calendar day of the sixteenth consecutive calendar quarter following the vesting
commencement date, subject to Participant continuing to be a service provider of the Company or a parent or subsidiary of the
Company through each such vesting date.

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By Participant’s signature and the signature of the representative of RealPage, Inc. (the “Company”) below, Participant and the Company agree that this Award of Restricted Stock is granted under and governed by the terms and conditions of the Plan and this Award Agreement, including the Terms and Conditions of Restricted Stock Grant, attached hereto as Exhibit A, all of which are made a part of this document. Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and Award Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and Award Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated above.

PARTICIPANT: ..........................................................

Signature

Print Name

REALPAGE, INC.

By ..........................................................

Title

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1. **Grant of Restricted Stock.** The Company hereby grants to the individual named in the Notice of Grant attached as Part I of this Award Agreement (the “Participant”) under the Plan for past services and as a separate incentive in connection with his or her services and not in lieu of any salary or other compensation for his or her services, an Award of Shares of Restricted Stock, subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 19 of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

2. **Escrow of Shares.**

   (a) All Shares of Restricted Stock will, upon execution of this Award Agreement, be delivered and deposited with an escrow holder designated by the Company (the “Escrow Holder”). The Shares of Restricted Stock will be held by the Escrow Holder until such time as the Shares of Restricted Stock vest or the date Participant ceases to be a Service Provider.

   (b) The Escrow Holder will not be liable for any act it may do or omit to do with respect to holding the Shares of Restricted Stock in escrow while acting in good faith and in the exercise of its judgment.

   (c) Upon Participant’s termination as a Service Provider for any reason, the Escrow Holder, upon receipt of written notice of such termination, will take all steps necessary to accomplish the transfer of the unvested Shares of Restricted Stock to the Company. Participant hereby appoints the Escrow Holder with full power of substitution, as Participant’s true and lawful attorney-in-fact with irrevocable power and authority in the name and on behalf of Participant to take any action and execute all documents and instruments, including, without limitation, stock powers which may be necessary to transfer the certificate or certificates evidencing such unvested Shares of Restricted Stock to the Company upon such termination.

   (d) The Escrow Holder will take all steps necessary to accomplish the transfer of Shares of Restricted Stock to Participant after they vest following Participant’s request that the Escrow Holder do so.

   (e) Subject to the terms hereof, Participant will have all the rights of a stockholder with respect to the Shares while they are held in escrow, including without limitation, the right to vote the Shares and to receive any cash dividends declared thereon.
(f) In the event of any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares, the Shares of Restricted Stock will be increased, reduced or otherwise changed, and by virtue of any such change Participant will in his or her capacity as owner of unvested Shares of Restricted Stock be entitled to new or additional or different shares of stock, cash or securities (other than rights or warrants to purchase securities); such new or additional or different shares, cash or securities will thereupon be considered to be unvested Shares of Restricted Stock and will be subject to all of the conditions and restrictions which were applicable to the unvested Shares of Restricted Stock pursuant to this Award Agreement. If Participant receives rights or warrants with respect to any unvested Shares of Restricted Stock, such rights or warrants may be held or exercised by Participant, provided that until such exercise any such rights or warrants and after such exercise any shares or other securities acquired by the exercise of such rights or warrants will be considered to be unvested Shares of Restricted Stock and will be subject to all of the conditions and restrictions which were applicable to the unvested Shares of Restricted Stock pursuant to this Award Agreement. The Administrator in its absolute discretion at any time may accelerate the vesting of all or any portion of such new or additional shares of stock, cash or securities, rights or warrants to purchase securities or shares or other securities acquired by the exercise of such rights or warrants.

(g) The Company may instruct the transfer agent for its Common Stock to place a legend on the certificates representing the Restricted Stock or otherwise note its records as to the restrictions on transfer set forth in this Award Agreement.

3. Vesting Schedule. Except as provided in Section 4 below and Section 14 of the Plan, and subject to Section 5 below, the Shares of Restricted Stock awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Shares of Restricted Stock scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Award Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs.

4. Administrator Discretion. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Restricted Stock at any time, subject to the terms of the Plan. If so accelerated, such Restricted Stock will be considered as having vested as of the date specified by the Administrator.

5. Forfeiture upon Termination of Status as a Service Provider. Notwithstanding any contrary provision of this Award Agreement, the balance of the Shares of Restricted Stock that have not vested at the time of Participant’s termination as a Service Provider for any reason will be forfeited and automatically transferred to and reacquired by the Company at no cost to the Company upon the date of such termination and Participant will have no further rights thereunder. Participant will not be entitled to a refund of the price paid for the Shares of Restricted Stock, if any, returned to the Company pursuant to this Section 5. Participant hereby appoints the Escrow Agent with full power of substitution, as Participant’s true and lawful attorney-in-fact with irrevocable power and authority in the name and on behalf of Participant to take any action and execute all documents and instruments, including, without limitation, stock powers which may be necessary to transfer the certificate or certificates evidencing such unvested Shares to the Company upon such termination of service.
6. **Death of Participant.** Any distribution or delivery to be made to Participant under this Award Agreement will, if Participant is then deceased, be made to Participant’s designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant’s estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. **Withholding of Taxes.** Notwithstanding any contrary provision of this Award Agreement, no certificate representing the Shares of Restricted Stock may be released from the escrow established pursuant to Section 2, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of income, employment and other taxes which the Company determines must be withheld with respect to such Shares, if any. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit Participant to satisfy such tax withholding obligation, in whole or in part (without limitation) by (a) paying cash, (b) electing to have the Company withhold otherwise deliverable Shares having a Fair Market Value equal to the minimum amount required to be withheld, (c) delivering to the Company already vested and owned Shares having a Fair Market Value equal to the amount required to be withheld, or (d) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. To the extent determined appropriate by the Company in its discretion, it will have the right (but not the obligation) to satisfy any tax withholding obligations by reducing the number of Shares otherwise deliverable to Participant. If Participant fails to make satisfactory arrangements for the payment of any required tax withholding obligations hereunder at the time any applicable Shares otherwise are scheduled to vest pursuant to Sections 3 or 4 (or Section 14 of the Plan), Participant will permanently forfeit such Shares and the Shares will be returned to the Company at no cost to the Company.

8. **Rights as Stockholder.** Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant or the Escrow Agent. Except as provided in Section 2, after such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

9. **No Guarantee of Continued Service.** PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE SHARES OF RESTRICTED STOCK PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS RESTRICTED STOCK OR ACQUIRING SHARES HERUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HERUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT’S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT’S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

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10. **Address for Notices.** Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company, in care of its Chief Legal Officer at RealPage, Inc., 4000 International Parkway, Carrollton, Texas 75007, or at such other address as the Company may hereafter designate in writing.

11. **Grant is Not Transferable.** Except to the limited extent provided in Section 6, the unvested Shares subject to this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of any unvested Shares of Restricted Stock subject to this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

12. **Binding Agreement.** Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

13. **Additional Conditions to Release from Escrow.** The Company will not be required to issue any certificate or certificates for Shares hereunder or release such Shares from the escrow established pursuant to Section 2 prior to fulfillment of all the following conditions: (a) the admission of such Shares to listing on all stock exchanges on which such class of stock is then listed; (b) the completion of any registration or other qualification of such Shares under any state or federal law or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body, which the Administrator will, in its absolute discretion, deem necessary or advisable; (c) the obtaining of any approval or other clearance from any state or federal governmental agency, which the Administrator will, in its absolute discretion, determine to be necessary or advisable; and (d) the lapse of such reasonable period of time following the date of grant of the Restricted Stock as the Administrator may establish from time to time for reasons of administrative convenience.

14. **Plan Governs.** This Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

15. **Administrator Authority.** The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Shares of Restricted Stock have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.
16. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to the Shares of Restricted Stock awarded under the Plan or future Restricted Stock that may be awarded under the Plan by electronic means or request Participant’s consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company.

17. **Captions.** Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

18. **Agreement Severable.** In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

19. **Modifications to the Agreement.** This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to revise this Award Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) or to otherwise avoid imposition of any additional tax or income recognition under Section 409A of the Code in connection to this Award of Restricted Stock.

20. **Amendment, Suspension or Termination of the Plan.** By accepting this Award, Participant expressly warrants that he or she has received an Award of Restricted Stock under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

21. **Forfeiture Events.** Participant acknowledges and agrees that, (a) if Participant’s status as a Service Provider terminates for Cause (as defined herein), or (b) if Participant’s status as a Service Provider terminates by reason of a Voluntary Termination (as defined herein) and participant engages in Acts Harmful to the Interest of the Company (as defined herein) within one (1) year after the Voluntary Termination, as determined by the Administrator, then, to the extent permitted by applicable law, (i) the Participant will (A) immediately forfeit any right the Shares of Restricted Stock issued under this Award Agreement, whether vested or unvested, and shall, within three (3) business days after receiving a written demand therefor from the Company, return and surrender to the Company for cancellation all Shares of Restricted Stock of the Company received by the Participant pursuant to this Award Agreement, whether vested or unvested, and (B) immediately forfeit any right to, and shall, within three (3) business days after receiving a written demand therefor from the Company, pay to the Company a cash payment equal to the value of all proceeds received by Participant within six (6) months before or after the date of the termination of Participant’s status as a Service Provider from the sale of any Shares of the Restricted Stock originally acquired by Participant pursuant to this Award of Restricted Stock.
For purposes of this provision, “Acts Harmful to the Interest of the Company” shall mean (a) accepting employment with or serving in any other capacity for any business entity that is in competition with the Company; (b) soliciting, recruiting, or employing any employee of the Company for the benefit of another business entity that is not an affiliate (as defined in Rule 12b-2 of the Exchange Act) of the Company; (c) disclosing any trade secret or confidential information of the Company under circumstances that are injurious to the Company; or (d) disparagement of the Company or any affiliate (as defined in Rule 12b-2 of the Exchange Act) or their business, products, directors, officers or employees.

For purposes of this provision, “Cause” shall mean (a) the unauthorized disclosure of any trade secret or confidential information of the Company; (b) the commission of any act of dishonesty, embezzlement or fraud; (c) the commission of any act of insubordination or willful violation of law or any policy of the Company; or (d) conviction of a felony, which in the determination of the Administrator, causes substantial injury and discredit to the Company.

For purposes of this provision, “Voluntary Termination” shall mean, (a) with respect to an Employee, a termination of employment with the Company, or any Parent or Subsidiary, which is initiated voluntarily by the Employee, as determined in the sole discretion of the Administrator; provided, however, that a Voluntary Termination shall not include a termination of employment by reason of death, Disability or retirement from active service at or after age sixty-five (65) or a breach of any material obligation by the Company; (b) with respect to a Consultant, a cessation of services for the Company, or any Parent or Subsidiary, which is initiated voluntarily by the Consultant, as determined in the sole discretion of the Administrator; or (c) with respect to a Director, a resignation or other cessation of service as a member of the Board initiated voluntarily by the Director, as determined in the sole discretion of the Administrator.

22. **Governing Law.** This Award Agreement will be governed by the laws of the State of Texas, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Restricted Stock or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Texas, and agree that such litigation will be conducted in the courts of Denton County, Texas, or the federal courts for the United States for the Northern District of Texas, and no other courts, where this Award of Restricted Stock is made and/or to be performed.
As a condition of my employment with RealPage, Inc., or its subsidiaries, affiliates, successors or assigns (together the “Company”), and in consideration of my employment with the Company and my receipt of the compensation now and hereafter paid to me by the Company, and other good and valuable consideration herein, the undersigned agrees to the following provisions of this Confidential Information, Invention Assignment, and Arbitration Agreement (this “Agreement”):

1. Confidential Information.

1. Company Information. I agree and acknowledge that as an Employee of the Company, I will be given access to Confidential Information that the Company has collected, developed, and/or discovered over time, and at great expense. I agree that during and for five (5) years after my employment with the Company terminates, regardless of the reason for termination, I will hold in the strictest confidence, and will not use (except for the benefit of the Company during my employment) or disclose to any person, firm, or corporation (without written authorization of the President or the Board of Directors of the Company) any Company Confidential Information. I understand that my unauthorized use or disclosure of Company Confidential Information during my employment may lead to disciplinary action, up to and including immediate termination and legal action by the Company. I understand that “Company Confidential Information” means any non-public information that is not readily and easily available to the public or a matter of common knowledge to those in the Company’s business, trade, or industry that relates to the actual or anticipated business, research or development of the Company, or to the Company’s technical data, trade secrets, or know-how, including, but not limited to, research, product plans, or other information regarding the Company’s products or services and markets therefore, customer lists and customers (including, but not limited to, customers of the Company on which I called or with which I may become acquainted during the term of my employment), software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances, and other business information; provided, however, Company Confidential Information does not include any of the foregoing items to the extent the same have become publicly known and made generally available through no wrongful act of mine or of others. I understand that nothing in this Agreement is intended to limit employees’ rights to discuss the terms, wages, and working conditions of their employment, as protected by applicable law.
2. *Former Employer Information.* I agree that during my employment with the Company, I will not improperly use, disclose, or induce the Company to use any proprietary information or trade secrets of any former or concurrent employer or other person or entity. I further agree that I will not bring onto the premises of the Company or transfer onto the Company’s technology systems any unpublished document, proprietary information, or trade secrets belonging to any such employer, person, or entity unless consented to in writing by both the Company and such employer, person, or entity.

3. *Third Party Information.* I recognize that the Company may have received and in the future may receive from third parties associated with the Company, e.g., the Company’s customers, suppliers, licensors, licensees, partners, or collaborators (“Associated Third Parties”), their confidential or proprietary information (“Associated Third Party Confidential Information”). By way of example, Associated Third Party Confidential Information may include the habits or practices of Associated Third Parties, the technology of Associated Third Parties, requirements of Associated Third Parties, and information related to the business conducted between the Company and such Associated Third Parties. I agree at all times during my employment with the Company and thereafter to hold in the strictest confidence, and not to use or to disclose to any person, firm, or corporation, any Associated Third Party Confidential Information, except as necessary in carrying out my work for the Company consistent with the Company’s agreement with such Associated Third Parties. I further agree to comply with any and all Company policies and guidelines that may be adopted from time to time regarding Associated Third Parties and Associated Third Party Confidential Information. I understand that my unauthorized use or disclosure of Associated Third Party Confidential Information or violation of any Company policies during my employment will lead to disciplinary action, up to and including immediate termination and legal action by the Company.

**Inventions.**

4. *Inventions Retained and Licensed.* I have attached hereto as Exhibit A, a list describing all inventions, discoveries, original works of authorship, developments, improvements, and trade secrets that were conceived in whole or in part by me prior to my employment with the Company and to which I have any right, title, or interest, and which relate to the Company’s proposed business, products, or research and development (“Prior Inventions”); or, if no such list is attached, I represent and warrant that there are no such Prior Inventions. Furthermore, I represent and warrant that if any Prior Inventions are included on Exhibit A, they will not materially affect my ability to perform all obligations under this Agreement. If, in the course of my employment with the Company, I incorporate into or use in connection with any product, process, service, technology, or other work by or on behalf of the Company any Prior Invention, I hereby grant to the Company a non-exclusive, royalty-free, fully paid-up, irrevocable, perpetual, worldwide license, with the right to grant and authorize sublicenses, to make, have made, modify, use, import, offer for sale, and sell such Prior Invention as part of or in connection with such product, process, service, technology, or other work, and to practice any method related thereto.
5. Assignment of Inventions. I agree that I will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and hereby assign to the Company, or its designee, all my right, title, and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, trademarks, or trade secrets, whether or not patentable or registrable under patent, copyright, or similar laws, which I may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the period of time I am in the employ of the Company (including during my off-duty hours), or with the use of Company’s equipment, supplies, facilities, or Company Confidential Information, except as provided in Section II.E below (collectively referred to as “Inventions”). I further acknowledge that all original works of authorship that are made by me (solely or jointly with others) within the scope of and during the period of my employment with the Company and that are protectable by copyright are “works made for hire,” as that term is defined in the United States Copyright Act. I understand and agree that the decision whether or not to commercialize or market any Inventions is within the Company’s sole discretion and for the Company’s sole benefit, and that no royalty or other consideration will be due to me as a result of the Company’s efforts to commercialize or market any such Inventions.

6. Maintenance of Records. I agree to keep and maintain adequate, current, accurate, and authentic written records of all Inventions made by me (solely or jointly with others) during the term of my employment with the Company. The records will be in the form of notes, sketches, drawings, electronic files, reports, or any other format that may be specified by the Company. The records are and will be available to and remain the sole property of the Company at all times.

7. Patent and Copyright Registrations. I agree to assist the Company, or its designee, at the Company’s expense, in every proper way to secure the Company’s rights in the Inventions and any rights relating thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments, and all other instruments that the Company shall deem proper or necessary in order to apply for, register, obtain, maintain, defend, and enforce such rights, and in order to assign and convey to the Company, its successors, assigns, and nominees the sole and exclusive rights, title, and interest in and to such Inventions and any rights relating thereto, and testifying in a suit or other proceeding relating to such Inventions and any rights relating thereto. I further agree that my obligation to execute or cause to be executed, when it is in my power to do so, any such instrument or papers shall continue after the termination of this Agreement. If the Company is unable because of my mental or physical incapacity or for any other reason to secure my signature with respect to any Inventions, including, without limitation, to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering such Inventions, then I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead, to execute and file any papers and oaths, and to do all other lawfully permitted acts with respect to such Inventions with the same legal force and effect as if executed by me.
Conflicting Employment.

8. Current Obligations. I agree that during the term of my employment with the Company, I will not engage in or undertake any other employment, occupation, consulting relationship, or commitment that is directly related to the business in which the Company is now involved or becomes involved or has plans to become involved, nor will I engage in any other activities that conflict with my obligations to the Company.

B. Prior Relationships. Without limiting Section III.A, I represent that I have no other agreements, relationships, or commitments to any other person or entity that conflict with my obligations to the Company under this Agreement or my ability to become employed and perform the services for which I am being hired by the Company. I further agree that if I have signed a confidentiality agreement or similar type of agreement with any former employer or other entity, I will comply with the terms of any such agreement to the extent that its terms are lawful under applicable law. I represent and warrant that after undertaking a careful search (including searches of my computers, cell phones, electronic devices, and documents), I have returned all property and confidential information belonging to all prior employers. Moreover, I agree to fully indemnify the Company, its directors, officers, agents, employees, investors, shareholders, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations, and assigns for all verdicts, judgments, settlements, and other losses incurred by any of them resulting from my breach of my obligations under any agreement to which I am a party or obligation to which I am bound, as well as any reasonable attorneys’ fees and costs if the plaintiff is the prevailing party in such an action, except as prohibited by law.

Returning Company Documents. Upon separation from employment with the Company or on demand by the Company during my employment, I will immediately deliver to the Company, and will not keep in my possession, recreate, or deliver to anyone else, any and all Company property, including, but not limited to, Company Confidential Information, Associated Third Party Confidential Information, as well as all devices and equipment belonging to the Company (including computers, handheld electronic devices, telephone equipment, and other electronic devices), Company credit cards, records, data, notes, notebooks, reports, files, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, photographs, charts, any other documents and property, and reproductions of any and all of the aforementioned items that were developed by me pursuant to my employment with the Company, obtained by me in connection with my employment with the Company, or otherwise belonging to the Company, its successors, or assigns, including, without limitation, those records maintained pursuant to Section II.C I also consent to an exit interview to confirm my compliance with this Section IV.

Termination Certification. Upon separation from employment with the Company, I agree to immediately sign and deliver to the Company the “Termination Certification” attached hereto as Exhibit B. I also agree to keep the Company advised of my home and business address for a period of seven (7) years after termination of my employment with the Company, so that the Company can contact me regarding my continuing obligations provided by this Agreement.
Notification of New Employer. In the event that I leave the employ of the Company, I hereby grant consent to notification by the Company to my new employer about my obligations under this Agreement.

Conflict of Interest Guidelines. I agree to diligently adhere to all policies of the Company, including the Company’s insider’s trading policies and the Conflict of Interest Guidelines attached as Exhibit C hereto, which may be revised from time to time during my employment.

Representations. I agree to execute any proper oath or verify any proper document required to carry out the terms of this Agreement. I represent that my performance of all the terms of this Agreement will not breach any agreement to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment by the Company. I hereby represent and warrant that I have not entered into, and I will not enter into, any oral or written agreement in conflict herewith.

Audit. I acknowledge that I have no reasonable expectation of privacy in any computer, technology system, email, handheld device, telephone, or documents that are used to conduct the business of the Company. As such, the Company has the right to audit and search all such items and systems, without further notice to me, to ensure that the Company is licensed to use the software on the Company’s devices in compliance with the Company’s software licensing policies, to ensure compliance with the Company’s policies, and for any other business-related purposes in the Company’s sole discretion. I understand that I am not permitted to add any unlicensed, unauthorized, or non-compliant applications to the Company’s technology systems and that I shall refrain from copying unlicensed software onto the Company’s technology systems or using non-licensed software or websites. I understand that it is my responsibility to comply with the Company’s policies governing use of the Company’s documents and the internet, email, telephone, and technology systems to which I will have access in connection with my employment.

Dispute Resolution. I agree that any and all controversies, claims, or disputes with the Company (including any employee, officer, director, stockholder or benefit Plan of the Company) shall be resolved in accordance with the procedures set forth in Section 23 of my Employment Agreement with the Company.
9. **Entire Agreement.** This Agreement, together with the Exhibits herein, my executed Employment Agreement and any agreements relating to restricted stock and other awards pursuant to the RealPage, Inc. Amended and Restated 2010 Equity Incentive Plan, and the terms of the Significant Owner Agreement (if one was executed by me) set forth the entire agreement and understanding between the Company and me relating to the subject matter herein and supersedes all prior discussions or representations between us, including, but not limited to, any representations made during my interview(s) or relocation negotiations, whether written or oral. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing signed by the President of the Company and me. Any subsequent change or changes in my duties, salary, or compensation will not affect the validity or scope of this Agreement.

10. **Severability.** If one or more of the provisions in this Agreement are deemed void by law, then the remaining provisions will continue in full force and effect.

11. **Successors and Assigns.** This Agreement will be binding upon my heirs, executors, assigns, administrators, and other legal representatives, and will be for the benefit of the Company, its successors, and its assigns. There are no intended third-party beneficiaries to this Agreement, except as expressly stated.

E. **Waiver.** Waiver by the Company of a breach of any provision of this Agreement will not operate as a waiver of any other or subsequent breach.

F. **Survivorship.** The rights and obligations of the parties to this Agreement will survive termination of my employment with the Company.

G. **Signatures.** This Agreement may be signed in two counterparts, each of which shall be deemed an original, with the same force and effectiveness as though executed in a single document.

Date: ____________________________

Signature

______________________________

Name of Employee (typed or printed)

Witness:

______________________________

Signature

______________________________

Name (typed or printed)

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### Exhibit A

**LIST OF PRIOR INVENTIONS AND ORIGINAL WORKS OF AUTHORSHIP**

<table>
<thead>
<tr>
<th>Title</th>
<th>Date</th>
<th>Identifying Number or Brief</th>
<th>Description</th>
</tr>
</thead>
</table>

- [ ] No inventions or improvements
- [ ] Additional Sheets Attached

**Signature of Employee:** __________________________

**Print Name of Employee:** __________________________

**Date:** __________________________
Exhibit B

REALPAGE, INC.

TERMINATION CERTIFICATION

This is to certify that I do not have in my possession, nor have I failed to return, any devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, any other documents or property, or reproductions of any and all aforementioned items belonging to RealPage, Inc., its subsidiaries, affiliates, successors or assigns (together, the “Company”).

I further certify that I have complied with all the terms of the attached Confidential Information, Invention Assignment, and Arbitration Agreement signed by me, including the reporting of any inventions and original works of authorship (as defined therein) conceived or made by me (solely or jointly with others), as covered by that agreement.

I further agree that, in compliance with the Confidential Information, Invention Assignment, and Arbitration Agreement, I will preserve as confidential all Company Confidential Information and Associated Third Party Confidential Information, including trade secrets, confidential knowledge, data, or other proprietary information relating to products, processes, know-how, designs, formulas, developmental or experimental work, computer programs, databases, other original works of authorship, customer lists, business plans, financial information, or other subject matter pertaining to any business of the Company or any of its employees, clients, consultants, or licensees, to the extent required by the terms of that agreement.

I also agree that for three (3) years from this date, I will not either directly or indirectly solicit any of the Company’s employees to leave their employment, to the extent required by the terms of the Confidential Information, Invention Assignment, and Arbitration Agreement.

After leaving the Company’s employment, I will be employed by ___________________________ in the position of: ___________________________

__________________________
Signature of employee

__________________________
Print name

__________________________
Date

Address for Notifications: ___________________________
CONFLICT OF INTEREST GUIDELINES

It is the policy of RealPage, Inc. to conduct its affairs in strict compliance with the letter and spirit of the law and to adhere to the highest principles of business ethics. Accordingly, all officers, employees, and independent contractors must avoid activities that are in conflict, or give the appearance of being in conflict, with these principles and with the interests of the Company. The following are potentially compromising situations that must be avoided:

1. Revealing confidential information to outsiders or misusing confidential information. Unauthorized divulging of information is a violation of this policy whether or not for personal gain and whether or not harm to the Company is intended. (The At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement elaborates on this principle and is a binding agreement.)

2. Accepting or offering substantial gifts, excessive entertainment, favors, or payments that may be deemed to constitute undue influence or otherwise be improper or embarrassing to the Company.

3. Participating in civic or professional organizations that might involve divulging confidential information of the Company.

4. Initiating or approving personnel actions affecting reward or punishment of employees or applicants where there is a family relationship or is or appears to be a personal or social involvement.

5. Initiating or approving any form of personal or social harassment of employees.

6. Investing or holding outside directorship in suppliers, customers, or competing companies, including financial speculations, where such investment or directorship might influence in any manner a decision or course of action of the Company.

7. Borrowing from or lending to employees, customers, or suppliers.

8. Acquiring real estate of interest to the Company.

9. Improperly using or disclosing to the Company any proprietary information or trade secrets of any former or concurrent employer or other person or entity with whom obligations of confidentiality exist.

10. Unlawfully discussing prices, costs, customers, sales, or markets with competing companies or their employees.

11. Making any unlawful agreement with distributors with respect to prices.

12. Improperly using or authorizing the use of any inventions that are the subject of patent claims of any other person or entity.

13. Engaging in any conduct that is not in the best interest of the Company.

Each officer, employee, and independent contractor must take every necessary action to ensure compliance with these guidelines and to bring problem areas to the attention of higher management for review. Violations of this conflict of interest policy may result in discharge without warning.
CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

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 8, 2011

/s/ Stephen T. Winn

Stephen T. Winn
Chairman of the Board, Chief Executive Officer and Director
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 8, 2011

/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 our quarterly report of RealPage, Inc. (the “Company”) on Form 10-Q for the period ending June 30, 2011 (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 8, 2011

/s/ Stephen T. Winn
Stephen T. Winn
Chairman of the Board, Chief Executive Officer and Director

A signed original of this written statement required by Section 906 has been provided to RealPage, Inc. and will be retained by RealPage, Inc. and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.
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 our quarterly report of RealPage, Inc. (the “Company”) on Form 10-Q for the period ending June 30, 2011 (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 8, 2011

/s/ Timothy J. Barker
Timothy J. Barker
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to RealPage, Inc. and will be retained by RealPage, Inc. and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.