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

FORM 10-Q

(Mark One)
☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2016
or
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________ to ________
Commission File Number: 001-34846

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

Delaware
(State or other jurisdiction of incorporation or organization)

2201 Lakeside Boulevard
Richardson, Texas
(Address of principal executive offices)

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

75082-4305
(Zip Code)

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

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

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

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

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

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

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

Class
Common Stock, $0.001 par value

October 21, 2016
80,470,801
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## PART I—FINANCIAL INFORMATION

### Item 1. Financial Statements.

RealPage, Inc.

**Condensed Consolidated Balance Sheets**
*(in thousands, except share data)*

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2016 (unaudited)</th>
<th>December 31, 2015</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>$ 69,090</td>
<td>$ 30,911</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>92,284</td>
<td>85,461</td>
</tr>
<tr>
<td>Accounts receivable, less allowance for doubtful accounts of $3,308 and $2,318 at September 30, 2016 and December 31, 2015, respectively</td>
<td>83,444</td>
<td>74,192</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>11,286</td>
<td>8,294</td>
</tr>
<tr>
<td>Other current assets</td>
<td>7,866</td>
<td>23,085</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>263,970</td>
<td>221,943</td>
</tr>
<tr>
<td>Property, equipment, and software, net</td>
<td>122,119</td>
<td>82,198</td>
</tr>
<tr>
<td>Goodwill</td>
<td>261,768</td>
<td>220,097</td>
</tr>
<tr>
<td>Identified intangible assets, net</td>
<td>84,579</td>
<td>81,280</td>
</tr>
<tr>
<td>Deferred tax assets, net</td>
<td>15,456</td>
<td>12,051</td>
</tr>
<tr>
<td>Other assets</td>
<td>8,642</td>
<td>5,632</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 756,534</td>
<td>$ 623,201</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>$ 20,041</td>
<td>$ 17,448</td>
</tr>
<tr>
<td>Accrued expenses and other current liabilities</td>
<td>44,201</td>
<td>28,294</td>
</tr>
<tr>
<td>Current portion of deferred revenue</td>
<td>81,852</td>
<td>84,200</td>
</tr>
<tr>
<td>Current portion of term loan, net</td>
<td>4,688</td>
<td>—</td>
</tr>
<tr>
<td>Client deposits held in restricted accounts</td>
<td>92,207</td>
<td>85,405</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>242,989</td>
<td>215,347</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>6,582</td>
<td>6,979</td>
</tr>
<tr>
<td>Revolving line of credit</td>
<td>—</td>
<td>40,000</td>
</tr>
<tr>
<td>Term loan, net</td>
<td>118,167</td>
<td>—</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>35,288</td>
<td>34,423</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>403,026</td>
<td>296,749</td>
</tr>
<tr>
<td>Commitments and contingencies (Note 8)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stockholders’ equity:</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, 2016 and December 31, 2015, respectively</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Common stock, $0.001 par value: 125,000,000 shares authorized, 85,412,054 and 82,919,033 shares issued and 80,565,811 and 78,793,670 shares outstanding at September 30, 2016 and December 31, 2015, respectively</td>
<td>85</td>
<td>83</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>508,756</td>
<td>471,668</td>
</tr>
<tr>
<td>Treasury stock, at cost: 4,846,243 and 4,125,363 shares at September 30, 2016 and December 31, 2015, respectively</td>
<td>(28,117)</td>
<td>(24,338)</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(126,621)</td>
<td>(120,415)</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(595)</td>
<td>(546)</td>
</tr>
<tr>
<td><strong>Total stockholders’ equity</strong></td>
<td>353,508</td>
<td>326,452</td>
</tr>
<tr>
<td><strong>Total liabilities and stockholders’ equity</strong></td>
<td>$ 756,534</td>
<td>$ 623,201</td>
</tr>
</tbody>
</table>

See accompanying notes
## Condensed Consolidated Statements of Operations

*in thousands, except per share data*  
*(unaudited)*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On demand</td>
<td>$140,883</td>
<td>$400,904</td>
</tr>
<tr>
<td>On premise</td>
<td>682</td>
<td>2,141</td>
</tr>
<tr>
<td>Professional and other</td>
<td>6,390</td>
<td>16,012</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>147,955</td>
<td>419,057</td>
</tr>
<tr>
<td><strong>Cost of revenue</strong></td>
<td>64,111</td>
<td>180,937</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>83,844</td>
<td>238,120</td>
</tr>
<tr>
<td><strong>Operating expense:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product development</td>
<td>18,743</td>
<td>54,893</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>33,860</td>
<td>101,188</td>
</tr>
<tr>
<td>General and administrative</td>
<td>21,677</td>
<td>61,955</td>
</tr>
<tr>
<td>Impairment of identified intangible assets</td>
<td>750</td>
<td>51,797</td>
</tr>
<tr>
<td><strong>Total operating expense</strong></td>
<td>75,030</td>
<td>218,786</td>
</tr>
<tr>
<td><strong>Operating income (loss)</strong></td>
<td>8,814</td>
<td>19,334</td>
</tr>
<tr>
<td><strong>Interest expense and other, net</strong></td>
<td>(1,064)</td>
<td>(2,846)</td>
</tr>
<tr>
<td><strong>Income (loss) before income taxes</strong></td>
<td>7,750</td>
<td>16,488</td>
</tr>
<tr>
<td><strong>Income tax expense (benefit)</strong></td>
<td>3,540</td>
<td>7,199</td>
</tr>
<tr>
<td><strong>Net income (loss)</strong></td>
<td>$4,210</td>
<td>$9,289</td>
</tr>
</tbody>
</table>

**Net income (loss) per share attributable to common stockholders**

<table>
<thead>
<tr>
<th></th>
<th>Basic</th>
<th>Diluted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>$0.05</td>
<td>$0.12</td>
</tr>
<tr>
<td>Diluted</td>
<td>$0.05</td>
<td>$0.12</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Basic</th>
<th>Diluted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>76,823</td>
<td>76,615</td>
</tr>
<tr>
<td>Diluted</td>
<td>78,124</td>
<td>77,525</td>
</tr>
</tbody>
</table>

See accompanying notes.
RealPage, Inc.

Condensed Consolidated Statements of Comprehensive Income (Loss)
(unaudited)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30,</th>
<th></th>
<th>Nine Months Ended September 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2015</td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$4,210</td>
<td>$(8,192)</td>
<td>$9,289</td>
<td>$(13,118)</td>
</tr>
<tr>
<td>Gain (loss) on interest rate swaps, net</td>
<td>274</td>
<td></td>
<td>(83)</td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustment, net</td>
<td>(70)</td>
<td>(31)</td>
<td>34</td>
<td>(267)</td>
</tr>
<tr>
<td>Comprehensive income (loss)</td>
<td>$4,414</td>
<td>$(8,223)</td>
<td>$9,340</td>
<td>$(13,385)</td>
</tr>
</tbody>
</table>

See accompanying notes
### RealPage, Inc.

#### Condensed Consolidated Statements of Stockholders’ Equity

(in thousands)

( unaudited)

<table>
<thead>
<tr>
<th>Common Stock</th>
<th>Additional Paid-in Capital</th>
<th>Accumulated Other Comprehensive Loss</th>
<th>Accumulated Deficit</th>
<th>Total Stockholders' Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares</td>
<td>Amount</td>
<td>Shares</td>
<td>Amount</td>
<td>Shares</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>82,919</td>
<td>$83</td>
<td>$471,668</td>
<td>$(546)</td>
<td>$(120,415)</td>
</tr>
<tr>
<td>957</td>
<td>1</td>
<td>16,138</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2,549</td>
<td>2</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>—</td>
<td>—</td>
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<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>34</td>
</tr>
<tr>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>98</td>
</tr>
<tr>
<td>85,412</td>
<td>$85</td>
<td>$508,756</td>
<td>$(595)</td>
<td>$(126,621)</td>
</tr>
</tbody>
</table>

See accompanying notes
## RealPage, Inc.

**Condensed Consolidated Statements of Cash Flows**

*(in thousands) *(unaudited)*

### Cash flows from operating activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income (loss)</td>
<td>$9,289</td>
<td>$(13,118)</td>
</tr>
<tr>
<td>Adjustments to reconcile net income (loss) to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>40,874</td>
<td>33,787</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>5,424</td>
<td>(8,827)</td>
</tr>
<tr>
<td>Stock-based expense</td>
<td>27,383</td>
<td>30,666</td>
</tr>
<tr>
<td>Excess tax benefit from stock-based compensation</td>
<td>—</td>
<td>968</td>
</tr>
<tr>
<td>Impairment of identified intangible assets</td>
<td>750</td>
<td>20,801</td>
</tr>
<tr>
<td>Loss on disposal and impairment of other long-lived assets</td>
<td>249</td>
<td>2,968</td>
</tr>
<tr>
<td>Acquisition-related consideration</td>
<td>(499)</td>
<td>(3,018)</td>
</tr>
<tr>
<td>Changes in assets and liabilities, net of assets acquired and liabilities assumed in business combinations:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(2,007)</td>
<td>(3,045)</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>18,179</td>
<td>(2,451)</td>
</tr>
<tr>
<td>Other assets</td>
<td>129</td>
<td>(117)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>356</td>
<td>(726)</td>
</tr>
<tr>
<td>Accrued compensation, taxes, and benefits</td>
<td>2,608</td>
<td>5,672</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(3,005)</td>
<td>3,936</td>
</tr>
<tr>
<td>Other current and long-term liabilities</td>
<td>5,394</td>
<td>1,018</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>105,124</td>
<td>68,514</td>
</tr>
</tbody>
</table>

### Cash flows from investing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of property, equipment, and software</td>
<td>(61,005)</td>
<td>(18,784)</td>
</tr>
<tr>
<td>Proceeds from disposal of property, equipment, and software</td>
<td>—</td>
<td>305</td>
</tr>
<tr>
<td>Acquisition of businesses, net of cash acquired</td>
<td>(71,400)</td>
<td>(45,450)</td>
</tr>
<tr>
<td>Purchase of cost method investment</td>
<td>(3,000)</td>
<td>—</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(135,405)</td>
<td>(63,929)</td>
</tr>
</tbody>
</table>

### Cash flows from financing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from term loan</td>
<td>124,688</td>
<td>—</td>
</tr>
<tr>
<td>Payments on term loan</td>
<td>(1,563)</td>
<td>—</td>
</tr>
<tr>
<td>Proceeds from revolving credit facility</td>
<td>—</td>
<td>51,500</td>
</tr>
<tr>
<td>Payments on revolving line of credit</td>
<td>(40,000)</td>
<td>(27,500)</td>
</tr>
<tr>
<td>Deferred financing costs</td>
<td>(392)</td>
<td>(8)</td>
</tr>
<tr>
<td>Payments on capital lease obligations</td>
<td>(549)</td>
<td>(429)</td>
</tr>
<tr>
<td>Payments of acquisition-related consideration</td>
<td>(4,876)</td>
<td>(2,109)</td>
</tr>
<tr>
<td>Issuance of common stock</td>
<td>16,139</td>
<td>2,900</td>
</tr>
<tr>
<td>Excess tax benefit from stock-based compensation</td>
<td>—</td>
<td>(968)</td>
</tr>
<tr>
<td>Purchase of treasury stock related to stock-based compensation</td>
<td>(3,779)</td>
<td>(5,619)</td>
</tr>
<tr>
<td>Purchase of treasury stock under share repurchase program</td>
<td>(21,244)</td>
<td>(30,455)</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>68,424</td>
<td>(12,688)</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>38,143</td>
<td>(8,103)</td>
</tr>
<tr>
<td>Effect of exchange rate on cash</td>
<td>36</td>
<td>(267)</td>
</tr>
</tbody>
</table>

### Cash and cash equivalents:

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of period</td>
<td>30,911</td>
<td>26,936</td>
</tr>
<tr>
<td>End of period</td>
<td>$69,090</td>
<td>$18,566</td>
</tr>
</tbody>
</table>

See accompanying notes
RealPage, Inc.

Condensed Consolidated Statements of Cash Flows, continued
(in thousands)
(unaudited)

<table>
<thead>
<tr>
<th>Supplemental cash flow information:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash paid for interest</td>
<td>$1,946</td>
<td>$673</td>
</tr>
<tr>
<td>Cash paid for income taxes, net of refunds</td>
<td>$1,520</td>
<td>$609</td>
</tr>
<tr>
<td>Non-cash investing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued property, equipment, and software</td>
<td>$1,700</td>
<td>$1,566</td>
</tr>
</tbody>
</table>

See accompanying notes
1. The Company

RealPage, Inc., a Delaware corporation, together with its subsidiaries, (the “Company” or “we” or “us”) is a provider of property management solutions that enable owners and managers of a wide variety of single family, multifamily, and vacation 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, renter, and property data. By integrating and streamlining a wide range of complex processes and interactions among the rental housing ecosystem of owners, managers, prospects, renters, 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.

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 Securities and Exchange Commission (“SEC”). The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. We believe that the disclosures made are appropriate, conform to those rules and regulations, and that the condensed or omitted information is not misleading.

The unaudited 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.

These financial statements should 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 29, 2016 ("Form 10-K").

Reclassification

Certain amounts included in cost of revenue in the accompanying Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2015 have been reclassified as sales and marketing expense to conform to current period presentation. This reclassification resulted in an increase in gross profit of $1.1 million and $2.4 million for the three and nine months ended September 30, 2015, respectively.

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, 2016 and 2015 was earned in the United States. Net property, equipment, and software held consisted of $116.9 million and $77.4 million located in the United States, and $5.2 million and $4.8 million in our international subsidiaries at September 30, 2016 and December 31, 2015, respectively. Substantially all of the net property, equipment, and software held in our international subsidiaries was located in the Philippines, Spain, and India at both September 30, 2016 and December 31, 2015.

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 estimates include the allowance for doubtful accounts; the useful lives of intangible assets and the recoverability or impairment of tangible and intangible asset values; fair value measurements; contingent commissions related to the sale of insurance products; purchase accounting allocations and contingent consideration; revenue and deferred revenue and related reserves; stock-based expense; 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: on demand software solutions, on premise software solutions, and professional 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 client;
- the collection of the fees is probable; and
- the amount of fees to be paid by the client is fixed or determinable.

If the fees are not fixed or determinable, we recognize revenues as payments become due from clients or when amounts owed are collected, provided all other conditions for revenue recognition have been met. Accordingly, this may materially affect the timing of our revenue recognition and results of operations.

When arrangements with clients include multiple software solutions and/or services, we allocate arrangement consideration to each deliverable based on its relative selling price. In such circumstances, we determine the relative selling price for each deliverable based on vendor specific objective evidence of selling price (“VSOE”), if available, or our best estimate of selling price (“BESP”). We have determined that third-party evidence of selling price is not available as our solutions and services are not largely interchangeable with those of other vendors. Our process for determining BESP considers multiple factors, including prices charged by us for similar offerings when sold separately, pricing and discount strategies, and other business objectives.

Taxes collected from clients and remitted to governmental authorities are presented on a net basis.

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 our selling certain risk mitigation services.

License and subscription fees are composed 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 client is expected to benefit, which we consider to be three 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. Our contract with our underwriting partner provides for contingent commissions to be paid to us in accordance with the agreement. This agreement provides for a calculation that considers, on the policies sold by us, earned premiums less i) earned agent commissions; ii) a percent of premium retained by our underwriting partner; iii) incurred losses; and iv) profit retained by our underwriting partner during the time period. Our estimate of contingent commission revenue considers historical loss experience on the policies sold by us. If the policy is cancelled, our commissions are forfeited as a percent of the unearned premium. As a result, we recognize commissions related to these services as earned ratably over the policy term.

On Premise Revenue

Sales of our on premise software solutions consist of an annual term license, which includes maintenance and support. Clients can renew their annual term license for additional one-year terms at renewal price levels. We recognize revenue for the annual term license and support services on a straight-line basis over the contract term.

We also derive on premise revenue from multiple element arrangements that include perpetual licenses with maintenance and other services to be provided over a fixed term. Revenue is recognized for delivered items using the residual method when we have VSOE of fair value for the undelivered items and all other criteria for revenue recognition have been met.

When VSOE has not been asserted for the undelivered items, we recognize the arrangement fees ratably over the longer of the client support period or the period during which professional services are rendered.

Professional and Other Revenue

Professional services and other revenue are recognized as the services are rendered for time and material contracts. Training revenues are recognized after the services are performed.
Fair Value Measurements

Certain assets and liabilities are carried at fair value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. See additional discussion of our fair value measurements and methodology at Note 11.

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 clients being in the multifamily rental housing market. Our clients, however, are dispersed across different geographic areas. We do not require collateral from clients. We maintain an allowance for doubtful accounts based upon the expected collectability of accounts receivable.

No single client accounted for 10% or more of our revenue or accounts receivable for the three or nine months ended September 30, 2016 or 2015.

Legal Contingencies

We review the status of each matter and record a provision for a liability when we consider that it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. We review these provisions quarterly and make adjustments where needed as additional information becomes available. If either or both of the criteria are not met, we assess whether there is at least a reasonable possibility that a loss, or additional losses beyond those already accrued, may be incurred. If there is a reasonable possibility that a material loss (or additional material loss in excess of any accrual) may be incurred, we disclose an estimate of the amount of loss or range of losses, either individually or in the aggregate, as appropriate, if such an estimate can be made, or disclose that an estimate of loss cannot be made.

Derivative Financial Instruments

The Company is exposed to interest rate risk related to our variable rate debt. The Company manages this risk through a program that may include the use of interest rate derivatives, the counterparties to which are major financial institutions. Our objective in using interest rate derivatives is to add stability to interest cost by reducing our exposure to interest rate movements. We do not use derivative instruments for trading or speculative purposes.

Our interest rate derivatives are designated as cash flow hedges and are carried in the Condensed Consolidated Balance Sheets at their fair value. Unrealized gains and losses resulting from changes in the fair value of these instruments are classified as either effective or ineffective. The effective portion of such gains or losses is recorded as a component of accumulated other comprehensive income (“AOCI”), while the ineffective portion is recorded as a component of interest expense in the period of change. Amounts reported in AOCI related to interest rate derivatives are reclassified into interest expense as interest payments are made on our variable-rate debt. If an interest rate derivative agreement is terminated prior to its maturity, the amounts previously recorded in AOCI are recognized into earnings over the period that the forecasted transactions impact earnings. If the hedging relationship is discontinued because it is probable that the forecasted transactions will not occur according to our original strategy, any related amounts previously recorded in AOCI are recognized in earnings immediately. See Note 13 for additional information.

Business Combinations

When we acquire businesses, we allocate the total consideration paid to the fair value of the tangible assets, liabilities, and identifiable intangible assets acquired. Any residual purchase consideration is recorded as goodwill. The allocation of the purchase price requires our management to make significant estimates in determining the fair values of assets acquired and liabilities assumed, in particular with respect to identified intangible assets. These estimates are based on the application of valuation models using historical experience and information obtained from the management of the acquired businesses. Such estimates can include, but are not limited to, the cash flows that an asset is expected to generate in the future, the appropriate weighted-average cost of capital, and the cost savings expected to be derived from acquiring an asset. These estimates are inherently uncertain and unpredictable. Unanticipated events and circumstances may occur that would affect the accuracy or validity of these estimates.

Our business combination agreements may provide for the payment of additional cash consideration to the extent certain targets are achieved in the future. The fair value of this contingent consideration is based on significant estimates and is initially recorded as purchase price. Changes in the fair value of contingent consideration are reflected in the Condensed Consolidated Statements of Operations. Acquisition-related costs are expensed as incurred.
Inventory

Inventories are stated at the lower of cost, determined on a first-in, first-out basis, or net realizable value. The Company establishes inventory allowances for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated realizable values based on assumptions about forecasted demand, open purchase commitments, and market conditions. Inventories consist primarily of meters, including subcontract labor costs on contracts in progress.

Other Current Assets

Other current assets consisted of the following at September 30, 2016 and December 31, 2015:

<table>
<thead>
<tr>
<th>September 30, 2016</th>
<th>December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease-related receivables</td>
<td>$1,914</td>
</tr>
<tr>
<td>Inventory</td>
<td>1,774</td>
</tr>
<tr>
<td>Indemnification asset</td>
<td>1,220</td>
</tr>
<tr>
<td>Other current assets</td>
<td>2,958</td>
</tr>
<tr>
<td><strong>Total other current assets</strong></td>
<td><strong>$7,866</strong></td>
</tr>
</tbody>
</table>

Lease-related receivables consisted primarily of incentives related to the lease executed in 2015 for our new corporate headquarters and data center in Richardson, Texas. The decrease in the lease-related receivable between the periods is attributable to reimbursement payments received from the landlord related to completed leasehold improvements. See additional discussion of this lease at Note 8. The indemnification asset arose from our acquisition of NWP Services Corporation, which was completed in the first quarter of 2016. See additional discussion of this asset in Note 3.

Cost Method Investments

Investments in privately-held entities that are less than 20% owned by the Company are accounted for using the cost method, unless the Company can exercise significant influence or the investee is economically dependent upon the Company. Under the cost method, investments are carried at cost and other income is recorded when dividends are received from the cost-method investee. Cost method investments are included in Other Assets in the accompanying Condensed Consolidated Balance Sheets.

We periodically assess the need to record impairment losses on investments and record such losses when the impairment of an investment is determined to be other-than-temporary in nature. A variety of factors are considered when determining if a decline in fair value below book value is other-than-temporary, including, among others, the financial condition and prospects of the investee. No events or circumstances indicating a potential impairment were identified as of September 30, 2016.

Recently Adopted Accounting Standards

We adopted Accounting Standards Update (“ASU”) 2015-03, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs and ASU 2015-15, Interest - Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line of Credit Agreements in the first quarter of 2016. As a result of our retrospective adoption of these standards, we present term loans payable net of unamortized debt issuance costs in the Condensed Consolidated Balance Sheets. Prior to adoption of this ASU, such issuance costs were included in other assets. Our adoption of this standard did not result in a reclassification of previously reported amounts, as we did not have outstanding term loans at December 31, 2015. As required, debt issuance costs related to our secured revolving credit facility continue to be presented in other assets in the Condensed Consolidated Balance Sheets.

In November 2015, the Financial Accounting Standards Board (“FASB”) issued ASU 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments, which eliminates the requirement to restate prior period financial statements for measurement-period adjustments. This ASU requires that the cumulative impact of a measurement period adjustment, including the impact on prior periods, be recognized in the reporting period in which the adjustment is identified. We adopted ASU 2015-16 in the first quarter of 2016.

In April 2015, the FASB issued ASU 2015-05, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement. This ASU provides guidance to clarify the customer’s accounting for fees paid in a cloud computing arrangement and whether such an arrangement contains a software license or is solely a service contract. We adopted this standard in the first quarter of 2016 and will prospectively apply the guidance to all arrangements entered into or materially modified after January 1, 2016.
Recently Issued Accounting Standards

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfer of Assets Other Than Inventory*, in an effort to reduce the cost and complexity, as well as improve the accounting for income tax consequences of intra-entity transfers of assets. Under current U.S. GAAP, the recognition of current and deferred income taxes for an intra-entity asset transfer is prohibited until the asset has been sold to an outside party. The ASU eliminates the requirement to delay recognition and allows an entity to recognize the income tax consequences when the transfer of an intra-entity asset other than inventory occurs. The new guidance is applicable for annual reporting periods beginning after December 15, 2017, including interim reporting periods therein; however, early application for public entities is permitted. The amendments in this ASU are to be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. We have not yet selected an adoption date and are currently evaluating the impact of this ASU on our financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 addresses several specific cash flow issues in an effort to reduce diversity in practice. Among the issues addressed, the ASU clarifies that payments of related contingent consideration related to business combinations made soon after the date of acquisition should be classified as cash outflows for investing activities. Payments made thereafter should be classified as cash outflows for financing activities up to the amount of the original contingent consideration liability. Payments made in excess of the amount of the original contingent consideration liability should be classified as cash outflows for operating activities. The amendments in this ASU are applicable for annual reporting periods beginning after December 15, 2017, including interim reporting periods therein; however, early application for public entities is permitted. We have not yet selected an adoption date and are currently evaluating the impact of this ASU on our financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The amendments in this ASU replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted in fiscal years beginning after December 15, 2018. The amendments in this ASU are to be applied through a cumulative-effect adjustment to retained earnings as of the first reporting period in which the ASU is effective. We have not yet selected a transition date and are currently evaluating the impact of adopting ASU 2016-13 on our financial statements.

On March 30, 2016, the FASB issued ASU 2016-09, *Compensation - Stock Compensation (Topic 718)*. Current GAAP requires tax benefits in excess of compensation cost to be recorded in additional paid-in capital and tax deficiencies to be recorded in equity to the extent of previous accumulated excess tax benefit, and then to the income statement. Under the new guidance, all excess tax benefits and tax deficiencies will be recognized as income tax expense or benefit in the income statement. Additionally, this ASU requires an entity to recognize excess tax benefits, regardless of whether the benefit reduces taxes payable in the current period and changes the classification of the excess tax benefits in the statement of cash flows.

ASU 2016-09 is effective for interim and annual periods beginning after December 15, 2016. Early adoption is permitted in any interim or annual period, with any adjustments reflected as of the beginning of the fiscal year of adoption. An entity that elects early adoption must adopt all of the amendments in the same period. We expect to adopt this ASU effective January 1, 2017 and are currently evaluating the impact of adoption on our financial statements.

On February 25, 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. Current GAAP requires lessees to classify their leases as either capital leases, for which the lessee recognizes a lease liability and a related leased asset, or operating leases, which are not reflected in the lessee’s balance sheet. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with a term of more than 12 months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease will depend primarily on its classification as a finance or an operating lease. However, unlike current GAAP, which requires only capital leases to be recognized on the balance sheet, ASU 2016-02 will require both operating and finance leases to be recognized on the balance sheet. Additionally, the ASU will require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases, including qualitative and quantitative requirements.

ASU 2016-02 is effective for interim and annual periods beginning after December 15, 2018. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients. Transition will require application of the new guidance to the beginning of the earliest comparative period presented. We have not yet selected a transition date and are currently evaluating the impact of adopting ASU 2016-02 on our financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09, as amended by certain supplementary ASU’s released in 2016, will replace all current GAAP guidance on this topic and eliminate all industry-specific guidance. The new revenue recognition standard provides a unified model to determine when and how
revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services.

In August 2015, the FASB issued ASU 2015-14, *Topic 606 - Deferral of Effective Date*. ASU 2015-14 permits public business entities to defer the adoption of ASU 2014-09 until interim and annual reporting periods beginning after December 15, 2017. Earlier application is permitted, but not before interim and annual reporting periods beginning after December 15, 2016. Our assessment of the impact of the standard on our consolidated financial statements is currently underway. We have determined that we will adopt the standard in our interim reporting period beginning January 1, 2018. We have not yet selected an adoption method and are currently assessing the impact of the adoption of this ASU on our financial statements.

### 3. Acquisitions

We apply the guidance contained in ASC Topic 805, *Business Combinations* ("ASC 805") in determining whether an acquisition transaction constitutes a business combination. ASC 805 defines a business as consisting of inputs and processes applied to those inputs that have the ability to create outputs. The acquisition transactions below were determined to constitute business combinations and were accounted for under ASC 805.

Purchase consideration includes assets transferred, liabilities incurred, and/or equity interests issued by us, all of which are measured at their fair value as of the date of acquisition. Our business combination transactions may be structured to include an up-front cash payment and deferred and/or contingent cash payments to be made at specified dates subsequent to the date of acquisition. Deferred cash payments are included in the acquisition consideration based on their fair value as of the acquisition date. The fair value of these obligations is estimated based on the present value, as of the date of acquisition, of the anticipated future payments. The future payments are discounted using a rate that considers an estimate of the return expected by a market-participant and a measurement of the risk inherent in the cash flows, among other inputs. Deferred cash payments are generally subject to adjustments specified in the underlying purchase agreement related to the seller’s indemnification obligations. Contingent cash payments are obligations to make future cash payments to the seller, the payment of which is contingent upon the acquired business achieving stipulated operational or financial targets in the post-acquisition period. Contingent cash payments are included in the purchase consideration at their fair value as of the acquisition date. The fair value of these payments is estimated by management using a probability weighted discount model based on the achievement of the specified targets. The fair value of these liabilities is re-evaluated on a quarterly basis, and any change is reflected in the line “General and administrative” in the accompanying Condensed Consolidated Statements of Operations.

The total purchase consideration is allocated to the assets acquired and liabilities assumed based on their estimated fair values. Any excess consideration is classified as goodwill. Acquired intangibles are recorded at their estimated fair value based on the income approach using market-based estimates. Acquired intangibles generally include developed product technologies, which are amortized over their useful life on a straight-line basis, and client relationships, which are amortized over their useful life proportionately to the expected discounted cash flows derived from the asset. When trade names acquired are not classified as indefinite-lived, they are amortized on a straight-line basis over their expected useful life.

Acquisition costs are expensed as incurred and are included in the line “General and administrative” in the accompanying Condensed Consolidated Statements of Operations. We include the results of operations from acquired businesses in our condensed consolidated financial statements from the effective date of the acquisition.

#### 2016 Acquisitions

**eSupply Systems, LLC**

In June 2016, we acquired substantially all of the assets of eSupply Systems, LLC (“eSupply”) and those of certain entities related to eSupply. eSupply is an e-procurement software and group purchasing service and augmented our Spend Management solutions.

We acquired eSupply for a purchase price of $7.0 million, consisting of a cash payment of $5.5 million at closing and a deferred cash obligation of up to $1.0 million, payable over 18 months after the acquisition date. The deferred cash obligation is subject to adjustments specified in the merger agreement related to the sellers’ indemnification obligations. The fair value of the deferred cash obligation on the date of acquisition was $1.5 million. This acquisition was financed using proceeds from our term loan that was issued in February 2016. Direct acquisition costs were immaterial.

The acquired identified intangible assets consisted of developed technology and client relationships. These intangible assets were assigned estimated useful lives of three and ten years, respectively. We recognized goodwill in the amount of $3.2 million related to this acquisition, which is primarily comprised of anticipated synergies with our existing Spend Management solutions. Goodwill and the acquired identified intangible assets are deductible for tax purposes.
In May 2016, we acquired all of the issued and outstanding stock of AssetEye, Inc. ("AssetEye"). AssetEye is a data aggregation, reporting, and collaboration platform for institutions holding multiple real estate asset classes. This solution provides asset and portfolio managers with a solution to evaluate performance, trends, and operations across a portfolio with transparency into property-level data. The acquisition of AssetEye expanded the Company’s on demand solutions to serve all asset classes, including commercial, hospitality, multifamily, single family, senior living and student housing.

We acquired AssetEye’s issued and outstanding stock for a purchase price of $4.9 million. The purchase price consisted of a cash payment of $3.6 million at closing, net of cash acquired of $0.8 million; deferred cash obligations of $1.0 million, payable over a period of two years following the date of acquisition; contingent cash payments of up to $1.0 million if certain revenue targets are achieved during the three-month period ended September 30, 2017; and additional cash payments of $0.2 million due to former shareholders of AssetEye which are expected to be remitted over a short-term period. The deferred cash obligation is subject to adjustments specified in the merger agreement related to the sellers’ indemnification obligations. The fair value of the deferred and contingent cash obligations was $0.9 million and $0.2 million, respectively, at the date of acquisition. This acquisition was financed with proceeds from our term loan that was issued in February 2016. Direct acquisition costs were immaterial.

The acquired identified intangible assets comprised developed technology and client relationships having useful lives of five and ten years, respectively. We recognized goodwill in the amount of $3.2 million related to this acquisition, which is primarily comprised of anticipated synergies between the AssetEye solution and our existing complementary solutions as well as our sales and marketing infrastructure. Goodwill and identified intangible assets recognized in connection with this transaction are not deductible for tax purposes.

**NWP Services Corporation**

In March 2016, we acquired all of the issued and outstanding stock of NWP Services Corporation (“NWP”). NWP provides a full range of utility management services, including resident billing; payment processing; utility expense management; analytics and reporting; sub-metering and maintenance; and regulatory compliance. The primary products offered by NWP include Utility Logic, Utility Smart, Utility Genius, SmartSource, and NWP Sub-meter. We are integrating NWP into our resident services product family. The integrated platform will enable property owners and managers to increase the collection of rent utilities and energy recovery. Goodwill arising from this acquisition consists of anticipated synergies from the integration of NWP into our existing structure.

We acquired NWP’s issued and outstanding stock for a purchase price of $69.0 million. The purchase price consisted of a cash payment of $59.0 million at closing, net of cash acquired of $0.1 million; deferred cash obligations of $7.2 million, payable over a period of three years following the date of acquisition; and other amounts totaling $3.2 million, consisting of payments to certain employees and former shareholders of NWP that are expected to be remitted over a short-term period. The deferred cash obligation is subject to adjustments specified in the merger agreement related to the sellers’ indemnification obligations. The acquisition-date fair value of the deferred cash obligation was $6.8 million. This acquisition was financed with proceeds from our term loan that was issued in February 2016. Acquisition costs associated with this transaction totaled $0.3 million and were expensed as incurred.

The acquired identified intangible assets are comprised of developed technologies, trade name, and client relationships having useful lives of five, three, and ten years, respectively. Goodwill and identified intangible assets acquired in this business combination, valued at $35.3 million and $16.3 million, have carryover tax bases of $0.7 million and $11.0 million, respectively, which are deductible for tax purposes. Goodwill and identified intangible assets recognized in excess of those carryover tax basis amounts are not deductible for tax purposes. Accounts receivable acquired have a gross contractual value of $11.3 million, of which $3.4 million was estimated to be uncollectable.

We assigned approximately $10.2 million of value to deferred tax assets in our purchase price allocation, consisting primarily of $9.9 million of federal and state net operating losses (“NOL”). This NOL amount reflects the tax benefit from approximately $27.3 million of NOLs we expect to realize after considering various limitations and restrictions on NWP’s pre-acquisition NOLs.

In connection with the acquisition of NWP, we recorded an indemnification asset of $1.2 million, which represents the selling security holders’ obligation under the purchase agreement to indemnify RealPage, Inc. for the outcome of certain accrued obligations. The indemnification asset was recognized on the same basis as the corresponding liability, which is based on its estimated fair value as of the date of acquisition.

**Purchase Price Allocation**

The estimated fair values of assets acquired and liabilities assumed presented below are provisional and are based on the information available as of the acquisition date. We believe that this information provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed, but the Company is awaiting additional information necessary to finalize
those values. Therefore, the provisional measurements of fair value are subject to change, and such changes could be significant. We expect to finalize the valuation of these assets and liabilities as soon as practicable, but no later than one year from the respective acquisition dates. The preliminary allocation of the purchase price was as follows:

<table>
<thead>
<tr>
<th></th>
<th>NWP (in thousands)</th>
<th>AssetEye</th>
<th>eSupply</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted cash</td>
<td>$4,960</td>
<td>$—</td>
<td>$—</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>7,902</td>
<td>90</td>
<td>259</td>
</tr>
<tr>
<td>Property, equipment, and software</td>
<td>3,194</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>16,349</td>
<td>2,685</td>
<td>3,585</td>
</tr>
<tr>
<td>Goodwill</td>
<td>35,292</td>
<td>3,154</td>
<td>3,216</td>
</tr>
<tr>
<td>Deferred tax assets, net</td>
<td>10,154</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other assets, net of other liabilities</td>
<td>3,065</td>
<td>8</td>
<td>71</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(6,865)</td>
<td>—</td>
<td>(147)</td>
</tr>
<tr>
<td>Client deposits held in restricted accounts</td>
<td>(5,018)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>—</td>
<td>(16)</td>
<td>(29)</td>
</tr>
<tr>
<td>Deferred tax liabilities, net</td>
<td>—</td>
<td>(1,010)</td>
<td>—</td>
</tr>
<tr>
<td>Total purchase price</td>
<td>$69,033</td>
<td>$4,911</td>
<td>$6,955</td>
</tr>
</tbody>
</table>

At September 30, 2016, deferred cash obligations related to acquisitions completed in 2016 totaled $9.8 million, and carried net of a discount of $0.9 million. The aggregate fair value of contingent cash obligations related to these acquisitions was $0.3 million at September 30, 2016. During the three and nine months ended September 30, 2016, we recognized a loss of $0.1 million due to changes in the fair value of contingent cash obligations related to these acquisitions.

No payments of deferred or contingent cash obligations related to acquisitions completed in 2016 were made during the nine months ended September 30, 2016. During the same period, we made payments totaling $3.3 million related to amounts due to certain employees and former shareholders of the acquired businesses described above.

**2015 Acquisitions**

**Indatus**

In June 2015, we acquired certain assets from ICIM Corporation, including the Answer Automation, Call Tracker, and Zip Digital products, marketed under the name Indatus. The Indatus offerings are software-as-a-service products that provide automated answering services, marketing spend analysis tools, and other features which enhance the ability of managers of multifamily properties to communicate with their residents. We are currently integrating the Indatus assets with our existing contact center and maintenance products, which will increase the features of these existing solutions.

We acquired the Indatus assets for a purchase price of $49.4 million, consisting of a cash payment of $43.8 million at closing; deferred cash payments of up to $5.0 million, payable over nineteen months after the acquisition date; and contingent cash payments of up to $2.0 million, in the aggregate, if certain revenue targets are met for the twelve-month periods ending June 30, 2016 and 2017. The revenue targets for the twelve-month period ended June 30, 2016 were not achieved and no payment of contingent consideration for that period was made. The fair value of the deferred and contingent cash payments was $4.7 million and $0.9 million, respectively, as of the acquisition date. Direct acquisition costs were $0.3 million. This acquisition was financed using proceeds from our revolving credit facility.

The acquired developed product technologies and client relationships have useful lives of three and ten years, respectively. The trade name acquired was amortized over a useful life of one year, based on our anticipated use of the asset. Goodwill and identified intangible assets associated with the acquisition are deductible for tax purposes. Goodwill arising from the acquisition consists largely of anticipated synergies resulting from the integration of Indatus with our pre-existing products and from leveraging our existing client base and sales staff.

**VRX**

In June 2015, we acquired certain assets from RJ Vacations, LLC and Switch Development Corporation, including the VRX product (“VRX”). VRX is a software-as-a-service application which allows vacation rental management companies to manage the cleaning and turning of units, accounting, and document management. VRX was integrated with our Kigo solution.

We acquired the VRX assets for a purchase price of $2.0 million, consisting of a cash payment of $1.5 million at closing and a contingent cash payment of up to $0.5 million. Payment of the contingent cash obligation is dependent upon the achievement of certain subscription or booking activity targets and is subject to adjustments specified in the acquisition.
agreement related to the sellers’ indemnification obligations. The contingent cash obligation had a fair value of $0.5 million, as of the acquisition date, and is due fifteen months after the date of acquisition.

The acquisition agreement also provides for the sellers to receive additional contingent cash payments of up to $3.0 million. Payment of the additional contingent cash obligations is dependent upon the achievement of certain revenue targets during the twelve month periods ending December 31, 2016, 2017, and 2018, and the sellers providing certain services during a specified period following the acquisition date. Due to this post-acquisition service requirement, the Company concluded that the additional contingent cash obligations represent post-acquisition compensation; therefore, these amounts were excluded from the purchase consideration. One of the sellers separated from the Company prior to completing the required service periods. As a result, the maximum potential payout of the additional contingent cash payments at September 30, 2016 was $1.5 million. No amounts under the additional contingent cash payments have been earned or paid as of September 30, 2016. This acquisition was financed using cash flows from operations. Direct acquisition costs were immaterial.

The acquired developed product technologies have an estimated useful life of three years. The estimated fair value of the client relationships acquired was immaterial and these intangible assets were expensed as of the acquisition date. Goodwill arising from the acquisition consists largely of anticipated synergies resulting from the integration of VRX with Kigo. Goodwill and identified intangible assets associated with the acquisition are deductible for tax purposes.

*Purchase Price Allocation*

We allocated the purchase price of Indatus and VRX as follows:

<table>
<thead>
<tr>
<th></th>
<th>Indatus (in thousands)</th>
<th>VRX (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts receivable</td>
<td>$646</td>
<td>$—</td>
</tr>
<tr>
<td>Intangible assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developed product technologies</td>
<td>13,400</td>
<td>794</td>
</tr>
<tr>
<td>Client relationships</td>
<td>9,770</td>
<td>11</td>
</tr>
<tr>
<td>Trade names</td>
<td>83</td>
<td>—</td>
</tr>
<tr>
<td>Goodwill</td>
<td>25,575</td>
<td>1,186</td>
</tr>
<tr>
<td>Net other liabilities</td>
<td>(57)</td>
<td>—</td>
</tr>
<tr>
<td>Total purchase price</td>
<td>$49,417</td>
<td>$1,991</td>
</tr>
</tbody>
</table>

At September 30, 2016 and December 31, 2015, total deferred cash obligations related to acquisitions completed in 2015 were $2.7 million and $5.1 million, respectively. These obligations were carried net of a discount of less than $0.1 million and $0.2 million at September 30, 2016 and December 31, 2015, respectively. During the nine months ended September 30, 2016 we paid amounts totaling $2.2 million related to these obligations. No payments were made during the same period in 2015.

The aggregate fair value of contingent cash obligations related to acquisitions completed in 2015 was less than $0.1 million at September 30, 2016 and was $0.8 million at December 31, 2015. During the three and nine months ended September 30, 2016, we recognized net gains of $0.4 million and $0.8 million, respectively, related to changes in the fair value of these obligations. During the same periods of 2015 we recognized a net gain in the amount of $0.3 million. No payments of contingent cash obligations related to acquisitions completed in 2015 were made during the nine months ended September 30, 2016 and 2015.

*Acquisition Activity Prior to 2015*

At September 30, 2016 and December 31, 2015, deferred cash obligations related to acquisitions completed prior to 2015 totaled $4.5 million and $7.2 million, respectively. During the nine months ended September 30, 2016 and 2015, we paid deferred cash obligations related to these acquisitions in the amount of $2.9 million and $1.0 million, respectively.

The aggregate fair value of contingent cash obligations related to acquisitions completed prior to 2015 was estimated to be zero at both September 30, 2016 and December 31, 2015. During the nine months ended September 30, 2015, we paid contingent cash obligations totaling $1.2 million related to these acquisitions. No payments were made during the same period of 2016. A net gain of $2.9 million was recognized during the nine months ended September 30, 2015, related to the change in fair value of these contingent cash obligations. No gain or loss was recognized during the same periods of 2016.

*Pro Forma Results of Acquisitions*

The following table presents pro forma results of operations for the three and nine months ended September 30, 2016 and 2015, as if the aforementioned acquisitions had occurred at the beginning of each period presented. The pro forma information includes the business combination accounting effects resulting from these acquisitions, including interest expense, tax benefit,
and additional amortization resulting from the valuation of amortizable intangible assets. 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 occurred at the beginning of the presented period, or of future periods. Pro forma results are presented in thousands, except per share amounts.

### Three Months Ended September 30, 2016 vs. 2015

<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>2016</td>
<td>2015</td>
</tr>
<tr>
<td></td>
<td>Pro Forma</td>
<td>Pro Forma</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>$147,955</td>
<td>$137,440</td>
</tr>
<tr>
<td><strong>Net income (loss)</strong></td>
<td>4,210</td>
<td>(8,111)</td>
</tr>
<tr>
<td>Net income (loss) per share:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$0.05</td>
<td>($0.11)</td>
</tr>
<tr>
<td>Diluted</td>
<td>$0.05</td>
<td>($0.11)</td>
</tr>
</tbody>
</table>

### 4. Property, Equipment, and Software

Property, equipment, and software consisted of the following at September 30, 2016 and December 31, 2015:

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2016</th>
<th>December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in thousands)</td>
<td>(in thousands)</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>$45,288</td>
<td>$26,138</td>
</tr>
<tr>
<td>Data processing and communications equipment</td>
<td>75,510</td>
<td>67,871</td>
</tr>
<tr>
<td>Furniture, fixtures, and other equipment</td>
<td>23,061</td>
<td>18,253</td>
</tr>
<tr>
<td>Software</td>
<td>82,059</td>
<td>68,972</td>
</tr>
<tr>
<td><strong>Less: Accumulated depreciation and amortization</strong></td>
<td>(103,799)</td>
<td>(99,036)</td>
</tr>
<tr>
<td>Property, equipment, and software, net</td>
<td>$122,119</td>
<td>$82,198</td>
</tr>
</tbody>
</table>

Depreciation and amortization expense for property, equipment, and purchased software was $6.2 million and $5.0 million for the three months ended, and $18.2 million and $15.2 million for the nine months ended September 30, 2016 and 2015, respectively. This includes amortization related to assets acquired through capital leases.

The carrying amount of capitalized software development costs was $51.2 million and $41.2 million at September 30, 2016 and December 31, 2015, respectively. Total accumulated amortization related to these assets was $18.1 million and $14.0 million at the respective dates. Amortization expense related to capitalized software development costs totaled $1.6 million and $0.9 million for the three months ended and $4.2 million and $2.3 million for the nine months ended September 30, 2016 and 2015, respectively.

We review in-progress software development projects on a periodic basis to ensure completion is assured and the development work will be placed into service as a new product or significant product enhancement. During the three and nine months ended September 30, 2015, we identified certain projects for which software development work had ceased and it was determined the projects would be discontinued. Our analysis of the capitalized costs resulted in the conclusion that they had no value outside of the respective projects for which they were originally incurred. As a result, we recognized an impairment loss of $0.5 million and $1.3 million during the three and nine months ended September 30, 2015, respectively. The impairment charges are included in “Product development” in the accompanying Condensed Consolidated Statements of Operations. No impairments of software development projects were identified during the three and nine months ended September 30, 2016.

During the nine months ended September 30, 2015, we modified or terminated certain operating lease agreements for office space prior to the end of the applicable lease term. We recognized an impairment charge of zero and $1.5 million during the three and nine months ended September 30, 2015, respectively, related to leasehold improvements associated with a modified lease. The impairment charge is included in the line "General and administrative" in the accompanying Condensed Consolidated Statements of Operations. During the three and nine months ended September 30, 2015, we also disposed of fixed assets with a net carrying value of $0.2 million and $0.5 million, respectively. We recognized a net loss of $0.2 million during the three and nine months ended September 30, 2015, related to these disposals. See additional discussion of these lease related changes in Note 8.
5. Goodwill and Identified Intangible Assets

Changes in the carrying amount of goodwill during the nine months ended September 30, 2016 were as follows, in thousands:

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Balance as of December 31, 2015</td>
<td>$220,097</td>
</tr>
</tbody>
</table>

Identified intangible assets consisted of the following at September 30, 2016 and December 31, 2015:

<table>
<thead>
<tr>
<th>Weighted Average Amortization Period (in years)</th>
<th>September 30, 2016</th>
<th>December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying Amount</td>
<td>Accumulated Amortization</td>
</tr>
<tr>
<td>Finite-lived intangible assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developed technologies</td>
<td>3.6</td>
<td>$75,926</td>
</tr>
<tr>
<td>Client relationships</td>
<td>9.2</td>
<td>111,853</td>
</tr>
<tr>
<td>Trade names</td>
<td>6.4</td>
<td>5,899</td>
</tr>
<tr>
<td>Total finite-lived intangible assets:</td>
<td>7.0</td>
<td>193,678</td>
</tr>
<tr>
<td>Indefinite-lived intangible assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total identified intangible assets:</td>
<td></td>
<td>14,719</td>
</tr>
</tbody>
</table>

| Trade names                                      | 14,719            | 15,461            |

Amortization expense related to finite-lived intangible assets was $6.3 million and $6.1 million for the three months ended, and $18.5 million and $16.3 million for the nine months ended September 30, 2016 and 2015, respectively.

In March 2015, the Company completed the integration of the InstaManager and Kigo platforms into a single solution marketed under the Kigo name. Subsequent to this integration, the Company discontinued the use of the InstaManager trade name to market or identify the software. Due to this change in circumstance, the Company evaluated the InstaManager trade name for impairment and concluded an impairment in the amount of $0.5 million existed at March 31, 2015.

In connection with the preparation of the third quarter 2015 financial statements, the Company identified indicators requiring the assessment of certain indefinite-lived trade names for impairment, primarily associated with the Company's 2011 acquisition of MyNewPlace. Identified indicators included declines in actual and anticipated lead-generation revenues and a change in the Company's long-term marketing strategy. As a result, the Company analyzed these intangible assets and recorded a $20.3 million impairment charge during the third quarter of 2015, representing the amount by which the carrying value of the indefinite-lived trade names exceeded their estimated fair value. Given the change in the Company's long-term marketing strategy and anticipated use of the trade names, the remaining balance was reclassified to finite-lived intangible assets as of September 30, 2015, which is being amortized on a straight-line basis over an estimated useful life of seven years.

As further discussed in Note 17, in October 2016 we entered into an agreement with A Place for Mom, Inc. ("A Place for Mom"), whereby we sold certain assets associated with our senior living referral services, including certain indefinite-lived trade names, and agreed with A Place for Mom to collaborate to improve lead transparency utilizing A Place for Mom's and the Company's senior living customer relationship management platforms. Based on the status of the sale negotiations, we concluded there was a possibility that the negotiated assets could be impaired and performed an impairment analysis as of September 30, 2016. As a result of this analysis we recorded an impairment of the associated trade names of $0.8 million, the amount by which the carrying value of the trade names exceeded their estimated fair value on the date of analysis, in the third quarter of 2016. See Note 11 for discussion of the methodology and inputs utilized by the Company to estimate the fair value of these indefinite-lived trade names.

The above impairment charges are included in "Impairment of identified intangible assets" in the accompanying Condensed Consolidated Statements of Operations.
6. Debt

On September 30, 2014, we entered into an agreement for a secured revolving credit facility (as amended by the Amendment discussed below, the “Credit Facility”) to refinance our outstanding revolving loans. The Credit Facility provides an aggregate principal amount of up to $200.0 million of revolving loans, with sublimits of $10.0 million for the issuance of letters of credit and $20.0 million for swingline loans. The Credit Facility also allowed us, subject to certain conditions, to request additional term loans or revolving commitments up to an aggregate principal amount of $150.0 million, plus an amount that would not cause our consolidated net leverage ratio, which is a ratio of the Company’s consolidated funded indebtedness to its consolidated EBITDA, as defined in the agreement, to exceed 3.25 to 1.00. In February 2016, we entered into an amendment to the Credit Facility (the “Amendment”). The Amendment provides for an incremental term loan in the amount of $125.0 million (“Term Loan”) that is coterminous with the existing Credit Facility, reducing the amount of additional term loans or revolving commitments available under the Credit Facility to $25.0 million plus an amount that would not cause us to exceed the net leverage ratio limitation. The Amendment permits the Company to elect to increase the maximum permitted consolidated net leverage ratio on a one-time basis to 4.00 to 1.00 following the issuance of convertible notes or high yield notes in an initial principal amount of at least $150.0 million. We incurred debt issuance costs in the amount of $0.7 million in conjunction with the execution of the Amendment.

Revolving loans under the Credit Facility may be voluntarily prepaid and re-borrowed. At our option, the revolving loans accrue interest at a per annum rate equal to either LIBOR, plus a margin ranging from 1.25% to 2.00%, or the Base Rate, plus a margin ranging from 0.25% to 1.00% (“Applicable Margin”). The base LIBOR rate is, at our discretion, equal to either one, two, three, or six month LIBOR. The Base Rate is defined as the greater of Wells Fargo’s prime rate, the Federal Funds Rate plus 0.50%, or one month LIBOR plus 1.00%. In each case, the Applicable Margin is determined based upon our consolidated net leverage ratio. Accumulated interest is due and payable quarterly, in arrears, for loans bearing interest at the Base Rate and at the end of the applicable interest period in the case of loans bearing interest at the adjusted LIBOR.

Principal payments on the Term Loan are due in quarterly installments that began in June 2016. Amounts paid under the Term Loan may not be re-borrowed. The Term Loan is subject to mandatory repayment requirements in the event of certain asset sales or if certain insurance or condemnation events occur, subject to customary reinvestment provisions. The Company may prepay the Term Loan in whole or in part at any time, without premium or penalty, with prepayment amounts to be applied to remaining scheduled principal amortization payments as specified by the Company. The Term Loan is subject to the same interest rate terms and payment dates as the revolving loans. Under the terms of the Amendment, an additional tier was added such that the Applicable Margin now ranges from 1.25% to 2.00% for LIBOR loans, and 0.25% to 1.00% for Base Rate loans.

The Credit Facility is secured by substantially all of our assets, and certain of our existing and future material domestic subsidiaries are required to guarantee our obligations under the Credit Facility. We are also required to comply with customary affirmative and negative covenants, as well as a consolidated net leverage ratio and an interest coverage ratio. All outstanding principal and accrued and unpaid interest are due upon the Credit Facility’s maturity on September 30, 2019.

We had $123.4 million outstanding under our Term Loan at September 30, 2016. At December 31, 2015, we had $40.0 million in revolving loans outstanding under the Credit Facility. There were no outstanding revolving loans at September 30, 2016. As of September 30, 2016, $200.0 million was available under our Credit Facility, of which $10.0 million was available for the issuance of letters of credit and $20.0 million for swingline loans. We had unamortized debt issuance costs of $1.4 million and $1.0 million at September 30, 2016 and December 31, 2015, respectively. At September 30, 2016, the Term Loan was carried net of unamortized debt issuance costs of $0.5 million in the accompanying Condensed Consolidated Balance Sheets. As of September 30, 2016, we were in compliance with the covenants under our Credit Facility.

Future maturities of principal under the Term Loan will be as follows for the years ending December 31, in thousands:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$781</td>
</tr>
<tr>
<td>2017</td>
<td>5,469</td>
</tr>
<tr>
<td>2018</td>
<td>6,250</td>
</tr>
<tr>
<td>2019</td>
<td>110,938</td>
</tr>
<tr>
<td></td>
<td><strong>$123,438</strong></td>
</tr>
</tbody>
</table>
7. Stock-based Expense

All stock options and restricted stock awards granted during 2016 were granted under the Amended and Restated 2010 Equity Incentive Plan, as amended.

During the three and nine months ended September 30, 2016, the Company made the following grants of restricted stock:

<table>
<thead>
<tr>
<th>Condition to Become Eligible to Vest</th>
<th>Three Months Ended September 30, 2016</th>
<th>Nine Months Ended September 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares vest ratably over a period of twelve quarters beginning on the first day of the second calendar quarter immediately following the grant date.</td>
<td>108,965</td>
<td>1,674,092</td>
</tr>
<tr>
<td>Shares vest ratably over a period of four quarters beginning on the first day of the calendar quarter immediately following the grant date.</td>
<td>—</td>
<td>55,783</td>
</tr>
<tr>
<td>Shares fully vested on the date of grant.</td>
<td>7,650</td>
<td>7,650</td>
</tr>
</tbody>
</table>

During the three and nine months ended September 30, 2016, we granted 64,725 and 794,025 shares of restricted stock, respectively, which require the achievement of certain market-based conditions to become eligible to vest. The shares become eligible to vest based on the achievement of the following conditions:

<table>
<thead>
<tr>
<th>Condition to Become Eligible to Vest</th>
<th>Three Months Ended September 30, 2016</th>
<th>Nine Months Ended September 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>After the grant date and prior to July 1, 2019, the average closing price per share of the Company’s common stock equals or exceeds $27.28 for twenty consecutive trading days.</td>
<td>—</td>
<td>364,651</td>
</tr>
<tr>
<td>After the grant date and prior to July 1, 2019, the average closing price per share of the Company’s common stock equals or exceeds $32.15 for twenty consecutive trading days.</td>
<td>—</td>
<td>364,649</td>
</tr>
<tr>
<td>After the grant date and prior to January 1, 2020, the average closing price per share of the Company’s common stock equals or exceeds $31.48 for twenty consecutive trading days.</td>
<td>32,362</td>
<td>32,362</td>
</tr>
<tr>
<td>After the grant date and prior to January 1, 2020, the average closing price per share of the Company’s common stock equals or exceeds $36.33 for twenty consecutive trading days.</td>
<td>32,363</td>
<td>32,363</td>
</tr>
</tbody>
</table>

Shares that become eligible to vest, if any, become Eligible Shares. These awards vest ratably over four calendar quarters beginning on the first day of the next calendar quarter immediately following the date on which they become Eligible Shares. Vesting is conditional upon the recipient remaining a service provider, as defined in the plan document, to the Company through each applicable vesting date.

During the second quarter of 2016, we issued 17,416 shares of restricted stock to certain non-employees as payment for consulting services to be provided over the subsequent four quarterly periods. The shares vest as the consulting services are performed.

8. Commitments and Contingencies

Lease Commitments

The Company leases office facilities and equipment for various terms under long-term, non-cancellable operating lease agreements. The leases expire at various dates through 2028 and provide for renewal options. The agreements generally require the Company to pay for executory costs such as real estate taxes, insurance, and repairs.

In connection with the acquisition of NWP, the Company assumed non-cancellable operating leases for equipment and office space. Office leases assumed include locations in Costa Mesa, California; Tampa, Florida; Ann Arbor, Michigan; and Bloomington, Minnesota. The office leases expire at various dates through 2020 and have terms substantially similar to our other office leasing arrangements. Some of the lease agreements assumed contain provisions for future rent increases. For these leases, the total amount of rental payments due over the lease term is charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid is credited or charged to “Accrued lease liability,” which is included in “Accrued expenses and other current liabilities” or “Other long-term liabilities” in the accompanying Condensed Consolidated Balance Sheets, depending upon when the liability is expected to be relieved.

Equipment leases assumed by the Company include leases for equipment used in the general operation of the business and have lease terms expiring throughout 2020. These agreements have terms substantially similar to our other equipment leasing arrangements.
In May 2015, the Company entered into a lease agreement for office space located in Richardson, Texas to serve as our new corporate headquarters and data center. In July 2015, the Company entered into an amendment to the lease agreement which increased the amount of leased space. At December 31, 2015, we had a receivable for incentives under this lease of $19.4 million. In July 2016, the Company entered into a second amendment of the lease agreement, which resulted in the recognition of an additional receivable for lease incentives of $1.0 million. We completed the move of our corporate headquarters and data center in the third quarter of 2016. The receivable for incentives under this lease was $1.4 million at September 30, 2016. The decrease in the lease incentives receivable balance between the periods is attributable to reimbursements received from the landlord for completed leasehold improvements. The lease receivable is included in other current assets in the accompanying Consolidated Balance Sheets. Our lease for the majority of our previous corporate headquarters expired in August 2016, our lease for the remainder of the space will expire in December 2016.

In September 2016, we entered into a lease in South Burlington, Vermont to replace an existing lease for our product office contact center. This lease has terms substantially similar to our other leasing agreements and has lease terms expiring in 2022.

During the nine months ended September 30, 2015, the Company vacated or modified certain of our office space lease agreements. These modifications were made to consolidate our operations and reduce operating costs. As a result of these changes we recognized a reduction of our deferred rent liability in the amount of $0.9 million. This adjustment is reflected in the "General and administrative" line in the accompanying Condensed Consolidated Statements of Operations.

Minimum annual rental commitments under non-cancellable operating leases and total minimum rentals to be received under non-cancellable subleases, including leases assumed in business combinations, were as follows at September 30, 2016:

<table>
<thead>
<tr>
<th>Year</th>
<th>Minimum Lease Payments</th>
<th>Minimum Rentals to be Received Under Subleases</th>
<th>Net Lease Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$2,912</td>
<td>$84</td>
<td>$2,828</td>
</tr>
<tr>
<td>2017</td>
<td>11,263</td>
<td>140</td>
<td>11,123</td>
</tr>
<tr>
<td>2018</td>
<td>11,218</td>
<td>—</td>
<td>11,218</td>
</tr>
<tr>
<td>2019</td>
<td>9,881</td>
<td>—</td>
<td>9,881</td>
</tr>
<tr>
<td>2020</td>
<td>7,906</td>
<td>—</td>
<td>7,906</td>
</tr>
<tr>
<td>Thereafter</td>
<td>55,911</td>
<td>—</td>
<td>55,911</td>
</tr>
<tr>
<td></td>
<td>$99,091</td>
<td>$224</td>
<td>$98,867</td>
</tr>
</tbody>
</table>

**Guarantor Arrangements**

We have agreements whereby we indemnify our officers and directors for certain events or occurrences while the officer or director is or was serving at our request in such capacity. The term of the indemnification period is for the officer or director’s lifetime. The maximum potential amount of future payments we could be required to make under these indemnification agreements is unlimited; however, we have a director and officer insurance policy that limits our exposure and enables us to recover a portion of any future amounts paid. As a result of our insurance policy coverage, we believe the estimated fair value of these indemnification agreements is minimal. Accordingly, we had no liabilities recorded for these agreements as of September 30, 2016 or December 31, 2015.

In the ordinary course of our business, we include standard indemnification provisions in our agreements with clients. Pursuant to these provisions, we indemnify our clients 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 any such claims by designing a non-infringing alternative, by obtaining a license on reasonable terms or by terminating our relationship with the client and refunding the client’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 indemnification provisions is minimal, and, accordingly, we had no liabilities recorded for these agreements as of September 30, 2016 or December 31, 2015.
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.

In March 2015, we were named in a purported class action lawsuit in the United States District Court for the Eastern District of Pennsylvania, styled Stokes v. RealPage, Inc., Case No. 2:15-cv-01520. The claims in this purported class action relate to alleged violations of the Fair Credit Reporting Act (“FCRA”) in connection with background screens of prospective tenants of our clients. On January 25, 2016, the court entered an order placing the case on hold until the United States Supreme Court issued its decision in Spokeo, Inc. v. Robins, which case addressed issues related to standing to bring claims related to the FCRA. On May 16, 2016, the U.S. Supreme Court issued its opinion in the Spokeo litigation, vacating the decision of the United States Court of Appeals for the Ninth Circuit, and remanding the case for further consideration by the U.S. Court of Appeals. Following the Supreme Court’s decision in Spokeo, the judge in the Stokes case lifted the stay. On June 24, 2016, we filed a motion to dismiss certain claims made in the case based upon the Spokeo decision. On October 19, 2016, the U.S. District Court denied the motion to dismiss. We intend to defend this case vigorously.

In November 2014, we were named in a purported class action lawsuit in the United States District Court for the Eastern District of Virginia, styled Jenkins v. RealPage, Inc., Case No. 3:14cv758. The claims in this purported class action relate to alleged violations of the FCRA in connection with background screens of prospective tenants of our clients. This case has since been transferred to the United States District Court for the Eastern District of Pennsylvania. On January 25, 2016, the court entered an order placing the case on hold until the United States Supreme Court issued its decision in the Spokeo case. Following the Supreme Court’s decision in Spokeo, the judge in the Jenkins case lifted the stay. On June 24, 2016, we filed a motion to dismiss certain claims made in the case based upon the Spokeo decision. On October 19, 2016, the U.S. District Court denied the motion to dismiss. We intend to defend this case vigorously.

On February 23, 2015, we received from the Federal Trade Commission (“FTC”) a Civil Investigative Demand consisting of interrogatories and a request to produce documents relating to our compliance with the FCRA. We have responded to the request and requests for additional information by the FTC. At this time, we do not have sufficient information to evaluate the likelihood or merits of any potential enforcement action, or to predict the outcome or costs of responding to, or the costs, if any, of resolving this investigation.

At September 30, 2016 and December 31, 2015, we had accrued amounts for estimated settlement losses related to legal matters. The Company does not believe there is a reasonable possibility that a material loss exceeding amounts already recognized may have been incurred as of the date of the balance sheets presented herein.

We are involved in other litigation matters not described above that are not likely to be material either individually or in the aggregate based on information available at this time. Our view of these matters may change as the litigation and events related thereto unfold.

9. Net Income (Loss) per Share

Basic net income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share 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 and restricted stock using the treasury stock method. Weighted average shares from common share equivalents in the amount of 51,156 and 547,411 for the three months ended, and 358,992 and 912,944 for the nine months ended September 30, 2016 and 2015, respectively, were excluded from the dilutive shares outstanding because their effect was anti-dilutive.
The following table presents the calculation of basic and diluted net income (loss) per share:

<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>2016</td>
<td>2015</td>
</tr>
<tr>
<td></td>
<td>(in thousands, except per share amounts)</td>
<td></td>
</tr>
<tr>
<td><strong>Numerator:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$4,210</td>
<td>$(8,192)</td>
</tr>
<tr>
<td><strong>Denominator:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Basic:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted average common shares used in computing basic net income (loss) per share</td>
<td>76,823</td>
<td>76,564</td>
</tr>
<tr>
<td><strong>Diluted:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Add weighted average effect of dilutive securities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock options and restricted stock</td>
<td>1,301</td>
<td>—</td>
</tr>
<tr>
<td>Weighted average common shares used in computing diluted net income (loss) per share</td>
<td>78,124</td>
<td>76,564</td>
</tr>
<tr>
<td><strong>Net income (loss) per share:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$0.05</td>
<td>$(0.11)</td>
</tr>
<tr>
<td>Diluted</td>
<td>$0.05</td>
<td>$(0.11)</td>
</tr>
</tbody>
</table>

10. Income Taxes

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

Our provision for income taxes in interim periods is based on our estimated annual effective tax rate. We record cumulative adjustments in the quarter in which a change in the estimated annual effective rate is determined. The estimated annual effective tax rate calculation does not include the effect of discrete events that may occur during the year. The effect of these events, if any, is recorded in the quarter in which the event occurs.

Our effective income tax rate was 43.7% and 35.2% for the nine months ended September 30, 2016 and 2015, respectively. Our effective rate is higher than the statutory rate for the nine months ended September 30, 2016, primarily because of state income taxes and non-deductible expenses, including an increase in certain non-deductible expenses identified in connection with the filing of our 2015 taxes. The effective rate is lower than the statutory rate for the nine months ended September 30, 2015, primarily because non-deductible expenses reduced the tax benefit associated with the pretax loss.

11. Fair Value Measurements

The Company records certain financial liabilities at fair value on a recurring basis. The Company determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The prescribed fair value hierarchy and related valuation methodologies are as follows:

Level 1 - Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs are quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable and market-corroborated inputs which are derived principally from or corroborated by observable market data.

Level 3 - Inputs are derived from valuation techniques in which one or more of the significant inputs or value drivers are unobservable.

The categorization of an asset or liability within the fair value hierarchy is based on the inputs described above and does not necessarily correspond to the Company’s perceived risk of that asset or liability. Moreover, the methods used by the Company may produce a fair value calculation that is not indicative of the net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments and non-financial assets and liabilities could result in a different fair value measurement at the reporting date.
Assets and liabilities measured at fair value on a recurring basis:

Interest rate swap agreements: The fair value of the Company’s interest rate derivatives are determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the derivatives. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves. The Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty’s nonperformance risk in the fair value measurements.

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by the Company and its counterparties. The Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of its interest rate swaps. As a result, the Company determined that its interest rate swap valuation in its entirety is classified in Level 2 of the fair value hierarchy.

Contingent consideration obligations: Contingent consideration obligations consist of potential obligations related to our acquisition activity. The amount to be paid under these obligations is contingent upon the achievement of stipulated operational or financial targets by the business subsequent to acquisition. The fair value of contingent consideration obligations is estimated using a probability weighted discount model which considers the achievement of the conditions upon which the respective contingent obligation is dependent. The probability of achieving the specified conditions is assessed by applying a Monte Carlo weighted-average model. Inputs into the valuation model include a discount rate specific to the acquired entity, a measure of the estimated volatility and the risk free rate of return.

Significant unobservable inputs used in the contingent consideration fair value measurements included the following at September 30, 2016 and December 31, 2015:

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2016</th>
<th>December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rates</td>
<td>14.8% - 26.8%</td>
<td>15.8% - 60.0%</td>
</tr>
<tr>
<td>Volatility rates</td>
<td>30.4%</td>
<td>37.0% - 53.5%</td>
</tr>
<tr>
<td>Risk free rate of return</td>
<td>0.5% - 0.6%</td>
<td>0.5% - 0.9%</td>
</tr>
</tbody>
</table>

In addition to the inputs described above, the fair value estimates consider the projected future operating or financial results for the factor upon which the respective contingent obligation is dependent. The fair value estimates are generally sensitive to changes in these projections. We develop the projected future operating results based on an analysis of historical results, market conditions and the expected impact of anticipated changes in our overall business and/or product strategies.

The following table discloses the liabilities measured at fair value on a recurring basis as of September 30, 2016 and December 31, 2015:

<table>
<thead>
<tr>
<th>Contingent consideration related to the acquisition of:</th>
<th>Fair value at September 30, 2016</th>
<th>Fair value at December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Level 1</td>
</tr>
<tr>
<td></td>
<td>(in thousands)</td>
<td></td>
</tr>
<tr>
<td>Indatus</td>
<td>$47</td>
<td></td>
</tr>
<tr>
<td>AssetEye</td>
<td>347</td>
<td></td>
</tr>
<tr>
<td>Interest rate swap agreements</td>
<td>86</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$480</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contingent consideration related to the acquisition of:</th>
<th>Fair value at December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>(in thousands)</td>
</tr>
<tr>
<td>Indatus</td>
<td>$814</td>
</tr>
<tr>
<td>VRX</td>
<td>27</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$841</strong></td>
</tr>
</tbody>
</table>

There were no assets measured at fair value on a recurring basis at September 30, 2016 or December 31, 2015.
The following table summarizes the changes in the fair value of our Level 3 liabilities for the nine months ended September 30, 2016 and 2015:

<table>
<thead>
<tr>
<th>Nine Months Ended September 30,</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in thousands)</td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of period</td>
<td>$841</td>
<td>$4,150</td>
</tr>
<tr>
<td>Initial contingent consideration</td>
<td>245</td>
<td>1,415</td>
</tr>
<tr>
<td>Settlements through cash payments</td>
<td>—</td>
<td>(1,179)</td>
</tr>
<tr>
<td>Net gain on change in fair value</td>
<td>(692)</td>
<td>(3,212)</td>
</tr>
<tr>
<td>Balance at end of period</td>
<td>$394</td>
<td>$1,174</td>
</tr>
</tbody>
</table>

Gains and losses resulting from changes in the fair value of the above liabilities are included in “General and administrative” expense in the accompanying Condensed Consolidated Statements of Operations.

**Assets and liabilities measured at fair value on a non-recurring basis**

As further discussed in Note 17, in October 2016 the Company entered into an agreement with A Place for Mom whereby we sold certain assets associated with our senior living referral services, including certain indefinite-lived trade names. Based on the status of the negotiations, we concluded there was a possibility that the negotiated assets could be impaired and performed an impairment analysis as of September 30, 2016. We estimated the aggregate fair value of the negotiated assets to be $5.0 million at September 30, 2016, based on the price at which they were sold in October 2016 in an arms-length transaction with an unrelated party. The method utilized incorporated significant unobservable inputs and the Company concluded that the measurement should be classified within Level 3. The Company believes that the method used to determine the fair value of the assets was reasonable. See Note 5 for further discussion of these impairments.

There were no liabilities measured at fair value on a non-recurring basis at September 30, 2016 or December 31, 2015. There were no assets measured at fair value on a non-recurring basis at December 31, 2015.

**Financial Instruments**

The financial assets and liabilities that are not measured at fair value in our Condensed Consolidated Balance Sheets include cash and cash equivalents, restricted cash, accounts receivable, cost-method investments, accounts payable and accrued expenses, acquisition-related deferred cash obligations, and obligations under the Credit Facility.

The carrying values of cash and cash equivalents, restricted cash, accounts receivable, and accounts payable and accrued expenses reported in our Condensed Consolidated Balance Sheets approximates fair value due to the short term nature of these instruments. Acquisition-related deferred cash obligations are recorded on the date of acquisition at their estimated fair value, based on the present value of the anticipated future cash flows. The difference between the amount of the deferred cash obligation to be paid and its estimated fair value on the date of acquisition is accreted over the obligation period. As a result, the carrying value of acquisition-related deferred cash obligations approximates their fair value.

Due to their short-term nature and market-indexed interest rates, we concluded that the carrying value of the Term Loan and revolving loans under the Credit Facility approximate their fair value.

The Company concluded that the fair value estimates described above should be categorized within Level 3.

**12. Stockholders’ Equity**

On May 6, 2014, our board of directors approved a share repurchase program authorizing the repurchase of up to $50.0 million of our outstanding common stock for a period of up to one year after the approval date. Shares repurchased under the plan are retired. In May 2015, our board of directors approved an extension of the share repurchase program to May 6, 2016, permitting the repurchase of up to $50.0 million of our common stock during the period commencing on the extension date and ending on May 6, 2016. On April 26, 2016, our board of directors approved a one-year extension of the share repurchase program. The terms of the extension permit the repurchase of up to $50.0 million of our common stock during the period commencing on the extension day and ending on May 6, 2017.
Repurchase activity during the three and nine months ended September 30, 2016 and 2015 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30,</th>
<th></th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2015</td>
<td>2016</td>
</tr>
<tr>
<td>Number of shares repurchased</td>
<td>—</td>
<td>807,922</td>
<td>1,012,823</td>
</tr>
<tr>
<td>Weighted-average cost per share</td>
<td>$ —</td>
<td>$ 18.95</td>
<td>$ 20.98</td>
</tr>
<tr>
<td>Total cost of shares repurchased, in thousands</td>
<td>$ —</td>
<td>$ 15,309</td>
<td>$ 21,244</td>
</tr>
</tbody>
</table>

13. Derivative Financial Instruments

On March 31, 2016, the Company entered into two interest rate swap agreements (“Swap Agreements”), which are designed to mitigate our exposure to interest rate risk associated with our variable rate debt. The Swap Agreements cover an aggregate notional amount of $75.0 million from March 2016 to September 2019 by replacing the obligation’s variable rate with a blended fixed rate of 0.89%. The Company designated the Swap Agreements as cash flow hedges of interest rate risk.

The effective portion of changes in the fair value of Swap Agreements is recorded in accumulated other comprehensive income (loss) and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in the fair value of the Swap Agreements is recognized directly in earnings. During the three and nine months ended September 30, 2016, we did not incur any hedge ineffectiveness.

Amounts reported in accumulated other comprehensive income (loss) related to the Swap Agreements will be reclassified to interest expense as interest payments are made on our variable-rate debt. The Company estimates that an additional $0.2 million will be reclassified as an increase to interest expense during the twelve-month period ending September 30, 2017.

As of September 30, 2016, the Swap Agreements are still outstanding. The table below presents the notional and fair value of the Swap Agreements as well as their classification on the Condensed Consolidated Balance Sheet as of September 30, 2016:

<table>
<thead>
<tr>
<th>Balance Sheet Location</th>
<th>Notional (in thousands)</th>
<th>Fair Value (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swap Agreements</td>
<td>Other long-term liabilities $ 75,000</td>
<td>$ (86)</td>
</tr>
</tbody>
</table>

As of September 30, 2016, the Company has not posted any collateral related to the Swap Agreements. If the Company had breached any of the Swap Agreement’s default provisions at September 30, 2016, it could have been required to settle its obligations under the Swap Agreements at their termination value of $0.1 million.

The table below presents the amount of gains and/or losses related to the effective and ineffective portions of the Swap Agreements and their location on the Condensed Consolidated Statements of Operations and the Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended September 30, 2016:

<table>
<thead>
<tr>
<th>Derivatives Designated as Cash Flow Hedges</th>
<th>Effective Portion</th>
<th>Ineffective Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gain (Loss) Recognized in OCI</td>
<td>Location of Gain Recognized in Income</td>
</tr>
<tr>
<td>(in thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Three months ended:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swap Agreements</td>
<td>$ 456</td>
<td>Interest expense and other $ 76</td>
</tr>
<tr>
<td>Nine months ended:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swap Agreements</td>
<td>(86)</td>
<td>Interest expense and other $ 163</td>
</tr>
</tbody>
</table>

25
14. Comprehensive Income (Loss)

Changes in accumulated balances of other comprehensive income (loss) for the three and nine months ended September 30, 2016 and 2015, by component, are presented in the table below. Amounts are shown net of income tax.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Foreign Currency Swap Agreements Total</td>
<td>Foreign Currency Swap Agreements Total</td>
</tr>
<tr>
<td>Balance, beginning of period</td>
<td>$ (442) $ (357) (799)</td>
<td>$ (546) — (546)</td>
</tr>
<tr>
<td>Interest rate swap:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reclassification of realized losses on Swap Agreements</td>
<td>— 46 46</td>
<td>— 98 98</td>
</tr>
<tr>
<td>Unrealized gain (loss) on interest rate swaps</td>
<td>— 228 228</td>
<td>— (181) (181)</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>(70) (70) 34</td>
<td>— 34</td>
</tr>
<tr>
<td>Balance, end of period</td>
<td>$ (512) $ (83) (595)</td>
<td>$ (512) $ (83) (595)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Foreign Currency Swap Instruments Total</td>
<td>Foreign Currency Swap Instruments Total</td>
</tr>
<tr>
<td>Balance, beginning of period</td>
<td>$ (445) — (445)</td>
<td>$ (209) — (209)</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>(31) (31) 267</td>
<td>— 267</td>
</tr>
<tr>
<td>Balance, end of period</td>
<td>$ (476) — (476)</td>
<td>$ (476) — (476)</td>
</tr>
</tbody>
</table>

Amounts reclassified to net income during the three and nine months ended September 30, 2016 included net realized losses on the Swap Agreements. These reclassifications are reflected in the line, “Interest expense and other, net” in the accompanying Condensed Consolidated Statements of Operations.

The following tables show the income tax effects of the individual items of other comprehensive income (loss) for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before Tax Amount Tax (Benefit) Expense Net of Tax Amount</td>
<td>Before Tax Amount Tax Expense (Benefit) Net of Tax Amount</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>$ (116) (46) (70)</td>
<td>$ 57 $ 23 $ 34</td>
</tr>
<tr>
<td>Gain (loss) on interest rate swaps, net</td>
<td>456 182 274</td>
<td>(86) (3) (83)</td>
</tr>
<tr>
<td>Net income for period</td>
<td>7,750 3,540 4,210</td>
<td>16,488 7,199 9,289</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>$ 8,090 3,676 4,414</td>
<td>$ 16,459 7,219 9,240</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before Tax Amount Tax Benefit Net of Tax Amount</td>
<td>Before Tax Amount Tax Benefit Net of Tax Amount</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>$ (31) — (31)</td>
<td>$ (267) — (267)</td>
</tr>
<tr>
<td>Net loss for period</td>
<td>(13,797) (5,605) (8,192)</td>
<td>(20,238) (7,120) (13,118)</td>
</tr>
<tr>
<td>Other comprehensive loss</td>
<td>$ (13,828) (5,605) (8,223)</td>
<td>$ (20,505) (7,120) (13,385)</td>
</tr>
</tbody>
</table>

15. Employee Benefit Plans

In 1998, our board of directors approved a defined contribution plan that provides retirement benefits under the provisions of Section 401(k) of the Internal Revenue Code. Our 401(k) Plan (“Plan”) covers substantially all employees who meet a minimum service requirement.
The Company sponsors various retirement plans for its non-U.S. employees. Accrued liabilities related to obligations under these plans totaled $0.8 million and $0.7 million as of September 30, 2016 and December 31, 2015, respectively, and are included in the line, “Other long-term liabilities” in the accompanying Condensed Consolidated Balance Sheets.

16. Cost Method Investments

In August 2016, we acquired a minority interest in an unrelated company that specializes in the aggregation of commercial lease data (“Investee”). The shares we acquired represent an ownership interest of less than 20.0%. We evaluated our relationship with the Investee and determined we do not have significant influence over the operations of the Investee nor is it economically dependent upon us. The carrying value of this investment at September 30, 2016 was $3.0 million and is included in “Other assets” in the accompanying Condensed Consolidated Balance Sheets.

17. Subsequent Events

On October 26, 2016, the Company entered into an agreement with A Place for Mom, whereby the Company agreed to sell certain assets associated with its senior living referral services to A Place for Mom for $5.0 million, of which $0.5 million will be paid within 90 days of the closing subject to potential claims related to general representations and warranties. The companies also agreed to collaborate to improve lead transparency utilizing A Place for Mom’s referral services and the Company’s senior living customer relationship management platform.

The carrying value of the assets sold, net of the impairment charge discussed in Note 5, was $5.0 million at September 30, 2016. These assets did not meet the criteria to be classified as held for sale at September 30, 2016, and have therefore not been presented separately in the accompanying Condensed Consolidated Balance Sheets.

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 (the “Securities Act”), 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. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in the section entitled “Risk Factors” in Part II, Item 1A of this report. You should carefully review the risks described herein and in the other documents we file from time to time with the Securities and Exchange Commission (“SEC”), including our Annual Report on Form 10-K for fiscal year 2015. You should not place undue reliance on forward-looking statements herein, which speak only as of the date of this report.

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.

Overview

We are a leading provider of on demand software and software-enabled services for the rental housing and vacation rental industries. Our broad range of property management solutions enables owners and managers of a wide variety of single family, multifamily, and vacation rental property types to enhance the visibility, control, and profitability of each portion of the renter life cycle and operation of a property. By integrating and streamlining a wide range of complex processes and interactions among the rental housing and vacation rental ecosystem of owners, managers, prospects, renters, and service providers, our platform helps optimize the property management process, improve the user experience, increase net operating income, and reduce costs for professional property managers and property owners.

The substantial majority of our revenue is derived from sales of our on demand software solutions. We also derive revenue from our professional and other services. A small percentage of our revenue is derived from sales of our on premise software solutions to our existing on premise clients. Our on demand software solutions are sold pursuant to subscription license agreements and our on premise software solutions are sold pursuant to term or perpetual license and associated maintenance agreements. We price our solutions based primarily on the number of units the client manages with our solutions. For our insurance-based solutions, we earn revenue based on a commission rate that considers earned premiums; agent commission; incurred losses; and premiums and profits retained by our underwriter. Our transaction-based solutions are priced based on a fixed rate per transaction. We sell our solutions through our direct sales organization and derive substantially all of our revenue from sales in the United States.

As of September 30, 2016, over 12,250 clients used one or more of our on demand software solutions to help manage the operations of approximately 11.3 million multifamily, single family, or vacation rental units. Our clients include each of the ten largest multifamily property management companies in the United States, ranked as of January 1, 2016 by the National Multifamily Housing Council, based on the number of units managed. While the use and transition to on demand software
solutions in the rental housing industry is growing rapidly, we believe it remains at a relatively early stage of adoption. Additionally, there is a low level of penetration of our on demand software solutions in our existing client base. We believe these factors present us with significant opportunities to generate revenue through sales of additional on demand software solutions. Our existing and potential clients base their decisions to invest in our solutions on a number of factors, including general economic conditions.

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 multifamily rental housing markets. In June 2001, we released OneSite, our first on demand property management system. Since 2002, we have expanded our on demand software and software-enabled services to include property management; leasing and marketing; resident services; and asset optimization capabilities. In addition to the multifamily markets, we now serve the single family, senior living, student living, military housing, and vacation rental markets. In addition, since July 2002, we have completed 35 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 and vacation rental properties served by our solutions; and our client base. In connection with this expansion and these acquisitions, we have committed greater resources to developing and increasing sales of our platform of on demand solutions. As of September 30, 2016, we had approximately 4,400 employees.

Solutions and Services

Our platform is designed to serve as a single system of record for all of the constituents of the rental housing ecosystem, including owners, managers, prospects, renters and service providers, and to support the entire renter life cycle, from prospect to applicant to residency or guest to post-residency or post-stay. Common authentication, work flow and user experience across solution categories enables each of these constituents to access different applications as appropriate for their role.

Our platform consists of four primary categories of solutions: Property Management, Leasing and Marketing, Resident Services, and Asset Optimization. These solutions provide complementary sales and marketing, asset optimization, risk mitigation, billing and utility management and spend management capabilities that collectively enable our clients to manage the stages of the renter life cycle. Each of our solutions categories includes multiple product centers that provide distinct capabilities and can be licensed separately or as a bundled package. Each product center is integrated with a central repository of prospect, renter, and property data. In addition, our open architecture allows third-party applications to access our solutions using our RealPage Exchange platform.

We offer different versions of our platform for different types of properties. For example, our platform supports the specific and distinct requirements of:

- conventional single family properties (four units or less);
- conventional multifamily properties (five or more units);
- affordable Housing and Urban Development, or HUD, properties;
- affordable tax credit properties;
- rural housing properties;
- privatized military housing;
- commercial;
- student housing;
- senior living; and
- vacation rentals.

Property Management

Our property management solutions are typically referred to as Enterprise Resource Planning, or ERP, systems. These solutions manage core property management business processes, including leasing, accounting, budgeting, purchasing, facilities management, document management, and support and advisory services, and include a central database of prospect, applicant, renter, and property information that is accessible in real time by our other solutions. Our property management solutions also interface with most popular general ledger accounting systems through our RealPage Exchange platform. This makes it possible for clients to deploy our solutions using our accounting system or a third-party accounting system. The property management solution category consists of six primary solutions: OneSite, Propertyware, Kigo, Spend Management Solutions, Enterprise Accounting, and The RealPage Cloud.

Leasing and Marketing

Leasing and marketing solutions are aimed at optimizing marketing spend and the leasing process. These solutions manage core leasing and marketing processes, including websites, paid lead generation, organic lead generation, lead
management, automated lead closure, lead analytics, real-time unit availability, automated online apartment leasing, and applicant screening. The leasing and marketing solutions category consists of seven primary solutions: Online Leasing, Contact Center, LeaseStar Platform, LeaseStar Marketing Management, MyNewPlace, Senior Marketing Management, and Renter Screening.

**Resident Services**

Resident services solutions provide a platform to optimize the management of current renters. These solutions manage core renter management business processes including utility billing; renter payment processing, service requests, and lease renewals; renter’s insurance; and consulting and advisory services. The resident services solutions category consists of six primary solutions: Utility Management, Payments, Resident Portal, Contact Center, Maintenance, and Renter’s Insurance.

**Asset Optimization**

Asset optimization solutions are aimed at optimizing property financial and operational performance. These solutions manage core asset management and business intelligence processes, including real-time yield management, revenue growth forecasting, key variable sensitivity forecasting, and operating metric benchmarking. The asset optimization solutions category consists of two primary solutions: Yield Management and Business Intelligence.

**Professional services**

We have developed repeatable, cost-effective consulting and implementation services to assist our clients in taking advantage of the capabilities enabled by our platform. Our consulting and implementation methodology leverages the nature of our on demand software architecture, the industry-specific expertise of our professional services employees and the design of our platform to simplify and expedite the implementation process. Our consulting and implementation services include project and application management procedures, business process evaluation, business model development, and data conversion. Our consulting teams work closely with clients to facilitate the smooth transition and operation of our solutions.

We also offer a variety of training programs for training administrators and onsite property managers on the use of our solutions and on current issues in the property management industry. Training options include regularly hosted classroom and online instruction (through our online learning courseware) as well as online seminars, or webinars. We also enable our clients to integrate their own training content with our content to deliver an integrated and customized training program for their on-site property managers.

**Recent Acquisitions**

**2016 Acquisitions**

**eSupply Systems, LLC**

In June 2016, we acquired substantially all of the assets of eSupply Systems, LLC (“eSupply”) and those of certain entities related to eSupply. eSupply is an e-procurement software and group purchasing service which augments our existing spend management solutions. The addition of this group purchasing organization provides increased purchasing power and highly competitive pricing structures for our clients. The addition of eSupply’s assets rounds out the Company’s spend management offering, by adding a powerful group purchasing service to an already robust e-procurement platform, a large network of vendors, a vendor credentialing service, and purchasing advisory services.

We acquired eSupply for a purchase price of $7.0 million, consisting of a cash payment of $5.5 million at closing and deferred cash obligations of up to $1.6 million, payable over 18 months after the acquisition date. The deferred cash obligation is subject to adjustments specified in the purchase agreement related to the sellers’ indemnification obligations.

**AssetEye, Inc.**

In May 2016, we acquired all of the issued and outstanding stock of AssetEye, Inc. (“AssetEye”). AssetEye is a data aggregation, reporting, and collaboration platform for institutions holding multiple real estate asset classes. This acquisition expanded our on demand offerings to serve all asset classes, including commercial, hospitality, multifamily, single family, senior living, and student housing. The AssetEye software provides asset and portfolio managers with a solution to evaluate performance, trends, and operations across a portfolio with transparency into property-level data. On demand analytics allow stakeholders to quickly combine financial results and operating metrics based upon portfolio attributes that help evaluate asset management strategies.

We acquired AssetEye’s issued and outstanding stock for a purchase price of $4.9 million. The purchase price consisted of a cash payment of $3.6 million at closing, net of cash acquired of $0.8 million; deferred cash obligations of up to $1.0 million, payable over a period of two years following the date of acquisition; contingent cash payments of up to $1.0 million if certain revenue targets are achieved during the three-month period ended September 30, 2017; and additional cash payments of $0.2 million due to former shareholders of AssetEye and which are expected to be remitted over a short-term period.
In March 2016, we acquired all of the issued and outstanding stock of NWP Services Corporation (“NWP”). NWP provides a full range of utility management services, including resident billing; payment processing; utility expense management; analytics and reporting; sub-metering and maintenance; and regulatory compliance. The primary products offered by NWP include Utility Logic, Utility Smart, Utility Genius, SmartSource, and NWP Sub-meter. We are integrating NWP into our resident services product family. The integrated platform will enable property owners and managers to increase the collection of rent utilities and energy recovery. We acquired NWP’s issued and outstanding stock for a purchase price of $69.0 million. The purchase price consisted of a cash payment of $59.0 million at closing, net of cash acquired of $0.1 million; deferred cash obligations of $7.2 million, payable over a period of three years following the date of acquisition; and other amounts totaling $3.2 million, consisting of payments to certain employees and shareholders of NWP which are expected to be remitted over a short-term period. Through the NWP acquisition, we have obtained a significantly larger share of the utility metering services market. We expect to realize significant synergies by integrating NWP into our existing operating structure and with our Velocity product.

2015 Acquisitions

Indatus

In June 2015, we acquired certain assets from ICIM Corporation, including the Answer Automation, Call Tracker, and Zip Digital products marketed under the name Indatus. The Indatus offerings are software-as-a-service products that provide automated answering services, marketing spend analysis tools, and other features which enhance the ability of managers of multifamily properties to communicate with their residents. We are currently integrating the Indatus assets with our existing contact center and maintenance products, which will increase the features of these existing solutions. We acquired Indatus for a purchase price of $49.4 million, consisting of a cash payment of $43.8 million at closing, deferred cash payments of up to $5.0 million payable over nineteen months after the acquisition date and contingent cash payments of up to $2.0 million, in the aggregate, if certain revenue targets were met for the twelve month periods ending June 30, 2016 and 2017. The revenue targets for the twelve-month period ended June 30, 2016 were not achieved and no payment of contingent consideration for that period was made.

VRX

In June 2015, we acquired certain assets from RJ Vacations, LLC and Switch Development Corporation, including the VRX product (“VRX”). VRX is a software-as-a-service application which allows vacation rental management companies to manage the cleaning and turning of units; accounting; and document management. VRX augments our existing line of solutions offered to the vacation rental industry. We acquired VRX for a purchase price of $2.0 million, consisting of a cash payment of $1.5 million at closing and a contingent cash payment of up to $0.5 million. Payment of the contingent cash obligation is dependent upon the achievement of certain subscription or booking activity targets and is subject to adjustments specified in the acquisition agreement related to the sellers’ indemnification obligations.

The VRX purchase agreement also provides for us to make additional contingent cash payments of up to $3.0 million. Payment of the additional contingent cash payments is dependent upon the achievement of certain revenue targets during the twelve month periods ended December 31, 2016, 2017 and 2018 and the sellers providing certain services during a specified period following the acquisition date. Due to the post-acquisition compensation nature of the additional contingent cash payments, they were not included in the acquisition consideration. One of the sellers separated from the Company prior to completing the earliest service period required for achievement of the contingent cash payments. As a result, the maximum potential payout of the additional contingent cash payments at September 30, 2016 was $1.5 million. No amounts under the additional contingent cash payments have been earned or paid as of September 30, 2016.
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 reflected in the following table:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
<td>2015</td>
</tr>
<tr>
<td>Total revenue</td>
<td>$147,955</td>
<td>$419,057 $346,820</td>
</tr>
<tr>
<td>On demand revenue</td>
<td>$140,883</td>
<td>$400,904 $333,872</td>
</tr>
<tr>
<td>On demand revenue as a percentage of total revenue</td>
<td>95.2%</td>
<td>96.0%</td>
</tr>
<tr>
<td>Ending on demand units</td>
<td>11,251</td>
<td>11,251 $10,406 $9,995</td>
</tr>
<tr>
<td>Average on demand units</td>
<td>11,196</td>
<td>11,016 $10,354 $9,995</td>
</tr>
<tr>
<td>Non-GAAP total revenue</td>
<td>$147,794</td>
<td>$418,295 $345,208</td>
</tr>
<tr>
<td>Non-GAAP on demand revenue</td>
<td>$140,722</td>
<td>$400,142 $332,260</td>
</tr>
<tr>
<td>Annualized non-GAAP on demand revenue per average on demand unit</td>
<td>$50.28</td>
<td>$44.87 $48.43 $44.32</td>
</tr>
<tr>
<td>Non-GAAP on demand annual client value</td>
<td>$565,700</td>
<td>$466,917</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$32,976</td>
<td>$91,090 $65,687</td>
</tr>
<tr>
<td>Adjusted EBITDA Margin</td>
<td>22.3%</td>
<td>21.8%</td>
</tr>
</tbody>
</table>

On demand revenue: This metric represents the GAAP revenue derived from license and subscription fees relating to our on demand software solutions, typically licensed over 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 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 revenues; and on premise perpetual license sales and maintenance fees.

Ending on demand units: This metric represents the number of rental housing units managed by our clients 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 clients as new sales orders are processed. Property unit counts may be adjusted periodically as information related to our clients’ properties is updated or supplemented, which could result in adjustments to the number of units previously reported.

Average on demand units: We calculate average on demand units as the average of the beginning and ending on demand units for each quarter in the period presented. This metric is a measure of our success increasing the number of on demand software solutions utilized by our clients to manage their rental housing units, our overall revenue, and profitability.

Non-GAAP total revenue: This metric is calculated by adding acquisition-related and other deferred revenue adjustments to total revenue. We believe it is useful to include deferred revenue written down for GAAP purposes under purchase accounting rules and revenue deferred due to a lack of historical experience determining the settlement of the contractual obligation in order to appropriately measure the underlying performance of our business operations in the period of activity and associated expense. Further, we believe this measure is useful to investors as a way to evaluate the Company’s ongoing performance.
Table of Contents

The following provides a reconciliation of GAAP to non-GAAP total 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>2016 (in thousands)</td>
<td>2015 (in thousands)</td>
</tr>
<tr>
<td>Total revenue</td>
<td>$147,955</td>
<td>$121,588</td>
</tr>
<tr>
<td></td>
<td>$419,057</td>
<td>$346,820</td>
</tr>
<tr>
<td>Acquisition-related and other deferred revenue adjustments</td>
<td>(161)</td>
<td>(614)</td>
</tr>
<tr>
<td>Non-GAAP total revenue</td>
<td>$147,794</td>
<td>$120,974</td>
</tr>
<tr>
<td></td>
<td>$418,295</td>
<td>$345,208</td>
</tr>
</tbody>
</table>

*Non-GAAP on demand revenue*: This metric reflects total on demand revenue plus acquisition-related and other deferred revenue adjustments, as defined below. We believe inclusion of these items provides a useful measure of the underlying performance of our on demand business operations in the period of activity and associated expense. Further, we believe that investors and financial analysts find this measure to be useful in evaluating the Company’s ongoing performance because it provides a more accurate depiction of on demand revenue.

The following provides a reconciliation of GAAP to non-GAAP on demand 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>2016 (in thousands)</td>
<td>2015 (in thousands)</td>
</tr>
<tr>
<td>On demand revenue</td>
<td>$140,883</td>
<td>$116,772</td>
</tr>
<tr>
<td></td>
<td>$400,904</td>
<td>$333,872</td>
</tr>
<tr>
<td>Acquisition-related and other deferred revenue adjustments</td>
<td>(161)</td>
<td>(614)</td>
</tr>
<tr>
<td>Non-GAAP on demand revenue</td>
<td>$140,722</td>
<td>$116,158</td>
</tr>
<tr>
<td></td>
<td>$400,142</td>
<td>$332,260</td>
</tr>
</tbody>
</table>

*Non-GAAP on demand revenue per average on demand unit (“RPU”)*: This metric is calculated by dividing non-GAAP on demand revenue, including pro forma on demand revenue for acquisitions acquired during the period, by average on demand units for the same period. For interim periods, the calculation is performed on an annualized basis.

*Non-GAAP on demand annual client value (“ACV”)*: We define ACV as RPU multiplied by ending on demand units. We monitor this metric to measure our success increasing the number of on demand units and the amount of software solutions utilized by our clients to manage their rental housing units. In addition, we believe ACV provides a useful proxy for the annual run-rate value of on demand client relationships.

*Adjusted EBITDA*: We define Adjusted EBITDA as net income (loss), plus (1) acquisition-related and other deferred revenue adjustments, (2) depreciation, asset impairment, and the loss on disposal of assets, (3) amortization of intangible assets, (4) acquisition-related income, (5) interest expense, net, (6) income tax expense (benefit), (7) litigation-related expense, (8) headquarters relocation costs, and (9) stock-based expense. We believe that investors and financial analysts find this non-GAAP financial measure to be useful in analyzing the Company’s financial and operational performance, comparing this performance to the Company’s peers and competitors, and understanding the Company’s ability to generate income from ongoing business operations.
The following provides a reconciliation of net income (loss) to Adjusted EBITDA:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td><strong>Net income (loss)</strong></td>
<td>$4,210</td>
<td>$(8,192)</td>
</tr>
<tr>
<td>Acquisition-related and other deferred revenue adjustments</td>
<td>(161)</td>
<td>(614)</td>
</tr>
<tr>
<td>Depreciation, asset impairment, and loss on disposal of assets</td>
<td>7,119</td>
<td>25,952</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>7,847</td>
<td>6,927</td>
</tr>
<tr>
<td>Acquisition-related income</td>
<td>(266)</td>
<td>(3,310)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>1,079</td>
<td>391</td>
</tr>
<tr>
<td>Income tax expense (benefit)</td>
<td>3,540</td>
<td>(5,605)</td>
</tr>
<tr>
<td>Litigation-related expense</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Headquarters relocation costs</td>
<td>1,353</td>
<td>—</td>
</tr>
<tr>
<td>Stock-based expense</td>
<td>8,255</td>
<td>8,669</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>$32,976</td>
<td>$24,218</td>
</tr>
</tbody>
</table>

*Adjusted EBITDA Margin:* Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by Non-GAAP total revenue. We believe that investors and financial analysts find this non-GAAP financial measure to be useful in analyzing our financial and operational performance, comparing this performance to our peers and competitors, and understanding our ability to generate income from ongoing business operations.

**Non-GAAP Financial Measures**

We report our financial results in accordance with GAAP; however, we believe that, in order to properly understand the Company’s short-term and long-term financial, operational, and strategic trends, it may be helpful for investors to exclude certain non-cash or non-recurring items when used as a supplement to financial performance measures in accordance with GAAP. These non-cash or non-recurring items result from facts and circumstances that vary in both frequency and impact on continuing operations. We also use results of operations excluding such items to evaluate our operating performance and compare it against prior periods, make operating decisions, determine executive compensation, and serve as a basis for long-term strategic planning. These non-GAAP financial measures provide us with additional means to understand and evaluate the operating results and trends in our ongoing business by eliminating certain non-cash expenses and other items that we believe might otherwise make comparisons of our ongoing business with prior periods more difficult, obscure trends in ongoing operations, reduce our ability to make useful forecasts, or obscure the ability to evaluate the effectiveness of certain business strategies, and management incentive structures. In addition, we also believe that investors and financial analysts find this information to be helpful in analyzing our financial and operational performance and comparing this performance to our peers and competitors. These non-GAAP financial measures are used in conjunction with traditional GAAP financial measures as part of our overall assessment of our performance.

We do not place undue reliance on non-GAAP financial measures as measures of operating performance. Non-GAAP financial measures should not be considered substitutes for other measures of financial performance or liquidity 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 changes in, or cash requirements for, our working capital; and that they do not reflect our capital expenditures or future requirements for capital expenditures. We compensate for the inherent limitations associated with using non-GAAP financial measures through disclosure of these limitations, presentation of our financial statements in accordance with GAAP, and reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures.

We exclude or adjust each of the items identified below from the applicable non-GAAP financial measure referenced above for the reasons set forth with respect to each excluded item:

*Acquisition-related and other deferred revenue:* These items are included to reflect deferred revenue written down for GAAP purposes under purchase accounting rules and revenue deferred due to a lack of historical experience determining the settlement of the contractual obligation in order to appropriately measure the underlying performance of our business operations in the period of activity and associated expense.
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 relating to 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 on demand software solutions, such as payment processing, spend management, and billing services. Typically, we price our on demand software solutions based primarily on the number of units or beds the client manages with our solutions. For our insurance based solutions, our agreement provides for a fixed commission on earned premiums related to the policies sold by us. The agreement also provides for a contingent commission to be paid to us in accordance with the agreement. Our transaction-based solutions are priced based on a fixed rate per transaction.

On premise revenue: Our on premise software solutions are distributed to our clients and maintained locally on the client’s 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 include maintenance and support. Clients can renew their term license agreement for additional one-year terms at renewal price levels.

We no longer actively market our legacy on premise software solutions to new clients, and only license these solutions to a small portion of our existing on premise clients as they expand their portfolio of rental housing properties. While we intend to support our acquired on premise software solutions, we expect that many of the clients who license these solutions will transition to our on demand software solutions over time.

Professional and other revenue: Revenue from professional and other services consists of consulting and implementation services; training; and other ancillary services. We complement our solutions with professional and other services for our clients willing to invest in enhancing the value or decreasing the implementation time of our solutions. Our professional and other services are typically priced as time and material engagements.

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 relating to 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 on demand software solutions, such as payment processing, spend management, and billing services. Typically, we price our on demand software solutions based primarily on the number of units or beds the client manages with our solutions. For our insurance based solutions, our agreement provides for a fixed commission on earned premiums related to the policies sold by us. The agreement also provides for a contingent commission to be paid to us in accordance with the agreement. Our transaction-based solutions are priced based on a fixed rate per transaction.

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Professional and other revenue: Revenue from professional and other services consists of consulting and implementation services; training; and other ancillary services. We complement our solutions with professional and other services for our clients willing to invest in enhancing the value or decreasing the implementation time of our solutions. Our professional and other services are typically priced as time and material engagements.
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 centers; and fees paid to third-party service providers. Personnel costs include salaries, bonuses, stock-based expense, 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; 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 expense, and employee benefits for employees in that category. In addition, our operating expenses include an allocation of our facilities costs; overhead costs and depreciation based on headcount for that category; as well as amortization of purchased intangible assets resulting from our acquisitions.

Product development: Product development expense consists primarily of personnel costs for our product development employees and executives and fees to contract development vendors. Our product development efforts are focused primarily on increasing the functionality and enhancing the ease of use of our on demand software solutions and expanding our suite of on demand software solutions. In 2008 and 2011, we established product development and service centers in Hyderabad, India and Manila, Philippines, respectively, to take advantage of strong technical talent at lower personnel costs compared to the United States. In 2015, we expanded our operations in the Philippines by opening an office in Cebu City.

Sales and marketing: Sales and marketing expense consists primarily of personnel costs for our sales marketing and business development employees and executives; information technology; travel and entertainment; and marketing programs. Marketing programs consist of amounts paid for services for search engine optimization (“SEO”) and search engine marketing (“SEM”); renter’s insurance; other advertising, trade shows, user conferences, public relations, industry sponsorships and affiliations; and product marketing. In addition, sales and marketing expense includes amortization of certain purchased intangible assets, including client 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 executives; 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.

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, projected future operating or financial results 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;
- Deferred revenue;
- Fair value measurements;
- Accounts receivable and related allowance;
- Purchase accounting and contingent consideration;
- Goodwill and other intangible assets with indefinite lives;
- Contingent liabilities;
- Impairment of long-lived assets;
- Intangible assets with finite lives;
- Stock-based expense;
- Income taxes, including deferred tax assets and liabilities; and
- Capitalized product development costs.
Derivative Financial Instruments

We are exposed to interest rate risk related to our variable rate debt. We manage this risk through a program that may include the use of interest rate derivatives, the counterparties to which are major financial institutions. Our objective in using interest rate derivatives is to add stability to interest cost by reducing our exposure to interest rate movements. We do not use derivative instruments for trading or speculative purposes.

Our interest rate derivatives are designated as cash flow hedges and are carried in the Condensed Consolidated Balance Sheets at their fair value. Unrealized gains and losses resulting from changes in the fair value of these instruments are classified as either effective or ineffective. The effective portion of such gains or losses is recorded as a component of accumulated other comprehensive income (“AOCI”), while the ineffective portion is recorded as a component of interest expense in the period of change. Amounts reported in AOCI related to interest rate derivatives are reclassified into interest expense as interest payments are made on our variable-rate debt. If an interest rate derivative agreement is terminated prior to its maturity, the amounts previously recorded in AOCI are recognized into earnings over the period that the forecasted transactions impact earnings. If the hedging relationship is discontinued because it is probable that the forecasted transactions will not occur according to our original strategy, any related amounts previously recorded in AOCI are recognized in earnings immediately.

Inventory

Inventories are stated at the lower of cost, determined on a first-in, first-out basis, or net realizable value. We establish inventory allowances for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated realizable values based on assumptions about forecasted demand, open purchase commitments, and market conditions.

Recently Adopted Accounting Standards

We adopted Accounting Standards Update (“ASU”) 2015-03, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs and ASU 2015-15, Interest - Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line of Credit Agreements in the first quarter of 2016. As a result of our retrospective adoption of these standards, we present term loans payable net of unamortized debt issuance costs in the Condensed Consolidated Balance Sheets. Prior to adoption of this ASU, such issuance costs were included in other assets. Our adoption of this standard did not result in a reclassification of previously reported amounts, as we did not have outstanding term loans at December 31, 2015. As required, debt issuance costs related to our secured revolving credit facility continue to be presented in other assets in the Condensed Consolidated Balance Sheets.

In November 2015, the Financial Accounting Standards Board (“FASB”) issued ASU 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments, which eliminates the requirement to restate prior period financial statements for measurement-period adjustments. This ASU requires that the cumulative impact of a measurement period adjustment, including the impact on prior periods, be recognized in the reporting period in which the adjustment is identified. We adopted ASU 2015-16 in the first quarter of 2016.

In April 2015, the FASB issued ASU 2015-05, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement. This ASU provides guidance to clarify the customer’s accounting for fees paid in a cloud computing arrangement and whether such an arrangement contains a software license or is solely a service contract. We adopted this standard in the first quarter of 2016 and will prospectively apply the guidance to all arrangements entered into or materially modified after January 1, 2016.
Table of Contents

Results of Operations

The following tables set forth our unaudited results of operations for the specified periods and the components of such results as a percentage of our revenue for the respective periods. The period-to-period comparison of financial results is not necessarily indicative of future results.

Condensed Consolidated Statements of Operations

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in thousands, except per share and ratio amounts)</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>$140,883</td>
<td>95.2 %</td>
<td>$116,772</td>
<td>96.0 %</td>
</tr>
<tr>
<td>On premise</td>
<td>682</td>
<td>0.5</td>
<td>834</td>
<td>0.7</td>
</tr>
<tr>
<td>Professional and other</td>
<td>6,390</td>
<td>4.3</td>
<td>3,982</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>147,955</td>
<td>100.0</td>
<td>121,588</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Cost of revenue(1)</strong></td>
<td>64,111</td>
<td>43.3</td>
<td>51,748</td>
<td>42.6</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>83,844</td>
<td>56.7</td>
<td>69,840</td>
<td>57.4</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>18,743</td>
<td>12.7</td>
<td>16,858</td>
<td>13.9</td>
</tr>
<tr>
<td>Sales and marketing(1)</td>
<td>33,860</td>
<td>22.9</td>
<td>32,698</td>
<td>26.8</td>
</tr>
<tr>
<td>General and administrative(1)</td>
<td>21,677</td>
<td>14.7</td>
<td>13,424</td>
<td>11.0</td>
</tr>
<tr>
<td>Impairment of identified intangible assets</td>
<td>750</td>
<td>0.5</td>
<td>20,274</td>
<td>16.7</td>
</tr>
<tr>
<td><strong>Total operating expense</strong></td>
<td>75,030</td>
<td>50.8</td>
<td>83,254</td>
<td>68.4</td>
</tr>
<tr>
<td><strong>Operating income (loss)</strong></td>
<td>8,814</td>
<td>5.9</td>
<td>(13,406)</td>
<td>(11.0)</td>
</tr>
<tr>
<td>Interest expense and other, net</td>
<td>(1,064)</td>
<td>(0.7)</td>
<td>(391)</td>
<td>(0.3)</td>
</tr>
<tr>
<td><strong>Income (loss) before income taxes</strong></td>
<td>7,750</td>
<td>5.2</td>
<td>(13,797)</td>
<td>(11.3)</td>
</tr>
<tr>
<td>Income tax expense (benefit)</td>
<td>3,540</td>
<td>2.4</td>
<td>(5,605)</td>
<td>(4.6)</td>
</tr>
<tr>
<td><strong>Net income (loss)</strong></td>
<td>$4,210</td>
<td>2.8</td>
<td>$(8,192)</td>
<td>(6.7)</td>
</tr>
<tr>
<td><strong>Net income (loss) per share attributable to common stockholders</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$0.05</td>
<td></td>
<td>$(0.11)</td>
<td></td>
</tr>
<tr>
<td>Diluted</td>
<td>$0.05</td>
<td></td>
<td>$(0.11)</td>
<td></td>
</tr>
<tr>
<td><strong>Weighted average shares used in computing net income (loss) per share attributable to common stockholders</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>76,823</td>
<td></td>
<td>76,564</td>
<td></td>
</tr>
<tr>
<td>Diluted</td>
<td>78,124</td>
<td></td>
<td>76,564</td>
<td></td>
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</table>

(1) Includes stock-based expense as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of revenue</td>
<td>$929</td>
<td>$817</td>
</tr>
<tr>
<td>Product development</td>
<td>1,900</td>
<td>1,759</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>1,406</td>
<td>3,118</td>
</tr>
<tr>
<td>General and administrative</td>
<td>4,020</td>
<td>2,975</td>
</tr>
</tbody>
</table>

37
### Nine Months Ended September 30, 2016

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>(in thousands, except per share and ratio amounts)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On demand</td>
<td>$400,904</td>
<td>$333,872</td>
<td>95.7 %</td>
</tr>
<tr>
<td>On premise</td>
<td>2,141</td>
<td>2,301</td>
<td>0.5 %</td>
</tr>
<tr>
<td>Professional and other</td>
<td>16,012</td>
<td>10,647</td>
<td>3.8 %</td>
</tr>
<tr>
<td>Total revenue</td>
<td>419,057</td>
<td>346,820</td>
<td>100.0 %</td>
</tr>
<tr>
<td><strong>Cost of revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>180,937</td>
<td>147,795</td>
<td>100.0 %</td>
<td></td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>238,120</td>
<td>199,025</td>
<td>56.8 %</td>
</tr>
<tr>
<td><strong>Operating expense:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product development</td>
<td>54,893</td>
<td>52,919</td>
<td>13.1 %</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>101,188</td>
<td>92,698</td>
<td>24.1 %</td>
</tr>
<tr>
<td>General and administrative</td>
<td>61,955</td>
<td>51,797</td>
<td>14.9 %</td>
</tr>
<tr>
<td>Impairment of identified intangible assets</td>
<td>750</td>
<td>20,801</td>
<td>0.2 %</td>
</tr>
<tr>
<td>Total operating expense</td>
<td>218,786</td>
<td>218,215</td>
<td>52.2 %</td>
</tr>
<tr>
<td><strong>Operating income (loss):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19,334</td>
<td>(19,190)</td>
<td>(5.5)</td>
<td></td>
</tr>
<tr>
<td><strong>Interest expense and other, net:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2,846)</td>
<td>(1,048)</td>
<td>(0.3)</td>
<td></td>
</tr>
<tr>
<td><strong>Income (loss) before income taxes:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16,488</td>
<td>(20,238)</td>
<td>(5.8)</td>
<td></td>
</tr>
<tr>
<td><strong>Income tax expense (benefit):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7,199</td>
<td>(7,120)</td>
<td>(2.1)</td>
<td></td>
</tr>
<tr>
<td><strong>Net income (loss):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$9,289</td>
<td>$(13,118)</td>
<td>(3.7)</td>
<td></td>
</tr>
<tr>
<td><strong>Net income (loss) per share attributable to common stockholders:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$0.12</td>
<td>$(0.17)</td>
<td></td>
</tr>
<tr>
<td>Diluted</td>
<td>$0.12</td>
<td>$(0.17)</td>
<td></td>
</tr>
<tr>
<td><strong>Weighted average shares used in computing net income (loss) per share attributable to common stockholders:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>76,615</td>
<td>76,772</td>
<td></td>
</tr>
<tr>
<td>Diluted</td>
<td>77,525</td>
<td>76,772</td>
<td></td>
</tr>
</tbody>
</table>

(1) Includes stock-based expense as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of revenue</td>
<td>$2,506</td>
<td>$3,267</td>
</tr>
<tr>
<td>Product development</td>
<td>5,246</td>
<td>7,050</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>8,179</td>
<td>10,750</td>
</tr>
<tr>
<td>General and administrative</td>
<td>11,452</td>
<td>9,599</td>
</tr>
</tbody>
</table>

Revenue

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>On demand</strong></td>
<td>$140,883</td>
<td>$116,772</td>
<td>$24,111</td>
<td>20.6 %</td>
</tr>
<tr>
<td><strong>On premise</strong></td>
<td>682</td>
<td>834</td>
<td>(152)</td>
<td>(18.2)</td>
</tr>
<tr>
<td><strong>Professional and other</strong></td>
<td>6,390</td>
<td>3,982</td>
<td>2,408</td>
<td>60.5</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>$147,955</td>
<td>$121,588</td>
<td>$26,367</td>
<td>21.7 %</td>
</tr>
</tbody>
</table>

On demand unit metrics:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ending on demand units</td>
<td>11,251</td>
<td>10,406</td>
<td>845</td>
<td>8.1</td>
</tr>
<tr>
<td>Average on demand units</td>
<td>11,196</td>
<td>10,354</td>
<td>842</td>
<td>8.1</td>
</tr>
</tbody>
</table>

Non-GAAP revenue metrics:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-GAAP on demand revenue</td>
<td>$140,722</td>
<td>$116,158</td>
<td>$24,564</td>
<td>21.1 %</td>
</tr>
<tr>
<td>Average non-GAAP on demand revenue per average on demand unit</td>
<td>$50.28</td>
<td>$44.87</td>
<td>$5.41</td>
<td>12.1</td>
</tr>
<tr>
<td>Non-GAAP on demand annual client value</td>
<td>$565,700</td>
<td>$466,917</td>
<td>$98,783</td>
<td>21.2</td>
</tr>
</tbody>
</table>

Nine Months Ended September 30, 2016

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>On demand</td>
<td>$400,904</td>
<td>$333,872</td>
<td>$67,032</td>
<td>20.1 %</td>
</tr>
<tr>
<td>On premise</td>
<td>2,141</td>
<td>2,301</td>
<td>(160)</td>
<td>(7.0)</td>
</tr>
<tr>
<td>Professional and other</td>
<td>16,012</td>
<td>10,647</td>
<td>5,365</td>
<td>50.4</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>$419,057</td>
<td>$346,820</td>
<td>$72,237</td>
<td>20.8</td>
</tr>
</tbody>
</table>

On demand unit metrics:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ending on demand units</td>
<td>11,251</td>
<td>10,406</td>
<td>845</td>
<td>8.1</td>
</tr>
<tr>
<td>Average on demand units</td>
<td>11,016</td>
<td>10,354</td>
<td>842</td>
<td>8.1</td>
</tr>
</tbody>
</table>

Non-GAAP revenue metrics:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-GAAP on demand revenue</td>
<td>$400,142</td>
<td>$332,260</td>
<td>$67,882</td>
<td>20.4</td>
</tr>
<tr>
<td>Average non-GAAP on demand revenue per average on demand unit</td>
<td>$48.43</td>
<td>$44.32</td>
<td>$4.11</td>
<td>9.3</td>
</tr>
</tbody>
</table>

The change in total revenue for the three and nine months ended September 30, 2016, as compared to the same period in 2015, was due to the following:

**On demand revenue.** During the three and nine months ended September 30, 2016, on demand revenue increased $24.1 million and $67.0 million, or 20.6% and 20.1%, respectively, as compared to the same periods in 2015. This increase was driven by incremental revenue from our recent acquisitions, growth in the number of rental units managed with one or more of our solutions, and greater client adoption across our platform of solutions.

On demand revenue associated with our property management solutions increased year-over-year by $3.8 million, or 10.8%, and $12.0 million, or 11.9%, during the three and nine months ended September 30, 2016, respectively. This growth was primarily attributable to continued sales and client adoption across most of our property management solutions and incremental revenue from our recent acquisitions.

On demand revenue from our leasing and marketing solutions decreased $1.1 million and $3.0 million, or 3.6% and 3.3%, during the three and nine months ended September 30, 2016, respectively, as compared to the same periods in the prior year. This decrease was mainly due to lower transactional revenue from our paid lead generation and contact center solutions, which
continued to encounter headwinds from macro-economic conditions and increased competition. Growth from our online leasing and screening solutions partially offset this decrease.

On demand revenue from our resident services solutions has grown significantly during 2016, increasing year-over-year by $19.6 million, or 50.5%, and $52.2 million, or 49.3%, during the three and nine months ended September 30, 2016, respectively. This growth was attributable to incremental revenue from our recent acquisitions and strong growth across most of our resident services product solutions, most notably our payments and renter’s insurance solutions.

On demand revenue derived from our asset optimization solutions grew $1.8 million, or 15.4%, during the three months ended, and $5.8 million, or 16.9%, during the nine months ended September 30, 2016, as compared to the same periods in 2015. Our asset optimization solutions continued to benefit from the strong growth of our Business Intelligence solution and the continued growth of our YieldStar solution.

**On premise revenue.** On premise revenue for the three and nine months ended September 30, 2016 was $0.7 million and $2.1 million, respectively, which was down slightly from the same periods in 2015 by $0.2 million. We no longer actively market our legacy on premise software solutions to new clients and only market and support our acquired on premise software solutions. We expect on premise revenue to decline over time as we transition acquired on premise clients to our on demand property management solutions.

**Professional and other revenue.** Professional and other revenue increased $2.4 million and $5.4 million for the three and nine months ended September 30, 2016, respectively, as compared to the same periods in 2015. This growth was primarily a result of additional sub-meter revenue from our recent acquisitions.

**On demand unit metrics.** As of September 30, 2016, one or more of our on demand solutions was utilized in the management of 11.3 million rental property units, representing an increase of 0.8 million units, or 8.1%, year-over-year. This increase was due to new client sales, marketing efforts to existing clients, and acquisitions completed in 2015 and 2016. These acquisitions accounted for approximately 0.3 million units, or 2.3%, of total ending on demand units.

### Cost of Revenue

<table>
<thead>
<tr>
<th>Cost of Revenue</th>
<th>Three Months Ended September 30, 2016</th>
<th>Change</th>
<th>% Change</th>
<th>Nine Months Ended September 30, 2016</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of revenue</td>
<td>$56,052</td>
<td>$44,440</td>
<td>$11,612</td>
<td>26.1%</td>
<td>$157,249</td>
<td>$127,117</td>
</tr>
<tr>
<td>Stock-based expense</td>
<td>929</td>
<td>817</td>
<td>112</td>
<td>13.7%</td>
<td>2,506</td>
<td>3,267</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>7,130</td>
<td>6,483</td>
<td>647</td>
<td>10.0%</td>
<td>21,182</td>
<td>17,411</td>
</tr>
<tr>
<td>Total cost of revenue</td>
<td>$64,111</td>
<td>$51,740</td>
<td>$12,371</td>
<td>23.9%</td>
<td>$180,937</td>
<td>$147,795</td>
</tr>
</tbody>
</table>

**Cost of revenue.** During the three and nine months ended September 30, 2016, cost of revenue, excluding stock-based expense and depreciation and amortization, increased $11.6 million and $30.1 million, respectively, as compared to the same periods in 2015. A year-over-year increase in direct costs of $5.9 million and $14.5 million during the respective periods was driven by our recent acquisitions and higher transaction volume from our Payments solution. Year-over-year increases in our personnel expense of $3.4 million and $9.8 million, respectively, were primarily attributable to incremental headcount from our recent acquisitions. Investment in our infrastructure, the relocation of our corporate headquarters and data center, and incremental cost from our recent acquisitions resulted in an increase in information technology and facilities expense of $1.5 million and $3.9 million, respectively, during the periods. A year-over-year increase in professional fees of $0.8 million and $1.9 million, respectively, due to incremental costs from our recent acquisitions also contributed to the noted increase in cost of revenue. Changes in stock-based expense and depreciation and amortization are separately addressed below.

Cost of revenue as a percentage of total revenue was 43.3% and 43.2% during the three and nine months ended September 30, 2016, respectively, as compared to 42.6% for both of the same periods in 2015. The cost of revenue from our NWP acquisition has served to increase this percentage because of NWP’s higher mix of sub-meter installation revenue and its predominantly domestic workforce. Excluding the effect of these factors, cost of revenue as a percentage of total revenue decreased between the 2016 and 2015 periods due to efficiency gains across most of our fixed cost areas, primarily within information technology, product implementation, product management, and client support across a broader revenue base.
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>2016</td>
<td>2015</td>
</tr>
<tr>
<td>(in thousands, except percentages)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product development</td>
<td>$15,341</td>
<td>$13,898</td>
</tr>
<tr>
<td>Stock-based expense</td>
<td>1,900</td>
<td>1,759</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,502</td>
<td>1,201</td>
</tr>
<tr>
<td>Total product</td>
<td>$18,743</td>
<td>$16,858</td>
</tr>
</tbody>
</table>

**Product development.** Product development expense, excluding stock-based expense and depreciation, increased $1.4 million and $3.5 million for the three and nine months ended September 30, 2016, respectively, as compared to the same periods in 2015. Personnel expense during these periods increased $1.8 million and $4.7 million, respectively, driven by increased headcount to support the development of our next generation solutions innovations and incremental headcount from our recent acquisitions. A year-over-year increase in facilities expense of $0.6 million and $0.8 million was primarily driven by the relocation of our corporate headquarters and data center and, to a lesser extent, incremental cost from our recent acquisitions.

These increases were partially offset by lower professional fees of $0.6 million and $1.2 million during the three and nine months ended September 30, 2016, respectively, as compared to the same periods in 2015. This decrease was primarily driven by completed prior year projects related to our leasing and marketing website products. Additionally, non-recurring impairment charges of $0.5 million and $1.3 million related to in-process software development projects were recognized during the three and nine months ended September 30, 2015, respectively. Changes in stock-based expense and depreciation separately addressed below.

Although higher in absolute dollars, product development expense as a percentage of revenue during the three-month period decreased from 13.9% at September 30, 2015 to 12.7% at September 30, 2016. Similarly, during the nine-month period, product development expense as a percentage of revenue decreased year-over-year from 15.3% to 13.1%. Improvement in our cost ratio resulted primarily from focused cost containment strategies and the completion of projects related to our leasing and marketing website products in the prior year, offset, in part, by investments in the development of our next generation and data analytics solutions.

<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>2016</td>
<td>2015</td>
</tr>
<tr>
<td>(in thousands, except percentages)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>$28,310</td>
<td>$26,167</td>
</tr>
<tr>
<td>Stock-based expense</td>
<td>1,406</td>
<td>3,118</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>4,144</td>
<td>3,413</td>
</tr>
<tr>
<td>Total sales and marketing expense</td>
<td>$33,860</td>
<td>$32,698</td>
</tr>
</tbody>
</table>

**Sales and marketing.** Sales and marketing expense, excluding stock-based expense and depreciation and amortization, increased year-over-year by $2.1 million and $9.2 million during the three and nine months ended September 30, 2016, respectively. Personnel expense increased $1.0 million and $4.6 million during the respective periods, primarily due to incremental headcount from our recent acquisitions and investments to enhance the productivity of our sales function. The relocation of our corporate headquarters and data center and investment in our sales function led to an increase in information technology and facility expense of $0.6 million and $1.6 million, respectively, during the periods. Marketing program costs increased year-over-year by $0.3 million and $2.9 million, respectively, reflecting investments to accelerate client demand across our portfolio of solutions in addition to our recent acquisitions. An increase of other expense of $0.2 million and $0.1 million during the three and nine months ended September 30, 2016, as compared to the same periods in the prior year, also contributed to the changes. Changes in stock-based expense and depreciation and amortization are separately addressed below.

Sales and marketing expense as a percentage of total revenue decreased from 26.8% and 26.7% during the three and nine month periods ended September 30, 2015, respectively, to 22.9% and 24.1% for the same periods in 2016. This reduction is attributable to benefits from our cost containment strategy, leverage gained from our focus on sales productivity, and lower consulting expense. Leverage was also obtained from lower stock-based expense during the three and nine-month periods of
2016, respectively, as compared to the same periods in 2015. These decreases were partially offset by higher depreciation and amortization expense related to our recent acquisitions and the relocation of our corporate headquarters and data center.

<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>2016</td>
<td>2015</td>
</tr>
<tr>
<td>(in thousands, except percentages)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and administrative expense</td>
<td>$16,381</td>
<td>$9,633</td>
</tr>
<tr>
<td>Stock-based expense</td>
<td>4,020</td>
<td>2,975</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,276</td>
<td>816</td>
</tr>
<tr>
<td>Total general and administrative expense</td>
<td>$21,677</td>
<td>$13,424</td>
</tr>
</tbody>
</table>

**General and administrative.** General and administrative expense, excluding stock-based expense and depreciation, increased $6.7 million and $7.2 million during the three and nine months ended September 30, 2016, respectively, as compared to the same periods in the prior year. Realized gains related to the change in fair value of our acquisition-related contingent obligations decreased year-over-year by $3.2 million and $2.2 million in the respective periods. A year-over-year increase in personnel expense of $1.9 million and $3.4 million, respectively, was primarily related to incremental headcount from our recent acquisitions and investments to support our global footprint. Facilities expense increased $0.3 million and $1.3 million, respectively, due to the acquisitions and relocation of our corporate headquarters and data center. In addition, we incurred higher professional and other expenses of $0.6 million and $1.6 million, respectively, a portion of which relate to projects expected to be completed in 2016. We also incurred a net increase of $0.7 million and $0.1 million during the three and nine months periods related to a combination of legal and sales tax issues. These increases were partially offset by a decrease in expense of $1.4 million during the nine months ended September 30, 2015 related to the consolidation of our global footprint. Changes in stock-based expense and depreciation are separately addressed below.

In October 2016, we entered into an agreement with A Place for Mom, whereby we agreed to sell certain assets associated with our senior living referral services, including certain indefinite-lived trade names, (“Referral Assets”) to A Place for Mom. We test our identified intangible assets for impairment on an annual basis in the fourth quarter of each year and test our long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Based on the sale negotiations, we concluded there was a possibility that the Referral Assets could be impaired and performed an impairment analysis as of September 30, 2016. Based on the results of this analysis, we recorded an impairment of the associated trade names of $0.8 million, the amount by which the carrying value of the trade names exceeded their estimated fair value at the date of analysis, in the third quarter of 2016. The sale of the Referral Assets to A Place for Mom was subsequently completed in October 2016. In connection with the sale of assets, we also agreed with A Place for Mom to collaborate to improve lead transparency utilizing A Place for Mom’s referral services and the Company’s senior living customer relationship management platform.

![Table of Contents](image-url)

Our evaluation of the trade names associated with our 2011 acquisition of MyNewPlace in the third quarter of 2015 was triggered by the identification of conditions which indicated the possible existence of an impairment. These indicators included declines in actual and anticipated lead-generation revenues and a change in the Company’s long-term marketing strategy. We analyzed these intangible assets and recorded a $20.3 million impairment charge at September 30, 2015. Based on changes in our long-term marketing strategy and anticipated use of these trade names, we reclassified the remaining balance to finite-lived intangible assets as of September 30, 2015, and are amortizing them over a period of seven years.

We evaluated the InstaManager trade name for impairment in the first quarter of 2015, after completing the integration of the InstaManager and Kigo platforms into a single solution marketed under the Kigo name. Subsequent to this integration, we discontinued use of the InstaManager trade name to market or identify the software. We recognized an impairment charge of $0.5 million during the first quarter of 2015 related to this trade name.
Stock-based Expense

<table>
<thead>
<tr>
<th>Stock-based expense</th>
<th>2016</th>
<th>2015</th>
<th>Change</th>
<th>% Change</th>
<th>2016</th>
<th>2015</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in thousands, except percentages)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock-based expense</td>
<td>$8,255</td>
<td>$8,669</td>
<td>$(414)</td>
<td>(4.8)%</td>
<td>$27,383</td>
<td>$30,666</td>
<td>$(3,283)</td>
<td>(10.7)%</td>
</tr>
</tbody>
</table>

Stock-based expense for the three and nine months ended September 30, 2016, decreased by $0.4 million and $3.3 million, respectively, as compared to the same periods of 2015. This decrease is primarily attributable to the impact of awards which became fully vested and forfeitures subsequent to the third quarter of 2015, partially offset by incremental expense from awards granted between the two periods.

Depreciation and Amortization Expense

<table>
<thead>
<tr>
<th>Depreciation and Amortization Expense</th>
<th>2016</th>
<th>2015</th>
<th>Change</th>
<th>% Change</th>
<th>2016</th>
<th>2015</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in thousands, except percentages)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>$6,205</td>
<td>$4,986</td>
<td>$1,219</td>
<td>24.4%</td>
<td>$18,179</td>
<td>$15,201</td>
<td>$2,978</td>
<td>19.6%</td>
</tr>
<tr>
<td>Amortization expense</td>
<td>7,847</td>
<td>6,927</td>
<td>920</td>
<td>13.3%</td>
<td>22,695</td>
<td>18,586</td>
<td>4,109</td>
<td>22.1%</td>
</tr>
<tr>
<td>Total depreciation and amortization expense</td>
<td>$14,052</td>
<td>$11,913</td>
<td>$2,139</td>
<td>18.0%</td>
<td>$40,874</td>
<td>$33,787</td>
<td>$7,087</td>
<td>21.0%</td>
</tr>
</tbody>
</table>

Depreciation expense increased $1.2 million and $3.0 million during the three and nine months ended September 30, 2016, respectively, as compared to the same periods in 2015. The increase in depreciation expense during these periods was primarily due to incremental depreciation expense from our recent acquisitions and expense arising from the relocation of our corporate headquarters and data center. Amortization expense increased during these periods primarily due to the addition of finite-lived intangible assets in connection with our recent acquisitions.

Interest Expense and Other, Net

The increase in interest expense and other, net for the three and nine months ended September 30, 2016, as compared to the same periods in 2015, is primarily due to higher average obligation balances during the current period as a result of our $125.0 million Term Loan entered into in February 2016.

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 income. Our effective income tax rate was 43.7% and 35.2% for the nine months ended September 30, 2016, and 2015. Our effective rate is higher than the statutory rate for the nine months ended September 30, 2016, primarily because of state income taxes and non-deductible expenses, including an increase in certain non-deductible expenses identified in connection with the filing of our 2015 taxes. The effective rate is lower than the statutory rate for the nine months ended September 30, 2015, primarily because non-deductible expenses reduced the tax benefit associated with the pretax loss.

Liquidity and Capital Resources

Our primary sources of liquidity as of September 30, 2016 consisted of $69.1 million of cash and cash equivalents, $200.0 million available under our revolving line of credit and $33.7 million of working capital (excluding $69.1 million of cash and cash equivalents and $81.9 million of deferred revenue).

Our principal uses of liquidity have been to fund our operations, working capital requirements, capital expenditures and acquisitions, to service our debt obligations, and to repurchase shares of our common stock. We expect that working capital requirements, capital expenditures, acquisitions, debt service, and share repurchases will continue to be our principal needs for liquidity over the near term. During 2016, we expect to incur elevated capital expenditures of approximately $85.0 million, primarily related to our corporate headquarters and data center moves. We also expect to receive approximately $19.6 million of tenant improvement reimbursement from the property owner of our corporate headquarters facility which will be reported as a source of cash from operating activities. We expect to generate returns on these investments by incurring lower future rent expense per employee and long-term transaction processing scale. Starting in 2017, we expect capital expenditures to return to more normalized levels which we target at approximately 5.0% of revenue for maintenance and growth initiatives. In addition, we have made several acquisitions in which a portion of the cash purchase price is payable at various times and have quarterly debt service requirements through 2019. We expect to fund these obligations from cash provided by operating activities.
We believe that our existing cash and cash equivalents, working capital (excluding deferred revenue and cash and cash equivalents) and our cash flows from operations are sufficient to fund our operations, working capital requirements and planned capital expenditures and to service our debt obligations for at least the next twelve months. Our future working 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 that 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, 2015, we had gross federal and state NOL carryforwards of approximately $161.0 million and $67.5 million, respectively. In connection with our acquisition of NWP, we have recorded an additional $27.3 million in gross federal and state NOLs. If not utilized, our federal NOL carryforwards will begin to expire in 2022, and our state NOL carryforwards will begin to expire in 2016. NOLs that we have generated are not currently subject to the carryforward limitation in Section 382 of the Internal Revenue Code (“Section 382 limitation”); however, $43.6 million of NOLs generated by our subsidiaries prior to our acquisition of them are subject to the Section 382 limitation. The limitation on these pre-acquisition NOL carryforwards will fully expire in 2035. A cumulative change in ownership among material shareholders, as defined in Section 382 of the Internal Revenue Code, during a three-year period may also limit utilization of our federal net operating loss carryforwards.

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

<table>
<thead>
<tr>
<th>Net Cash Provided by Operating Activities</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>$105,124</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$68,514</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>135,405</td>
<td>63,929</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>68,424</td>
<td>12,688</td>
</tr>
</tbody>
</table>

**Net Cash Provided by Operating Activities**

During the nine months ended September 30, 2016, net cash provided by operating activities consisted of net income of $9.3 million, net non-cash adjustments to net income of $74.2 million and a net inflow of cash from changes in working capital of $21.6 million. Non-cash adjustments primarily consisted of depreciation and amortization expense of $40.9 million, stock-based expense of $27.4 million, income tax-related items of $5.4 million, and charges recognized in net income of $1.0 million related to the disposition and impairment of our long-lived assets. These items were partially offset by other non-cash adjustments totaling $0.5 million.

Changes in working capital included net cash inflows from accounts payable and accrued liabilities of $3.0 million and from changes in other current assets of $18.2 million, primarily related to the receipt of payments from our tenant improvement allowance for our new corporate headquarters. Net inflows of changes in other current and long-term liabilities of $5.4 million also contributed to the increase from changes in working capital. These items were partially offset by net cash outflows related to accounts receivable of $2.0 million and deferred revenue of $3.0 million.

**Net Cash Used in Investing Activities**

For the nine months ended September 30, 2016, we used $135.4 million of net cash in investing activities. We used $71.4 million in our acquisition of NWP, AssetEye, and eSupply and $61.0 million for capital expenditures. Capital expenditures during the period primarily included expenditures to support our strategy of consolidating our real estate footprint, capitalized software development costs, and expenditures to support our information technology infrastructure. Additionally, in the third quarter of 2016 we purchased a minority interest in an unrelated company that specializes in the aggregation of commercial lease data for $3.0 million.

**Net Cash Provided by Financing Activities**

The net cash provided by our financing activities largely consisted of proceeds of $123.1 million from the Term Loan we entered into in February 2016, net of payments during the nine-month period ended September 30, 2016, of $1.6 million. Concurrent with the receipt of the Term Loan, we repaid $40.0 million of then outstanding revolving loans. Other significant uses of cash during the period included treasury stock purchases of $21.2 million under our share repurchase program, payments of acquisition-related consideration of $4.9 million, and other expenditures totaling $0.9 million consisting of financing costs related to the Term Loan and payments under our capital lease obligations. Finally, activity under our stock-based consideration plans resulted in cash inflows of $12.3 million during the nine months ended September 30, 2016.
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. As further discussed below under Long-Term Debt Obligations, we entered into an amendment of our existing credit facility in February 2016. Additionally, certain of our business acquisitions completed during 2016 include provisions for the payment of deferred and contingent cash obligations. Deferred cash obligations are generally subject to adjustments specified in the underlying acquisition agreement related to the seller’s indemnification obligations and payment of contingent cash obligations is dependent upon the acquired business achieving negotiated operational or financial targets in the post-acquisition period. Deferred and contingent cash obligations related to our 2016 acquisitions have payment dates extending through 2019. There have been no other material changes outside normal operations in our contractual obligations from our disclosures within our Form 10-K for the year ended December 31, 2015.

Long-Term Debt Obligations

On September 30, 2014, we entered into an agreement for a secured revolving credit facility (as amended by the Amendment discussed below, the “Credit Facility”) to refinance our outstanding revolving loans. The Credit Facility provides an aggregate principal amount of up to $200.0 million, with sublimits of $10.0 million for the issuance of letters of credit and for $20.0 million of swingline loans. Revolving loans under the Credit Facility may be voluntarily prepaid and re-borrowed. At our option, the revolving loans accrue interest at a per annum rate equal to either LIBOR, plus a margin ranging from 1.25% to 1.75%, or the Base Rate, plus a margin ranging from 0.25% to 0.75%. The Credit Facility permits, at our discretion, the use of one, two, three or six month LIBOR. The Base Rate is defined as the greater of Wells Fargo’s prime rate, the Federal Funds Rate plus 0.50%, or one month LIBOR plus 1.00%. In each case the applicable margin is determined based upon our consolidated net leverage ratio. The interest is due and payable quarterly, in arrears, for loans bearing interest at the Base Rate and at the end of the applicable interest period in the case of loans bearing interest at the adjusted LIBOR rate. All outstanding principal and accrued and unpaid interest are due upon the Credit Facility’s maturity on September 30, 2019.

In February 2016, the Company entered into an amendment (the “Amendment”) of the Credit Facility. The Amendment provides for an incremental term loan in the amount of $125.0 million (“Term Loan”) that is coterminous with the Credit Facility. Principal payments on the Term Loan are due in quarterly installments that began in June 2016. Amounts paid under the Term Loan may not be re-borrowed. The Term Loan is subject to mandatory repayment requirements in the event of certain asset sales or insurance or condemnation events occur, subject to customary reinvestment provisions. The Company may prepay the Term Loan in whole or in part at any time, without premium or penalty, with prepayment amounts to be applied to remaining scheduled principal amortization payments as specified by the Company. The Term Loan is subject to the same interest rate terms and payments dates as the revolving loans. Under the terms of the Amendment, an additional margin tier was added such that the Applicable Margin now ranges from 1.25% to 2.00% for LIBOR loans, and from 0.25% to 1.00% for Base Rate loans.

The Credit Facility is secured by substantially all of our assets, and certain of our existing and future material domestic subsidiaries are required to guarantee our obligations under the Credit Facility. The Credit Facility contains customary covenants, subject in each case to customary exceptions and qualifications, 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 certain 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; and enter into transactions with affiliates. Additionally, the Credit Facility contains customary affirmative covenants. We are also required to comply with a maximum consolidated net leverage ratio and a minimum interest coverage ratio. The interest coverage ratio, which is a ratio of our four previous consecutive fiscal quarters’ consolidated EBITDA, as defined in the agreement, to our interest expense, is not to be less than 3.00 to 1.00 as of the last day of any fiscal quarter. The consolidated net leverage ratio, which is the ratio of funded indebtedness on the last day of each fiscal quarter to the four previous consecutive fiscal quarters’ consolidated EBITDA, is not to be greater than 3.50 to 1.00, provided that we can elect to increase the ratio to 3.75 to 1.00 for a specified period following a permitted acquisition. Pursuant to the Amendment, we can elect to increase the maximum consolidated net leverage ratio to 4.00 to 1.00 for a specified period following the issuance of convertible or high yield notes in an initial principal amount of at least $150.0 million.

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, defaults for non-compliance with the Employee Retirement Income Security Act (“ERISA”), inaccuracies of representations and warranties and a change in control default.

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

As of September 30, 2016, we were in compliance with the covenants under the Credit Facility.

**Share Repurchase Program**

On May 6, 2014, our board of directors approved a share repurchase program authorizing the repurchase of up to $50.0 million of our outstanding common stock for a period of up to one year after the approval date. In May 2015, our board of directors approved an extension of the share repurchase program, permitting the repurchase of up to $50.0 million of our common stock during the period commencing on the extension date and ending on May 6, 2016. On April 26, 2016, an additional one year extension of the share repurchase program was approved. The terms of this extension permit the repurchase of up to $50.0 million of our common stock during the period commencing on the extension day and ending on May 6, 2017.

Repurchase activity during the three and nine months ended September 30, 2016 and 2015 was as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of shares repurchased</td>
<td>—</td>
<td>807,922</td>
</tr>
<tr>
<td>Weighted-average cost per share</td>
<td>$ —</td>
<td>$18.95</td>
</tr>
<tr>
<td>Total cost of shares repurchased, in thousands</td>
<td>$ —</td>
<td>$15,309</td>
</tr>
</tbody>
</table>

**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 $69.1 million and $30.9 million at September 30, 2016 and December 31, 2015, 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 had $123.4 million outstanding under our Term Loan at September 30, 2016. The Term Loan is reflected net of unamortized debt issuance costs of $0.5 million in the accompanying Condensed Consolidated Balance Sheet. At December 31, 2015, we had $40.0 million in revolving loans outstanding under the Credit Facility. There were no outstanding revolving loans at September 30, 2016. At our option, amounts borrowed under the Credit Facility accrue interest at a per annum rate equal to either LIBOR, plus a margin ranging from 1.25% to 2.00%, or the Base Rate, plus a margin ranging from 0.25% to 1.00%. The base LIBOR rate is, at our discretion, equal to either one, two, three, or six month LIBOR. The Base Rate is defined as the greater of Wells Fargo’s prime rate, the Federal Funds Rate plus 0.50%, or one month LIBOR plus 1.00%. If the applicable rates change by 10% of the September 30, 2016 closing market rates, our annual interest expense would change by less than $0.1 million.

On March 31, 2016, we entered into two interest rate swap agreements to eliminate variability in interest payments on the Term Loan. The swap agreements replace the term note’s variable rate with a blended fixed rate of 0.89%. We do not use derivative financial instruments for speculative or trading purposes; however, we may adopt additional specific hedging strategies in the future. Any declines in interest rates, however, will reduce future interest income.

**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 were
effective as of September 30, 2016, in ensuring that information required to be disclosed in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management’s assessment of the effectiveness of our disclosure controls and procedures is expressed at the level of reasonable assurance because management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives.

Changes in Internal Controls

There were no changes in the Company’s internal control over financial reporting during the three and nine months ended September 30, 2016 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.

We are subject to legal proceedings and claims arising in the ordinary course of business. We are involved in litigation and other legal proceedings and claims that have not been fully resolved. At this time, we believe that any reasonably possible adverse outcome of these matters would not be material either individually or in the aggregate. Our view of these matters may change in the future as litigation and events related thereto unfold.

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;
- fluctuations in leasing activity by our clients;
- increase in the number or severity of insurance claims on policies sold by us;
- our ability to timely introduce enhancements to our existing solutions and new solutions;
- our ability to renew the use of our on demand solutions for units managed by our existing clients and to increase the use of our on demand solutions for the management of units by our existing and new clients;
- changes in our pricing policies or those of our competitors or new competitors;
- changes in local economic, political and regulatory environments of our international operations;
- the variable nature of our sales and implementation cycles;
- general economic, industry and market conditions in the rental housing industry that impact our current and potential clients;
• 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 utilize to direct those consumers to websites such as our LeaseStar product family;
• our ability to hire and retain qualified key personnel, including particular key positions in our sales force and IT department;
• our ability to anticipate and adapt to external forces and the emergence of new technologies and products;
• our ability to enter into new markets and capture additional market share;
• changes in the legal, regulatory or compliance environment related to the rental housing industry or the markets in which we operate, including without limitation changes related to fair credit reporting, payment processing, data protection and privacy, social media, utility billing, insurance, the Internet and e-commerce, licensing, telemarketing, electronic communications, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and the Health Information Technology Economic and Clinical Health Act ("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; 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 models 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 and year-to-date period 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 and may not be able to continue our revenue growth or increase our 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 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 and in our Annual Report on Form 10-K filed with the SEC on February 29, 2016. 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 client 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 approximately 900 as of December 31, 2008 to approximately 4,400 as of September 30, 2016. We increased our number of on demand clients from approximately 2,700 as of December 31, 2008 to approximately 12,250 as of September 30, 2016. In addition, 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 current and emerging solutions;
• identifying suitable acquisition targets and efficiently managing the closing of acquisitions and the integration of targets into our operations;
• maintaining continuity in our senior management and key personnel;
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 clients with implementation of our solutions and could lack adequate resources to support our clients 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 clients.

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 solutions, 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, Inc. 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 clients, 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 the renewal of our products and services for on demand units managed by our clients and the increase in the use of our on demand products and services for on demand units.

With the exception of some of our LeaseStar and Propertyware solutions, which are typically month-to-month, we generally license our solutions pursuant to client agreements with a term of one year or longer. The pricing of the agreements is typically based on a price per unit basis. Our clients 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 clients have the right to cancel their client agreements before they expire, for example, in the event of an uncured breach by us, or in some circumstances, upon the sale or transfer of a client property, by giving 30 days’ notice or paying a cancellation fee. In addition, clients 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 clients purchasing additional solutions or professional services for their on demand units after the initial term of their client agreement. Though we maintain and analyze historical data with respect to rates of client renewals, upgrades and expansions, those rates may not accurately predict future trends in renewal of on demand units. Our clients’ on demand unit 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 clients’ spending levels or reductions in the number of on demand units managed by our clients. If our clients 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 on demand unit attrition as properties are sold and the new owners and managers of properties previously owned or managed by our clients do not continue to use our solutions. We cannot predict the amount of on demand unit turnover we will experience in the future. However, we have experienced higher rates of on demand unit attrition with our Propertyware property management system, primarily because it serves smaller properties than our OneSite property management system, and we may experience higher levels of on demand unit attrition to the extent Propertyware grows as a percentage of our revenues. If we experience increased on demand unit turnover, our financial performance and operating results could be adversely affected.

On demand revenue that is derived from products that help owners and managers lease and market apartments, such as certain products in LeaseStar and LeasingDesk, may decrease as occupancy rates rise. We have also experienced, and expect to continue to experience, some number of consolidations of our clients with other parties. If one of our clients consolidates with a party who is not a client, our client may decide not to continue to use our solutions for its on demand units. In addition, if one of our clients is consolidated with another client, the acquiring client may have negotiated lower prices for our solutions or may
use fewer of our solutions than the acquired client. In each case, the consolidated entity may attempt to negotiate lower prices for using our solutions as a result of the entity’s increased size. These consolidations may cause us to lose on demand units or require us to reduce prices as a result of enhanced client leverage, which could cause our financial performance and operating results to be adversely affected.

Historically, our on demand units managed by our clients have renewed at a rate of 97.0% based on an average of the last two years ending September 30, 2016.

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

We generally recognize revenue from clients ratably over the terms of their client 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 client agreements entered into during previous quarters. Consequently, a decline in new or renewed client 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 clients must be recognized over the applicable subscription term.

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

Our revenue growth is dependent on our ability to continually attract new clients while retaining and expanding our service offerings to existing clients. Growth in the demand for our solutions may be inhibited, and we may be unable to sustain growth in our sales 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 clients or in new vertical or geographic markets;
- our inability to expand our sales to existing clients;
- 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 clients;
- our inability to build and promote our brand; and
- perceived or actual security, integrity, reliability, quality or compatibility problems with our solutions.

A substantial amount of our past revenue growth was derived from purchases of upgrades and additional solutions by existing clients. Our costs associated with increasing revenue from existing clients are generally lower than costs associated with generating revenue from new clients. Therefore, a reduction in the rate of revenue increase from our existing clients, even if offset by an increase in revenue from new clients, 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 involving ICIM Corporation and VRX in June 2015, NWP Services Corporation in March 2016, AssetEye, Inc. in May 2016, and eSupply Systems, LLC in June 2016. 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 clients, the key employees, the key business relationships and the reputations of the businesses we acquire;
- our inability to generate sufficient revenue from acquisitions to offset our increased expenses associated with acquisitions;
- difficulties in predicting or achieving the synergies between acquired businesses and our own businesses;
- 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
stated service level goals. Our secondary potential problems. Disaster recovery procedures are in place to facilitate the recovery of our operations, products and services within the media, separate test systems and rotation of management and system security measures, but our precautions may not protect against all infrastructure, 24 x 7 x 365 system activity monitoring, backup and recovery procedures, use of a secure off-site storage facility for backup similar events worldwide, fire, earthquake, hurricane, flood and other natural disasters, sabotage and vandalism. We attempt to mitigate limitation: mechanical failure, power outage, human error, physical or electronic security breaches, war, terrorism and related conflicts or 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 or other systems that may not inter-operate 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 clients 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 each acquired company’s clients to our on demand property management solutions to retain them as clients 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.

Unanticipated events and circumstances occurring in future periods may affect the realizability of our intangible assets recognized through acquisitions. The events and circumstances that we consider include significant under-performance relative to projected future operating results and significant changes in our overall business or product strategies. These events and circumstances may cause us to revise our estimates and assumptions used in analyzing the value of our other intangible assets with indefinite lives, and any such revision could result in a non-cash impairment charge that could have a material impact on our financial results.

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 client requirements, technological developments and evolving industry standards. Our ability to attract new clients and increase revenue from existing clients 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 and increase 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 suffer performance issues with these solutions or if we are unable to develop enhancements necessary 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 data centers or other facilities could interrupt or delay our clients’ access to our solutions, which could harm our operating results.

The ability of our clients to access our service is critical to our business. We host our products and services, support our operations and service our clients primarily from our data centers in the Dallas, Texas area.

We may fail to provide such service as a result of numerous factors, many of which are beyond our control, including, without limitation: mechanical failure, power outage, human error, physical or electronic security breaches, war, terrorism and related conflicts or similar events worldwide, fire, earthquake, hurricane, flood and other natural disasters, sabotage and vandalism. We attempt to mitigate these risks at our Texas-based data centers or other facilities 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 rotation of management and system security measures, but our precautions may not protect against all potential problems. Disaster recovery procedures are in place to facilitate the recovery of our operations, products and services within the stated service level goals. 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.

Problems at one or more of our data centers, whether or not within our control, could result in service disruptions or delays or loss or corruption of data or documents. This could damage our reputation, cause us to issue credits to clients, subject us to potential liability or costs related to defending against claims, or cause clients to terminate or elect not to renew their agreements, any of which could negatively impact our revenues and harm our operating results.

**Interruptions or delays in service from our third-party data center providers could impair our ability to deliver certain of our products to our clients, resulting in client dissatisfaction, damage to our reputation, loss of clients, limited growth and reduction in revenue.**

Some of our products and services derived from recent acquisitions are hosted and supported from data centers in other geographic locations within the continental United States and Europe, many of which are operated by third-party providers. Our operations depend, in part, on our third-party data center providers’ abilities to protect these facilities against damage or interruption from natural disasters, power or telecommunications failures, criminal acts and similar events. In the event that any of our third-party hosting or facilities arrangements is terminated, or if there is a lapse of service or damage to a facility, we could experience interruptions in the availability of our on demand software as well as delays and additional expenses in arranging new facilities and services.

Despite precautions taken at our data centers, the occurrence of spikes in usage volume, a natural disaster, an act of terrorism, adverse changes in United States or foreign laws and regulations, vandalism or sabotage, a decision to close a third-party facility without adequate notice, or other unanticipated problems at a facility could result in lengthy interruptions in the availability of our on demand software. Even with current and planned disaster recovery arrangements, our business could be harmed. Also, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur. These factors in turn could further reduce our revenue, subject us to liability and cause us to issue credits or cause clients to fail to renew their subscriptions, any of which could materially adversely affect our business.

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

Our client agreements provide that we maintain certain service level commitments to our clients 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. through 10:00 p.m. Central time daily) 365 days per year (other than certain permitted exceptions such as maintenance). If we are unable to meet the stated service level commitments, we may be contractually obligated to provide clients with refunds or credits. Additionally, if we fail to meet our service level commitments for a specified number of times within a given time frame or for a specified duration, our clients may terminate their agreements with us or extend the term of their agreements 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 clients or result in the loss of clients. In addition, we cannot assure you that our clients 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 client dissatisfaction or loss. Because of the loss of future revenues through the issuance of credits or the loss of clients or other potential liabilities, our revenue could be significantly impacted if we cannot meet our service level commitments to our clients.

**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 clients have already made significant expenditures to install.

Our competitors vary depending on our product and service. In the market for accounting software we compete with Yardi Systems, Inc. (“Yardi”), MRI Software LLC (“MRI”), Entrata, Inc., formerly Property Solutions International, Inc. (“Entrata”), AMPS Property Management (owned by Infor Global Solutions, Inc.), Intacct Corp, NetSuite Inc., Intuit Inc., Oracle Corporation, PeopleSoft and JD Edwards (each owned by Oracle Corporation), SAP AG, Microsoft Corporation, AppFolio Inc. and various smaller providers of accounting software. High costs are typically associated with switching an organization’s accounting software. In the market for property management software, we face competitive pressure from Yardi and its Voyager products, AMPS Property Management (owned by Infor Global Solutions, Inc.), Bostonpost (owned by MRI), Jenark (owned by CoreLogic), Entrata, ResMan and MRI. In the single family market, our accounting and property management systems

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primarily compete with Yardi, AppFolio Inc., Intuit Inc., DIY Real Estate Solutions (acquired by Yardi), Buildium, LLC, Rent Manager (owned by London Computer Systems, Inc.), and Property Boss Solutions, LLC.

In the market for vertically-integrated cloud computing for multifamily real estate owners and property managers, our only substantial competition is from Yardi. We also compete with cloud computing service providers such as Amazon.com Inc., Rackspace Hosting Inc., International Business Machines Corp. and many others.

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 LexisNexis (a subsidiary of Reed Elsevier Group plc), CoreLogic, Inc. (formerly First Advantage Corporation, an affiliate of The First American Corporation), Entrata, TransUnion Rental Screening Solutions, Inc. (a subsidiary of TransUnion LLC), Resident Check Inc., Yardi, 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., Entrata, Yardi 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 renter’s 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 client relationship management (“CRM”) market, we compete with providers of contact center and call tracking services, including LeaseHawk LLC, Yardi, Entrata, and numerous regional and local contact centers. In addition, we compete with lead tracking solution providers, including LeaseHawk LLC, Lead Tracking Solutions (acquired by Yardi), Anyone Home, Inc., and Who’s Calling, Inc. In addition, we compete with content syndication providers VaultWare (owned by MRI Software LLC) and rentbits.com, Inc. Finally, we compete with companies providing web portal services, including Apartments24-7.com, Inc., Ellipse Communications, Inc., Entrata, G5 Search Marketing, Inc., Spherexx.com and Yardi. Certain Internet listing services also offer websites for their clients, usually as a free value add to their listing service.

In the marketing and web portal services market, we compete with G5 Search Marketing, Inc., Spherexx LLC, ReachLocal, Inc., Entrata, On-Site.com, Yodle, Inc., Yardi and many local or regional advertising agencies.

In the Internet listing service market, we compete with ForRent (a division of Dominium Enterprises), Apartment Guide (a division of RentPath, Inc.), Rent.com (owned by RentPath, Inc.), RentPath, Inc., Apartments.com (a division of CoStar Group, Inc.), Apartment Finder (a division of CoStar Group, Inc.), Move, Inc., Entrata, Rent Cafe (a division of Yardi), Zillow (and Trulia, Inc.) and many other companies in regional areas.

In the Senior Living market, we compete against A Place for Mom, Inc., Care.com, Inc., Caring, Inc., Eldermark, Care Patrol Franchise Systems, LLC, Yardi, Aging with Grace, LLC, SeniorHousingNet.com (owned by Move, Inc.), G5 Search Marketing Inc., SeniorHomes.com (owned by Moseo, Corp.), The Right Click LLC, ALMSA Corporation and many other regionally focused companies.

In the utility billing and energy management market, we compete at a national level with American Utility Management, Inc., Conservice, LLC, Yardi (following its acquisitions of ista North America and Energy Billing Systems, Inc.), Entrata, Ocius LLC (recently acquired by PayLease) and Minol USA, L.P. Many other smaller utility billing companies compete for smaller rental properties or in regional areas.

In the revenue management market, we compete with Entrata, The Rainmaker Group, Inc. and Yardi. Certain market research companies such as CoStar Group, Inc. also offer products that present competitive pricing information in a manner that can be used as a tool to manage pricing.

In the market for multifamily housing market research, we compete with Reis, Inc., Axiometrics, Inc., Pierce-Eislen, Inc. (owned by Yardi), CoStar Group, Inc. and Portfolio Research, Inc.

In the spend management market, we compete with Yardi, AvidXchange, Inc., Nexus Systems, Inc., Ariba, Inc., Oracle Corporation, Buyers Access LLC, and PAS Purchasing Solutions.

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., On-Site.com, Entrata, PayLease LLC, RentPayment.com (a subsidiary of Yapstone, Inc.), Yardi, a number of national banking institutions and those that take payments directly from tenants.

In the affordable housing compliance and audit services market, we compete with Zeffert and Associates, Inc., Preferred Compliance Solutions, Inc., Spectrum Enterprises, Inc. and many other smaller local and regional compliance and audit services.

In the vacation rental market, we compete with LiveRez, Inc., HomeAway Software, Inc., Airbnb, and many other smaller local and regional companies. We partner with some competitors to syndicate vacation rental listings to their Internet listing sites.
In addition, many of our existing or potential clients 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, level of integration with property management systems, 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, larger installed client bases and larger sales and 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, or obtain new financing through public or private sources, 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 client requirements more quickly;
- take advantage of acquisition and other opportunities more readily;
- adopt more aggressive pricing policies, such as offering discounted pricing for purchasing multiple bundled products;
- 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 property management software for some of our clients. Our application infrastructure, marketed to our clients as the RealPage Cloud, is based on an open architecture that enables third-party applications to access and interface with applications hosted in the RealPage Cloud through our RealPage Exchange platform. Likewise, through this platform our RealPage Cloud services are able to access and interface with other third-party applications, including third-party property management systems. We also provide services to assist in the implementation, training, support and hosting with respect to the integration of some of our competitors’ applications with our solutions. We sometimes rely on the cooperation of our competitors to implement solutions for our clients. 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 property management software without their cooperation or consent. There is no assurance that our competitors will not alter their applications in ways that inhibit or prevent integration or assert that their intellectual property rights restrict our ability to integrate our solutions with their applications. Moreover, regardless of merit, such interface-related activity may result in costly litigation.

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 operate in a business environment in which social media integration is playing a significantly increasing role. Social media is a new and rapidly changing industry wherein the rules and regulations related to use and disclosure of personal information is unclear and evolving.

The operation and marketing of multi-tenant real estate developments is likely to become more dependent upon the use of and integration with social media platforms as communities attempt to reach their current and target clients through social applications, such as Facebook, Twitter, Instagram, LinkedIn, Pinterest, Tumblr, Google+ and other current and emerging social applications. The use of these applications necessarily involves the disclosure of personal information by individuals participating in social media, and the corresponding utilization of such personal information by our products and services via
integration programs and data exchanges. The regulatory framework for social media privacy and security issues is currently in flux and is likely to remain so for the foreseeable future. Practices regarding the collection, use, storage, transmission and security of personal information by companies on social media platforms have recently come under increased public scrutiny as various government agencies and consumer groups have called for new regulation and changes in industry practices. We are also subject to each social media platform’s terms and conditions for use, application development and integration, which may be modified, restricted or otherwise changed, affecting and possibly curtailing our ability to offer products and services.

These factors, many of which are beyond our control, present a high degree of uncertainty for the future of social media integration. As such, there is no assurance that our participation in social media integration will be risk free, as contractual, statutory or other legal restrictions may be created that limit or otherwise impede our participation in or leverage of social media integration.

**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, 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 prospective client to contract execution and activation, vary widely by client and solution. We do not recognize revenue until the solution is activated. While most of our activations follow a set of standard procedures, a client’s priorities may delay activation and our ability to recognize revenue, which could result in fluctuations in our quarterly operating results. Additionally, certain of our products are offered in suites containing multiple solutions, resulting in additional fluctuation in activations depending on each client’s priorities with respect to solutions included in the suite.

**Many of our clients 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 clients are price sensitive, and recent adverse global economic conditions, as well as decreased leasing velocity, have contributed to increased price sensitivity in the multifamily 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 clients or clients of the businesses we acquire or attract new clients 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 clients or increase sales to our existing clients and our business will be harmed.**

We continue to be substantially dependent on our sales force to obtain new clients and to sell additional solutions to our existing clients. 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 clients or increasing sales to our existing client 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 clients, loss of clients and other potential liabilities;
- delays in client 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, sale and support 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 client data, enhance existing solutions and develop new solutions rapidly and cost effectively. We currently maintain offices in Hyderabad, India; Cebu, Philippines and Manila, Philippines where we employ development and data processing personnel or conduct other business functions important to our operations. We believe that performing these activities in Hyderabad, Cebu and Manila increases the efficiency and decreases the costs of our related operations. We also maintain an office in Barcelona, Spain where certain of our vacation rental product development, sales and support operations are based. We believe our access to a multilingual employee base enhances our ability to serve vacation rental property managers in non-English speaking countries. We also maintain an office in Dubai, United Arab Emirates. 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 difficulties as a result of political, social, economic or environmental instability, change in applicable law, limitations of local infrastructure or problems with our workforce or facilities at our or third parties’ international operations, 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 third-party providers in connection with the delivery of our solutions. Such providers include, but are not limited to, computer hardware and software vendors, database and data providers and cloud hosting providers. We currently utilize equipment, software and services from Akami, Inc.; Avaya, Inc.; Brocade Communications Systems, Inc.; Cisco Systems, Inc.; Dell Inc.; EMC Corporation; Microsoft Corporation; Oracle Corporation; salesforce.com, Inc.; Amazon Web Services, a division of Amazon.com, Inc., as well as many other smaller providers. Our OneSite Accounting service relies on a software-as-a-service, or SaaS, accounting system developed and maintained by a third-party service provider. We host this application in our data centers and provide supplemental development resources to extend this accounting system to meet the unique requirements of the rental housing industry. Our shared cloud portfolio reporting service utilizes software licensed from IBM. We expect to utilize additional service providers as we expand our platform. Although the third-party technologies and services that we currently require are commercially available, such technologies and services may not continue to be available on commercially reasonable terms, or at all. Any loss of the right to use any of these technologies or services could result in delays in the provisioning of our solutions until alternative technology is either developed by us, or, if available, is identified, obtained and integrated, and such delays could harm our business. It also may be time consuming and costly to enter into new relationships. Additionally, any errors or defects in the third-party technologies we utilize or delays or interruptions in the third-party services we rely on could result in errors, failures or disruptions of our services, which also could harm our business.

**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 clients, 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, Bank of America, N.A., Paymentech, LLC, Fiserv, Inc., Financial Transmission Network, Inc., Jack Henry &
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 electronic payment processing services, we process renter payments and subsequently submit these renter payments to our clients after varying clearing times established by RealPage. These payments are settled through our sponsoring clearing banks, and in the case of EFT, our Originating Depository Financial Institutions, or ODFIs. Currently, we rely on Bank of America, N.A., Wells Fargo, N.A. and JPMorgan Chase Bank, N.A. as our sponsoring clearing banks. In the future, we expect to enter into similar sponsoring clearing bank relationships with one or more other national banking institutions. The renter payments that we process for our clients at our sponsoring clearing banks are identified in our condensed consolidated balance sheets as restricted cash and the corresponding liability for these renter payments is identified as client deposits. Our electronic payment processing business and related maintenance of custodial accounts subjects us to a number of risks, including, but not limited to:

- liability for client costs related to disputed or fraudulent transactions if those costs exceed the amount of the client reserves we have during the clearing period or after renter payments have been settled to our clients;
- electronic processing limits on the amount of custodial balances that any single ODFI, or collectively all of our ODFIs, will underwrite;
- reliance on clearing bank sponsors, card payment processors and other service payment provider partners to process electronic transactions;
- failure by us or our bank sponsors to adhere to applicable laws and regulatory requirements or the standards of the electronic payments rules and regulations and other rules and regulations that may impact the provision of electronic payment services;
- continually evolving and developing laws and regulations governing payment processing and money transmission, the application or interpretation of which is not clear in some jurisdictions;
- incidences of fraud, a security breach or our failure to comply with required external audit standards; and
- our inability to increase our fees at times when electronic payment partners or associations increase their transaction processing fees.

If any of these risks related to our electronic payment processing business were to materialize, our business or financial results could be negatively affected. Although we attempt to structure and adapt our payment processing operations to comply with these complex and evolving laws and regulations, our efforts may not guarantee compliance. In the event that we are found to be in violation of these legal requirements, we may be subject to monetary fines, cease and desist orders, mandatory product changes, or other penalties that could have an adverse effect on our results of operations. Additionally, with respect to the processing of EFTs, we are exposed to financial risk. EFTs between a renter and our client may be returned for various reasons such as insufficient funds or stop payment orders. These returns are charged back to the client by us. However, if we or our sponsoring clearing banks are unable to collect such amounts from the client’s account or if the client 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 clients may adversely affect our financial condition and results of operations.

We entered into a Service Provider Agreement with Wells Fargo Merchant Services, LLC and Wells Fargo Bank, NA ("Wells Fargo"), effective January 1, 2014. Under the Service Provider Agreement, RealPage, Inc. is a registered independent...
sales organization, or ISO, of Wells Fargo. Wells Fargo will act as a merchant acquiring bank for processing RealPage client credit card and debit card payments (“Card Payments”), and RealPage will serve as an ISO. As an ISO, RealPage will assume the underwriting risk for processing Card Payments on behalf of its clients. If RealPage experiences excessive chargebacks, either RealPage or Wells Fargo has the authority to cease client card processing services, and such events could result in a material adverse effect on our revenues, operating income, and reputation.

Evolution and expansion of our payment processing business may subject us to additional regulatory requirements and other risks, for which failure to comply or adapt could harm our operating results.

The evolution and expansion of our payment processing business may subject us to additional risks and regulatory requirements, including laws governing money transmission and payment processing/settlement services. These requirements vary throughout the markets in which we operate, and have increased over time as the geographic scope and complexity of our product services have expanded. While we maintain a compliance program focused on applicable laws and regulations throughout the payments industry, there is no guarantee that we will not be subject to fines, criminal and civil lawsuits or other regulatory enforcement actions in one or more jurisdictions, or be required to adjust business practices to accommodate future regulatory requirements.

In order to maintain flexibility in the growth and expansion of our payments operations, we have obtained money transmitter licenses (or their equivalents) in several states, the District of Columbia and Puerto Rico and expect to continue the license application process in additional jurisdictions throughout the United States as needed to accommodate new product development. Our efforts to acquire and maintain this licensure could result in significant management time, effort, and cost, and may still not guarantee compliance given the constant state of change in these regulatory frameworks. Accordingly, costs associated with changes in compliance requirements, regulatory audits, enforcement actions, reputational harm, or other regulatory limits on our ability to grow our payment processing business could adversely affect our financial results.

If our security measures are breached and unauthorized access is obtained to our software platform and infrastructure, or our clients’ or their renters’ or prospects’ data, we may incur significant liabilities, third parties may misappropriate our intellectual property, our solutions may be perceived as not being secure and clients may curtail or stop using our solutions.

Maintaining the security of our software platform and service infrastructure is of paramount importance to us and our clients, and we devote significant resources to this effort. Breaches of the security measures we take to protect our software platform and service infrastructure and our and our clients’ confidential or proprietary information that is stored on and transmitted through those systems could disrupt and compromise the security of our internal systems and on demand applications, impair our ability to provide products and services to our clients and protect the privacy of their data, compromise our confidential or technical business information harming our competitive position, result in theft or misuse of our intellectual property, or otherwise adversely affect our business.

The solutions we provide involve the collection, storage and transmission of confidential personal and proprietary information regarding our clients and our clients’ current and prospective renters and business partners. Specifically, we collect, store and transmit a variety of client data such as demographic information and payment histories of our clients’ prospective and current renters and business partners. Additionally, we collect and transmit sensitive financial data such as credit card and bank account information. Treatment of certain types of data, such as personally identifiable information, protected health information and sensitive financial data may be subject to federal or state regulations requiring heightened privacy and security. If our data security or data integrity measures are breached or otherwise fail or prove to be inadequate for any reason, as a result of third-party actions or our employees’ or contractors’ errors or malfeasance or otherwise, and unauthorized persons obtain access to this information, or the data is otherwise compromised, we could incur significant liability to our clients and to their prospective or current renters or business partners, significant costs associated with internal regulatory investigations and litigation, or significant fines and sanctions by payment processing networks or governmental authorities. Any of these events or circumstances could result in damage to our reputation and material harm to our business.

We also rely upon our clients as users of our system to promote security of the system and the data within it, such as administration of client-side access credentialing and control of client-side display of data. On occasion, our clients 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 clients in future periods to perform these activities will not result in claims against us, which could expose us to potential litigation, damage to our reputation and material harm to our business.

There can be no certainty that the measures we have taken to protect our software platform and service infrastructure, our confidential and proprietary information, and the privacy and integrity of our clients’, their current or prospective renters’ and business partners’ 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. Hackers may consist of sophisticated organizations, competitors, governments or individuals who launch targeted attacks to gain unauthorized access to our systems. 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, inadvertent actions or the transmission of computer viruses could expose us to security risks. If an actual or perceived breach of our security occurs or if our clients and potential clients perceive vulnerabilities, the market perception of the effectiveness of our security measures could be harmed, we could lose sales and clients and our business could be materially harmed.

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

As we continue to increase our client base and the number of products used by our clients to manage units, 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 client agreements typically include service availability commitments, slow speeds or our failure to accommodate increased traffic could result in breaches of our client agreements. In addition, the market for our solutions is characterized by rapid technological advances and changes in client requirements. In order to accommodate increased traffic and respond to technological advances and evolving client 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 client data, decreased access to this data or the failure to comply with the evolving laws and regulations governing privacy of data, cloud computing and cross-border data transfers, or the failure to address privacy concerns applicable to such data, could harm our business.

Certain of our solutions depend on our continued access to our clients’ data regarding their prospective and current renters, including data compiled by other third-party service providers who collect and store data on behalf of our clients. Federal, state and foreign governments have adopted and continue to adopt new laws and regulations addressing data privacy and the collection, processing, storage, transmission, use and disclosure of personal information. Such laws and regulations are subject to differing interpretations and may be inconsistent among jurisdictions. These and other requirements could reduce demand for our solutions or restrict our ability to store and process data or, in some cases, impact our ability to offer our services and solutions in certain locations.

In addition to government activity, privacy advocacy and other industry groups have established or may establish new self-regulatory standards that may place additional burdens on us. Our clients may expect us to meet voluntary certification or other standards established by third parties. If we are unable to maintain these certifications or meet these standards, it could adversely affect our ability to provide our solutions to certain clients and could harm our business.

Any restrictions on the use of or decrease in the availability of data from our clients, or other third parties that collect and store such data on behalf of our clients, 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 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 client’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 client base has widely accepted this new model, our future success will depend, to a large extent, on the willingness of our potential clients to choose on demand software solutions for business processes that they view as critical. Many of our potential clients have invested substantial effort and financial resources to integrate traditional enterprise software into their businesses and may be reluctant or unwilling to switch to on demand software solutions. Some businesses may be reluctant or unwilling to use on demand software solutions because they have concerns regarding the risks associated with security capabilities, reliability and availability, among other things, of the on demand delivery model. If potential clients 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 clients 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 or we may not keep up with the latest technology. 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 clients include a range of organizations whose success is intrinsically linked to the rental housing market. Economic trends that negatively or positively affect the rental housing market may adversely affect our business. 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:

• decreasing demand for leasing and marketing solutions;
• reducing the number of occupied sites and units on which we earn revenue;
• preventing our clients from expanding their businesses and managing new properties;
• causing our clients to reduce spending on our solutions;
• subjecting us to increased pricing pressure in order to add new clients and retain existing clients;
• causing our clients 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 client insolvency.

In addition, economic trends that reduce the frequency of renter turnover or the quantity of new renters may reduce the number of rental transactions completed by our clients and may, as a result, reduce demand for our rental, leasing or marketing transaction specific services.

If clients 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;
• demonstrating lead generation value to our LeaseStar clients;
• competing effectively for advertising dollars with other online media companies;
• continuing 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 clients 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 or our sources for such leads were reduced. Reductions in leads generated could reduce the value of our lead generation services, make it difficult for us to add new lead generation services clients, retain existing lead generation services clients and maintain or increase sales levels to our existing lead generation services clients 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.*

All of our obligations under the Credit Facility are secured by substantially all of our assets. All of our existing and future domestic subsidiaries are required to guarantee our obligations under the Credit Facility, other than certain immaterial subsidiaries, foreign subsidiary holding companies and our payment processing subsidiaries. Such guarantees by existing and future domestic subsidiaries are and will be secured by substantially all of the assets of such subsidiaries.

Our Credit Facility contains customary covenants, subject in each case to customary exceptions and qualifications, 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 certain indebtedness;
- 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; and
- enter into transactions with affiliates.

Our Credit Facility also contains, subject in each case to customary exceptions and qualifications, customary affirmative covenants.

We are also required to comply with a maximum consolidated net leverage ratio and a minimum consolidated interest coverage ratio. See additional discussion of these requirements in Note 6, Debt, of the Notes to the Condensed Consolidated Financial Statements under Item 1 of this Quarterly Report on Form 10-Q. As of September 30, 2016, we were in compliance with the covenants under our Credit Facility.

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, ERISA defaults, inaccuracy of representations and warranties and a change in control default.

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. Any default that is not cured or waived could result in the termination of the revolving commitments, 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 was terminated, additional debt we could incur in the future may subject us to similar or additional covenants.

*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
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 and no significant pending patent applications, and we 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 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 and no significant pending patent applications, and we 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.
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, as we sell our solutions internationally, 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 websites.**

From time to time, our clients or vendors in connection with commercial disputes, claims brought by our clients’ current or prospective renters, including class action lawsuits based on asserted statutory or regulatory violations, employment-based claims made by our current or former employees, administrative agencies, government regulators, or insurers. In addition, to the extent that such activity creates confusion among consumers or advertisers, our brand and business could be harmed.

**Legal proceedings 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 clients or vendors in connection with commercial disputes, claims brought by our clients’ current or prospective renters, including class action lawsuits based on asserted statutory or regulatory violations, employment-based claims made by our current or former employees, administrative agencies, government regulators, or insurers. In March 2015, we were named in a purported class action lawsuit in the United States District Court for the Eastern District of Pennsylvania, styled *Stokes v. RealPage, Inc.*, Case No. 2:15-cv-01520. The claims in this purported class action relate to alleged violations of the Fair Credit Reporting Act (“FCRA”) in connection with background screens of prospective tenants of our clients. On January 25, 2016, the court entered an order placing the case on hold until the United States Supreme Court issued its decision in *Spokeo, Inc. v. Robins*, which case addressed issues related to standing to bring claims related to the FCRA. On May 16, 2016, the U.S. Supreme Court issued its opinion in the *Spokeo* litigation, vacating the decision of the United States Court of Appeals for the Ninth Circuit, and remanding the case for further consideration by the U.S. Court of Appeals. Following the Supreme Court’s decision in *Spokeo*, the judge in the *Stokes* case lifted the stay. On June 24, 2016, we filed a motion to dismiss certain claims made in the case based upon the *Spokeo* decision. On October 19, 2016, the U.S. District Court denied the motion to dismiss. We intend to defend this case vigorously.

In November 2014, the Company was named in a purported class action lawsuit in the United States District Court for the Eastern District of Virginia, styled *Jenkins v. RealPage, Inc.*, Case No. 3:14cv758. The claims in this purported class action relate to alleged violations of the FCRA in connection with background screens of prospective tenants of our clients. This case has since been transferred to the United States District Court for the Eastern District of Pennsylvania. On January 25, 2016, the court entered an order placing the case on hold until the United States Supreme Court issued its decision in the *Spokeo* case. Following the Supreme Court’s decision in *Spokeo*, the judge in the *Jenkins* case lifted the stay. On June 24, 2016, we filed a motion to dismiss certain claims made in the case based upon the *Spokeo* decision. On October 19, 2016, the U.S. District Court denied the motion to dismiss. We intend to defend this case vigorously.

Litigation, enforcement actions and other legal proceedings, regardless of their 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. Although we maintain insurance, there is no guarantee that such insurance will be available or sufficient to cover any such legal proceedings or claims. For example, insurance may not cover such legal proceedings or claims or may withhold or dispute coverage of such legal proceedings or claims on various grounds, including by alleging such coverage is beyond the scope of such policies, that we are not in compliance with the terms of such insurance policies or that such policies are not in effect, even after proceeds under such insurance policies have been received by us. In addition, insurance may not be sufficient for one or more such legal proceedings or claims and may not continue to be available on terms acceptable to us, or at all. A legal proceeding or claim brought against us that is uninsured or under-insured could result in unanticipated costs, thereby harming our operating results.
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 clients 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 clients could result in financial or other damages to our clients. Additionally, errors associated with any delivery of our services, including utility billing, could result in financial or other damages to our clients. There can be no assurance that any warranty disclaimers, general disclaimers, waivers or 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 or dispute coverage of such legal proceedings or claims even after proceeds under such insurance policies have been received by us. 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 in a cost-effective manner, 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 clients and retaining our existing clients. 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 build and maintain our brands in a cost-effective manner, we may fail to attract new clients or retain our existing clients, 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 United States generally accepted accounting principles. We are required to comply 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. 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, 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 continue to affect our legal and financial compliance costs and to make some activities more time-consuming and costly. As a public company, it is more expensive for us to obtain director and officer liability insurance and 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.
The rental housing industry, electronic commerce and many of the products and services that we offer, including background screening services, utility billing, affordable housing compliance and audit services, insurance and payments are subject to extensive and evolving governmental regulation. 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 laws and regulations. Our services and solutions must work within the extensive and evolving legal and regulatory requirements applicable to our clients 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 Drivers Privacy Protection Act, the Gramm-Leach-Bliley Act, the Fair and Accurate Credit Transactions Act, the United States Tax Reform Act of 1986 (TRA86), which is an IRS law governing tax credits, the Privacy Rules, Safeguards Rule and Consumer Report Information Disposal Rule promulgated by the Federal Trade Commission, or FTC, the FTC’s Telemarketing Sales Rule, the Telephone Consumer Protection Act (TCPA), the CAN-SPAM Act, the Electronic Communications Privacy Act, the regulations of the United States Department of Housing and Urban Development, or HUD, HIPAA/HITECH, rules and regulations of the Consumer Financial Protection Bureau (CFPB) 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, telemarketing, electronic communications, call recording, 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, the FTC and the CFPB have the authority to promulgate rules and regulations that may impact our clients and our business. On February 23, 2015, we received from the FTC a Civil Investigative Demand consisting of interrogatories and a request to produce documents relating to our compliance with the Fair Credit Reporting Act. We have responded to the request. At this time, we do not know the scope of the investigation and we do not have sufficient information to evaluate the likelihood or merits of any potential enforcement action, or to predict the outcome or costs of responding to, or the costs, if any, of resolving this investigation.

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 clients’ ability to use and share data, potentially reducing demand for our on demand software solutions. In October 2015, the European Court of Justice invalidated the U.S.-EU Safe Harbor framework, which had been the primary compliance mechanism for establishing data transfers outside of the European Economic Area in accordance with the European Union’s Data Protection Directive 95-46 EC. While alternative compliance options exist, the long-term viability of the overall compliance framework remains in question, which could result in increased regulation, cost of compliance and limitations on data transfers for both our clients and the Company.

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 provide some LeaseStar, or if applicable, other 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 business is subject to the risks of international operations.

Compliance with complex foreign and U.S. laws and regulations that apply to our international operations increases our cost of doing business. These numerous and sometimes conflicting laws and regulations include internal control and disclosure rules, data privacy and filtering requirements, anti-corruption laws, such as the Foreign Corrupt Practices Act, and other local laws prohibiting corrupt payments to governmental officials, and antitrust and competition regulations, among others.

Violations of these laws and regulations could result in fines and penalties, criminal sanctions against us, our officers, or our employees, prohibitions on the conduct of our business and on our ability to carry on operations in one or more countries, and could also materially affect our brand, our international expansion efforts, our ability to attract and retain employees, our business and our operating results. Although we have implemented policies and procedures designed to ensure compliance with these laws and regulations, there can be no assurance that our employees, contractors, or agents will not violate our policies.
In addition, we are subject to a variety of risks inherent in doing business internationally, including:

- political, social, economic, or environmental instability, terrorist attacks and security concerns in general;
- limitations of local infrastructure;
- fluctuations in currency exchange rates;
- higher levels of credit risk and payment fraud;
- reduced protection for intellectual property rights in some countries;
- difficulties in staffing and managing global operations and the increased travel, infrastructure and legal compliance costs associated with multiple international locations;
- compliance with statutory equity requirements and management of tax consequences; and
- outbreaks of highly contagious diseases.

If we are unable to manage the complexity of our international operations successfully, our financial results could be adversely affected.

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

Through our wholly owned subsidiary, Multifamily Internet Ventures LLC, 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. In addition, Multifamily Internet Ventures LLC has appointed numerous sub-producing agents to generate insurance business for its eRenterPlan product. These sub-producing agents primarily consist of property owners and managers who market the eRenterPlan to residents. The sub-producing agents are subject to the same state regulation and supervision, and Multifamily Internet Ventures LLC cannot ensure that these sub-producing agents will not violate these regulations, and thus expose the LeasingDesk business to sanctions by these state departments of insurance for any such violations. Furthermore, state insurance departments conduct periodic examinations, audits and investigations of the affairs of insurance agents. 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.

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, as well as regulate rates that may be charged for premiums on policies. Accordingly, we may be precluded or temporarily suspended from carrying on some or all of the activities of our LeasingDesk insurance business or 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.

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.

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 renters’ insurance. Through Multifamily Internet Ventures LLC we also sell additional insurance products, including auto and other personal lines insurance, to renters that buy renters’ 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 renters 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 renters’ 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 affected by claims experienced at the properties for which the renters purchase insurance. In the event that the severity or frequency of claims by the insureds increase unexpectedly, the contingent commission we typically earn will be adversely affected. As a result, our quarterly, or annual, operating results could fall below the expectations of analysts or investors, in which event our stock price may decline.

**Our ability to use net operating losses to offset future taxable income may be subject to certain limitations.**

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

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

States and some local taxing jurisdictions have differing rules and regulations governing sales and use taxes, and these rules and regulations are subject to varying interpretations that may change over time. We review these rules and regulations periodically and currently collect and remit sales taxes in taxing jurisdictions where we believe we are required to do so. However, additional state and/or local taxing jurisdictions may seek to impose sales or other tax collection obligations on us, including for past sales. A successful assertion that we should be collecting additional sales or other taxes on our solutions could result in substantial tax liabilities for past sales, discourage clients 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 client contracts provide that our clients must pay all applicable sales and similar taxes. Nevertheless, clients 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 clients 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 clients and may adversely affect our ability to continue to sell those solutions to existing clients or to gain new clients 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, or our inability to successfully integrate certain new members of our management, 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 client 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 31.8% of our common
stock as of September 30, 2016. Further, Stephen T. Winn, our President, Chief Executive Officer and Chairman of the Board, and entities
beneficially owned by Mr. Winn held an aggregate of approximately 29.9% of our common stock as of September 30, 2016. 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
exert significant influence over 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;
- increases or decreases in our sales of products and services for use in the management of units by clients and increases or decreases in the number of units managed by our clients;
- threatened or actual litigation;
- major changes in our board of directors or management;
- recruitment or departure of key personnel;
- changes in our financial guidance and how our actual results compare to such guidance;
- 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 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, 2016, we had 80,565,811 shares of common stock outstanding. Of these shares, 77,053,586 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, 2016, holders of 22,881,927 shares, or approximately 28.4%, 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 2012, we registered a total of 4,694,073 shares of our outstanding common stock held by affiliates pursuant to a registration statement on Form S-3, which shares are now freely tradable in the public market.

In addition, we have registered approximately 27,634,259 shares of common stock that have been issued or reserved for future issuance under our stock incentive plans. Of these shares, 2,805,111 shares were eligible for sale upon the exercise of vested options as of September 30, 2016.

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 cash 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 would 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. See additional discussion under the Dividend Policy heading of Part II, Item 5 of our Annual Report on Form 10-K filed with the SEC on February 29, 2016.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(c) Purchases of Equity Securities

The following table provides information with respect to repurchases of our common stock made during the three months ended September 30, 2016, by RealPage, Inc. or any “affiliated purchaser” of RealPage, Inc. as defined in Rule 10b-18(a)(3) under the Exchange Act:
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### Period

<table>
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<tr>
<th>Period</th>
<th>Total Number of Shares Purchased</th>
<th>Average Price Paid per Share</th>
<th>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)</th>
<th>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)</th>
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</thead>
<tbody>
<tr>
<td>July 1, 2016 through July 31, 2016</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$44,894,113</td>
</tr>
<tr>
<td>August 1, 2016 through August 31, 2016</td>
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<td>—</td>
<td>—</td>
<td>44,894,113</td>
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<tr>
<td>September 1, 2016 through September 30, 2016</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>44,894,113</td>
</tr>
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</table>

(1) Our board of directors approved an extension of our May 2014 share repurchase program in May 2015 and again in April 2016. Each renewal permitted the repurchase of up to $50.0 million of our common stock during the period commencing on the extension start date and ending one year thereafter. The current extension of the share repurchase program will expire on May 6, 2017.

### Item 6. Exhibits.

The exhibits required to be furnished pursuant to Item 6 are listed in the Exhibit Index filed herewith, which Exhibit Index is incorporated herein by reference.
Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 7, 2016

RealPage, Inc.

By: /s/ W. Bryan Hill
    W. Bryan Hill
    Executive Vice President, Chief Financial Officer and Treasurer
## EXHIBIT INDEX

<table>
<thead>
<tr>
<th>Exhibit Number</th>
<th>Exhibit Description</th>
<th>Incorporated by Reference</th>
<th>Filed Herewith</th>
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<td>3.1</td>
<td>Amended and Restated Certificate of Incorporation of the Registrant</td>
<td>S-1</td>
<td>7/26/2010</td>
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<tr>
<td>3.2</td>
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<tr>
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<td>Form of Common Stock certificate of the Registrant</td>
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<td>7/26/2010</td>
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<tr>
<td>4.3</td>
<td>Second Amended and Restated Registration Rights Agreement among the Registrant and certain stockholders, dated February 22, 2008</td>
<td>S-1</td>
<td>4/29/2010</td>
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<tr>
<td>4.4</td>
<td>Registration Rights Agreement among the Registrant and certain stockholders, dated July 29, 2012</td>
<td>S-3</td>
<td>9/13/2012</td>
</tr>
<tr>
<td>10.1</td>
<td>Second Amendment to Lease Agreement dated July 8, 2016 by and between the Registrant and Lakeside Campus Partners, LP</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>10.2</td>
<td>Employment Agreement between the Registrant and Ashley Glover, dated August 3, 2016</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>10.3</td>
<td>Exhibit I to the Employment Agreement between the Registrant and Ashley Glover filed herewith as Exhibit 10.2</td>
<td>8-K</td>
<td>3/5/2015</td>
</tr>
<tr>
<td>10.4</td>
<td>Exhibit II to the Employment Agreement between the Registrant and Ashley Glover filed herewith as Exhibit 10.2</td>
<td>8-K</td>
<td>3/5/2015</td>
</tr>
<tr>
<td>10.5</td>
<td>Separation Agreement between the Registrant and Daryl Rolley, dated July 31, 2016</td>
<td></td>
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<tr>
<td>31.1</td>
<td>Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>31.2</td>
<td>Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</td>
<td></td>
<td>X</td>
</tr>
<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>
<td></td>
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<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>
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</tr>
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<td>101.DEF</td>
<td>Taxonomy Extension Definition</td>
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SECOND AMENDMENT TO LEASE AGREEMENT

This SECOND AMENDMENT TO LEASE AGREEMENT ("Second Amendment") is made and entered into to be effective on the 8th day of July, 2016 ("Second Amendment Effective Date") by and between LAKESIDE CAMPUS PARTNERS, LP ("Landlord") and REALPAGE, INC. ("Tenant").

RECsITALS:

A. Landlord and Tenant entered into a Lease (the "Original Lease"), dated June 2, 2015 for the lease of 2201 Lakeside Blvd, Richardson, Texas 75082 (the "Lab Building") and containing 399,788 square feet of rentable area (the "Original Premises").

B. Landlord and Tenant previously amended the Original Lease in a First Amendment to Lease Agreement, dated July 27, 2015, and further amended by a letter amendment, dated August 15, 2015, for the purpose of adding the Expansion Premises to the Premises. Hereafter, reference to the word "Lease" shall mean the Original Lease as amended prior to the date of this Second Amendment.

C. Landlord delivered possession of the Premises to Tenant on or about January 1, 2016.

D. Tenant has substantially completed demolition of existing improvements in the Premises and has begun construction of the TI Work.

E. Landlord and Tenant are in dispute as to whether the condition of the Premises on delivery complied with the requirements of the Lease, owing to unforeseen conditions discovered on demolition of the existing leasehold improvements.

F. Landlord and Tenant desire to resolve the dispute and provide for the governance should new unforeseen conditions arise during the course of construction of the TI Work.

G. Separately, Tenant has expressed concerns regarding the existing Non-FLS Generator, should it require replacement and Landlord does not elect to replace with a generator containing excess capacity sufficient for Tenant's needs, then Tenant desires the right to install a replacement generator on the Project to provide electricity to Tenant.

H. Separately, Tenant has requested that Landlord delay the modernization of the freight elevator serving the Lab Building to afford Tenant the use of the freight elevator during the course of construction of the TI Work.

I. Separately, Tenant desires to modify the scope of the TI Work to include construction of a ramp, installation of HVAC improvements and remodeling of the exterior balcony adjacent to the "cafeteria" area of the Premises and overlooking the "lake feature."

J. Accordingly, Landlord and Tenant now desire to amend the Lease to provide for the following:

(i) an increase in the Tenant Improvement Allowance in conjunction with Tenant's assuming responsibility (1) to construct a ramp for the Designated Areas, in a manner compliant with Applicable Laws; (2) to construct heating, venting and air conditioning ("HVAC") improvements to the Phase II Premises;

(ii) an increase in the Tenant Improvement Allowance in conjunction with improvements made by Tenant to the Building Structure and Building Systems as of the date of this Second Amendment for which Landlord has agreed to reimburse Tenant;

(iii) a waiver of certain provisions of Paragraph 4 of the Lease and modification of Landlord's obligations based on the increases in the Tenant Improvement Allowance described in subparts (i) and (ii), hereof;

(iv) afford Tenant the right to install and maintain a replacement generator or, at Landlord's option, join in a replacement generator should Landlord elect to replace the Non-FLS Generator;

(v) permit Landlord to delay modernization of the freight elevator serving the Lab Building portion of the Premises; and
(vi) afford Tenant the right to remodel the exterior balcony adjacent to the cafeteria areas of the Premises; all in accordance with the terms, conditions and other provisions set forth below.

SECOND AMENDMENT:

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenants and promises contained herein, the parties agree to amend the Lease as follows:

1. Recitals. The foregoing recitals are hereby incorporated into this Second Amendment, by reference.

2. Additional TI Work (to be performed). Tenant agrees to increase the scope of the TI Work as follows:
   
   (i) Tenant shall cause the Contractor to construct a ramp to the cafeteria portion of the Designated Areas of the Phase I Premises to permit access by disabled persons to the Designated Area (the “Ramp Work”). The Ramp Work shall be constructed in accordance with the plans previously submitted to and approved by Landlord and otherwise in compliance with all Applicable Laws, including, without limitation, the Disability Acts.
   
   (ii) Tenant shall cause the Contractor to construct improvements to bring HVAC services to the Phase II Premises in accordance with plans and specifications, dated November 6, 2015, drawn by BOKA Powell and approved by the Architect as sufficient to provide the HVAC services to the Phase II Premises to achieve compliance with the provisions of Paragraph 14 of the Lease (the “Phase II Premises HVAC Work”).

To the extent the foregoing shall require a Change Order under the provisions of Paragraph 5 of Exhibit “D” to the Lease, Landlord is hereby deemed to approve of the foregoing Ramp Work and Phase II Premises HVAC Work. Should Tenant elect to make any changes to the Ramp Work or the Phase II Premises HVAC Work, any such changes shall require another Change Order and be subject to Landlord’s approval. By reason of Tenant’s agreement herein to cause the Contractor to undertake the Ramp Work and the Phase II Premises HVAC Work, Landlord shall no longer have any obligation under the provisions of the Lease (A) to construct improvements to bring the Designated Area within the cafeteria into compliance with Applicable Laws or correct any defects in the Ramp Work, including reconstructing the ramp if required to comply with provisions of Applicable Law, or (B) to the extent Landlord’s design for the Phase II Premises HVAC Work is not defective, to provide equipment adequate to enable HVAC services to the Phase II Premises in sufficient quantities under the provisions of the Lease or responsible for correcting any defects in the installation of the HVAC Work, all of which hereafter shall be the obligation of Tenant.

3. Additional Work (performed or to be performed). Tenant has performed, or agrees to perform, the following additional work (in addition to the TI Work), at Tenant’s sole cost and expense (collectively, “Additional Work”):
   
   (i) Replace “exterior wall” insulation, i.e., insulation along perimeter walls/soffit on floors 1, 2 and 3 of the Lab Building;
   
   (ii) Install insulation to the west side soffit between the first floor and ground level;
   
   (iii) Install a fire line, backflow preventer, excluding ancillary improvements to weatherproof the installation (which excluded work shall be performed by Landlord, at its sole cost and expense); and
   
   (iv) Remove additional cable and wiring in the portion of the Premises located in the Tower Building.

To the extent the foregoing may have constituted a Change Order under the provisions of Paragraph 5 of Exhibit “D” to the Lease, Landlord has approved, and hereby is deemed to have approved, of the foregoing Additional Work.

4. Tenant Improvement Allowance. Landlord agrees to increase the Tenant Improvement Allowance up to the following amounts:

   (i) $8,651.59 allocable for the Ramp Work;
   
   (ii) $949,566.00 allocable for the Phase II Premises HVAC Work;
   
   (iii) $45,759.07 allocable to reimburse Tenant for additional work performed, or to be performed by Tenant as described in Paragraph 3(i) ($25,030.38); Paragraph 3(ii) ($7,698.54); and Paragraph 3(iii) ($13,030.15) of this Second Amendment.

SECOND AMENDMENT TO LEASE AGREEMENT
Page 2
With respect to the work referenced in subparts (i) and (ii) of this Paragraph 4 of this Second Amendment, Tenant shall cause the Contractor to provide separate invoices for the portion of the TI Work performed by Contractor related to the Ramp Work or for the portion of the TI Work related to the Phase II Premises HVAC Work. Landlord shall reimburse Tenant for costs incurred for work under subparts (i) and (ii) (up to the respective amounts set forth above) as it would for any other Draw Request as set forth in the provisions of Paragraph 4(c) of Exhibit “D”, the Work Letter, attached to the Lease.

With respect to the work referenced in subpart (iii) of this Paragraph 4 of this Second Amendment, Landlord acknowledges the work has been performed by Tenant or will be performed by Tenant, and Tenant has, or will, furnish invoices to Landlord, and Landlord shall reimburse Tenant this amount with the next Draw Request submitted after the date of this Second Amendment not to exceed the amount set forth in subpart (iii) hereof.

5. **Waiver.** Tenant has advised Landlord of any objections as to any condition of delivery of the Premises known to Tenant as of the date of this Second Amendment, which may not comply with the requirements of the Lease. Landlord and Tenant hereby agree that Tenant shall have until July 15, 2016, to advise Landlord of any further objections Tenant may have to acceptance of the Premises in the condition required for delivery of possession under the provisions of Paragraph 5(a) of the Lease. If Tenant does not discover any further conditions in the Premises that are Landlord’s responsibility under the provisions of Paragraph 5(a) by July 15, 2016 or discovers some additional conditions for which no notice is given to Landlord prior to July 15, 2016, then Tenant shall be deemed to have accepted delivery of the Premises in the condition required under Paragraph 5(a) as of such date, subject to cure of those conditions for which timely notice is given, as hereinafter described. Tenant hereby waives, on execution of this Second Amendment, the following with respect to the delivery of the Premises pursuant to Paragraph 5(a) of the Lease: (i) the right to terminate the Lease, and the ancillary rights afforded Tenant under the provisions of Paragraph 4(f); (ii) any right to delay the Phase I Rent Commencement Date under the provisions of Paragraph 4(c) or the Phase II Rent Commencement Date under the provisions of Paragraph 4(c), and the ancillary rights afforded Tenant under the provisions of Paragraph 4(c); and (iii) any right to holdover costs and the ancillary rights afforded Tenant under the provisions of Paragraph 4(c). Should Tenant discover any further conditions in the Premises, after the date of this Second Amendment and before July 15, 2016, that may violate the delivery of the Premises in the condition required by Paragraph 5(a), Tenant shall give prompt written notice to Landlord specifying the nature of the defect. Thereafter, Landlord and Tenant shall cooperate to resolve responsibility to cure the defect, the timing of the cure and payment of cost to cure. Regardless of the resolution of responsibility for the cure, Landlord and Tenant shall use reasonable efforts to promptly obtain written bids as to the cost to cure, and agree to proceed with the cure within a reasonable time period. Landlord and Tenant shall in good faith endeavor to select a contractor to perform the cure within ten (10) days after receipt of the last of the bids. If Landlord and Tenant fail to reach agreement on a bid within the ten (10) day period, Tenant may proceed to select the contractor and proceed with the cure. If responsibility for the cure is subsequently determined to be Landlord’s under the provisions of the Lease, then Landlord shall reimburse Tenant the costs incurred to cure within thirty (30) days after such determination.

6. **Generator.**

   (a) Should Landlord, in its sole discretion, determine the Non-FLS Generator described in Paragraph 60 of the Lease requires replacement, Landlord shall give written notice to Tenant within thirty (30) days of notice of the necessity to replace the generator and of Landlord’s election as to one the following: (i) not to replace the Non-FLS Generator; (ii) to replace the Non-FLS Generator with a smaller generator that will not generate excess power beyond the needs of Landlord for the Project; or (iii) to replace the Non-FLS Generator with one containing equivalent rated capacity or greater capacity to the generator being replaced.

   (b) Should the Non-FLS Generator described in Paragraph 60 of the Lease cease to operate, Landlord shall give written notice to Tenant within ten (10) days of the failure of the generator, and of Landlord’s election as to one the following: (i) not to replace the Non-FLS Generator; (ii) to replace the Non-FLS Generator with a smaller generator that will not generate excess power beyond the needs of Landlord for the Project; or (iii) to replace the Non-FLS Generator with one containing equivalent rated capacity or greater capacity to the generator being replaced.

   (c) If Landlord elects in the written notice to Tenant the option under either Paragraph 6(a)(i) or (ii) Paragraph 6(b)(i) or (ii) of this Second Amendment, Tenant may install a replacement generator of its own in the location denoted on Exhibit “B – 2nd Amendment”, attached hereto, or such other location as Landlord and Tenant may mutually agree upon. If Tenant elects to install a replacement generator, it shall be at Tenant’s sole cost and
expense, and the provisions governing Alterations set forth in the Lease shall apply, including the following: (i) Tenant shall submit to Landlord for approval prior to installation the plans and specifications setting forth a description of the proposed replacement generator to be installed and other provisions of installation; (ii) Tenant shall be solely responsible for obtaining any and all permits from governmental authority requisite to installation of the replacement generator; (iii) Tenant shall coordinate the actual installation, including the tie-in to existing Building Systems, with Landlord; and (iv) Tenant shall repair any damage to the Project occurring by reason of the installation of the replacement generator. Notwithstanding anything to the contrary, any installation of the replacement generator by Tenant must not adversely affect the Building Systems or Building Structure. Once Tenant installs such replacement generator, Tenant shall be solely responsible for the costs to operate and maintain the replacement generator during the Term. The provisions of the Lease associated with the Non-FLS Generator shall apply to any replacement Non-FLS Generator, except for purposes of the Lease, any such replacement Non-FLS Generator installed by Tenant pursuant to this Paragraph 6(c) shall be deemed to be an Alteration, and not a Non-removable Improvement.

(d) If Landlord elects the option under Paragraph 6(a)(iii) or Paragraph 6(b)(iii) of this Second Amendment, Landlord shall obtain bids with respect to the cost to replace the Non-FLS Generator with a generator of equivalent or greater power capacity and shall notify Tenant of the bids. Within ten (10) days after receipt of the last of the bids, Landlord and Tenant shall review the bids and mutually select the generator to replace the Non-FLS Generator. Following selection, Landlord shall retain the contractor and replace the Non-FLS Generator with the replacement Non-FLS Generator on which the parties agreed. Following installation, Landlord shall send to Tenant copies of the invoices related to the costs to purchase and install the replacement generator. Tenant shall reimburse to Landlord within thirty (30) days after delivery to Tenant the invoices a percentage of the cost to purchase and install the replacement generator in an amount equal to the percentage calculated by taking \( \frac{1}{2} \) of the excess capacity (over the capacity allocated to Landlord). Thereafter, the cost of operating, maintaining and repairing the replacement Non-FLS Generator shall be included in Operating Expenses using a ratio whereby the numerator is the percentage of capacity used by Tenant of the replacement Non-FSL Generator in and the denominator is the total capacity of the replacement non-FSL Generator.

7. **Freight Elevator Modernization.** Landlord and Tenant hereby agree that Landlord’s obligation to modernize the freight elevator serving the Lab Building, as included in the obligations set forth in Paragraph 5(c)(i) of the Lease, shall be delayed until March 31, 2017. Tenant agrees that beginning September 1, 2016 until the earlier of completion of the modernization work or March 31, 2017, Landlord may prohibit use of the freight elevator by Tenant, its employees, agents, contractors and other invitees to permit Landlord’s contractor to work on installing the equipment to modernize the freight elevator.

8. **Balcony Work.** Reference is made to the existing brick wall along the exterior balcony depicted in the picture attached as Exhibit “A – 2nd Amendment”. In conjunction with performance of the TI Work, Landlord agrees that Tenant may remove the brick wall along the balcony and install new metal railing in its place (“Balcony Work”), at Tenant’s sole cost and expense, and subject to the following:

   (i) Tenant shall obtain a report or certificate, sealed by a qualified, licensed structural engineer, confirming that the removal of the brick wall will not affect the structural integrity of the balcony and related structure of the Lab Building to which it is attached (Landlord may obtain an independent review of such report by another qualified structural engineer, at Tenant’s cost and expense);

   (ii) The cost to repair and maintain the new railing and exterior portions of the balcony shall be included in Operating Expenses allocable to the Lab Building. The new metal railing will be of rustproof material; and

   (iii) Tenant shall perform the Balcony Work in accordance with all other provisions of the Lease governing performance of the TI Work, including submission of plans and specifications for Landlord’s approval of the Balcony Work, prior to commencing any such replacement and installation.

9. **Notice of Non-Responsibility.** Landlord may post a Notice of Non-Responsibility on the Premises and file same of record. The notice shall be substantially in the form attached hereto as Exhibit “C – 2nd Amendment”. Nothing contained in the Notice of Non-Responsibility shall be deemed to diminish the obligations of Landlord to Tenant to pay the Tenant Improvement Allowance in accordance with the provisions of Exhibit “D” to the Lease.
10. **Defined Terms.** Each capitalized term used in this Second Amendment and not defined herein will have the meaning assigned to such term in the Lease.

11. **Conflict.** In the event of a conflict between the provisions of this Second Amendment and those of the Lease, the provisions of this Second Amendment will govern and control.

12. **Binding Effect.** Except as expressly provided in this Second Amendment, the terms and provisions of the Lease, as previously executed by the parties, shall continue to govern the rights and obligations of the parties and all provisions and covenants of the Lease, as herein amended, remain in full force and effect. The Lease and this Second Amendment constitute the entire understanding and agreement between Landlord and Tenant regarding the subject matter thereof and supersede all other prior written or oral understandings and agreements between Landlord and Tenant with respect thereto and shall constitute but one instrument. Except as expressly set forth herein, neither Landlord nor any of Landlord’s agents or representatives have made any representation or promise, express or implied, in connection with this Second Amendment.

13. **Authority.** Each of Landlord and Tenant represents and warrants that (a) the person executing this Second Amendment on behalf of such party is duly authorized and empowered to do so on behalf of Tenant, (b) such party has full right and authority to enter into this Second Amendment, and (c) upon full execution, this Second Amendment constitutes the valid and binding obligations of such party, as herein provided.

14. **Counterparts; Electronic Means.** This Second Amendment may be executed in counterparts, each of which shall be deemed an original, but such counterparts, when taken together, shall constitute one agreement. This document may be executed by a party’s signature transmitted by electronic means, including by facsimile or electronic mail (“Electronic Means”), and copies of this document executed and delivered by Electronic Means shall have the same force and effect as copies hereof executed and delivered with original signatures. All parties hereto may rely upon signatures transmitted by Electronic Means as if such signatures were originals. Any party executing and delivering this document by Electronic Means shall promptly thereafter deliver a counterpart signature page of this document containing said party’s original signature by first class mail or overnight delivery, but the failure to send by mail or overnight delivery shall not diminish the effectiveness of the transmission by Electronic Means. All parties hereto agree that a signature page transmitted by Electronic Means may be introduced into evidence in any proceeding arising out of or related to this document as if it were an original signature page.

[SIGNATURE PAGE FOLLOWS]
EXECUTED to be effective on the date first written above.

LANDLORD:
LAKESIDE CAMPUS PARTNERS, LP,
a Delaware limited partnership

By: Lakeside Campus Partners GP, LLC
    a Delaware limited liability company,
    its general partner

By: /s/ Marija Tatic
Name: Marija Tatic
Title: Vice President

TENANT:
REALPAGE, INC.,
a Delaware corporation

By: /s/ William Bryan Hill
Name: William Bryan Hill
Title: Chief Financial Officer

Attachment - Exhibit “A – 2nd Amendment” - Depiction of Balcony Area
             Exhibit “B – 2nd Amendment” - Location for Replacement Generator
             Exhibit “C – 2nd Amendment” - Notice of Non-Responsibility

SECOND AMENDMENT TO LEASE AGREEMENT
Page 6
EXHIBIT “A”

LEGAL DESCRIPTION

Being Lot 3, Block 1 of Replat, GREENWAY-BLOCK 1, LOT 3, SUBDIVISION, an Addition to the city of Richardson, Dallas County, Texas, according to the plat thereof recorded in Volume 91207, Page 1625, Map Records, Dallas County, Texas.

EXHIBIT “A – 2ND AMENDMENT”

DEPICTION OF BALCONY AREA
EXHIBIT “A – 2ND AMENDMENT”

DEPICTION OF BALCONY AREA
STATE OF TEXAS §

COUNTY OF DALLAS §

NOTICE OF NON-RESPONSIBILITY

Notice is hereby given that:

1. The undersigned is the owner of the Property described on Exhibit “A” attached hereto.

2. Property Address: 2201 and 2221 Lakeside Boulevard, Richardson, Texas.

3. Name of Tenant: RealPage, Inc.

4. The undersigned, as owner, advises it will not be responsible for any improvements or claims thereto, nor for any labor, services, equipment or material furnished or to be furnished to the Property for which Tenant contracted.

LANDLORD:

LAKESIDE CAMPUS PARTNERS, LP,
a Delaware limited partnership

By: Lakeside Campus Partners GP, LLC
a Delaware limited liability company,
its general partner

By: _________________________
Name: _________________________
Title: _________________________

EXHIBIT “C – 2ND AMENDMENT”

EXHIBIT “A”
ACKNOWLEDGEMENT

STATE OF TEXAS §

§

COUNTY OF ________________ §

This instrument was acknowledged before me on the ____ day of ____________, 2016, by ___________________________, Manager of Lakeside Campus Partners GP, LLC, a Delaware limited liability company, as general partner of LAKESIDE CAMPUS PARTNERS, LP, a Delaware limited partnership, on behalf of said limited partnership.

____________________________________
Notary Public, State of Texas

EXHIBIT “A”
EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “Agreement”), is made as of the 3rd day of August, 2016 (the “Effective Date”) by and between Ashley Chaffin Glover (“Executive”), and RealPage, Inc., a Delaware company (“Employer”), located at 4000 International Parkway, Carrollton, TX 75007.

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, Employer agrees to employ Executive, and to provide Executive with trade secrets and confidential information of Employer necessary for the performance of Executive’s position.

2. Employment Screening. Executive has successfully completed a pre-employment consumer report verification, and 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 Executive 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 August 15, 2016 and shall end on the Date of Termination (as defined in Section 8(b) below). Nothing in this Section 3 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 Executive Vice President, Chief Revenue Officer of Employer or such other designation as approved by the Chief Executive Officer. Executive shall report directly to the Chief Executive Officer of Employer or such other executive as the Chief Executive Officer of Employer 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 Executive’s position within the management structure of Employer.
   (b) Commitment of Full Time Efforts. Executive agrees to devote substantially her full working time, attention and energies to the performance of Executive’s 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 non-public corporate boards or committees, (iii) manage personal investments, or (iv) give speeches and make media appearances in Executive’s 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 Executive’s duties for Employer from the offices of Employer, located at 2201 Lakeside Drive, Richardson, TX 75080 or such other location as is either within a 25-mile radius thereof or within a 25-mile radius of the Executive’s principal residence (at the time the applicable location becomes Executive’s principal office).

   (a) Base Salary. As compensation for the performance by Executive of Executive’s obligations hereunder, during the Employment Period, Employer shall pay Executive a base salary at a rate not less than $32,083.33 per month, or $385,000 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 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. During the Employment Period, Executive shall be eligible for an annual bonus under the terms of the RealPage Management Incentive Plan (“MIP Target”) of 50% of
Executive’s 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.

(c) **Equity Grants.** Executive shall be eligible for equity compensation grants pursuant to the RealPage, Inc. 2010 Equity Incentive Plan, as amended (the “Plan”), or any successor thereto. Under the terms and conditions of the Plan, and subject to approval of the Compensation Committee of the RealPage Board of Directors and its standard policies for issuing equity grants, Executive shall be eligible to receive an initial grant of (i) restricted shares of RealPage common stock valued at $1,000,000, as determined by the Compensation Committee of the RealPage Board of Directors in its sole discretion, pursuant to a Restricted Stock Award Agreement included in the form attached as Exhibit I hereto or such other terms as determined by the Compensation Committee; and (ii) restricted shares of RealPage common stock valued at $1,000,000, as determined by the Compensation Committee of the RealPage Board of Directors in its sole discretion, subject to performance criteria tied to the market price of RealPage common stock, pursuant to a Restricted Stock Award Agreement included in the form attached as Exhibit II hereto or such other terms as determined by the Compensation Committee.

(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 weeks’ paid vacation per year, in accordance with Employer’s vacation policy and practice applicable to senior executives of Employer; provided that following Executive’s fifth anniversary of employment with Employer, Executive shall be entitled to four weeks’ paid vacation per year.

(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, including an additional $3,500 payment towards medical expenses.

(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 Employer.

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 Executive’s 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 Executive’s 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 12-month period, and, in either case, within 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 Executive’s 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 days after receipt of written notice of such alleged cause from Employer or, if such event cannot be corrected within such ten-day period, if Executive does not commence to correct such default within said ten-day period and thereafter diligently prosecute the correction of same to completion within a reasonable time, provided, however, for no period greater than 30 days: (i) Executive’s conviction for any acts of fraud or breach of trust or any felony criminal acts; (ii) Executive’s knowingly making a materially false written statement to Employer’s auditors or legal counsel; (iii) Executive’s willful and 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 a material provision 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 repeated and material failure substantially to perform Executive’s duties. Notwithstanding the foregoing, during the two-year period following a Change in Control (as defined in the Plan, “Change in Control”) (the “Protected Period”), a termination for Cause (other than pursuant to Section 7(c)(i)) shall require a showing by Employer that the actions giving rise to such termination resulted in material and demonstrable harm to Employer.

(d) Good Reason. For purposes of this Agreement, “Good Reason” shall mean, without Executive’s written consent: (i) a material reduction in Executive’s base salary or incentive compensation opportunity, (ii) a material reduction in Executive’s responsibilities or authority; (iii) a material breach by Employer of a material provision of this Agreement, or (iv) a material change in the geographic location at which Executive must perform Executive’s services (except as provided in Section 5 above); provided, that in no instance will the relocation of Executive to a facility or a location that is either 25 miles or less from Executive’s then-current office or 25 miles or less from Executive’s then-current primary residence 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 90 days of the initial existence of the grounds for Good Reason and a reasonable opportunity for Employer to cure the conditions giving rise to such Good Reason, which shall not be less than 30 days following the date of notice from Executive. If Employer cures the conditions giving rise to such Good Reason within 30 days of the date of such notice, Executive will not be entitled to severance payments and/or benefits contemplated by Section 9(a) below if Executive thereafter resigns from Employer based on such grounds. Any termination for Good Reason must be effectuated within 90 days of the expiration of such cure period.

(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 Executive’s 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) 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 Executive’s death, the date of Executive’s death; (ii) if Executive’s employment is terminated pursuant to Section 7(b), 30 days after Notice of Termination is given (provided that Executive shall not have returned to the performance of Executive’s duties on a full-time basis during such 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 Executive’s employment for Good Reason, upon expiration of the 30-day cure period set forth in Section 7(d) 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 (in the case of a termination by Executive pursuant to Section 7(e), Employer may elect to accelerate the Date of Termination to any date following receipt of such notice, and such acceleration shall not be deemed a termination by Employer without Cause).


(a) Death; Disability; Termination By Employer without Cause or By Executive for Good Reason. If Executive’s employment is terminated during the Employment Period by reason of Executive’s death or Disability or by Employer without Cause or by Executive for Good Reason, Employer shall pay to Executive (or Executive’s legal representatives or estate or as may be directed by the legal
representatives of Executive’s estate, as the case may be) (i) the Severance Amount (defined in Section 9(b)), payable in 12 equal monthly installments on the applicable monthly anniversaries of the Date of Termination; (ii) a payment, payable on the 60th day following the Date of Termination equal to the product of (x) the excess of the monthly COBRA premium required for Executive to continue health insurance coverage at the level in effect as of the Date of Termination over the employee premium Executive would have been required to pay for such coverage were Executive still actively employed by Employer (each determined as of the Date of Termination) multiplied by (y) 12 (or, if the Date of Termination occurs during the Protected Period other than due to death or Disability, 24); and (iii) a lump sum cash payment, payable within five days following such Date of Termination, of an amount equal to any earned but unpaid Base Salary or bonus (in the case of an annual bonus, such payment may be made on the date annual bonuses for the applicable year are to be made generally, if such year ended prior to the Date of Termination but such general payment date is to occur subsequent to the fifth day following the Date of Termination) 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 amounts due pursuant to this clause (iii), the “Accrued Amounts”). The amounts set forth in Section 9(a)(i)-(ii) shall be payable if and only if Executive shall have executed on or before the 50th day following the Date of Termination, and not subsequently revoked, a mutual release and covenant agreement substantially in the form set forth as Exhibit III (the “Release Agreement”). For the avoidance of doubt, in the event that Executive is willing to execute the Release Agreement and the Company is not, the Company shall not be required to sign the Release Agreement, but, so long as Executive timely delivers an executed Release Agreement, the amounts set forth in Section 9(a)(i)-(ii) shall be payable to Executive. In the event Executive does not timely execute (or revokes) the Release Agreement, Executive shall repay to Employer, within five days following the 60th day following the Date of Termination, any payments previously made to Executive pursuant to Section 9(a)(i). For purposes of this Section 9, if Executive’s employment is terminated without Cause or by Executive for Good Reason prior to a Change in Control but proximate to, or following, Employer’s (as defined in the Plan) entry into an agreement to enter into a transaction that would constitute a Change in Control, and such termination (or the event giving rise to the Good Reason claim) is made at the direction of the third-party effectuating such Change in Control, such termination shall be deemed to have occurred during the Protected Period.

(b) **Severance Amount.** For the purposes of Section 9(a), “Severance Amount” means an amount equal to

(i) if Executive’s employment is terminated by reason of Executive’s death or Disability, six months of Executive’s Base Salary (determined as of the Date of Termination);

(ii) if, other than during the Protected Period, Executive’s employment is terminated by Employer without Cause or by Executive with Good Reason, one multiplied by Executive’s Base Salary (determined as of the Date of Termination); or

(iii) if, during the Protected Period, Executive’s employment is terminated by Employer without Cause or by Executive with Good Reason, two multiplied by Executive’s Base Salary (determined as of the Date of Termination).

(c) **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 days following such Date of Termination, in a lump sum cash payment, the Accrued Amounts (other than annual bonuses with respect to which Executive did not satisfy the continued service requirements of Section 6(b)).

(d) **Certain Reductions.** Anything in this Agreement to the contrary notwithstanding, in the event that the Accounting Firm (as defined below) determines that receipt of all Payments (as defined below) would subject Executive to the tax under Section 4999 of the Code, the Accounting Firm shall determine whether to reduce any of the Agreement Payments (as defined below) to Executive so that the Parachute Value (as defined below) of all Payments to Executive, in the aggregate, equals the applicable Safe Harbor Amount (as defined below). Agreement Payments shall be so reduced only if the Accounting Firm determines that Executive would have a greater Net After-Tax Receipt (as defined below) of aggregate
Payments if the Agreement Payments were so reduced. If the Accounting Firm determines that Executive would not have a greater Net After-Tax Receipt of aggregate Payments if the Agreement Payments were so reduced, Executive shall receive all Agreement Payments to which Executive is entitled hereunder.

(i) If the Accounting Firm determines that the aggregate Agreement Payments to Executive should be reduced so that the Parachute Value of all Payments to Executive, in the aggregate, equals the applicable Safe Harbor Amount, Employer shall promptly give Executive notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this Section 9(d) shall be binding upon Employer and Executive and shall be made as soon as reasonably practicable and in no event later than 15 days following the Date of Termination. For purposes of reducing the Agreement Payments to Executive so that the Parachute Value of all Payments to Executive, in the aggregate, equals the applicable Safe Harbor Amount, only Agreement Payments (and no other Payments) shall be reduced. The reduction contemplated by this Section 9(d), if applicable, shall be made by reducing payments and benefits (to the extent such amounts are considered Payments) under the following sections in the following order: (i) Section 9(a)(i); (ii) Section 9(a)(ii); and (iii) Section 9(a)(iii).

(ii) As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that amounts will have been paid or distributed by Employer to or for the benefit of Executive pursuant to this Agreement that should not have been so paid or distributed (each, an “Overpayment”) or that additional amounts that will have not been paid or distributed by Employer to or for the benefit of Executive pursuant to this Agreement could have been so paid or distributed (each, an “Underpayment”), in each case consistent with the calculation of the applicable Safe Harbor Amount hereunder. In the event that the Accounting Firm, based on the assertion of a deficiency by the Internal Revenue Service against Employer or Executive which the Accounting Firm believes has a high probability of success, determines that an Overpayment has been made, any such Overpayment paid or distributed by Employer to or for the benefit of Executive shall be repaid by Executive to Employer, together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code; provided, however, that no such repayment shall be required if and to the extent such deemed repayment would not either reduce the amount on which Executive is subject to tax under Sections 1 and 4999 of the Code or generate a refund of such taxes. If the Accounting Firm, based on controlling precedent or substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by Employer to or for the benefit of Executive, together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code.

(iii) In connection with making determinations under this Section 9(d), the Accounting Firm shall take into account the value of any reasonable compensation for services to be rendered by Executive before or after the applicable transaction giving rise to application of Section 4999 of the Code, including any noncompetition provisions that may apply to Executive (whether set forth in this Agreement or otherwise), and Employer shall cooperate in the valuation of any such services, including any noncompetition provisions.

(iv) All fees and expenses of the Accounting Firm in implementing the provisions of this Section 9(d) shall be borne by Employer.

(v) The following terms shall have the following meanings for purposes of this Section 9(d).

1. “Accounting Firm” shall mean a nationally recognized certified public accounting firm (which accounting firm shall in no event be the accounting firm for the entity seeking to effectuate such change of control) or other professional services organization that is a certified public accounting firm recognized as an expert in determinations and calculations for purposes of Section 280G of the Code.
Code that is selected by Employer (as it exists prior to a change of control) and reasonably acceptable to Executive for purposes of making the applicable determinations hereunder.

(2) “Agreement Payment” shall mean a Payment paid or payable pursuant to this Agreement.

(3) “Net After-Tax Receipt” shall mean the Present Value of a Payment net of all taxes imposed on Executive with respect thereto under Sections 1 and 4999 of the Code and under applicable state, local, and foreign laws, determined by applying the highest marginal rate under Section 1 of the Code and under state, local, and foreign laws that applied to Executive’s taxable income for the immediately preceding taxable year, or such other rate as such Executive shall certify, in Executive’s sole discretion, as likely to apply to Executive in the relevant tax year.

(4) “Parachute Value” of a Payment shall mean the present value as of the date of the change in control for purposes of Section 280G of the Code of the portion of such Payment that constitutes a “parachute payment” under Section 280G(b)(2) of the Code, as determined by the Accounting Firm for purposes of determining whether and to what extent the excise tax under Section 4999 of the Code will apply to such Payment.

(5) A “Payment” shall mean any payment, benefit or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of Executive, whether paid or payable pursuant to this Agreement or otherwise.

(6) “Present Value” of a Payment shall mean the economic present value of a Payment as of the date of the change in control for purposes of Section 280G of the Code, as determined by the Accounting Firm using the discount rate required by Section 280G(d)(4) of the Code.

(7) “Safe Harbor Amount” means (x) 3.0 times Executive’s “base amount,” within the meaning of Section 280G(b)(3) of the Code, minus (y) $1.00.

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 (as defined below) 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. Following the termination of Executive’s employment with Employer (regardless of whether termination is voluntary or involuntary and with or without cause), Executive will not, without the written consent of Employer, use, disclose, reproduce, or distribute any Employer Confidential Information.

(b) Definition of Employer Confidential Information. For purposes of this Agreement, “Employer Confidential Information” shall mean all information, regardless of its form or format, about Employer, its customers and employees that is not readily accessible to the public and not a matter of common knowledge in Employer’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
(c) **Covenant Not To Compete.** In consideration of Employer’s provision of Employer Confidential Information and the consideration payable to Executive pursuant to Sections 9(a)-(c), Executive hereby agrees that during employment and for a period of two 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 (as defined below) anywhere in the Restricted Area (as defined below), regardless of whether these services are provided as a principal, 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 Section 11(c) 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 Executive’s 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 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 Employer 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 one year 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 Employer 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 one year 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 of Employer’s then-existing employees, representatives, consultants or agents to give up employment with or representation of Employer or any affiliate. If Employer terminates the employment or services of any such individual, Executive may thereafter hire such individual.

(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 Employer and any of the technology or distribution companies with whom Employer or any affiliate has strategic relationships.

(b) **Non-Disparagement.** Executive hereby agrees that during the Employment Period and at all times thereafter, Executive shall not disparage either orally or in writing Employer or any affiliate, their products or services, or their officers, directors, or employees. Employer hereby agrees that during the Employment Period and at all times thereafter it shall instruct its directors and officers not to disparage Executive orally or in writing. This Section 11(b) shall not be violated by truthful statements in response to legal process, testifying in any legal or administrative proceeding, or responding to inquiries or requests for information by any regulator or auditor.

(i) **Injunctive Relief.** Executive recognizes and agrees that the injury Employer will suffer in the event of a breach of this Section 11 may cause 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 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 Executive’s own selection regarding the meaning of such covenants and restrictions, which have been explained to Executive’s 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. As used in this Agreement, the “Employer” shall mean Employer as hereinafore 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 Executive hereunder if Executive 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 Executive is made a party by reason of performing Executive’s 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 either (a) 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 (i) in the case of notice to Employer, as set forth in the Preamble of this Agreement, attention of Employer’s Chief Executive Officer and Employer’s Chief Legal Officer and (ii) in the case of notice to Executive, to the address then current in Employer’s records, or to such other address as any party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt, or (b) by e-mail to Employer e-mail address of (i) in the case of notice to Employer, Employer’s Chief Executive Officer and Employer’s Chief Legal Officer and (ii) in the case of notice to Executive, Executive. No notices may be given via 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 deprived 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 IV hereto.

20. **Outside Fees.** Executive agrees and covenants not to solicit or receive, in connection with Executive’s 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 hereeto 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 Dallas, 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 Executive’s 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 Executive 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. (i) 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.
(ii) **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.

(iii) **Venue.** All arbitration hearings under this Agreement shall be conducted in Dallas County, Texas.

(iv) **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 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 Executive’s 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.

(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.**

(a) Notwithstanding anything to the contrary in this Agreement, if Executive is a “specified employee” within the meaning of Section 409A of 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 months following Executive’s termination of employment in accordance with the payment schedule applicable to each payment or benefit (and such portion shall be payable within such period only to the extent permissible without resulting in tax under Section 409A). 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 that cannot be paid during such six-month period due to Section 409A shall accrue and, to the extent such portion of the Deferred Compensation Separation Benefits would otherwise have been payable within such six-month period, will become payable on the first payroll date that occurs on or after the date six months and one day following the date of Executive’s termination. All subsequent Deferred Compensation Separation Benefits, if any, 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 Executive’s termination but prior to the six-month anniversary of Executive’s 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.

(b) 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.

(c) For purposes of this Agreement, "Section 409A Limit" will mean the lesser of two times: (A) Executive’s annualized compensation based upon the annual rate of pay paid to Executive during 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 sets forth the entire agreement of the parties hereto 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, including the Prior Agreement. 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.
IN WITNESS WHEREOF, the parties, intending to be legally bound, have executed this Agreement as of the Effective Date.

REALPAGE, INC.

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

EXECUTIVE:

/s/ Ashley Chaffin Glover
Ashley Chaffin Glover

[Signature Page – Ashley Chaffin Glover Agreement]
This General Release and Separation Agreement ("Agreement") is made and entered into by and between [NAME], a resident of [STATE] ("Employee"), and RealPage, Inc., a Delaware corporation ("Company"), in full and final settlement of any and all claims that Employee may have against Company and any and all claims that Company may have against Employee. This Agreement shall become effective on the eighth day after Employee signs and delivers this Agreement to Company (the "Effective Date"), provided that Employee does not revoke this Agreement prior to such date pursuant to Paragraph 3(f)(iv) below and provided further that Employee signs this Agreement on or before the fiftieth day following the Termination Date (as defined below).

1. Termination as Executive of RealPage, Inc. Employee acknowledges and agrees that Employee’s employment with Company in any capacity terminated effective [DATE] (the "Termination Date"). Regardless of whether Employee executes this Agreement, (a) Company will pay Employee, on or before the Termination Date, the Accrued Amounts (as defined in the Employment Agreement, dated as of July __, 2016, by and among Company and Employee (the "Employment Agreement")) and (b) nothing contained herein shall be deemed to affect Employee’s right to vested benefits (if any) under Company’s 401(k) plan or with respect to health benefit continuation in accordance with the federal law known as COBRA.

2. Consideration for Agreement from Company. In return for this Agreement, and in full and final settlement, compromise, and release of any and all claims that Employee has or may have against the Released Parties (as defined below in Paragraph 3), including Company (as described in Paragraph 3 below), and provided that Employee complies with the obligations under this Agreement, Employer shall pay and provide Employee the payments and benefits described in Sections 9(a)(i)-(ii) of the Employment Agreement.

   (a) Except as expressly set forth in this Agreement, Employee, on behalf of Employee and Employee’s spouse, heirs, descendants, administrators, representatives and assigns, hereby releases, forever discharges and covenants not to sue, Company, its past, present and future parents, subsidiaries, divisions, affiliates, and each of its and their respective predecessors, successors and assigns, and each of their past, present and future employees, officers, directors, agents, insurers, members, partners, joint venturers, employee welfare benefit plans, employee pension benefit plans and deferred compensation plans, and their trustees, administrators and other fiduciaries, and all persons acting by, through, under or in concert with them, or any of them (the "Released Parties"), of, from, and with respect to any action, cause of action, in law or in equity, suit, debt, lien, contract, agreement, obligation, promise, liability, claim, demand, damage, loss, cost or expense, of any nature whatsoever, known or unknown, suspected or unsuspected, or fixed or contingent (hereinafter called "Claims"), which Employee now has or may hereafter have against the Released Parties, or any of them, by reason of any act, omission, matter, cause or thing whatsoever occurring from the beginning of time through the date Employee signs this Agreement. Employee understands that this release includes, without limitation:
      • Claims arising out of or by virtue of or in connection with Employee’s employment with Company or any of the Released Parties, the terms and conditions of that employment, or the termination of that employment. This release includes (but is not limited to) Claims for breach of contract and common law Claims for wrongful discharge; assault and battery; negligence; negligent hiring, retention and/or supervision; intentional or negligent invasion of privacy; defamation; intentional or negligent infliction of emotional distress; violations of public policy; or any other law ground in tort, contract or common law. With the exception of any Claims covered by Paragraph 3(b) of this Agreement, this release further includes (but is not limited to) statutory Claims for failure to pay wages and/or overtime, unlawful harassment, and unlawful retaliation, Claims arising under federal, state or local laws, statutes or orders or regulations that relate to the employment relationships and/or prohibiting employment discrimination or any other federal, state or local law, including, but not limited to, Claims under the following statutes:
         • Title VII of the Civil Rights Act of 1964, as amended in 1991;
Section 1981 of the Civil Rights Act of 1866, as amended;
• The Age Discrimination in Employment Act;
• The Employee Income Retirement Security Act;
• The Fair Labor Standards Act;
• The Americans With Disabilities Act;
• The Family and Medical Leave Act;
• The National Labor Relations Act;
• The Fair Credit Reporting Act;
• The Immigration Reform Control Act;
• The Occupational Safety & Health Act;
• The Equal Pay Act;
• The Uniformed Services Employment and Reemployment Rights Act;
• The Worker Adjustment and Retraining Notification Act;
• The Employee Polygraph Protection Act;
• The Texas Labor Code;
• Any state or federal consumer protection and/or trade practices act; and
• Any state or federal workers’ compensation or disability, to the maximum extent permitted by law.

(b) Exceptions to Release by Employee: Excluded from this Agreement are (i) Claims with respect to the breach of any covenant to be performed by Company after the date of this Agreement and (ii) any Claims that cannot be waived by law, including, but not limited to, the right to file a charge with or participate in an investigation conducted by the Texas Workforce Commission or the Equal Employment Opportunity Commission (the “EEOC”). Employee is waiving, however, Employee’s right to any monetary recovery or relief should the Texas Workforce Commission or EEOC or any other agency pursue any Claims on Employee’s behalf.

(c) Employee represents and warrants that Employee has not assigned or transferred to any third party any interest in any Claim which Employee may have against the Released Parties, or any of them, and Employee agrees to indemnify and hold the Released Parties, and each of them, harmless from any liability, claims, demands, damages, costs, expenses and attorneys’ fees incurred by them, or any of them, as a result of any such assignment or transfer.

(d) Employee represents and warrants that Employee has not asserted, filed or otherwise taken actions to initiate any Claim in any federal, state or local court, administrative agency, arbitral forum, or any other forum.

(e) If any Claim is not subject to release, to the extent permitted by law, Employee waives any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class, collective or multi-party action or proceeding based on such a Claim in which Company or any of the Releasees identified in this Agreement is a party.

(f) Waiver Of Age Discrimination Claims: Employee expressly acknowledges and agrees that, by entering into this Agreement, Employee is waiving any and all rights or Claims that Employee may have arising under the Age Discrimination in Employment Act, as amended (the “ADEA”), which have arisen on or before the date of execution of this Agreement. Employee further expressly acknowledges and agrees that:
In return for this Agreement, Employee will receive compensation beyond that which Employee was already entitled to receive before entering into this Agreement;

Employee is hereby advised in writing by this Agreement to consult with an attorney before signing this Agreement and Employee fully understands the significance of all the terms and conditions of this Agreement and has discussed them with Employee’s attorney (or Employee has had a reasonable opportunity to discuss the terms and conditions of this Agreement with an attorney, if desired) prior to signing this Agreement;

Employee is hereby informed that Employee has 21 days within which to consider this Agreement and that if Employee signs it prior to the end of such 21-day period, Employee will have done so voluntarily and with full knowledge that Employee is waiving the right to have 21 days to consider this Agreement;

Employee is hereby advised that Employee has seven (7) days following the date of execution of this Agreement in which to revoke in writing the release of rights or Claims Employee may have arising under the ADEA. Any revocation must be in writing and must be received by Company’s Chief Executive Officer during the seven-day revocation period. In the event that Employee exercises Employee’s right of revocation, all other releases and obligations under this Agreement shall not be valid or enforceable;

Nothing in this Agreement prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties or costs from doing so, unless specifically authorized by federal law;

Employee has carefully read this Agreement, acknowledges that Employee has not relied on any representation or statement, written or oral, not set forth in this Agreement or the Employment Agreement; and

Employee represents and warrants that Employee is signing this release knowingly and voluntarily.

4. **Company Release.**

   (a) In consideration of the Employee’s execution and non-revocation of this Agreement, and for other good and valuable consideration, receipt of which is hereby acknowledged, Company, on behalf of itself and each of its subsidiaries, hereby releases, forever discharges and covenants not to sue Employee with respect to and from any Claim which Company or its applicable subsidiary now has or may hereafter have against Employee by reason of any act, omission, matter, cause or thing whatsoever occurring from the beginning of time through the date Employee signs this Agreement; provided, however, that this release excludes (i) any Claims that cannot be waived by law, (ii) Claims with respect to the breach of any covenant to be performed by Employee after the date of this Agreement and (iii) Claims based upon Employee’s willful misconduct.

   (b) Company represents and warrants that Company has not assigned or transferred to any third party any interest in any Claim which Company may have against Employee, and Company agrees to indemnify and hold Employee harmless from any liability, claims, demands, damages, costs, expenses and attorneys’ fees incurred by Employee as a result of any such assignment or transfer.

   (c) Company represents and warrants that Company has not asserted, filed or otherwise taken actions to initiate any Claim against Employee in any federal, state or local court, administrative agency, arbitral forum, or any other forum.

5. **Continuing Obligations Contained in Other Documents and Return of Company Property.** Employee agrees and acknowledges that Employee has complied, and will continue to comply, with the obligations under this Agreement and the Employment Agreement (including, without limitation, the restrictive covenants set forth in Section 11 of the Employment Agreement). Company agrees and acknowledges that Company has complied, and will continue to comply, with the obligations under this Agreement and the Employment Agreement (including, without limitation, the non-
disparagement covenant set forth in Section 11(h) of the Employment Agreement). In addition, Employee shall return to Company all Company property in Employee’s possession, custody or control on or before the Termination Date.

6. Waiver of Breach. A waiver by Employee or Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by either party.

7. No Admission of Liability. Employee and Company understand and acknowledge that this Agreement constitutes a compromise and settlement of any and all potential disputed Claims that Employee may have against Company and the Released Parties and that Company may have against Employee. Neither this Agreement nor any action taken by Employee or Company (or any of its parent, subsidiary or affiliated entities), either previously or in connection with this Agreement, shall be deemed or construed to be: (a) an admission of the truth or falsity of any potential Claims; (b) an acknowledgment or admission by Company of any fault or liability whatsoever to Employee or to any third party; or (b) an acknowledgment or admission by Employee of any fault or liability whatsoever to Company or to any third party. Neither this Agreement nor anything in this Agreement shall be construed to be, or shall be admissible in any proceeding as, evidence of liability or wrongdoing by Employee, Company or any other Released Party.


[Signature Page to Follow]
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates indicated on the following page.

RealPage, Inc.
By: ____________________________
Name: __________________________
Title: __________________________
Date: __________________________

EMPLOYEE:
By: ____________________________
Name: __________________________
Title: __________________________
Date: __________________________
Address: ________________________
ACKNOWLEDGMENT AND WAIVER

I, [NAME], hereby acknowledge that I was given 21 days to consider the foregoing Agreement and voluntarily chose to sign this Agreement prior to the expiration of the 21-day period.

I declare under penalty of perjury under the laws of the State of Texas that the foregoing is true and correct.

EXECUTED this ___ day of ____________ 201__, at ________County, _____________.

Name:
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”):

I. Confidential Information.

A. 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 all times 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 therefor 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. 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.

B. 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.

C. 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.

II. Inventions

A. 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.

B. 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.

C. 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.

D. 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 all 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.
III. Conflicting Employment.

A. 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 conflicts 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.

IV. 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.

V. 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.

VI. 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.

VII. 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.

VIII. 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.

IX. 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.

X. 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.

XI. General Provisions.

A. 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 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.

B. 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.

C. 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.

D. 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.

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

F. 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:  Witness:

Signature        Signature

Name of Employee (typed or printed)        Name of Employee (typed or printed)
## 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 Description</th>
</tr>
</thead>
</table>

- No inventions or improvements
- Additional Sheets Attached

Signature of Employee: __
Print Name of Employee: __
Date: __
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 I will comply with the post-termination obligations enumerated in my Employment Agreement with Company dated ________________________ and Confidential Information, Invention Assignment, and Arbitration Agreement dated ____________.

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

Signature of employee

Print name

Date

Address for Notifications: __
EXECUTION COPY

Exhibit C
REALPAGE, INC.

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.
GENERAL RELEASE AND SEPARATION AGREEMENT

This General Release and Separation Agreement ("Agreement") is made and entered into by and between Daryl Rolley, a resident of Texas ("Employee"), and RealPage, Inc., a Delaware corporation ("Company"), in full and final settlement of any and all claims that Employee may have against Company and any and all claims that Company may have against Employee. This Agreement shall become effective on the eighth day after Employee signs and delivers this Agreement to Company (the "Effective Date"), provided that Employee does not revoke this Agreement prior to such date pursuant to Paragraph 3(f)(iv) below and provided further that Employee signs this Agreement on or before the fifteenth day following the Termination Date (as defined below).

1. Termination as Executive of RealPage, Inc. Employee acknowledges and agrees that Employee’s employment with Company in any capacity shall terminate effective July 31, 2016 (the "Termination Date"). Regardless of whether Employee executes this Agreement, (a) Company will pay Employee, on or before the Termination Date, the Accrued Amounts (as defined in the Employment Agreement, dated as of February 9, 2015, by and among Company and Employee (the "Employment Agreement")) and (b) nothing contained herein shall be deemed to affect Employee’s right to vested benefits (if any) under Company’s 401(k) plan or with respect to health benefit continuation in accordance with the federal law known as COBRA.

2. Consideration for Agreement from Company. In return for this Agreement, and in full and final settlement, compromise, and release of any and all claims that Employee has or may have against the Released Parties (as defined below in Paragraph 3), including Company (as described in Paragraph 3 below), and provided that Employee complies with the obligations under this Agreement, Employer shall pay and provide Employee the following, which Employee understands shall be in lieu of any and all other payments and benefits described in the Employment Agreement which might otherwise be paid or owed to Employee:
   (a) Severance Amount. An amount equal to $160,000, payable within such time period and upon such conditions as provided in Section 9(a) of the Employment Agreement;
   (b) Consulting Agreement. The Company and Employee shall enter into a consulting agreement in substantially the form attached as Exhibit A hereto (the "Consulting Agreement"); and
   (c) Equity Award Agreements. Employee acknowledges and agrees that (except as expressly provided below) all unvested equity awards which have been granted to Employee prior to the date hereof shall terminate on the Termination Date and shall not further vest or become exercisable after the date hereof.

   (a) Except as expressly set forth in this Agreement, Employee, on behalf of Employee and Employee’s spouse, heirs, descendants, administrators, representatives and assigns, hereby releases, forever discharges and covenants not to sue, Company, its past, present and future parents, subsidiaries, divisions, affiliates, and each of its and their respective predecessors, successors and assigns, and each of their past, present and future employees, officers, directors, agents, insurers, members, partners, joint venturers, employee welfare benefit plans, employee pension benefit plans and deferred compensation plans, and their trustees, administrators and other fiduciaries, and all persons acting by, through, under or in concert with them, or any of them (the "Released Parties"), of, from, and with respect to any action, cause of action, in law or in equity, suit, debt, lien, contract, agreement, obligation, promise, liability, claim, demand, damage, loss, cost or expense, of any nature whatsoever, known or unknown, suspected or unsuspected, or fixed or contingent (hereinafter called "Claims"), which Employee now has or may hereafter have against the Released Parties, or any of them, by reason of any act, omission, matter, cause or thing whatsoever occurring from the beginning of time through the date Employee signs this Agreement.
   (b) Employee understands that this release includes, without limitation:
      • Claims arising out of or by virtue of or in connection with Employee’s employment with Company or any of the Released Parties, the terms and conditions of that employment, or the termination of that employment including without limitation claims for compensation pursuant to the Employment Agreement. This release includes (but is not limited to) Claims for breach of contract and common law Claims for wrongful discharge; assault and battery; negligence; negligent hiring, retention and/or supervision; intentional or negligent invasion of privacy; defamation; intentional or negligent infliction of emotional distress; violations of public policy; or any other law grounded in tort, contract or common law. With the exception of any Claims covered by Paragraph 3(b) of this Agreement, this release further includes (but is not limited to) statutory Claims for failure to pay wages and/or overtime, unlawful harassment, and unlawful retaliation, Claims arising under federal, state or local laws, statutes or orders or regulations that relate to the employment relationships and/
or prohibiting employment discrimination or any other federal, state or local law, including, but not limited to, Claims under the following statutes:

- Title VII of the Civil Rights Act of 1964, as amended in 1991;
- Section 1981 of the Civil Rights Act of 1866, as amended;
- The Age Discrimination in Employment Act;
- The Employee Income Retirement Security Act;
- The Fair Labor Standards Act;
- The Americans With Disabilities Act;
- The Family and Medical Leave Act;
- The National Labor Relations Act;
- The Fair Credit Reporting Act;
- The Immigration Reform Control Act;
- The Occupational Safety & Health Act;
- The Equal Pay Act;
- The Uniformed Services Employment and Reemployment Rights Act;
- The Worker Adjustment and Retraining Notification Act;
- The Employee Polygraph Protection Act;
- The Texas Labor Code;
- Any state or federal consumer protection and/or trade practices act; and
- Any state or federal workers’ compensation or disability, to the maximum extent permitted by law.

(b) Exceptions to Release by Employee: Excluded from this Agreement are (i) Claims with respect to the breach of any covenant to be performed by Company after the date of this Agreement and (ii) any Claims that cannot be waived by law, including, but not limited to, the right to file a charge with or participate in an investigation conducted by the Texas Workforce Commission or the Equal Employment Opportunity Commission (the “EEOC”). Employee is waiving, however, Employee’s right to any monetary recovery or relief should the Texas Workforce Commission or EEOC or any other agency pursue any Claims on Employee’s behalf.

(c) Employee represents and warrants that Employee has not assigned or transferred to any third party any interest in any Claim which Employee may have against the Released Parties, or any of them, and Employee agrees to indemnify and hold the Released Parties, and each of them, harmless from any liability, claims, demands, damages, costs, expenses and attorneys’ fees incurred by them, or any of them, as a result of any such assignment or transfer.

(d) Employee represents and warrants that Employee has not asserted, filed or otherwise taken actions to initiate any Claim in any federal, state or local court, administrative agency, arbitral forum, or any other forum.

(e) If any Claim is not subject to release, to the extent permitted by law, Employee waives any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class, collective or multi-party action or proceeding based on such a Claim in which Company or any of the Releasees identified in this Agreement is a party.

(f) Waiver Of Age Discrimination Claims: Employee expressly acknowledges and agrees that, by entering into this Agreement, Employee is waiving any and all rights or Claims that Employee may have arising under the Age Discrimination in Employment Act, as amended (the “ADEA”), which have arisen on or before the date of execution of this Agreement. Employee further expressly acknowledges and agrees that:

i. In return for this Agreement, Employee will receive compensation beyond that which Employee was already entitled to receive before entering into this Agreement;
ii. Employee is hereby advised in writing by this Agreement to consult with an attorney before signing this Agreement and
Employee fully understands the significance of all the terms and conditions of this
Agreement and has discussed them with Employee’s attorney (or Employee has had a reasonable opportunity to discuss the terms and conditions of this Agreement with an attorney, if desired) prior to signing this Agreement;

iii. Employee is hereby informed that Employee has 21 days within which to consider this Agreement and that if Employee signs it prior to the end of such 21-day period, Employee will have done so voluntarily and with full knowledge that Employee is waiving the right to have 21 days to consider this Agreement;

iv. Employee is hereby advised that Employee has seven (7) days following the date of execution of this Agreement in which to revoke in writing the release of rights or Claims Employee may have arising under the ADEA. Any revocation must be in writing and must be received by Company’s Chief Legal Officer, during the seven-day revocation period. In the event that Employee exercises Employee’s right of revocation, all other releases and obligations under this Agreement shall not be valid or enforceable;

v. Nothing in this Agreement prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties or costs from doing so, unless specifically authorized by federal law;

vi. Employee has carefully read this Agreement, acknowledges that Employee has not relied on any representation or statement, written or oral, not set forth in this Agreement or the Employment Agreement; and

vii. Employee represents and warrants that Employee is signing this release knowingly and voluntarily.


(a) In consideration of the Employee’s execution and non-revocation of this Agreement, and for other good and valuable consideration, receipt of which is hereby acknowledged, Company, on behalf of itself and each of its subsidiaries, hereby releases, forever discharges and covenants not to sue Employee with respect to and from any Claim which Company or its applicable subsidiary now has or may hereafter have against Employee by reason of any act, omission, matter, cause or thing whatsoever occurring from the beginning of time through the date Employee signs this Agreement; provided, however, that this release excludes (i) any Claims that cannot be waived by law, (ii) Claims with respect to the breach of any covenant to be performed by Employee after the date of this Agreement and (iii) Claims based upon Employee’s willful misconduct.

(b) Company represents and warrants that Company has not assigned or transferred to any third party any interest in any Claim which Company may have against Employee, and Company agrees to indemnify and hold Employee harmless from any liability, claims, demands, damages, costs, expenses and attorneys’ fees incurred by Employee as a result of any such assignment or transfer.

(c) Company represents and warrants that Company has not asserted, filed or otherwise taken actions to initiate any Claim against Employee in any federal, state or local court, administrative agency, arbitral forum, or any other forum.

5. Continuing Obligations Contained in Other Documents and Return of Company Property. Employee agrees and acknowledges that Employee has complied, and will continue to comply, with the obligations under this Agreement and the Employment Agreement (including, without limitation, the restrictive covenants set forth in Section 11 of the Employment Agreement). Company agrees and acknowledges that Company has complied, and will continue to comply, with the obligations under this Agreement and the Employment Agreement (including, without limitation, the non-disparagement covenant set forth in Section 11(h) of the Employment Agreement). In addition, Employee shall return to Company all Company property in Employee’s possession, custody or control on or before the Termination Date.

6. Waiver of Breach. A waiver by Employee or Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by either party.

7. No Admission of Liability. Employee and Company understand and acknowledge that this Agreement constitutes a compromise and settlement of any and all potential disputed Claims that Employee may have against Company and the Released Parties and that Company may have against Employee. Neither this Agreement nor any action taken by Employee or Company (or any of its parent, subsidiary or affiliated entities), either previously or in connection with this Agreement, shall be deemed or construed to be: (a) an admission of the truth or falsity of any potential Claims; (b) an acknowledgment or admission by Company of any fault or liability whatsoever to Employee or to any third party; or (b) an acknowledgment or admission by Employee of any fault or liability whatsoever to Company or to any third party. Neither this Agreement nor anything in this Agreement shall be construed to be, or shall be admissible in any proceeding as, evidence of liability or wrongdoing by Employee, Company or any other Released Party.

*Signature Page to Follow*
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates indicated on the following page.

REALPAGE, INC.
By: /s/ Stephen T. Winn
Name:  Stephen T. Winn
Title:  CEO
Date:  8/3/2016

EMPLOYEE:
By: /s/ Daryl Rolley
Name:  Daryl Rolley
Date:  8/3/2016
Address: -5-
ACKNOWLEDGMENT AND WAIVER

I, Daryl Rolley, hereby acknowledge that I was given 21 days to consider the foregoing Agreement and voluntarily chose to sign this Agreement prior to the expiration of the 21-day period.

I declare under penalty of perjury under the laws of the State of Texas that the foregoing is true and correct.

EXECUTED this 3rd day of August 2016, at Denton County, Texas.

/s/
Daryl
Rolley
Daryl
Rolley
This Master Agreement for Consulting Services ("Master Agreement") is made and entered into effective as of the 1st day of August, 2016 ("Effective Date") by and between Daryl Rolley, an individual residing in the State of Texas at __________________________ ("Consultant"); and RealPage, Inc., a Delaware corporation with its principal place of business at 2201 Lakeside Parkway, Richardson, Texas 75080 ("Client"). Consultant and Client are hereinafter collectively called the "Parties".

1. Scope and Content of Agreement
   (a) This Master Agreement sets forth the overall terms, conditions and agreements pursuant to which Consultant from time to time shall provide consulting services to Client (collectively, the "Services").
   (b) Consultant shall perform Services of an advisory and consultative nature as requested by Client from time to time on an as-needed basis in accordance with mutually agreed written Work Orders. From time to time the Parties may agree that Consultant shall perform Services with respect to a "Project" which, for purposes of this Master Agreement, means a separately identifiable and severable set of Services with respect to which the Parties have executed a "Work Order". A "Work Order" means (i) a written proposal by Consultant setting forth the Services which it proposes to perform for the benefit of the Client and which has been accepted by Client in the form presented to it (or if accepted with modification by Client, has also been accepted by Consultant), or (ii) a written statement by Client of the Services which it desires Consultant to perform and which has been accepted by Consultant in the form presented to it (or, if accepted with modification by Consultant, has also been accepted by Client). The Parties may mutually agree in writing to deem any engagement letter, request for proposal or other document produced by either Party to be a Work Order for a particular Project. Any Work Order may be changed only by a written "Project Change Order" signed by both Parties.
   (c) So long as this Master Agreement is in effect, it shall govern the performance of all Services and Projects. Thus, each and every Work Order and each and every Project Change Order shall be subject to and governed by this Master Service Agreement. With regard to each Project, this Master Agreement, together with (i) any attached exhibits or schedules (which are expressly incorporated herein by this reference); (ii) any written amendments to this Master Agreement which have been executed by the Parties; (iii) the Work Order, and (iv) any Project Change Orders (collectively, the "Documents") shall constitute the entire agreement between the Parties. If there is any conflict between the terms of this Master Agreement and any other Document, the terms of this Master Agreement shall control.

2. Relationship of the Parties.
   The Parties represent and acknowledge that Consultant shall perform all Services hereunder as an independent contractor and that any and all work product and intellectual property created in the course of performing any Services shall be deemed to be a "work made for hire" pursuant to 17 U.S.C., Section 201(b) (the Copyright Act) and as such all such work shall be specially commissioned work belonging to Client.
   Neither Party shall be deemed to be the legal representative of the other.
   Unless provided to the contrary in any Work Order, only Consultant himself shall perform Services hereunder. Consultant shall not employ any sub-contractors unless such are expressly provided for in a Work Order signed by Client. In all instances where sub-contractors are used, Consultant agrees to assume complete responsibility for such sub-contractors with regard to all applicable federal, state and local laws, regulations and rules relating to employment of sub-contractors and shall require all such sub-contractors, as a condition of employment, to execute a Confidential Information and Invention Assignment.
   Consultant also agrees to maintain comprehensive public liability and property damage insurance in amounts customarily maintained in Consultant's respective industry, insuring against liability for, among other things, bodily injury and property damage.
   If any of the Services provided under this Master Agreement will be performed at Client's premises, Consultant shall conduct himself with decorum in a manner appropriate for a business environment. Consultant shall observe all of Client's security, drug, alcohol, firearms, and other site rules and regulations of which he has been given reasonable notice. Consultant is hereby given notice that Client has a policy of enforcing a drug free work environment, and Consultant agrees to fully comply with this policy. Client's premises shall be safe from unreasonable hazards and risks.

   While the specific Services to be performed with respect to a Project will be defined in the applicable Work Order and any Project Change Orders, the following general provisions shall apply to all Work Orders and Services provided under this Master Agreement:
(a) Each Work Order shall describe any Project in sufficient detail to ensure that the scope of Services is finite, definable and measurable and that the method of calculating Consultant's fee is clear and unambiguous. Consultant shall not commence performance of any Services until he/she shall be satisfied that such condition has been met. Consultant shall use his/her superior knowledge of the tasks and costs necessarily involved in projects of the type being undertaken to advise Client as to necessary inclusions in the Work Order. No additional Services or Fees shall be implied by reason of the Services expressly described in the Work Order.

(b) Consultant shall provide the Services with a high degree of skill, quality and care.

(c) Subject at all times and in all cases to the requirements of confidentiality set forth in Section 5 of this Master Agreement, Client acknowledges that Consultant may from time to time perform similar services for others, and that this Master Agreement shall not prevent Consultant from performing such services.

(d) Unless expressly set forth in the Work Order as a function for the Project or Services, Consultant shall have no independent duty to detect or remediate any errors or other problems with respect to Client's business practices and procedures or Client's hardware, software or information technology systems. Consultant shall not be responsible for any damage or delay caused by such errors or problems. However, if during the course of providing Services, Consultant becomes aware of such a potential or existing error or other problem, Consultant shall use reasonable efforts to notify Client in writing of the error or problem.

(e) Consultant shall deliver the Services for a Project in accordance with the delivery schedule contained in the Documents. Consultant will use reasonable care to notify Client of all anticipated delays.

(f) Consultant represents and warrants to RealPage that the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not violate, conflict with or otherwise result in the breach or violation of any of the terms and conditions of, result in a modification of the effect of or constitute (or with notice or lapse of time or both would constitute) a default under any instrument, contract or other agreement to which he/she is a party or by or to which he/she or any of his/her assets or properties is bound or subject, nor violate the intellectual or other property rights of any third party.

4. Pricing and Payment for Services. The pricing and payment for all Services rendered by Consultant shall be governed by the following provisions:

(a) For each Project, the Work Order shall specify the method of pricing of "Fees" (charges for Services provided), which shall be either: Actual Time and Materials ("Actual T&M"), Fixed Price ("Fixed Price") or other pricing methodologies, to be described in the applicable Work Order. Client shall make payment directly to Consultant, not to any sub-contractor Consultant.

(b) Any estimates of cost or time made by Consultant, if made in a Document, shall be made in good faith and shall be binding on the Consultant, unless specific provision shall be made in the same Document for grace periods or percentages of permitted time and/or cost overruns or unless the Project is initially priced on a Fixed Fee basis.

(c) [INTENTIONALLY OMITTED]

(d) All Fees for Actual T&M Projects shall be based on the schedule of rates, fees, rate classification and minimum hours ("Rates") set forth in the Work Order. Rates for a particular Project will be fixed for the duration of such Project, unless otherwise provided in the Work Order. For actual T&M Projects, the Work Order shall set forth a Maximum Fee, the amount of which Consultant shall not exceed without prior written approval of Client.

(e) No expenses for overtime work (work in excess of 40 hours per calendar week) shall be incurred in connection with any Project unless the Documents shall expressly permit such, and then only to the extent permitted by the provisions of the Documents.

(f) In addition to Fees, Client shall pay all "Reimbursable Expenses" and "Applicable Taxes" related to the Services provided by Consultant.

(i) "Reimbursable Expenses" means all out-of-pocket expenses reasonably incurred by Consultant in connection with the Services under this Master Agreement. Reimbursable Expenses shall include but are not limited to travel expenses, lodging and meals, long distance telephone and facsimile charges, photocopying, postage and delivery charges. All Reimbursable Expenses are subject to reasonable itemization and documentation. In order for an expense to be considered a Reimbursable Expense it must conform to the travel and lodging policies of the Client, which Client shall provide to Consultant from time to time during the Term hereof.
5. Confidentiality and Intellectual Property Matters

(a) Consultant shall treat all information about the Client's business as confidential, including, without limitation, information relating to Client's financial, technical, legal, strategic, and personnel affairs, where such information has been learned by Consultant as a result of his/her consulting relationship with Client ("Client Confidential Information"). Consultant will instruct his/her employees, agents and third parties engaged by Consultant in connection with the Services under this Master Agreement to keep such information confidential. Consultant will use Client Confidential Information solely for purposes of performing Projects. However, Consultant shall not be required to keep confidential any data, which is or becomes publicly available, other than as a result of breach by Consultant hereunder, is already in Consultant's possession, is independently developed by Consultant outside the scope of this Master Agreement or is rightfully obtained from third parties.

(b) All Client Confidential Information shall remain the exclusive property of Client. All ideas, concepts, know-how, or techniques developed by Consultant prior to the Effective Date or developed by Consultant outside of this Master Agreement and used by Consultant to fulfill his/her obligations under this Master Agreement shall remain the property of Consultant. In no case shall the term "Work Product" include any of Consultant's pre-existing overall know-how or trade secrets, nor shall such term include data, modules, components, designs, utilities, subsets, objects, processes, tools, models and specifications owned or developed by Consultant prior to or independently from any Project pursuant to this Master Agreement (the "Consultant Property"). Use of Consultant Property in the course of performing any Project shall in no way affect nor derogate from Consultant's exclusive ownership of any such Consultant Property. To the extent that Client's use of any Work Product depends upon or incorporates any portion of Consultant Property, Consultant hereby grants to Client a perpetual, non-exclusive, worldwide, fully paid-up limited license to use such but solely in connection with the dependent Work Product.

(c) All work product, regardless of whether copyrightable or patentable and regardless of whether tangible or intangible, developed for Client by Consultant (collectively, the "Work Product") in the course of performing any Project pursuant to this Master Agreement, shall be deemed to be the sole and exclusive property of Client, regardless of whether such Work Product is considered a "work made for hire" or an employment to invent. Work Product shall include all background notes, research, source code, and other information whether or not submitted to Client as part of any final report or finished product. All Work Product shall be considered to be confidential, trade secret property of Client and shall not be copied (except in the course of performing services hereunder), removed from Client's premises, or disclosed to third parties by Consultant without Client's prior written approval. Consultant agrees that Client shall own all copyright,
patent rights and trade secret rights with respect to any Work Product discovered, created or developed under this Master Agreement without regard to the origin of the Work Product. If and to the extent that Consultant may, under applicable law, be entitled to claim any ownership interest or moral rights in the Work Product, Consultant hereby sells, transfers, grants, conveys, assigns, and relinquishes exclusively to Client any and all right, title, and interest it now has or may hereafter acquire in and to the Work Product under patent, copyright, trade secret, trademark or other intellectual property law in perpetuity or for the longest period otherwise permitted by law. Upon request of Client, Consultant shall, without any additional charge, promptly execute, acknowledge and deliver to Client all instruments (including, without limitation, any assignment of proprietary right, assignment of contract right, assignment of choses in action, bill of sale, assignment of copyright, assignment of copyright registration, or assignment of renewal of copyright registration) that Client deems necessary or desirable to enable Client to establish ownership or to file and prosecute applications for, and to acquire, maintain and enforce, all trademarks, service marks, registrations, copyrights, licenses and patents covering the Work Product.

(d) Upon termination of this Master Agreement, Client shall be placed in possession of all Work Product and Client Confidential Information, and Consultant shall not maintain any copies unless (i) Consultant has requested in writing permission to retain in his/her work papers certain specifically identified Client Confidential Information and Client has approved such request in writing, or (ii) Consultant is required by law to retain Client Confidential Information and then only to the extent and for the time so required by law.

(e) Consultant acknowledges and agrees (i) that Client will suffer immediate and irreparable harm in the event of an actual or threatened breach by Consultant of the obligations of non-disclosure and non-use assumed hereunder, and (ii) that Client shall be entitled to immediate injunctive relief restraining the Consultant from the breach or threatened breach, in addition to any other remedies available to it in law or in equity.

(f) Consultant’s obligations pursuant to this Section 5 shall survive the termination or expiration of this Agreement.

(g) [INTENTIONALLY OMITTED]

6. [INTENTIONALLY OMITTED]

7. Infringement Indemnification. Consultant covenants and agrees to fully indemnify, protect, defend and hold Client harmless with respect to any allegation, claim, action or proceeding that any Work Product or other material (including, but not limited to any software licensed through or by Consultant or written by Consultant for Client) furnished by Consultant infringes a patent, copyright, trade secret or proprietary right or that this Master Agreement violates any agreement between Consultant and any other Party. Consultant must notify Consultant in writing of any such action as soon as practicable upon its commencement or threatened commencement. Client shall have full authority to control and conduct the defense, including the retention of counsel of its choice. Consultant’s indemnification of Client includes, but is not limited to, losses, damages, suits, actions, responsibilities, reasonable attorneys fees, accounting fees, experts' fees, losses, liabilities, costs, expenses, fines penalties, interest, judgments, awards and settlements.

8. Breach. Failure by Consultant or Client to comply with any material term or provision of the Documents relating to a Project shall entitle the non-defaulting Party to give the defaulting Party written notice requiring it to cure the default. If the defaulting Party has not cured the default within thirty (30) days after receipt of notice, the non-defaulting Party shall be entitled, in addition to any other rights it may have under this Master Agreement or otherwise by law, to terminate such Project by giving notice to take effect immediately. The right of either Party to terminate a Project hereunder shall not be affected in any way by its waiver of or failure to take action with respect to any previous default.

9. Limitation of Liability.

(a) Other than for claims arising under Section 7 hereof, no action, regardless of form, arising out of the Services under this Master Agreement may be brought by either Party more than one (1) year after the date of the final performance of the Services by Consultant with regard to a particular Project, including any action brought by Consultant for alleged non-payment of sums due Consultant under this Master Agreement.

(b) The term "Force Majeure Event" refers to fire, flood, earthquake, elements of nature or acts of God, acts of war, terrorism, riots, civil disorders, rebellions or revolutions, or any other similar exogenous cause beyond the reasonable control of Consultant, provided such default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by Consultant through the use of alternate sources, work-around plans or other means. The term "Force Majeure Event" shall not refer to Consultant's labor difficulties or to strikes by or lockouts of Consultant's personnel. Consultant shall not be liable to Client for any delay in performance or any failure in performance of any services or projects hereunder caused in whole or in part by reason of the occurrence of a Force Majeure Event. Client
shall not refuse to accept delivery by reason of delays occasioned by reason of the occurrence of a Force Majeure Event. Any delay resulting from the occurrence of a Force Majeure Event shall correspondingly extend the time for performance by Consultant.

(c) Other than as elsewhere set forth in this Master Agreement, CONSULTANT MAKES NO EXPRESSED OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES INCLUDING, WITHOUT LIMITATION, LOST PROFITS OR ANY CLAIM OR DEMAND AGAINST THE OTHER PARTY BY ANY OTHER PARTY DUE TO ANY CAUSE WHATSOEVER, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, EXCEPT FOR DAMAGES ARISING FROM BREACH OF WARRANTY OF NON-INFRINGEMENT AS SET FORTH IN SECTION 7 OF THIS MASTER AGREEMENT.

The provisions of this Section 9 shall survive the termination or expiration of this Agreement.

10. Term and Termination.

This Master Agreement shall be effective until July 31, 2017, unless earlier terminated as provided herein. Client may terminate this Master Agreement at any time in the event of a material breach by Consultant of the terms of this Consulting Agreement, which breach has not been cured within fifteen (15) days of written notice thereof from Client to Consultant.

11. Miscellaneous.

(a) This Master Agreement may be modified or amended only by a written instrument signed by authorized representatives of each Party, which expressly refers to this Master Agreement. No subsequent agreement will be treated as a waiver, cancellation, novation, merger or superseding agreement to this Master Agreement unless it specifically and unambiguously states that it is intended to be a waiver, cancellation, novation, merger or superseding agreement and is signed by an authorized officer of both Parties.

(b) Failure to invoke any right, condition or covenant in the Documents by either Party shall not be deemed to imply or constitute a waiver of any other right, condition or covenant. No custom or practice which may evolve between the Parties during the term of this Master Agreement shall be deemed or construed to waive or lessen the right of either of the Parties to insist upon strict compliance with the terms of this Master Agreement.

(c) This Master Agreement supersedes any and all other prior agreements, understandings, statements, promises, or practices between the Parties, either oral or in writing, with respect to these matters, except for the General Release and Separation Agreement between Client and Consultant (the “Separation Agreement”) and the Employment Agreement (as defined in the Separation Agreement). Each Party to this Master Agreement acknowledges that no representations, inducements, promises or other agreements, orally or otherwise, have been made by any Party hereto or by anyone acting on behalf of any Party hereto, which are not embodied herein, and that no agreement, statement or promise not contained in this Master Agreement or in any Documents shall be valid or binding or of any force or effect except for any formal, written presentations by Consultant of Consultant's experience, capabilities and expertise.

(d) The terms, provisions, covenants and agreements that are contained in this Master Agreement shall apply to, be binding upon and inure to the benefit of the Parties and their respective successors and assigns. Nothing in this Master Agreement, express or implied, is intended to confer upon any person or entity other than the parties and their respective successors and assigns, any rights, remedies, obligations or liabilities.

(e) Each Party acknowledges and represents that it and its counsel have had an opportunity to review this Master Agreement and that any rules of construction concerning the drafting of a document shall not be employed in the interpretation of this Master Agreement or any amendment hereto.

(f) Client has entered into this Master Agreement based upon the unique skills and its singular relationship with Consultant, and therefore Consultant shall not be entitled to assign any of its respective rights or delegate any of its respective duties or obligations hereunder. Consultant shall not hire, retain or use any subcontractor to provide Services hereunder without the prior written consent of Client.

(g) Consultant acknowledges that Client has a policy of enforcing a drug free work environment and that Client requires its own employees to consent to drug screening as a condition of employment and/or continued employment. In addition, Client has a policy of obtaining a Consumer Report Verification for all new employees. Consultant agrees to fully
comply with this policy and, where requested by Client, to submit, and require its employees to submit, to such screening and verification as may reasonably be requested by Client.

(h) The headings that are used in this Master Agreement are used for reference and convenience purposes only and do not constitute substantive matters to be considered in construing the terms and provisions of this Master Agreement.

(i) Words of any gender that are used in this Master Agreement shall be held and construed to include any other gender and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

(j) Any notice required or permitted to be delivered hereunder shall be deemed to be delivered only when actually received by Consultant or by Client, as the case may be, at the addresses set forth above in the Preamble, or at such other addresses as either shall have specified prior to the time of giving notice.

(k) In the event that one or more of the terms, provisions or agreements that are contained in this Master Agreement shall be held by a Court of competent jurisdiction to be invalid, illegal or unenforceable in any respect for any reason, the invalid, illegal or unenforceable term, provision or agreement shall not affect any other term, provision or agreement in this Master Agreement and this Master Agreement shall be read as if the invalid, illegal or unenforceable term, provision or agreement has been stricken, unless to do so would create a manifest injustice.

(l) In the performance of this Agreement, the Parties all agree that they will not, for themselves or for the benefit of another Party, make or promise to make payment, loans or gifts of money or anything of value, directly or indirectly, (i) to or for the use or benefit of any official or employee of any government or an agency or instrumentality of any such government; (ii) to any political party or official or candidate thereof; (iii) to any other Person if the Party knows or has reason to know that any part of such payment, loan or gift will be directly or indirectly given or paid to any such governmental official or employee or political or candidate or official thereof; or (iv) to any other Person; the payment of which is for the purpose of obtaining or maintaining business and would violate applicable laws of the United States of America or any other applicable country or their political subdivisions. Each Party agrees that it will take all reasonable steps to assure that any and all of its officers, employees, shareholders, agents or representatives shall comply with all laws, government regulations, and orders which apply to activities and obligations under this Agreement, including, but not limited to, those laws dealing with improper payments as described above.

(m) THIS MASTER AGREEMENT SHALL BE DEEMED TO HAVE BEEN EXECUTED BY THE PARTIES IN AND SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS (EXCLUDING ANY CONFLICTS-OF-LAW RULE OR PRINCIPLE OF TEXAS LAW THAT MIGHT REFER THE GOVERNANCE, CONSTRUCTION OR INTERPRETATION OF THIS MASTER AGREEMENT TO THE LAWS OF ANOTHER STATE). IN THE EVENT OF A DISPUTE OR IN THE EVENT OF ANY OTHER LEGAL ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT THE EXCLUSIVE JURISDICTION FOR SUCH LEGAL ACTION OR PROCEEDING SHALL BE THE GENERAL CIVIL TRIAL COURTS OF DENTON COUNTY, TEXAS, OR THE UNITED STATES DISTRICT COURT HAVING JURISDICTION IN DENTON COUNTY, TEXAS. EACH PARTY IRREVOCABLY WAIVES ANY OBJECTION ON THE GROUNDS OF VENUE, FORUM NON-CONVENIENS OR ANY SIMILAR GROUNDS AND IRREVOCABLY CONSENTS TO SERVICE OF PROCESS BY MAIL OR IN ANY OTHER MATTER PERMITTED BY APPLICABLE LAW AND CONSENTS TO THE JURISDICTION OF SAID COURTS. CLIENT SHALL HAVE THE OPTION, IN THE EVENT OF A DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT, TO SUBMIT SAID DISPUTE TO ARBITRATION IN DENTON COUNTY, TEXAS, PURSUANT TO THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION. 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. THE OBLIGATIONS OF THE PARTIES UNDER THIS MASTER AGREEMENT SHALL BE AND ARE PERFORMABLE IN DENTON COUNTY, TEXAS.
IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Master Agreement.

CONSULTANT:

REALPAGE, INC.

Stephen T. Winn
CEO and Present
I, Stephen T. Winn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ending September 30, 2016 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (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 7, 2016

/s/ Stephen T. Winn

Stephen T. Winn
Chairman of the Board of Directors, Chief Executive Officer, President and Director
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, W. Bryan Hill, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ending September 30, 2016 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (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 7, 2016

/s/ W. Bryan Hill

W. Bryan Hill
Executive Vice President, Chief Financial Officer and Treasurer
In connection with the Quarterly Report of RealPage, Inc. (the “Company”) on Form 10-Q for the period ending September 30, 2016 (the “Report”), I, Stephen T. Winn, Chairman of the Board of Directors, Chief Executive Officer, President 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 7, 2016

/s/ Stephen T. Winn

Stephen T. Winn
Chairman of the Board of Directors, Chief Executive Officer,
President 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 the Quarterly Report of RealPage, Inc. (the “Company”) on Form 10-Q for the period ending September 30, 2016 (the “Report”), I, W. Bryan Hill, Executive Vice President, 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 7, 2016

/s/ W. Bryan Hill
W. Bryan Hill
Executive Vice President, Chief Financial Officer and Treasurer

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.