

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2019

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-34846

RealPage, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

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

75082-4305
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common Stock, \$0.001 par value

Trading Symbol(s)
RP

Name of each exchange on which registered
The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Based on the closing price of the registrant's common stock on the last business day of the registrant's most recently completed second fiscal quarter, which was June 30, 2019, the aggregate market value of its shares held by non-affiliates on that date was approximately \$4,720,745,556. On February 14, 2020, 94,689,393 shares of the registrant's Common Stock, \$0.001 par value, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement for its 2020 Annual Meeting of Stockholders to be filed within 120 days of the Registrant's fiscal year ended December 31, 2019 are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. The discussion of historical items and year-to-year comparisons between 2018 and 2017 in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on February 27, 2019 and amended on November 5, 2019, are incorporated by reference into Part II of this Annual Report on Form 10-K.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this Annual Report on Form 10-K that are subject to risks and uncertainties. Forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, are subject to the “safe harbor” created by those sections. The forward-looking statements in this Annual Report on Form 10-K are based on our management’s beliefs and assumptions and on information currently available to our management. Statements preceded by, followed by, or that otherwise include the words “anticipates,” “aspires,” “believes,” “can,” “continue,” “could,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “projects,” “seeks,” “should,” “will” or “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, time frames or achievements to be materially different from any future results, performance, time frames or achievements expressed or implied by the forward-looking statements. We discuss many of these risks, uncertainties and other factors in this document in greater detail under the heading “Risk Factors.” We believe it is important to communicate our expectations to our investors. However, there may be events in the future that we are not able to predict accurately or over which we have no control. The risks described in “Risk Factors” included in this Annual Report on Form 10-K, as well as any other cautionary language in this Annual Report on Form 10-K, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Before you invest in our common stock, you should be aware that the occurrence of the events described in “Risk Factors” and elsewhere in this Annual Report on Form 10-K could harm our business.

Given these risks, uncertainties and other factors, you should not place undue reliance on these forward-looking statements. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this Annual Report on Form 10-K. You should read this document completely and with the understanding that our actual future results may be materially different from what we expect. We hereby qualify our forward-looking statements by these cautionary statements. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

PART I

Item 1. Business.

Company Overview

RealPage, Inc., a Delaware corporation (together with its subsidiaries, the “Company” or “we” or “us”), is a leading global provider of software and data analytics to the real estate industry. Our platform of data analytics and software solutions enables the rental real estate industry to manage property operations (such as marketing, pricing, screening, leasing, and accounting), identify opportunities through market intelligence, and obtain data-driven insight for better operational and financial decision-making. Our integrated, on demand platform provides a single point of access and a massive repository of real-time lease transaction data, including prospect, renter, and property data. By leveraging data as well as integrating and streamlining a wide range of complex processes and interactions among the rental real estate ecosystem (owners, managers, prospects, renters, service providers, and investors), our platform helps our clients improve financial and operational performance and prudently place and harvest capital.

We sell our solutions through our direct sales organization. Our total revenues were approximately \$988.1 million, \$869.5 million, and \$671.0 million for the years ended December 31, 2019, 2018, and 2017, respectively. In the same periods, we had operating income of approximately \$92.4 million, \$66.1 million, and \$30.0 million, respectively, and net income of approximately \$58.2 million, \$34.7 million, and \$0.4 million, respectively.

Our company was formed in 1998 to acquire Rent Roll, Inc., which marketed and sold on premise property management systems for the conventional and affordable multifamily rental housing markets. In June 2001, we released OneSite, our first on demand property management system. Since 2002, we have expanded our platform 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, associations (homeowner and condominium), commercial, hospitality, and vacation rental markets. In addition, since July 2002, we have completed over 45 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 data analytics and on demand solutions. As part of our strategy, we plan to continue to pursue acquisitions of complementary businesses, products, and technologies.

Industry Overview

The real estate market is large, growing, and complex.

The real estate market is large and characterized by challenging and location-specific operating requirements, diverse industry participants, significant mobility among renters, and a variety of property types, including single family, a wide range of multifamily property types, including conventional, affordable, privatized military, student, and senior housing, associations, and vacation rental markets. We estimate that the total addressable market for our current portfolio of data analytics and on demand software solutions is approximately \$18.9 billion across approximately 64.6 million units.

According to the U.S. Census Bureau American Housing Survey for the United States, there were 44.6 million rental real estate units in the United States in 2017. Based on U.S. Census Bureau data and our own estimates, we believe that the overall size of the U.S. rental real estate market, including rent, utilities, and insurance, exceeds \$580.0 billion annually. We estimate that the total addressable market for our current data analytics and on demand software solutions is approximately \$16.1 billion per year. This estimate assumes that each of the 44.6 million rental units in the United States has the potential to generate annually a range of approximately \$310 in revenue per unit for single family units to approximately \$500 in revenue per unit for conventional multifamily units. In addition, we estimate that the student and senior markets have the potential to generate annually approximately \$510 in revenue per unit, and affordable housing markets will generate annually approximately \$300 in revenue per unit. We base this potential revenue assumption on our review of the purchasing patterns of our existing clients with respect to our data analytics and on demand software solutions, the solutions currently utilized by our existing clients, the number of units our clients manage with these solutions, and our current pricing for data analytics and on demand software solutions.

The associations market, including the homeowner’s associations (“HOA”) and condominium markets, is estimated to contain over 18.0 million units and we estimate that the total addressable market for our solutions is approximately \$1.8 billion per year. This estimate assumes that each of the 18.0 million units managed has the potential to generate annual revenue per unit of \$100. We estimate the potential revenue assumptions based on our review of market industry research and realistic solution penetration rates, as well as related trends affecting the associations market.

The global vacation rental market is large and generally segmented by the type of property and seasonality. Based on our industry research, we estimate the total global vacation rental market to be approximately \$130.0 billion annually. Professional vacation managers, representing roughly 2.0 million units, are responsible for approximately half of the total vacation rental

transactions in the market and the other half of the total transactions relate to properties that are individually managed by the property owners. We estimate that the total addressable market for our vacation rental solutions is approximately \$1.0 billion per year. This estimate assumes that each of the 2.0 million units managed has the potential to generate annual revenue per unit of \$500. We estimate the potential revenue assumptions based on our review of market industry research and realistic solution penetration rates, as well as related trends affecting the vacation rental market, including the analysis of vacancy rates and the average number of nights booked.

We believe there is increasing demand for solutions that bring efficiency and precision to the rental real estate industry, which has historically lacked the tools available to many other investment classes. We leverage our massive pool of lease transaction data to provide our clients with analytical tools and actionable intelligence to inform the prudent allocation of capital. We believe that the use of precision data analytics and price optimization solutions represent a significant opportunity to increase yield from the approximately \$3.7 trillion of apartment stock in the U.S., turning over at a rate of approximately \$180.0 billion per year.

Rental real estate management spans both the renter life cycle and the operations of a property.

The renter life cycle can be separated into four key stages: prospect, applicant, residency or stay, and post-residency or post-stay. Each stage has unique requirements, and a property owner's or manager's ability to effectively address these requirements can significantly impact revenue and profitability.

In addition to managing the renter life cycle, property owners and managers must also manage the operations of their properties. Critical components of property operations include materials and service provider procurement; insurance and risk mitigation; utility and energy management; yield management; information technology and telecommunications management; accounting; expense tracking and management; document management; security; staff hiring and training; staff performance measurement and management; and marketing.

Managing the renter life cycle and the operations of a property involves several different constituents, including property owners and managers, prospects, renters, service providers, and investors. Property owners can include single-property owners, multi-property owners, national residential apartment syndicates that may own thousands of units through a variety of investment funds, and real estate investment trusts ("REITs"). Property managers often are responsible for a large number of properties that can range from single family units to multifamily apartment communities. Property owners and managers also need to manage a variety of service providers, including utilities, insurance providers, video, voice and data providers, and maintenance and capital goods suppliers. Managing these diverse relationships, combined with renter turnover, property turnover, as well as regulatory and compliance requirements, can make the operations of even a small portfolio of rental properties complex. Challenges are compounded for real estate portfolio managers responsible for a large number of geographically dispersed properties, which require overseeing potentially hundreds of thousands of individual rental processes.

Legacy information technology solutions designed to manage the rental real estate management process are inadequate.

During the 1970's and 1980's, the rental real estate industry was highly fragmented and regionally organized. During this period, the first property management systems and software solutions emerged to help property owners and managers with basic accounting and record keeping functions. These solutions provided limited functionality and scalability and often were not tailored to the specific needs of the rental real estate industry.

Beginning in the mid 1990's, the rental real estate market began to consolidate and large, nationally focused and publicly financed companies emerged, which aggregated significant numbers of units. The rise of national real estate portfolio managers, many of them accountable to public shareholders, created a need for more sophisticated and scalable property management systems that included a centralized database and were designed to optimize and automate multiple business processes within the renter life cycle and property operations. Despite increasing market demands, the available solutions continued to be insufficient to fully address the complex requirements of the rental real estate industry, which moved beyond basic accounting and record keeping functions to also include value-added services, such as Internet marketing, applicant screening, billing solutions and analytics for pricing, and yield optimization. Additionally, the rise of national syndicates and REITs fueled the need for tools that provide increased visibility into the operational performance of portfolio properties and market analysis resources to maximize return on investment.

To address its complex and evolving requirements, the rental real estate industry has historically implemented a myriad of single point solutions; general purpose applications, such as Microsoft Excel; and/or internally developed solutions to manage their properties. These solutions can be expensive to implement and maintain; often lack integrated functionality to help rental real estate owners, managers, and investors maximize operational yields; and do not have dynamic reporting and analysis tools necessary to optimize investment returns or support capital allocation decisions. In addition, many professionals in the rental real estate industry still rely on paper or spreadsheet-based approaches, which are typically time-intensive and prone to human error or internal mismanagement.

The rental real estate industry has relied upon print and Internet listing firms to attract leads required to fill available vacancies.

We believe these historical solutions are inadequate because they:

- require significant customization to implement, which frequently inhibits upgrading to new versions or platforms in a timely manner;
- require information technology (“IT”) resources to support integration points between property management systems and disparate value-added services;
- require IT resources to implement and maintain data security, data integrity, performance, and business continuity solutions;
- lack scalability and flexibility to account for the expansion or contraction of a property portfolio;
- lack material organic lease generation capability and do not track the cost of leads generated by each source;
- lack effective spend management capabilities for controlling property management costs;
- lack comprehensive analytics for pricing and yield optimization;
- lack workflow level integration;
- do not provide owners, managers, and investors with visibility into overall property performance; and
- cannot be easily updated to meet new regulations and compliance requirements.

On demand software solutions are well suited to meet the rental real estate market’s needs.

The ubiquitous nature of the Internet, widespread broadband adoption, and improved network reliability and security have enabled the deployment and delivery of business-critical applications online. The on demand delivery model is substantially more economical than traditional on premise software solutions that generally have higher deployment and support costs and require the client to purchase and maintain the associated servers, storage, networks, security, and disaster recovery solutions.

The RealPage Solution

We provide a technology platform of data analytics and on demand software solutions that integrates and streamlines rental real estate management and property operations. Our platform provides the analytical and software solutions necessary to optimize operational yields and returns on investment, and contributes to a more efficient property management process and an improved experience for all of the constituents involved in the rental real estate ecosystem.

Benefits to our Clients

We believe the benefits of our solutions for our clients include the following:

Increased revenues: Our data analytics and on demand software solutions enable our clients to increase their revenues and optimize operational yields by improving their sales and marketing effectiveness; pricing and occupancy; and collection of rental payments, utility expenses, late fees, and other charges. Additionally, our solutions enable our clients to realize new sources of revenue from complementary solutions and services.

Reduced operating costs: Our data analytics and on demand software solutions help our clients reduce costs and optimize operational yields by streamlining and automating many ongoing property management functions; centralizing and controlling purchasing by on-site personnel; and transferring costs from the site to more efficient, centrally managed operations. Our on demand delivery model also reduces a rental property’s operating costs by eliminating the need to own and support the applications or associated hardware infrastructure. In addition, our integrated solutions consolidate the initial implementation and training costs and ongoing support associated with multiple applications. This is particularly important for rental real estate professionals who want to reduce enterprise-class IT infrastructure, support, and staff training.

Improved quality of service for renters and prospects: Our solutions improve the level of service that rental real estate properties provide to renters and prospects by enabling certain types of transactions to be completed online; expediting the processing of rental applications, maintenance service requests, and payments; and increasing the frequency and quality of communication with their renters and prospects. This provides higher renter satisfaction and increased differentiation from competing properties that do not use our solutions while optimizing operational yields.

Streamlined and simplified property management business processes: Our platform provides integrated solutions for managing a wide variety of property management processes that have traditionally been managed by separate manual or disaggregated applications. Our on demand software solutions utilize common authentication that enables data sharing and workflow automation of certain business processes, thereby eliminating redundant data entry and simplifying many recurring tasks. The efficiency of our solutions allows for optimization of operational yields.

Greater visibility into real estate investment portfolio. Our portfolio management solutions are designed specifically for general partners, limited partners, property management professionals, and other real estate investment firms. These solutions allow stakeholders to quickly combine financial and operating metrics based upon portfolio attributes to evaluate performance, trends, and operations across a portfolio, as well as facilitate the assessment of potential asset management strategies. These solutions provide an unprecedented level of visibility into a real estate portfolio, including information down to the property level, and are designed to work with any property management system. Our portfolio management solutions provide stakeholders the critical information necessary to maximize investment returns and prudently allocate and harvest capital investment.

Ability to integrate third-party products and services. Our open architecture and application framework facilitate the integration of third-party applications and services into our solutions. This enables our clients to conduct these business functions through the same system that they already use for many of their other tasks and to leverage the same repository of lease transaction data, including prospect, renter, and property data, which supports our solutions.

Increased visibility into property performance. Our platform of data analytics and on demand software solutions enable rental real estate owners, managers, and investors to gain a comprehensive view of the operational and financial performance of each of their properties. Our solutions provide a library of standard reports, dashboards, scorecards, and alerts, and we also provide interfaces to several widely used report writers and business intelligence tools. We maintain a massive repository of real-time lease transaction data, subsets of which can be utilized to factor rental payment history into applicant screening processes and to create more accurate supply and demand models and statistically-based price elasticity models to improve price optimization. This enables our clients to optimize both operational yields and investment returns.

Simple implementation and support. Our platform of solutions includes pre-configured extensions that meet the specific needs of a variety of property types and can be easily tailored by our clients to meet more specific requirements of their properties and business processes. We strive to minimize the need for professional consulting services to implement our solutions and train personnel.

Improved scalability. We host our solutions for our clients, thereby reducing or eliminating our clients' costs associated with expanding or contracting IT infrastructure as their property portfolios evolve. We also bear the risk of technological obsolescence because we own and manage our data center infrastructure and are continually upgrading it to newer generations of technology without incremental cost to our clients.

Competitive Strengths of our Solutions

The competitive strengths of our solutions are as follows:

Integrated on demand software platform based on a repository of real-time lease transaction data. Our solutions are delivered through an integrated on demand software platform that provides a single point of access via the Internet with a common repository of lease transaction data, including prospect, renter, and property data, which permits our solutions to access requested data through offline data transfer or in real-time.

Large and growing apartment real estate ecosystem. At December 31, 2019, our client base of over 29,800 clients used one or more of our integrated data analytics or on demand software solutions to help manage the operations of approximately 18.5 million rental real estate units. Our solutions automate and streamline many of the recurring transactions and interactions among this large and expanding apartment real estate ecosystem, including prospect inquiries, applications, monthly rent payments, and service requests. As the number of constituents of the apartment real estate ecosystem increases, the volume of lease transaction data in our repository and its value to the constituents of the ecosystem grows.

Comprehensive platform of data analytics and on demand software solutions and services for the rental real estate industry. Our platform of solutions and services provides a broad range of analytical and on demand capabilities for managing the renter life cycle and core operational processes for property management. This integrated, on demand platform enables our clients to optimize operational yields and investment returns.

Precision data analytics and price optimization tools based on in-depth lease transaction data. The combination of our massive pool of lease transaction data, our expertise in apartment marketing dynamics, our data science team that can extract actionable insights, and our forecasting abilities creates a unique competitive advantage. Our statistical-based modeling and forecasting solutions provide our clients with granular, market-specific intelligence which facilitates the optimization of operational yields and returns on investment.

Open cloud computing architecture. Our cloud computing architecture enables our solutions to interface with our clients' existing systems and allows our clients to outsource the management of third-party business applications. This open architecture enables our clients to buy our solutions incrementally while continuing to use existing third-party solutions, allowing us to shorten sales cycles and increase adoption of our solutions within our target markets.

Deep rental real estate industry expertise. We have been serving the rental real estate industry exclusively for over 20 years, and the members of our senior management team have extensive experience in the rental real estate industry. We

design our solutions based on our extensive expertise, insight into industry trends and developments, and property management best practices that help our clients simplify the challenges of owning and managing rental properties.

Experienced management team with strong integrating and operating track record. We have a highly seasoned and effective management team with extensive expertise in the rental real estate industry. By leveraging this expertise and knowledge, we have developed, and continue to improve, data analytics and on demand software solutions which help our clients simplify the challenges of owning and managing rental properties, increase operational yields, and make better capital placement and harvesting decisions. Our management team has a proven ability to acquire and integrate complementary businesses and technologies, as demonstrated by the over 45 acquisitions we have completed since July 2002. We continue to attract and retain experienced management talent to support our growth.

Our Strategy

We plan to continue to leverage our platform of solutions and industry presence to maintain our position as a leading provider of technology solutions to the real estate industry. The key elements of our strategy to accomplish this objective are as follows:

Acquire new clients: We intend to actively pursue new client relationships with property management professionals and investors that do not currently use our solutions. In addition to marketing our property management solutions, we will seek to sell our software-enabled, value-added services to clients of other third-party property management systems by utilizing our open architecture to facilitate integration of our solutions with those systems.

Increase the adoption of the RealPage platform: Many of our clients rely on our platform to manage their daily operations and track all of their critical prospect, renter, and property information. Additionally, some of our clients utilize our software-enabled, value-added services to complement third-party Enterprise Resource Planning (“ERP”) systems. We have continually introduced new software-enabled, value-added services to complement our platform of solutions and marketed our on demand solutions to our clients who are utilizing third-party ERP systems. We believe that the penetration of our on demand software solutions to date has been modest, and significant potential exists for additional on demand revenue from sales of these solutions to our client base. We have significant opportunities to further leverage the critical role that our solutions play in our clients’ operations by increasing the adoption of our platform of solutions and value-added services within our existing client base, and we intend to actively focus on up-selling and cross-selling our solutions to our clients.

Add new features and functionality to our real estate industry platform: We believe that we offer the most comprehensive platform of data analytics and on demand software solutions for the rental real estate industry. Our platform enables our clients to control many aspects of the residential rental property management process. We are able to add new capabilities that further enhance our platform, and we intend to continue developing and introducing new solutions to sell to both new and existing clients. These solutions may include localized solutions to support our clients as they grow their international operations. We also intend to develop new relationships with third-party application providers that can use our open architecture to offer additional product and service capabilities to their clients through our platform.

Pursue acquisitions of complementary businesses, products, and technologies: Since July 2002, we have completed over 45 acquisitions that have enabled us to expand our platform, enter into new rental property markets, and expand our client base. We intend to continue to pursue acquisitions of complementary businesses, products, and technologies. We continue to selectively evaluate our capital allocation strategy to focus on the most efficient sources of capital available to us for the acquisition of businesses and technologies that may help us accomplish these and other strategic objectives.

Solutions and Services

Our platform is designed to serve as a single system of record for all of the constituents of the rental real estate ecosystem; to support the entire renter life cycle, from prospect to applicant to residency or guest to post-residency or post-stay; and to optimize operational yields and returns on investment. Common authentication, workflow, and user experience across solution categories enables each of these constituents to access different applications as appropriate for their roles.

Our platform consists of four primary categories of solutions: Property Management, Leasing and Marketing, Resident Services, and Asset Optimization. These solutions provide complementary asset performance and investment decision support; risk mitigation, billing and utility management; resident engagement, spend management, operations and facilities management; and lead generation and lease management capabilities that collectively enable our clients to manage all the stages of the renter life cycle. Each of our solution categories includes multiple product centers that provide distinct capabilities that can be bundled as a package or licensed separately. Each product center integrates with a central repository of lease transaction data, including prospect, renter, and property data. In addition, our open architecture allows third-party applications to access our solutions using our RealPage Exchange platform.

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

- conventional single family properties;
- conventional multifamily properties;
- affordable Housing and Urban Development (“HUD”) properties;
- affordable tax credit properties;
- rural housing properties;
- privatized military housing;
- commercial properties;
- student housing;
- senior living;
- homeowner association properties;
- short term rentals;
- vacation rentals; and
- institutional.



Property Management

Our property management solutions are referred to as ERP systems. These solutions manage core property management business processes, including leasing, accounting, budgeting, purchasing, facilities management, document management, and support and advisory services. The solutions 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. Our property management solution category consists of these primary solutions: OneSite, Propertyware, Buildium, RealPage Financial Services, Kigo, Spend Management Solutions, SmartSource IT, and EasyLMS.

OneSite

OneSite is our flagship on demand property management solution for multifamily properties and is tailored to the specific needs of different property types (conventional multifamily, affordable properties, rural housing, privatized military housing, senior living, student living, and commercial). OneSite offers functionality that generates lease documents, manages service requests, measures acuity of senior residents, enables senior community management, and manages procurement activities.

Propertyware

Propertyware is our on demand property management system for single-family properties and small, centrally managed multifamily properties. Propertyware functionality includes accounting, maintenance and work order management, marketing, spend management, and portal services. In addition, we offer our screening and payment solutions through our Propertyware brand to single family and small, centrally managed multifamily properties.

Buildium

Buildium is our on demand property management solution for the small and medium-size (“SMB”) market segment, which includes small multifamily, single-family, associations (HOA and condo) and commercial real estate market segments. Buildium provides easy-to-use customer support and rapid self-provisioning. We acquired Buildium in 2019 to expand this platform, incorporating “click-on” capabilities that (i) improve the renter leasing and living experience, (ii) improve the recovery of utility fees, (iii) enhance payment processing capabilities, (iv) enhance risk management through resident screening capabilities, and (v) expand insurance offerings.

RealPage Financial Services

RealPage Financial Services is an on demand offering of products and services for all back office accounting. The RealPage Financial Suite includes budgeting, property accounting, corporate accounting, job cost, and investment accounting. SmartSource Accounting provides for full outsourcing of back office accounting services.

Kigo

Kigo is our on demand vacation rental property management system. Kigo offers solutions for vacation rental property management that include vacation rental calendars, scheduling, reservations, accounting, channel management, website design, payment processing, and other tasks to aid the management of leads, revenue, resources, and lodging calendars.

Spend Management Solutions

Our spend management solutions enable property owners and managers to better control costs. Spend management functionality includes purchase order automation; automated approval workflows, including mobile approvals; eProcurement solutions and services leveraging our volume to negotiate vendor discounts; budget and spend limit controls; centralized expense reporting; invoice management; bid management for capital projects; and automated vendor compliance tools.

SmartSource IT

SmartSource IT provides outsourced IT management and support services to allow property owners and managers to focus on core competencies and scale operations as portfolios adjust with lower risk and greater flexibility, enhancing end user productivity. SmartSource IT services include end user desktop support for both corporate and property employees, IT purchasing, Office 365 license management, server hosting, and resident technology services. This robust set of IT services reduces IT complexity and lowers the total cost of technology ownership while providing superior security and performance.

EasyLMS

EasyLMS is a learning management system for property management professionals and their staff. EasyLMS substantially reduces training time by compartmentalizing subject matter and disseminating lessons in 10 to 15 minute increments for easier consumption during the workday. The system also incorporates gamification and active engagement to enhance the effectiveness of the learning solution and knowledge retention.

Leasing and Marketing

Leasing and marketing solutions aim to optimize marketing spend and the leasing process. These solutions manage core leasing and marketing processes, including websites and syndication, paid lead generation, organic lead generation, lead management, automated lead closure, lead analytics, real-time unit availability, automated online apartment leasing, applicant screening, and creative content design. Our leasing and marketing solutions category consists of the following primary solutions: Online Leasing, Contact Center, Websites & Syndication, Intelligent Lease Management, LeaseLabs, AI Resident Screening and MyNewPlace.

Online Leasing

Online Leasing is our on demand leasing platform that transacts the entire leasing process online. Among other functions, the platform utilizes widgets that enable renters to confirm unit availability, generate a price quote, apply for residency, and fully execute a lease.

Contact Center

Contact Center is our 24/7 on demand lead closure and resident maintenance support solution. Contact Center provides both live agent and automated platforms. Communication channels and functionality include call, web chat, email with instant call reply, email for leasing, as well as RealPage Live Agent calls and answer automation for maintenance support. Contact Center is a strategic service partner offering a combination of people, process, and technology to track all leads, schedule visits, and capture emergency and non-emergency maintenance requests on behalf of our clients.

Websites & Syndication

Websites and Syndication anchor our on demand organic lead generation platform. Functionality includes property website design and enhanced search engine optimized (“SEO”) content (e.g. high-resolution photography, video tours, animated tours, 3D floor plans, and interactive site maps), mobile applications and integration with online leasing to drive traffic and lead quality. Syndication tools ensure consistency across multiple marketing channels and include classified directory campaign services, renter social referrals, reputation management, surveys, real-time reporting, and enhanced lead management.

Intelligent Lease Management (“ILM”)

Acquired in 2017, ILM is a leading product in the multifamily industry that scores every inbound and outbound interaction with prospective renters to enhance leasing performance. The solution also provides near-real-time metrics to deliver insight into the effectiveness of a community’s marketing and advertising sources in attracting qualified prospects.

LeaseLabs

LeaseLabs provides digital marketing services and software. We acquired LeaseLabs, Inc. (“LeaseLabs”) in 2018 to extend our marketing platform by adding marketing analytical services, creative content design, direct marketing through social media channels, reputation management and geo-targeting solutions. LeaseLabs combined with our other solutions provide (i) marketing content, content management, and digital rights management from PropertyPhotos.com, (ii) websites and microsites, and (iii) ILM. This combined offering will be branded as the Go Direct Marketing Suite.

AI Resident Screening

Screening is part of our risk mitigation platform to reduce rental payment delinquency. RealPage AI Screening, the first AI-based screening algorithm built specifically for the multifamily industry, enables property management companies to identify high-risk renters with greater accuracy and speed that exceeds the performance of traditional scoring models in the industry. The AI Screening algorithm combines data-derived renter insights, machine learning techniques, RealPage’s massive, proprietary database of renter outcomes and consumer financial data to more precisely predict a renter’s financial performance over the course of a lease. The model delivers proven reduction of bad debt and financial loss to owners and operators without negative impact to occupancy or revenue.

MyNewPlace

MyNewPlace is a paid lead generation site that helps renters find rental housing options utilizing functionality that includes enhanced photography, 3D floor plans, SEO-enhanced descriptions, and neighborhood information. Our acquisition of Lease Rent Options in 2017 included the Rent Jungle product, which added additional functionality to our lead generation and leasing solutions.

Resident Services

Our resident services solutions provide a platform to optimize the transactional and social experience of prospects and renters, and enhance a property’s reputation. These solutions facilitate core renter management business processes including utility billing, renter payment processing, service requests, lease renewal, renter’s insurance, and consulting and advisory services. Our resident services solution category primarily consists of the following solutions: Resident Utility Management, SimpleBills, Resident Payments, ActiveBuilding, Contact Center Maintenance, and Renter’s Insurance.

Resident Utility Management

Resident Utility Management is our on demand billing and utility management platform. In 2016, we augmented our utility management solutions with the acquisition of NWP Services Corporation (“NWP”), and we further expanded the service through our acquisition of American Utility Management (“AUM”) in 2017. In 2018, we acquired BluTrend, LLC (“BluTrend”) to expand our utility management platform with automation technology that speeds up invoice processing by extracting invoice data directly from utility companies, thereby eliminating the time to mail invoices. Combining the complementary functionalities of these solutions with our existing platform offers our clients automated convergent billing, utility invoice processing, utility cost management, automated energy recovery, infrastructure services (e.g., accounting, community energy, media, data, and telecom), the ability to benchmark energy consumption and cost, and sub-metering services.

SimpleBills

SimpleBills is our on demand utility management solution dedicated to the student housing market. We acquired SimpleBills in 2019 to expand our Resident Utility Management family of products. SimpleBills' solution bills and collects from residents directly, allowing students to split water, electric, gas, cable bills and other shared utilities among roommates, as well as manage their utilities easily without paying deposits, utility provider setup fees, or contacting providers. Because of SimpleBills' direct relationship with students, (i) properties can experience significant time savings, as site staff can avoid tedious billing tasks, and (ii) RealPage can deploy it independently of any student solutions companies already use, saving the time and expense of integration. Companies can then fully outsource their utility needs to RealPage.

Resident Payments

Payments is our on demand payment-processing platform that enables electronic collection of rent and other payments. Provided through our RealPage Payments subsidiaries with both operator and renter processing options for fee reduction, the platform accommodates the processing of multiple payment types including check, money order, automated clearing house ("ACH"), debit cards, and credit cards. Our acquisition of ClickPay Services, Inc. ("ClickPay") in 2018 significantly expands our footprint into the HOA owner-occupied segment of real estate, broadens our presence in the New York metropolitan market and solidifies the integration of our front-end leasing platform into third-party property management systems.

ActiveBuilding

ActiveBuilding is our on demand resident portal solution for facilitating renter transactions, social engagement, and community management. The solution features an industry-specific eCommerce platform that allows residents to pay for amenities, spaces and events directly, enabling multifamily property managers to generate revenue from their existing assets and through third-party service providers. Transactions are facilitated by a mobile app, custom-branded to the property, that enables residents to make purchases and manage apartment-related needs easily and conveniently. The solution provides additional benefits to property management companies including an increased likelihood of resident lease renewal and freeing of staff time as a result of residents performing more apartment-related tasks on their own.

Contact Center Maintenance

Contact Center Maintenance is our on demand platform for service request management. Functionality from the platform includes service call, email, and chat routing technology; service request tracking; and remote agent staffing, on a permanent or overflow basis to optimize the service request process. Enhancements include automated answering services and other features that amplify the ability of multifamily property managers to communicate with their residents.

Renter's Insurance

Renter's Insurance is part of our risk mitigation platform to reduce liability and property damage risk. The platform offers liability and content protection renter's insurance under the consumer-facing brand name "eRenterPlan." Liability policies protect property owners and managers against financial loss due to renter-caused damage, while content protection provides additional coverage for a renter's personal belongings in the event of loss. We also offer insurance and security deposit alternative products that satisfy lease obligations through DepositIQ, obtained in the On-Site Manager acquisition in 2017, and LeaseTerm Solutions which we acquired in 2019.

Asset Optimization

Our asset optimization solutions aim to optimize property financial and operational performance and provide comprehensive analytics-based decision support for optimum investment performance throughout the phases of real estate investment (e.g., acquisition, operation, renovation, and disposition). These solutions facilitate core asset management, business intelligence, performance benchmarking and investment analysis including real-time yield management, revenue growth forecasting, key variable sensitivity forecasting, internal operating metric benchmarking and external market benchmarking. Our asset optimization solution category consists of these primary solutions: YieldStar Revenue Management, Business Intelligence, and Asset and Investment Management.

YieldStar Revenue Management

YieldStar is our on demand yield management platform. The platform includes real-time statistical models leveraging a repository of lease transaction data to calculate optimal rent for each rental unit, pricing management advisory services, and MPF Research, an apartment market research database. The data coverage and forecasting capabilities of YieldStar were expanded through our 2017 acquisitions of Axiometrics and Lease Rent Options. Augmenting our data science talent and modeling tools through these acquisitions allows our customers to achieve better harvesting and placement of capital in the rental housing industry.

Business Intelligence

Business intelligence is our on demand business intelligence platform designed to enable property owners and managers to outperform their peers. In 2018, we acquired Rentlytics, Inc. (“Rentlytics”) to expand our business intelligence and performance analytics platform to provide owners and operators with normalized data across multiple third-party systems in order to resolve system incompatibility, data accuracy issues and time-to-analysis delays. Business intelligence functionality includes easy-to-use customized internal reporting at any aggregation level and during any time horizon, simultaneously leveraging operational, financial and marketing data. In addition, the platform includes a robust peer-benchmarking component that leverages a massive repository of lease transaction data for assessing both internal and external market performance metrics, economic tools for revenue forecasting, and key operating variable forecasting.

Asset and Investment Management

Asset and Investment Management (“AIM”) is an integrated analytics and visualization platform providing stakeholders in the private and public capital markets with increased transparency into their investment portfolios. AIM is the integrated platform stemming from the acquisitions of AssetEye in 2016, Hipercept and Investor Management Services (“IMS”) in 2019, as well as internal RealPage development efforts. The platform is comprised of five key capabilities, including Investment Management, Asset Management, Asset Modeling, Business Intelligence, and Investor Reporting. These five capabilities are anchored by a common global data warehouse that leverages a unified data structure to align stakeholders in the investment ecosystem to collect, share, analyze, and report on performance of the investment, portfolio, and asset.

Professional Services

We have developed repeatable, cost-effective consulting and implementation services to assist our clients in taking advantage of our capabilities and solutions. 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 customers to facilitate the smooth transition and operation of our solutions.

We offer training programs for training administrators and onsite property managers on the use of our solutions. Training options include regularly hosted classroom and online instruction (through our online learning courseware), as well as online webinars. Our clients can integrate their own training content with our content to deliver an integrated and customized training program for their on-site property managers.

On Demand Delivery Infrastructure

Our IT infrastructure operates four redundant 40 GBPS dedicated fiber links connecting data centers containing hundreds of servers and multiple storage area networks. This architecture makes it possible to expand the data center incrementally with little or no disruption as more users or additional applications are added. With approximately 8,500 virtual servers, 800 physical servers and 14.5 petabytes of data storage, we leverage this infrastructure and massive repository of lease transaction data to power our platform of solutions.

Our infrastructure is based on an open architecture that enables end users and third-party applications to access our suite of property management-based software-as-a-service (“SAAS”) hosted applications through our public and private web services, web applications and application program interfaces (“APIs”). Billions of web transactions are processed per business day through our SAAS offering hosted on this expandable and open architecture based interface.

As of December 31, 2019, we employed approximately 250 employees who were responsible for maintaining data security, integrity, availability, performance and business continuity in our cloud computing facilities. We annually obtain a Service Organization Controls audit performed under Statements on Standards for Attestation Engagements No. 18 on a specified set of internal controls. Certain clients conduct separate business continuity audits of their own.

In addition to our production data centers, we manage a separate development and quality assurance testing facility used to control the pre-production testing required before each new release of our on demand software. We typically deploy new releases of the software underlying our on demand software solutions on a monthly or quarterly schedule depending on the solution.

RealPage Support

Our clients can access our support professionals by phone, web, chat or email for assistance in resolving issues and general questions about our solutions. We offer two product support options: Standard and Platinum Support. Standard Support includes product support during business hours Monday through Friday. Platinum Support includes the features of Standard Support, with customized engagement that includes a designated senior product support liaison. We also sponsor the RealPage User Group to facilitate communications between us and our community of users. The RealPage User Group is governed by a

steering committee of our clients, which consists of two positions and subcommittee chairs, each representing a RealPage product center or group of product centers.

Product Development

We devote a substantial portion of our resources to developing new solutions and enhancing existing solutions, conducting product and quality assurance testing, improving core technology, and strengthening our technological expertise in the rental real estate industry. We typically deploy new releases of the software underlying our on demand software solutions on a monthly or quarterly schedule depending on the solution. As of December 31, 2019, our product development group consisted of approximately 650 employees in the United States and 790 employees located primarily in Hyderabad, India; Manila, Philippines; and Cebu City, Philippines. Product development expense totaled \$112.2 million, \$118.5 million and \$89.5 million during the years ended December 31, 2019, 2018, and 2017, respectively.

Sales and Marketing

We sell our rental real estate software and services through our direct sales organization. We organize our sales force by geographic region, size of our prospective clients, and property type. We believe this focus provides a higher level of service and understanding of our clients' unique needs. Our typical sales cycle with a prospective client begins with the generation of a sales lead through Internet marketing, email campaigns, telemarketing efforts, trade shows, or other means of referral. The sales lead is followed by an assessment of the prospective client's requirements, sales presentations, and product demonstrations. Our sales cycle can vary substantially from client to client but typically requires three to six months for larger clients and one to six weeks for smaller clients.

In addition to new client sales, we sell additional solutions and consulting services to our existing clients to help them more efficiently and effectively manage their properties as the rental real estate market evolves and competitive conditions change.

We generate qualified client leads, accelerate sales opportunities, and build brand awareness through our marketing programs. Our marketing programs target property management company executives, technology professionals, and senior business leaders. Our marketing team focuses on the unique needs of clients within our target markets. Our marketing programs include the following activities:

- field marketing events for clients and prospects;
- participation in, and sponsorship of, user conferences, trade shows, and industry events;
- client programs, including client user meetings and our online client community;
- online marketing activities, including online advertising and SEO, email campaigns, web campaigns, white papers, free product trials and demos, webcasts, case studies, and the use of social media, including blogging, Facebook, LinkedIn, and Twitter;
- public relations;
- use of our website to provide product and company information, as well as learning opportunities for potential clients; and
- ongoing consumer email marketing campaigns that drive adoption of transactional products, such as online payments and renter's insurance, by residents on behalf of our property management clients.

We host an annual user conference where clients both participate in and lead various types of sessions and planned discussions designed to help accelerate business performance through the use of our integrated platform of solutions. The conference features a variety of client speakers, panelists, and presentations focused on businesses of all sizes. The event also brings together our clients, technology vendors, service providers, and other key participants in the rental real estate industry to exchange ideas and best practices for improving business performance. Attendees gain insight into our product plans and participate in interactive sessions that give them the opportunity to provide input into new features and functionality.

Strategic Relationships

We maintain relationships with a variety of technology vendors and service providers to enhance the capabilities of our integrated platform of solutions. This approach allows us to expand our platform and client base and to enter new markets. We have established the following types of strategic relationships:

Technology Vendors

We have relationships with a number of leading technology companies whose products we integrate into our platform or offer to complement our solutions. The cooperative relationships with our software and hardware technology partners allow us to build, optimize, and deliver a broad range of solutions to our clients.

Service Providers

We have relationships with a number of service providers that offer complementary services that integrate into our platform and address key requirements of rental property owners and managers, including credit card and ACH services, transaction processing capabilities, and insurance underwriting services.

Clients

We are committed to developing long-term client relationships and working closely with our clients to configure our solutions to meet the evolving needs of the rental real estate industry. Our clients include REITs, leading property management companies, fee managers, regionally based owner operators, vacation property owners, and service providers. As of December 31, 2019, we had over 29,800 clients who used one or more of our on demand software solutions to help manage the operations of approximately 18.5 million rental real estate units. Our clients include each of the ten largest multifamily property management companies in the United States, ranked as of January 1, 2019 by the NMHC, based on number of units managed. For the years ended December 31, 2019, 2018 and 2017, no one client accounted for more than 10% of our revenue. Revenues for our largest client were 6.1%, 5.9%, and 6.2% of total revenues for the years ended December 31, 2019, 2018, and 2017, respectively.

Intellectual Property

We rely on a combination of copyright, trademark, and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect our proprietary rights. These laws, procedures, and restrictions provide only limited protection. We currently have a limited number of patents and pending patent applications. In the future, we may file additional patent applications, but patents may not be issued with respect to these patent applications, or if patents are issued, 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.

We endeavor to enter into agreements with our employees and contractors and with parties with whom we do business in order to limit access to and disclosure of our proprietary information. We cannot be certain that the steps we have taken will prevent unauthorized use or reverse engineering of our technology. Moreover, others may independently develop technologies that are competitive with ours or that infringe on our intellectual property. The enforcement of our intellectual property rights also depends on any legal actions against these infringers being successful, but these actions may not be successful, even when our rights have been infringed.

Furthermore, effective patent, trademark, trade dress, copyright, and trade secret protection may not be available in every country in which our solutions are available over the Internet. In addition, the legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights are uncertain and still evolving.

Employees

As of December 31, 2019, we had approximately 7,000 employees. We believe that our success is attributable in large part to our employees and an experienced management team, many members of which have years of industry experience in building, implementing, marketing, and selling property management solutions critical to business operations. Our future performance depends upon the continued service of our key sales, marketing, technical, and senior management personnel and our continuing ability to attract and retain highly qualified personnel. We believe we have a corporate culture that attracts highly qualified and motivated employees. We consider our current relationship with our employees to be good. Our employees are not represented by a labor union and are not subject to a collective bargaining agreement.

Available Information

We maintain an Internet website at www.realpage.com. We make available, free of charge, on our website, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, as soon as reasonably practicable after providing such reports to the Securities and Exchange Commission ("SEC").

We file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, and other documents with the SEC under the Securities Exchange Act of 1934, as amended. The SEC maintains an Internet website that contains reports, proxy, and information statements and other information regarding issuers, including RealPage, Inc., that file electronically with the SEC. The public can obtain any document we file with the SEC at www.sec.gov. Information contained on, or connected to, our website is not incorporated by reference into this Annual Report on Form 10-K and should not be considered part of this Annual Report on Form 10-K or any other filing that we make with the SEC.

Item 1A. Risk Factors.

Financial 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 market acceptance;
- fluctuations in leasing activity by our clients;
- 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;
- the variable nature of our sales and implementation cycles;
- 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;
- our ability to integrate acquisitions in a cost-effective and timely manner;
- the timing of revenue and expenses related to recent and potential acquisitions or dispositions of businesses or technologies;
- changes in local economic, political and regulatory environments of our international operations;
- 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;
- our ability to hire and retain qualified key personnel, including particular key positions in our sales force and IT department;
- 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, utility billing, insurance, the Internet and e-commerce, licensing, telemarketing, electronic communications, consumer protection, the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), the Health Information Technology Economic and Clinical Health Act (“HITECH”), and state and local laws related to rent control or regulation;
- the amount and timing of operating expenses and capital expenditures related to the expansion of our operations and infrastructure;
- increase in the number or severity of insurance claims on policies sold by us;
- litigation and settlement costs, including unforeseen costs;
- new accounting pronouncements and changes in accounting standards or practices, particularly any affecting the recognition of subscription revenue or accounting for mergers and acquisitions; and
- changes in tax policy in the United States and globally that affect the deductibility of certain expenses and how our profits are taxed, including the “Tax Reform Act,” as defined below.

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.

If we are unable to continue 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 had approximately 7,000 employees and over 29,800 on demand clients as of December 31, 2019. We expect to continue to experience growth, including 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;
- attracting, retaining, training and motivating our employees, particularly technical, client service and sales personnel;
- enhancing our financial and accounting systems and controls;
- enhancing our information technology infrastructure, processes and controls;
- successfully completing system upgrades and enhancements;
- and
- managing expanded operations in geographically dispersed locations.

If we do not manage the size, complexity and diverse nature of our business effectively, we could experience product performance issues, delayed software releases and longer response times for assisting our 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.

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 are typically for a period of one or more years. 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.

Transactions relating to our Convertible Notes may adversely affect our financial condition and operating results.

Holders of the Convertible Notes are entitled to convert the Convertible Notes under certain conditions for specified periods at their option prior to the scheduled maturity of the Convertible Notes. When holders elect to convert their Convertible Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we are required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their Convertible Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Convertible Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The accounting method for convertible debt securities that may be settled in cash, such as the Convertible Notes, could have a material effect on our reported financial results.

In May 2008, the Financial Accounting Standards Board (“FASB”) issued FASB Staff Position No. APB 14-1, Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement), which has subsequently been codified as Accounting Standards Codification 470-20, Debt with Conversion and Other Options, which we refer to as ASC 470-20. Under ASC 470-20, an entity must separately account for the liability and equity components of the convertible debt instruments, such as the Convertible Notes, that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer’s economic interest cost. The effect of ASC 470-20 on the accounting for the Convertible Notes is that the equity component is required to be included in the additional paid-in capital section of stockholders’ equity on our Consolidated Balance Sheets, and the value of the equity component would be treated as original issue discount for purposes of accounting for the debt component of the Convertible Notes. As a result, we will be required to record a greater amount of non-cash interest expense in current periods presented as a result of the amortization of the discounted carrying value of the Convertible Notes to their face amount over the term of the Convertible Notes. We will report lower net income in our financial results because ASC 470-20 will require interest to include both the current period’s

amortization of the debt discount and the instrument's coupon interest, which could adversely affect our reported or future financial results, and the trading price of our common stock.

In addition, under certain circumstances, convertible debt instruments, such as the Convertible Notes, that may be settled entirely or partly in cash are currently accounted for utilizing the treasury stock method, the effect of which is that the shares issuable upon conversion of the Convertible Notes are not included in the calculation of diluted earnings per share except to the extent that the conversion value of the Convertible Notes exceeds their principal amount. Under the treasury stock method, for diluted earnings per share purposes, the transaction is accounted for as if the number of shares of common stock that would be necessary to settle such excess, if we elected to settle such excess in shares, are issued. We cannot be sure that the accounting standards in the future will continue to permit the use of the treasury stock method. If we are unable to use the treasury stock method in accounting for the shares issuable upon conversion of the Convertible Notes, then our diluted earnings per share would be adversely affected.

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

We have acquired new technology and domain expertise through multiple acquisitions, including our most recent acquisitions of Modern Message, Buildium, IMS, Simple Bills, Hipertext, LeaseTerm Solutions, Rentlytics, LeaseLabs, BluTrend, and ClickPay. We expect to continue making acquisitions in the future. 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 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 acquisition, or their infringement or alleged infringement of third-party intellectual property, contract or data access rights prior to the acquisition;
- difficulties in complying with new markets or regulatory standards to which we were not previously subject;
- delays in our ability to implement internal standards, controls, procedures and policies in the businesses we acquire; and
- adverse effects of acquisition activity on the key performance indicators we use to monitor our performance.

Our current acquisition strategy includes the acquisition of complementary businesses, products, and solutions. 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 certain of our acquired companies' 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 obtained 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.

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 or other factors 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 and our own processes related 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 uncertain 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.

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 closely 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.

We may require additional capital to support business growth or acquisitions, and this capital might not be available on terms acceptable to us or at all.

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 ownership dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. On May 29, 2018, we consummated an underwritten public offering of 8.05 million shares of our common stock, with total gross proceeds of \$458.9 million. In the third quarter of 2019, we entered into an Amended and Restated Credit Agreement (the "Amended Credit Facility"), and we had also entered into an amendment to our prior credit facility in the first quarter of 2018, each of which increased our borrowing capacity. Future debt financing could increase our interest expense and 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 Amended Credit Facility contains 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 Amended 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 Amended 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 Amended 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 Amended 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, a maximum Consolidated Senior Secured Net Leverage Ratio, and a minimum Consolidated Interest Coverage Ratio. See additional discussion of these requirements in Note 9 to the Consolidated Financial Statements under Item 8 of this Annual Report on Form 10-K. As of December 31, 2019, we were in compliance with all of the covenants under our Amended Credit Facility.

The Amended 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.

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 Amended Credit Facility was terminated, additional debt we could incur in the future may subject us to similar or additional covenants.

A significant decline in our cash flow could impair our ability to make payments under our debt obligations.

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 Amended Credit Facility. If we are unable to generate sufficient cash flow or otherwise obtain the funds necessary to make required payments under our Amended Credit Facility or Convertible Notes Indenture, or if we fail to comply with the requirements of our indebtedness, we could default under our Amended Credit Facility or Convertible Notes Indenture. Any default that is not cured or waived could result in the termination of the revolving commitments, the acceleration of the obligations under the Amended Credit Facility or Convertible Notes Indenture, an increase in the applicable interest rate under the Amended Credit Facility and a requirement that our subsidiaries that have guaranteed the Amended Credit Facility pay the obligations in full, and would permit our lenders to exercise remedies with respect to all of the collateral that is securing the Amended 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.

If we fail to remediate our material weakness or 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 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. During May 2018, we were the subject of a targeted email phishing campaign that led to a business email compromise, pursuant to which an unauthorized party gained access to an external third party system used by a subsidiary that we acquired in 2017. As a result, our management determined that the related control deficiencies constituted a material weakness. This material weakness was remediated during the quarter ended June 30, 2018.

During 2019 and subsequent to the filing of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, the Public Company Accounting Oversight Board (“PCAOB”) conducted an inspection of Ernst & Young LLP’s (“EY”) audit of our consolidated financial statements for the year ended December 31, 2018. In connection with this inspection, EY performed additional testing related to certain controls pertaining to our information technology (“IT”) systems and subsequently requested a reevaluation by management of those controls. As a result of this reevaluation, management identified, and we concluded, that certain individual control deficiencies over our information technology general controls (“ITGCs”), when viewed in combination, aggregated to a material weakness as of December 31, 2018. The material weakness did not result in any financial statement modifications and there have been no changes to our previously disclosed financial results. Upon identifying the individual control deficiencies, our management has been taking actions to remediate the deficiencies that in combination resulted in a material weakness and to improve the design and effectiveness of our ITGCs. We have completed certain of the remediation activities as of the date of this report and believe that we have strengthened our ITGCs to address the identified material weakness. However, control weaknesses are not considered remediated until new internal controls have been operational for a period of time, are tested, and management concludes that these controls are operating effectively. We will continue to monitor the effectiveness of these remediation measures and we will make any changes to the design of this plan and take such other actions that we deem appropriate given the circumstances. We expect to complete the remediation process as early as practicable in 2020.

If we fail to maintain proper and effective internal controls in the future, 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.

For more information on recently issued accounting standards, see Note 2 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

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 subsidiaries, we generate commission revenue from offering liability and renter’s insurance. We also sell additional insurance products, including auto and other personal lines insurance, to renters that buy renter’s insurance from us. These policies are ultimately underwritten by various insurance carriers. Some of the property owners and managers that participate in our programs opt to require renters to purchase rental insurance policies and agree to grant to us exclusive marketing rights at their properties. If demand for residential rental housing declines, property owners and managers may be forced to reduce their rental rates and to stop requiring the purchase of rental insurance in order to reduce the overall cost of renting. If property owners or managers cease to require renter’s insurance, elect to offer policies from competing providers or insurance premiums decline, our revenues from selling insurance policies will be adversely affected.

Additionally, one type of commission paid by insurance carriers to us 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 have acquired or 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 otherwise harm our business and operating results. This risk may be greater with regard to solutions acquired through acquisitions because the acquired entities may not have had the same practices and procedures that we have in place.

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 to applicable U.S. or foreign tax laws and regulations may have a material adverse effect on our business, financial condition and results of operations.

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 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.

The Tax Cuts and Jobs Act (“Tax Reform Act”), which was signed into law on December 22, 2017, contains significant changes to the U.S. federal income tax laws, including changes to the corporate tax rate, business-related deductions, and taxation of foreign earnings, among others, that are generally effective for taxable years beginning after December 31, 2017. Throughout calendar year 2018, the U.S. Treasury and certain states issued proposed and final legislation and clarifying guidance with respect to the various provisions of the Tax Reform Act. Additional legislation and guidance may still be issued in the future, which could have a material adverse impact on the value of our U.S. deferred tax assets, result in significant changes to currently computed income tax liabilities for past and current tax periods, and increase our future U.S. tax expense. The implementation by us of new practices and processes designed to comply with, and benefit from, the Tax Reform Act and its rules and regulations could require us to make substantial changes to our business practices, allocate additional resources, and increase our costs, which could negatively affect our business, results of operations and financial condition.

Operational Risks Related to Our Business

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 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.

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 increasing the number of units they own or manage 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 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. 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.

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;
- 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 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.

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 data centers in the Dallas, Texas area, but also from data centers located elsewhere in the United States and in Europe.

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 and 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.

Our products and services are hosted and supported from data centers in various geographic locations within the continental United States and Europe, and are operated by third-party providers. Our operations depend 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 these third party 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 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 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 business and operating results.

We compete in a number of markets including accounting software, property management software for multifamily, single family and commercial solutions, vertically-integrated cloud computing services, software-enabled value-added services including applicant screening, insurance, relationship management (“CRM”), marketing and web portals, Internet listing services, utility billing and energy management, revenue management, multifamily housing and commercial real estate market research, spend management, payment processing, affordable housing compliance and audit services and vacation rentals. The markets for many of our solutions are 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 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. Certain competitors compete with us in a number of areas, including Yardi, Inc., Entrata, Inc., MRI Software LLC, AppFolio, Inc., and CoStar Group, Inc. Other competitors compete with us with respect to a single product or category of products. We compete in various markets, with different competitive considerations in these various markets. In many of our markets we compete with a number of providers, including those who market specifically to multifamily, single family, and commercial real estate owners and property managers as well as other providers. 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 SmartSource IT, is based on an open architecture that enables third-party applications to access and interface with applications hosted in SmartSource IT through our RealPage Exchange platform. Likewise, through this platform our SmartSource IT 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.

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 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; Manila, Philippines; and Medellin, Colombia, 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, Manila, and Medellin increases the efficiency and decreases the costs of our related operations. We maintain an office in Barcelona, Spain where certain of our vacation rental product development, sales and support operations are based. We also maintain offices in London, England and Sydney, Australia, where we provide property management, online leasing and resident software solutions. We believe our access to a multilingual employee base enhances our ability to serve vacation and other rental property managers outside the United States and in non-English speaking countries. 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. Our product offerings outside the United States may not be profitable or otherwise successful. 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, including quarantines or other interruptions that affect our workforce as a result of an outbreak of the coronavirus in any of the locations where we operate, 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 utilize equipment, software and services from various third party 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 a third party. 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 service providers 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. We and our clients also rely on third-party hardware

manufacturers to manufacture the check scanning hardware which is utilized to process transactions. Some service providers are competitors who also directly or indirectly sell payment processing services to clients in competition with us. With respect to these service providers, we have significantly less control over the systems and processes than if we were to maintain and operate them ourselves. In some cases, functions necessary to our business are performed on proprietary third-party systems and software to which we have no access. We also generally do not have long-term contracts with these service providers. Accordingly, the failure of these organizations and service providers to renew their contracts with us or fulfill their contractual obligations and perform satisfactorily could result in significant disruptions to our operations and adversely affect operating results. In addition, the businesses we have acquired, or may acquire in the future, typically rely on other payment processing service providers. We may encounter difficulty converting payment processing services from these service providers to our payment processing platform. If we are required to find an alternative source for performing these functions, we may have to expend significant money, time and other resources to develop or obtain an alternative. If developing or obtaining an alternative is not accomplished in a timely manner and without significant disruption to our business, we may be unable to fulfill our responsibilities to clients or meet their expectations, with the attendant potential for liability claims, damage to our reputation, and loss of our ability to attract or maintain clients.

If our security measures are breached and unauthorized access is obtained to our software platform, service infrastructure, or our clients' or their renters' or prospects' data, we may incur significant liabilities, third parties may misappropriate our intellectual property or financial assets, 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 financial assets 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, have penetrated our service infrastructure in the past and are likely to attempt to do so in the future. Hackers may consist of sophisticated organizations, competitors, governments or individuals who launch targeted attacks to gain unauthorized access to our systems and financial assets. A hacker who is able to penetrate our service infrastructure could misappropriate proprietary or confidential information or financial assets or cause interruptions in our services. For example, during May 2018, as disclosed in our Form 10-Q for the quarter ended March 31, 2018, we were the subject of a targeted email phishing campaign that led to a business email compromise, pursuant to which an unauthorized party gained access to an external third party system used by a subsidiary that we acquired in 2017. The incident resulted in the diversion of approximately \$6.0 million of funds, net of recoveries, intended for disbursement to three clients. Although we

continue to vigorously pursue recovery of our losses and related expenses arising from this incident, there can be no assurance of recovery or of the timing of any such recovery.

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.

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.

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. 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.

Legal and Regulatory Risks Related to Our Business

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 us. These payments are settled through our sponsor banks, and in the case of EFT, our Originating Depository Financial Institutions, or ODFIs. The renter payments that we process for our clients at our sponsor banks are identified in our 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 ODIFs, will underwrite;
- reliance on sponsor banks, card payment processors and other payment service provider partners to process electronic transactions;
- failure by us or our sponsor banks 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 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;
- our inability to increase or modify our fees at times when sponsor banks, electronic payment partners or associations increase their transaction processing fees or impose restrictions on the type, structure or amount of fees we can charge;
- repricing actions taken by card associations or payment networks or imposed as a result of governmental regulation or due to competitive pressures, which could negatively impact the prices we can charge customers for our services; and
- inconsistent and conflicting laws, regulations and card association or payment network rules that may result in fee structures that cause consumer confusion, complaints or litigation.

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 and 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 sponsor 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 have a service provider agreement with a financial institution merchant service provider under which we are a registered independent sales organization, or ISO, of the merchant service provider. The merchant service provider acts as a merchant acquiring bank for processing our client credit card and debit card payments ("Card Payments"), and we serve as an ISO. As an ISO, we assume the underwriting risk for processing Card Payments on behalf of our clients. If we experience excessive chargebacks, either we or the merchant service provider 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. Our efforts to maintain these licenses 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.

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.

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

The software and technology industries are characterized by the existence of a large number of patents, copyrights, trademarks and trade secrets and by frequent litigation based on allegations of infringement, misappropriation, misuse and other violations of intellectual property rights. We have received in the past, and may receive in the future, communications from third parties claiming that we have infringed or otherwise misappropriated the intellectual property rights or terms of use of others. Our technologies may not be able to withstand any third-party claims against their use. Since we currently have a limited number of patents, we may not be able to use patent infringement as a defensive strategy in such litigation. Additionally, although we have licensed from other parties proprietary technology covered by patents, we cannot be certain that any such patents will not be challenged, invalidated or circumvented. If such patents are invalidated or circumvented, this may allow existing and potential competitors to develop products and services that are competitive with, or superior to, our solutions.

Many of our client agreements require us to indemnify our clients for certain third-party claims, such as intellectual property infringement claims, which could increase our costs of defending such claims and may require that we pay damages if there were an adverse ruling or settlement related to any such claims. These types of claims could harm our relationships with our clients, may deter future clients from purchasing our solutions or could expose us to litigation for these claims. Even if we are not a party to any litigation between a client and a third party, an adverse outcome in any such litigation could make it more difficult for us to defend our intellectual property in any subsequent litigation in which we are a named party.

Litigation could force us to stop selling, incorporating or using our solutions that include the challenged intellectual property or redesign those solutions that use the technology. In addition, we may have to pay damages if we are found to be in violation of a third party's rights. We may have to procure a license for the technology, which may not be available on reasonable terms, if at all, may significantly increase our operating expenses or may require us to restrict our business activities in one or more respects. As a result, we may also be required to develop alternative non-infringing technology, which could require significant effort and expense. There is no assurance that we would be able to develop alternative solutions or, if alternative solutions were developed, that they would perform as required or be accepted in the relevant markets. In some instances, if we are unable to offer non-infringing technology, or obtain a license for such technology, we may be required to refund some or the entire license fee paid for the infringing technology by our clients.

Our exposure to risks associated with the use of intellectual property may be increased as a result of acquisitions, as we have a lower level of visibility into the development process with respect to acquired technology or the care taken to safeguard against infringement risks. Such risks include, without limitation, patent infringement risks, copyright infringement risks, risks arising from the inclusion of open source software that is subject to onerous license provisions that could even require disclosure of our proprietary source code, or violations of terms of use for third party solutions that our acquisition targets use. Third parties may make infringement and similar or related claims after we have acquired technology that had not been asserted prior to our acquisition.

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

Our success depends 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 a limited number of issued patents and 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 that any future service mark or trademark registrations will be issued for pending or future applications or that any registered service marks or trademarks will be enforceable or provide adequate protection of our proprietary rights. If we are unable to secure new marks, maintain already existing marks and enforce the rights to use such marks against unauthorized third-party use, our ability to brand, identify and promote our solutions in the marketplace could be impaired, which could harm our business.

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

Additionally, 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 position 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, third parties have misappropriated data from our websites through website scraping, software robots or other means and aggregated this data on their websites with data from other companies. In addition, copycat websites have misappropriated data on our network and attempted to imitate our brand or the functionality of our website. When we have become aware of such websites, we have employed technological or legal measures in an attempt to halt their operations. However, we may be unable to detect all such websites in a timely manner and, even if we could, technological and legal measures may be insufficient to halt their operations. In some cases, particularly in the case of websites operating outside of the United States, our available remedies may not be adequate to protect us against the impact of the operation of such websites. Regardless of whether we can successfully enforce our rights against the operators of these websites, any measures that we may take could require us to expend significant financial or other resources, which could harm our business, results of operations or financial condition. In addition, to the extent that such activity creates confusion among consumers or advertisers, our brand and business could be harmed.

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, and other claims brought by administrative agencies, government regulators, or insurers.

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 Fair Credit Reporting Act ("FCRA"). We responded to the request and requests for additional information by the FTC. On November 2, 2017, the FTC staff informed

us of its belief that there was a basis for claims that could include monetary and injunctive relief against us for failing to follow reasonable procedures to assure maximum possible accuracy of our tenant screening reports. In October 2018, we reached a settlement with the FTC resolving all issues raised by the FTC related to this matter. Under the settlement, we paid \$3.0 million to the FTC and agreed to continue to comply with the FCRA. The settlement does not require any changes to our current business practices. We believe that our business practices did not, and do not, violate the FCRA or any other laws.

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 the insurer 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. 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 are currently involved in a dispute with our insurance carrier regarding coverage for a May 2018 targeted email phishing incident that led to a business email compromise and the diversion of funds totaling approximately \$6.0 million, net of recoveries, that were intended for disbursement to three of our clients. The insurance carrier made payment on a portion of our claim in January 2019, and while there can be no assurance of the final outcome, we intend to vigorously pursue repayment of the remaining losses. 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.

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 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 claims against us that exceeds available insurance coverage, could have a material adverse effect on our business, prospects, financial condition and results of operations.

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 us, our clients or our 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), the Americans with Disabilities Act, 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 us, 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 FCRA. We responded to the request and requests for additional information by the FTC. On November 2, 2017, the FTC staff informed us of its belief that there was a basis for claims that could include monetary and injunctive relief against us for failing to follow reasonable procedures to assure maximum possible accuracy of our tenant screening reports. We believe that our business practices did not, and do not, violate the FCRA or any other law. In October 2018, we reached a settlement with the FTC resolving all issues raised by the FTC related to this matter. Under the settlement, we paid \$3.0 million to the FTC and agreed to continue to comply with the FCRA. The settlement does not require any changes to our current business practices.

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 and 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. In July 2016, the U.S. and European Union entered into a new compliance framework, (the "Privacy Shield"), which was intended to replace the U.S.-EU Safe Harbor framework. The Privacy Shield is subject to review by European courts, and this creates some uncertainty regarding compliance with applicable privacy laws and regulations. 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 us. In May 2018, the General Data Protection Regulation ("GDPR") became effective in the European Union, and imposed new requirements and restrictions upon companies that process personal data of EU citizens. In June 2018, the State of California passed the California Consumer Privacy Act ("CCPA"), which created new requirements and restrictions for processing personal data of California citizens beginning January 1, 2020. If we are unable to meet the requirements of applicable privacy laws and regulations, the Privacy Shield, GDPR or CCPA with respect to our services subject to these provisions, we may incur monetary or other penalties which could harm our business or financial condition.

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.

Increased regulation is also likely in states and local jurisdictions related to rent control and rent regulation. During 2019, California, New York and Oregon each adopted state legislation that regulates rent pricing, and other states and municipalities are considering similar legislation. Such legislation impacts our clients' businesses as they determine rental rates, and could impact the supply of rental units over time in markets impacted by such regulation. The impact of restrictions on rental rates could also depress demand and pricing for certain of our products designed to enable our clients to evaluate market conditions in determining rental rates.

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

Through our wholly owned subsidiaries, 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 insurance business. In addition, we have appointed numerous sub-producing agents to generate insurance business for our products. These sub-producing agents primarily consist of property owners and managers who market insurance products to residents. The sub-producing agents are subject to the same state regulation and supervision, and we cannot ensure that these sub-producing agents will not violate these regulations, and thus expose our insurance 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 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 insurance business or fined or penalized in a given jurisdiction. No assurances can be given that our insurance business can continue to be conducted in any given jurisdiction as it has been conducted in the past.

We are 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, we 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 revenue and financial results will be adversely affected.

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 14.5% of our common stock as of December 31, 2019. Of such amount, 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 13.3% of our common stock as of December 31, 2019. Beneficial ownership is determined in accordance with the rules of the SEC. The number of shares of common stock deemed outstanding includes all shares of restricted stock and those shares issuable upon exercise of options that may be exercised within 60 days after December 31, 2019. This concentration of ownership may adversely affect the trading price of our common stock because investors often perceive disadvantages in owning stock in companies with large 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 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;
- 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;
- announcements of technological innovations, new solutions or enhancements, acquisitions, 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;
- changes in our board of directors or management;
- recruitment or departure of key personnel;
- 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.

Future sales of our common stock in the public market could lower the market price for our common stock.

In the future, we may sell additional shares of our common stock to raise capital. On June 5, 2018, we amended our certificate of incorporation to increase the number of authorized shares of common stock by 125,000,000 shares, bringing the total authorized shares of common stock to 250,000,000. On May 29, 2018, we consummated an underwritten public offering of 8.05 million shares of our common stock, with total gross proceeds raised of \$458.9 million. A substantial number of shares of our common stock is reserved for issuance of awards under our equity plan, and upon conversion of the Convertible Notes. We cannot predict the size of future issuances or the effect, if any, that they may have on the market price for our common stock. The issuance and sale of substantial amounts of common stock, or the perception that such issuances and sales may occur, could adversely affect the market price of our common stock and impair our ability to raise capital through the sale of additional equity.

The Note Hedges and Warrant transactions may affect the value of our common stock.

In connection with the pricing of the Convertible Notes, we entered into Note Hedges transactions with the option counterparties. We also entered into Warrant transactions with the option counterparties. The Note Hedges transactions are expected generally to reduce the potential dilution upon conversion of the Convertible Notes and/or offset any cash payments we are required to make in excess of the principal amount of Convertible Notes once converted, as the case may be. However, the Warrants could separately have a dilutive effect on our common stock to the extent that the market price per share of our common stock exceeds the strike price of the Warrants.

In connection with establishing their initial hedges of the Note Hedges and Warrants, the option counterparties or their respective affiliates expected to enter into various derivative transactions with respect to our common stock concurrently with or shortly after the pricing of the Convertible Notes. The option counterparties or their respective affiliates may modify any such hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of the Convertible Notes (and are likely to do so during any observation period related to a conversion of the Convertible Notes). This activity could also cause or avoid an increase or a decrease in the market price of our common stock.

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.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

At December 31, 2019, we leased approximately 457,000 square feet of space for our corporate headquarters in Richardson, Texas under a lease agreement that expires in August 2028 (with two 5-year renewal options). We also lease office space in a variety of other areas. These locations include, among others, the following: Irvine, California; San Diego, California; Lombard, Illinois; Boston, Massachusetts; Hackensack, New Jersey; Greenville, South Carolina; Hyderabad, India; Cebu, Philippines; and Manila, Philippines. We also license data center space and employ the services of cloud service providers at multiple locations in the U.S. and internationally. We believe our current and planned office and data center facilities will be adequate for the foreseeable future.

Item 3. Legal Proceedings.

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 (“FCRA”). We responded to the request and requests for additional information by the FTC. On November 2, 2017, the FTC staff informed us of its belief that there was a basis for claims that could include monetary and injunctive relief against us for failing to follow reasonable procedures to assure maximum possible accuracy of our tenant screening reports. We believe that our business practices did not, and do not, violate the FCRA or any other laws.

In October 2018, we reached a settlement with the FTC resolving all issues raised by the FTC related to this matter. Under the settlement, we paid \$3.0 million to the FTC and agreed to continue to comply with the FCRA. The settlement did not require any changes to our current business practices.

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, including purported class action lawsuits, that have not been fully resolved. At this time, we believe that any reasonably possible adverse outcome of such 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. See the risk factors “*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 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,*” and “*Legal proceedings against us could be costly and time consuming to defend*” in Part I, Item 1A of this Form 10-K under the heading “Risk Factors.”

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities.

Market Information and Holders

Our common stock is traded on the NASDAQ Global Select Market under the symbol “RP.” As of February 14, 2020, there were approximately 311 holders of record of our common stock. Restricted shares granted under our stock-based expense plans which have not yet vested are considered to be held by one holder. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, the number of record holders of our shares is not indicative of the total number of stockholders.

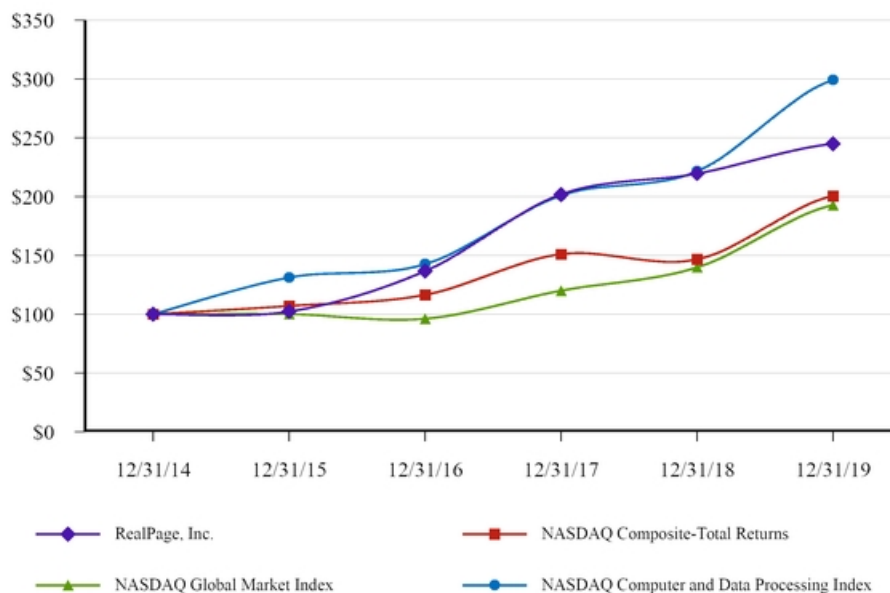
Dividend Policy

We have neither declared nor paid any cash dividends on our common stock in recent fiscal years. We do not expect to pay cash dividends on our common stock for the foreseeable future. Instead, we anticipate that all of our earnings will be used for the operation and growth of the business. Any future determination to declare cash dividends would be subject to the discretion of our board of directors and would depend upon various factors, including our results of operations; financial condition and liquidity requirements; restrictions that may be imposed by applicable law and our contracts; and other factors deemed relevant by our board of directors.

Performance Graph

The following graph compares the relative performance of our common stock, the NASDAQ Global Market Index, NASDAQ Composite, and the NASDAQ Computer and Data Processing Index. This graph covers the annual periods ending December 31, 2014 through December 31, 2019. In each case, this graph assumes a \$100 investment on the last trading day of the fiscal year ended December 31, 2014 (and reinvestment of all dividends, if any), in each of our common stock, the NASDAQ Global Market Index, NASDAQ Composite, and the NASDAQ Computer and Data Processing Index.

**Comparison of 5 Year Cumulative Total Return
Assumes Initial Investment of \$100
December 31, 2019**



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	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
RealPage, Inc.	\$ 100.00	\$ 102.23	\$ 136.61	\$ 201.73	\$ 219.45	\$ 244.77
NASDAQ Composite—Total Returns	100.00	106.96	116.45	150.96	146.67	200.50
NASDAQ Global Market Index	100.00	99.99	96.13	119.95	139.76	192.69
NASDAQ Computer and Data Processing Index	100.00	131.10	142.54	200.79	221.52	299.00

Issuer Purchases of Equity Securities

The following table provides information with respect to repurchases of our common stock made during the fourth quarter of 2019 by RealPage, Inc. or any “affiliated purchaser” of RealPage, Inc. as defined in Rule 10b-18(a)(3) under the Exchange Act:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
October 1, 2019 through October 31, 2019	—	\$ —	—	\$ 100,000,000
November 1, 2019 through November 30, 2019	133,758	53.35	133,758	92,864,176
December 1, 2019 through December 31, 2019	25,213	53.73	25,213	91,509,457
Total	158,971	\$ 53.41	158,971	\$ 91,509,457

⁽¹⁾ In October 2018, our board of directors approved a share repurchase program authorizing the repurchase of up to \$100.0 million of our outstanding common stock. The share repurchase program expired on October 25, 2019. In November 2019, our board of directors approved a new share repurchase program authorizing the repurchase of up to \$100.0 million of our outstanding common stock. The share repurchase program is effective through November 7, 2020.

Item 6. Selected Financial Data.

The following selected financial data is derived from our audited Consolidated Financial Statements. Over the last five fiscal years, we have acquired a number of companies as disclosed in Note 3 of the Consolidated Financial Statements under Item 8 of this Annual Report on Form 10-K. The results of our acquired companies have been included in our Consolidated Financial Statements since their respective dates of acquisition and have contributed to the growth in our results of operations. This information should be read in conjunction with our audited Consolidated Financial Statements, the related notes, and the information in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and included elsewhere in this Annual Report on Form 10-K. Our historical results are not necessarily indicative of our future results.

	Year Ended December 31,				
	2019	2018	2017	2016	2015
(in thousands, except per share data)					
Revenue:					
On demand	\$ 953,576	\$ 833,709	\$ 642,622	\$ 542,531	\$ 450,962
Professional and other	34,560	35,771	28,341	25,597	17,558
Total revenue	988,136	869,480	670,963	568,128	468,520
Cost of revenue	385,712	328,382	258,135	225,539	184,400
Amortization of product technologies	40,461	35,797	22,163	17,669	14,213
Gross profit	561,963	505,301	390,665	324,920	269,907
Operating expenses:					
Product development	112,222	118,525	89,452	73,607	68,799
Sales and marketing	193,962	166,607	140,473	122,457	111,944
General and administrative	123,056	118,208	112,975	85,013	68,814
Amortization of intangible assets	40,303	35,911	17,755	12,599	11,164
Impairment of intangible assets	—	—	—	—	20,801
Total operating expenses	469,543	439,251	360,655	293,676	281,522
Operating income (loss)	92,420	66,050	30,010	31,244	(11,615)
Interest expense and other, net	(31,862)	(31,750)	(14,769)	(3,758)	(1,449)
Income (loss) before income taxes	60,558	34,300	15,241	27,486	(13,064)
Income tax expense (benefit)	2,350	(425)	14,864	10,836	(3,846)
Net income (loss)	\$ 58,208	\$ 34,725	\$ 377	\$ 16,650	\$ (9,218)
Net income (loss) per share attributable to common stockholders:					
Basic	\$ 0.63	\$ 0.40	\$ 0.00	\$ 0.22	\$ (0.12)
Diluted	\$ 0.60	\$ 0.38	\$ 0.00	\$ 0.21	\$ (0.12)
Weighted average common shares outstanding:					
Basic	92,017	87,290	79,433	76,854	76,689
Diluted	96,282	91,531	82,398	77,843	76,689

	Year Ended December 31,				
	2019	2018	2017	2016	2015
(in thousands, except client and employee data)					
Consolidated Balance Sheet Data:					
Cash and cash equivalents ⁽¹⁾	\$ 197,154	\$ 228,159	\$ 69,343	\$ 104,886	\$ 30,911
Total current assets	\$ 635,530	\$ 540,753	\$ 308,579	\$ 297,455	\$ 221,943
Total assets ⁽²⁾	\$ 2,969,817	\$ 2,097,773	\$ 1,516,293	\$ 788,098	\$ 623,201
Total current liabilities	\$ 525,344	\$ 412,232	\$ 332,907	\$ 250,527	\$ 215,347
Total deferred revenue	\$ 138,941	\$ 125,606	\$ 122,160	\$ 95,891	\$ 91,179
Current and long-term debt ⁽²⁾	\$ 1,129,251	\$ 596,572	\$ 648,818	\$ 122,429	\$ 40,292
Total liabilities ⁽²⁾	\$ 1,796,891	\$ 1,034,749	\$ 1,014,418	\$ 403,335	\$ 296,749
Total stockholders' equity	\$ 1,172,926	\$ 1,063,024	\$ 501,875	\$ 384,763	\$ 326,452
Other Financial Data:					
Adjusted EBITDA ⁽³⁾	\$ 281,685	\$ 231,176	\$ 163,445	\$ 127,210	\$ 92,191
Operating cash flow	\$ 316,973	\$ 244,807	\$ 140,263	\$ 129,449	\$ 95,390
Capital expenditures	\$ 51,500	\$ 50,933	\$ 49,752	\$ 75,241	\$ 33,384
Selected Operating Data:					
Number of on demand clients at period end	29,814	12,266	12,414	11,042	11,998
Number of on demand units at period end	18,475	16,219	13,003	10,989	10,568
Total number of employees at period end	7,085	6,267	5,462	4,410	4,122

(1) Excludes restricted cash.

(2) We adopted ASU 2016-02, *Leases (Topic 842)* effective January 1, 2019. We used the optional transition method described in the *Recently Adopted Accounting Standards* section of Note 2, which eliminated the requirement to restate amounts presented prior to January 1, 2019. For periods prior to 2019, Current and long-term debt includes capital lease obligations in accordance with our historic accounting under ASC Topic 840. For 2019, Total assets include \$121.9 million of right-of-use assets, and Total liabilities include \$149.4 million of lease liabilities.

(3) A definition of this non-GAAP financial measure and a discussion of our use of it is included in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in this Annual Report on Form 10-K.

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The following table presents a reconciliation of net income (loss) to Adjusted EBITDA:

	Year Ended December 31,				
	2019	2018	2017	2016	2015
	(in thousands)				
Net income (loss)	\$ 58,208	\$ 34,725	\$ 377	\$ 16,650	\$ (9,218)
Acquisition-related deferred revenue	868	1,890	3,058	(949)	(2,157)
Depreciation, asset impairment, and loss on disposal of assets	36,724	35,211	27,752	25,813	44,385
Amortization of product technologies and intangible assets	80,764	71,708	39,918	30,268	25,377
Change in fair value of equity investment	(2,600)	—	—	—	—
Loss due to cyber incident, net of recoveries	—	4,952	—	—	—
Acquisition-related expense (income)	4,754	2,437	5,557	363	(1,841)
Organizational realignment	1,533	—	—	—	—
Regulatory and legal matters	1,465	78	11,012	—	2
Headquarters relocation costs	—	—	—	3,552	—
Stock-based expense	62,563	50,641	45,835	36,852	38,122
Interest expense, net	35,056	29,959	15,072	3,825	1,367
Income tax expense (benefit)	2,350	(425)	14,864	10,836	(3,846)
Adjusted EBITDA	<u>\$ 281,685</u>	<u>\$ 231,176</u>	<u>\$ 163,445</u>	<u>\$ 127,210</u>	<u>\$ 92,191</u>

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read together with “Selected Financial Data” and our audited Consolidated Financial Statements and accompanying notes included elsewhere in this filing. This discussion contains forward-looking statements, based on current expectations and related to our plans, estimates, beliefs, and anticipated future financial performance. These statements involve risks and uncertainties, and our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those set forth under “Risk Factors,” “Special Note Regarding Forward-Looking Statements,” and elsewhere in this filing.

Overview

We are a leading global provider of software and data analytics to the real estate industry. Clients use our platform of solutions to improve operating performance and increase capital returns. By leveraging data as well as integrating and streamlining a wide range of complex processes and interactions among the rental real estate ecosystem, our platform helps our clients improve financial and operational performance and prudently place and harvest capital.

The substantial majority of our revenue is derived from sales of our on demand software solutions, representing 96.5%, 95.9%, and 95.8% of our total revenue during 2019, 2018, and 2017, respectively. We also derive revenue from our professional and other services, and a small percentage of our revenue is derived from sales of our on premise software solutions. 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 licenses and associated maintenance agreements. For our insurance-based solutions, we earn revenue based on a commission rate that considers earned premiums, agent commission, incurred losses, and profit retained by our underwriting partner. 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. Our revenue has increased from \$869.5 million in 2018 to \$988.1 million in 2019. The increase in revenue was driven by growth in the sales of our on demand software solutions and incremental revenue from our recent acquisitions.

We believe there is increasing demand for solutions that bring efficiency and precision to the rental real estate industry, which has historically lacked the tools available to many other investment classes. While the use of, and transition to, data analytics and on demand software solutions in the rental real estate industry is growing rapidly, we believe it remains at a relatively early stage of adoption. Additionally, there is a modest level of penetration of our on demand software solutions in our existing client base. These factors present us with significant opportunities to generate revenue through sales of additional data analytics and on demand software solutions.

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 platform of solutions 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, commercial, hospitality, homeowner association, short-term rental and vacation rental markets. Since July 2002, we have completed over 45 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 data analytics and on demand solutions. As of December 31, 2019, we had approximately 7,000 employees.

Recent Developments

Credit Facility

In September 2019, we entered into an Amended and Restated Credit Agreement (the “Amended Credit Facility”) to amend and restate our prior credit facility. The Amended Credit Facility provides for \$600.0 million in aggregate commitments for secured revolving loans and up to \$600.0 million in term loans. The Amended Credit Facility extends the maturity date of the prior credit facility from February 27, 2022 to September 5, 2024 (subject to early maturity provisions in certain circumstances), reduces our borrowing costs, provides additional borrowing capacity, and increases covenant flexibility.

The Amended Credit Facility also allows us, subject to certain conditions, to request additional term loan commitments and/or additional revolving commitments in an aggregate principal amount of up to the greater of \$250.0 million or 100% of consolidated EBITDA (as defined within the agreement) for the most recent four fiscal quarters, plus an amount that would not cause our consolidated senior secured net leverage ratio to exceed 3.50 to 1.00.

Refer to Note 9 of the accompanying Consolidated Financial Statements for applicable definitions, further discussion of this amendment, and other terms and conditions of the Credit Facility.

Acquisition Activity

In November 2019, we entered into an Agreement and Plan of Merger and Stock Purchase Agreement (the “Merger Agreement”), by and among RealPage, Buildium, LLC (“Buildium”), and certain other parties named therein. We closed the transaction on December 18, 2019. Buildium is a SaaS real estate property management solution provider that targets the smaller multifamily, single-family, associations (homeowner and condominium) and commercial real estate market segments. Aggregate purchase consideration was \$569.4 million, including deferred cash obligations of up to \$3.4 million that will be released on the one year anniversary following the closing date, subject to any indemnification claims. The purchase agreement provides for up to \$11.7 million of deferred compensation for key employees for which post-acquisition employment service is required. The deferred compensation was paid into escrow at closing and recorded as a prepaid asset that will amortize into compensation expense ratably over the two-year term of the arrangement. The funds will be released 50% on each of the first and second year anniversary dates of the acquisition. In addition, the purchase agreement provides for up to \$15.0 million of restricted stock awards, which may be settled in stock or cash at our choosing, to be issued or settled at a future date and for which post-acquisition employment service is required. The \$15.0 million of restricted stock awards are comprised of 1) up to \$7.5 million of restricted stock with service requirements that will be issued on the first anniversary date and vest ratably beginning the subsequent quarter over the following twelve quarters, and 2) up to \$7.5 million of restricted stock awards contingent on the achievement of performance targets in 2022. As these awards also require continued employment services, we will record this amount as stock-based compensation expense over the requisite service period, recognizing a corresponding fair value liability that will be reclassified to additional paid-in-capital upon issuance or settled in cash.

On December 11, 2019, we entered into an Agreement and Plan of Merger whereby we acquired 100% of the ownership interests of Investor Management Services, LLC (“IMS”). IMS provides an investor relationship management platform. Aggregate purchase consideration was \$55.6 million, including deferred cash obligations of up to \$5.7 million that will be released over an eighteen-month period following the closing date, subject to any indemnification claims.

On July 26, 2019, we acquired substantially all of the assets of Simple Bills Corporation (“Simple Bills”), a provider of utility management services for the multi-family student housing market. Aggregate purchase consideration was \$18.1 million, including deferred cash obligations of up to \$3.4 million that will be released over a two-year period following the closing date, subject to indemnification claims, and contingent equity grants of up to \$10.0 million based on the achievement of certain financial objectives during 2020 and 2021, and continued employment of certain Simple Bills employees.

On July 10, 2019, we acquired substantially all of the assets of CRE Global Enterprises LLC (“CRE”), and certain of its subsidiaries, including 100% of the shares outstanding in its subsidiaries in the UK, Canada and Colombia (collectively “Hipercept”). Hipercept is a provider of data services and data analytics solutions to institutional commercial real estate owners. Aggregate purchase consideration was \$28.3 million, including deferred cash obligations of up to \$4.0 million, subject to any indemnification claims, to be released on the first and second anniversary dates of the closing date, and contingent consideration of up to \$28.0 million based on the achievement of certain financial objectives during the six months ended June 30, 2022.

On April 11, 2019, we acquired substantially all of the assets of LeaseTerm Insurance Group, LLC (“LeaseTerm Solutions”). Aggregate purchase consideration was \$26.5 million, including deferred cash obligations of up to \$2.7 million that will be released on the first and second anniversary dates of the closing date, subject to any indemnification claims.

Refer to Note 3 of the accompanying Consolidated Financial Statements for further discussion of these acquisitions.

Key Business Metrics

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

	Year Ended December 31,		
	2019	2018	2017
	(in thousands, except dollar per unit data)		
Revenue:			
Total revenue	\$ 988,136	\$ 869,480	\$ 670,963
On demand revenue	\$ 953,576	\$ 833,709	\$ 642,622
On demand revenue as a percentage of total revenue	96.5%	95.9%	95.8%
Non-GAAP total revenue			
Non-GAAP total revenue	\$ 989,004	\$ 871,370	\$ 674,021
Non-GAAP on demand revenue	\$ 954,444	\$ 835,599	\$ 645,680
Adjusted EBITDA	\$ 281,685	\$ 231,176	\$ 163,445
Ending on demand units			
Ending on demand units	18,475	16,219	13,003
Average on demand units			
Average on demand units	16,758	14,847	11,711
On demand annual client value			
On demand annual client value	\$ 1,039,588	\$ 876,637	\$ 751,183
On demand revenue per ending on demand unit			
On demand revenue per ending on demand unit	\$ 56.27	\$ 54.05	\$ 57.77

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.

Non-GAAP total revenue: This metric is calculated by adding acquisition-related deferred revenue to total revenue. We believe it is useful to include deferred revenue written down for GAAP purposes under purchase accounting rules 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 our ongoing performance because it provides a more accurate depiction of revenue arising from our strategic acquisitions.

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

	Year Ended December 31,		
	2019	2018	2017
	(in thousands)		
Total revenue	\$ 988,136	\$ 869,480	\$ 670,963
Acquisition-related deferred revenue	868	1,890	3,058
Non-GAAP total revenue	\$ 989,004	\$ 871,370	\$ 674,021

Non-GAAP on demand revenue: This metric reflects total on demand revenue plus acquisition-related deferred revenue, as described above. 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 our ongoing performance because it provides a more accurate depiction of on demand revenue arising from our strategic acquisitions.

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

	Year Ended December 31,		
	2019	2018	2017
	(in thousands)		
On demand revenue	\$ 953,576	\$ 833,709	\$ 642,622
Acquisition-related deferred revenue	868	1,890	3,058
Non-GAAP on demand revenue	<u>\$ 954,444</u>	<u>\$ 835,599</u>	<u>\$ 645,680</u>

Adjusted EBITDA: We define Adjusted EBITDA as net income, plus (1) acquisition-related deferred revenue, (2) depreciation, asset impairment, and the loss on disposal of assets, (3) amortization of product technologies and intangible assets, (4) change in fair value of equity investment, (5) loss due to cyber incident, net of recoveries, (6) acquisition-related expense, (7) organizational realignment costs, (8) regulatory and legal matters, (9) stock-based expense, (10) interest expense, net, and (11) income tax expense (benefit). 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.

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

	Year Ended December 31,		
	2019	2018	2017
	(in thousands)		
Net income	\$ 58,208	\$ 34,725	\$ 377
Acquisition-related deferred revenue	868	1,890	3,058
Depreciation, asset impairment, and loss on disposal of assets	36,724	35,211	27,752
Amortization of product technologies and intangible assets	80,764	71,708	39,918
Change in fair value of equity investment	(2,600)	—	—
Loss due to cyber incident, net of recoveries	—	4,952	—
Acquisition-related expense	4,754	2,437	5,557
Organizational realignment	1,533	—	—
Regulatory and legal matters	1,465	78	11,012
Stock-based expense	62,563	50,641	45,835
Interest expense, net	35,056	29,959	15,072
Income tax expense (benefit)	2,350	(425)	14,864
Adjusted EBITDA	<u>\$ 281,685</u>	<u>\$ 231,176</u>	<u>\$ 163,445</u>

Ending on demand units: This metric represents the number of 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 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 property units, our overall revenue, and profitability.

On demand annual client value ("ACV"): ACV represents our estimate of the annual value of our on demand revenue contracts at a point in time. We monitor this metric to measure our success in increasing the number of on demand units, and the amount of software solutions utilized by our clients to manage their property units.

On demand revenue per ending on demand unit ("RPU") We define RPU as ACV divided by ending on demand units. We monitor this metric to measure our success in increasing the penetration of on demand software solutions utilized by our clients to manage their property units.

Non-GAAP Financial Measures

We report our financial results in accordance with GAAP; however, we believe that, in order to properly understand our 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 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 compared 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 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 deferred revenue: These items are included to reflect deferred revenue written down for GAAP purposes under purchase accounting rules in order to appropriately measure the underlying performance of our business operations in the period of activity and associated expense.

Asset impairment and loss on disposal of assets: These items comprise losses on the disposal and impairment of long-lived assets, and impairment of indefinite-lived intangible assets, which are not reflective of our ongoing operations. We believe exclusion of these items facilitates a more accurate comparison of our results of operations between periods.

Depreciation of long-lived assets: Long-lived assets are depreciated over their estimated useful lives in a manner reflecting the pattern in which the economic benefit is consumed. Management is limited in its ability to change or influence these charges after the asset has been acquired and placed in service. We do not believe that depreciation expense accurately reflects the performance of our ongoing operations for the period in which the charges are incurred, and is therefore not considered by management in making operating decisions.

Amortization of product technologies and intangible assets: These items are amortized over their estimated useful lives and generally cannot be changed or influenced by management after acquisition. Accordingly, these items are not considered by us in making operating decisions. We do not believe such charges accurately reflect the performance of our ongoing operations for the period in which such charges are incurred.

Change in fair value of equity investment: This item represents changes in fair value of our equity investment based on observable price changes in orderly transactions for an identical or similar investment of the same issuer. We believe exclusion of these items facilitates a more accurate comparison of our results of operations between periods as this item is not reflective of our ongoing operations.

Loss due to cyber incident, net of recoveries: This item relates to losses, net of recoveries, arising from the May 2018 incident in which we were the subject of a targeted email phishing campaign. We believe this loss is not reflective of our ongoing operations and that exclusion of this item facilitates a more accurate comparison of our results of operations between periods.

Acquisition-related expense: These items consist of direct costs incurred in our business acquisition transactions and expenses related to integration activities, and the impact of changes in the fair value of acquisition-related contingent consideration obligations. Examples of these direct costs include transaction fees, due diligence costs, acquisition retention bonuses and severance, and third-party consultants to assist with integration. We believe exclusion of these items facilitates a more accurate comparison of the results of our ongoing operations across periods and eliminates volatility related to changes in the fair value of acquisition-related contingent consideration obligations.

Organizational realignment: These items consist of direct costs associated with the alignment of our business strategies. In connection with these actions, we recognize costs related to termination benefits, exit costs associated with closure of facilities, certain asset impairments, cancellation of certain contracts, and other professional and consulting fees associated with these initiatives. We believe exclusion of these items facilitates a more accurate comparison of our ongoing results of operations between periods.

Regulatory and legal matters: These items are comprised of certain regulatory and similar costs and certain legal settlement costs, such as costs related to the company's Hart-Scott-Rodino Antitrust Improvements Act review process incurred in connection with our acquisitions or the settlement of certain legal matters. These items are excluded as they are irregular in timing and scope, and may not be indicative of our past and future performance. We believe exclusion of these items facilitates a more accurate comparison of the company's results of operations between periods.

Stock-based expense: This item is excluded because these are non-cash expenditures that we do not consider part of ongoing operating results when assessing the performance of our business, and also because the total amount of the expenditure is partially outside of management's control because it is based on factors such as stock price, volatility, and interest rates, which may be unrelated to our performance during the period in which the expenses are incurred.

Key Components of Our Results of Operations

Revenue

We derive our revenue from two primary sources: our on demand 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. 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.

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 materials engagements. Professional and other revenue also includes revenues generated from sub-meter installation services under our resident utility management solutions, and our on premise solutions.

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; transaction processing fees; 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, which are allocated based on headcount.

Amortization of Product Technologies

Amortization of product technologies includes amortization of developed product technologies related to strategic acquisitions and amortization of capitalized development costs.

Operating Expenses

We classify our operating expenses into four primary categories: product development, sales and marketing, general and administrative, and amortization of intangible assets. 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. Our operating expenses also include an allocation of facilities costs, overhead costs, and depreciation based on headcount for the category.

Product development: Product development expense consists primarily of personnel costs for our product development employees and executives, information technology and facilities, 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 platform of solutions and expanding our suite of data analytics and on demand software solutions. In addition to our locations in the United States, we maintain product development and service centers in Hyderabad, India; Manila, Philippines; Medellin, Colombia; and Cebu City, Philippines.

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 product marketing, renter’s insurance; other advertising; trade shows; user conferences; public relations; and industry sponsorships and affiliations.

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. In addition, general and administrative expense includes fees for professional services, including legal, accounting, and other consulting services; information technology and facilities costs; and acquisition-related costs, including direct costs incurred to complete our acquisitions and changes in the fair value of our acquisition-related contingent consideration obligations.

Amortization of intangible assets: Amortization of intangible assets consist of amortization of purchased intangible assets, including client relationships, key vendor and supplier relationships, finite-lived trade names, and non-compete agreements, obtained in connection with our acquisitions.

Interest Expense and Other, Net

Interest expense, net, consists primarily of interest income, interest expense, and impairments on investments. Interest income represents earnings from our cash and cash equivalents. Interest expense is associated with amounts borrowed under the Amended Credit Facility, Convertible Notes, finance lease obligations, and certain acquisition-related liabilities, and includes expense from the amortization of related discounts and debt issuance costs. We participate in interest rate swap agreements, the purpose of which is to eliminate variability in interest rate payments on a portion of the Term Loans. For that portion, the swap agreements replace the Term Loan’s variable rate with a fixed rate.

Critical Accounting Policies and Estimates

Our Consolidated Financial Statements are prepared in accordance with GAAP. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require management’s judgment in its application, while in other cases, management’s significant judgment is required to make estimates, assumptions, and judgments that affect the reported amount of assets, liabilities, revenue, expenses, and related disclosures. We base our estimates and assumptions on historical experience and other factors that we believe to be reasonable under the circumstances. In some instances, we could reasonably use different accounting estimates, and in other instances, results could differ significantly from our estimates. We evaluate our estimates and assumptions on an ongoing basis. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations, and cash flows will be affected.

While our significant accounting policies are more fully described in Note 2 “Summary of Significant Accounting Policies” to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K, we believe that the following accounting policies are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving our management’s judgments, assumptions and estimates.

Revenue Recognition

Revenues are derived from on demand software solutions, and professional services and other goods and services. We recognize revenue as we satisfy one or more service obligations under the terms of a contract, generally as control of goods and services are transferred to our clients. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. We include estimates of variable consideration in revenue to the extent that it is probable that a significant reversal of cumulative revenue will not occur. We estimate and accrue a reserve for credits and other adjustments as a reduction to revenue based on several factors, including past history.

On Demand Revenue

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

We generally recognize revenue from subscription fees on a straight-line basis over the access period beginning on the date that we make our service available to the client. Our subscription agreements generally are non-cancellable, have an initial term of one year or longer and are billed either monthly, quarterly or annually in advance. Non-refundable upfront fees billed at the initial order date that are not associated with an upfront service obligation are recognized as revenue on a straight-line basis over the period in which the client is expected to benefit, which we consider to be three years.

We recognize revenue from transaction fees in the month the related services are performed based on the amount we have the right to invoice.

We offer risk mitigation services to our clients by acting as an insurance agent and derive commission revenue from the sale of insurance products to our clients' residents. 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. Our estimate of contingent commission revenue considers the variable factors identified in the terms of the applicable agreement. We recognize commissions related to these services as earned ratably over the policy term and insurance commission receivable in "Accounts receivable, less allowances" in the accompanying Consolidated Balance Sheets.

Professional and Other Revenue

Professional services and other revenues generally consist of the fees we receive for providing implementation and consulting services, submeter equipment and ongoing maintenance of our existing on premise licenses.

Professional services are billed either on a time and materials basis or on a fixed price basis, and revenue is recognized over time as we perform the obligation. Professional services are typically sold bundled in a contract with other on demand solutions but may be sold separately. Professional service contracts sold separately generally have terms of one year or less. For bundled arrangements, where we account for individual services as a separate performance obligation, the transaction price is allocated between separate services in the bundle based on their relative standalone selling prices.

Other revenues consist primarily of submeter equipment sales that include related installation services. Such sales are considered bundled, and revenue from these bundled sales is recognized in proportion to the number of installed units completed to date as compared to the total contracted number of units to be provided and installed. For all other equipment sales, we generally recognize revenue when control of the hardware has transferred to our client.

Revenue recognized for on premise software sales generally consists of annual maintenance renewals on existing term or perpetual license, which is recognized ratably over the service period.

Contract with Multiple Performance Obligations

The majority of the contracts we enter into with clients, including multiple contracts entered into at or near the same time with the same client, require us to provide one or more on demand software solutions, professional services and may include equipment. For these contracts, we account for individual performance obligations separately: i) if they are distinct or ii) if the promised obligation represents a series of distinct services that are substantially the same and have the same pattern of transfer to the client. Once we determine the performance obligations, we determine the transaction price, which includes estimating the amount of variable consideration, if any, to be included in the transaction price. For contracts with multiple performance obligations, we allocate the transaction price to the separate performance obligations on a relative standalone selling price basis. The standalone selling prices of our service are estimated using a market assessment approach based on our overall pricing objectives taking into consideration market conditions and other factors including the number of solutions sold, client demographics and the number and types of users with our contracts.

Sales, value add, and other taxes we collect from clients and remit to governmental authorities are excluded from revenues.

Deferred Commissions

We capitalize certain commissions as incremental costs of obtaining a contract with a client if we expect to recover those costs. The commissions are capitalized and amortized over a period of benefit determined to be three years. Deferred commissions were capitalized for open contracts at the adoption date of the new revenue standard and were capitalized for new contracts beginning in 2018. As a result, there was a net benefit to "Operating income" in our Consolidated Statements of Operations during 2018 as capitalization of costs exceeded amortization. This accretive benefit was reduced in 2019 and will normalize in 2020.

As of December 31, 2019, the current and noncurrent balance of capitalized commissions costs recorded in the lines "Other current assets" and "Other assets" in the accompanying Consolidated Balance Sheets was \$9.9 million and \$8.5 million, respectively. As of December 31, 2018, the current and noncurrent balance of capitalized commissions costs was \$6.7 million and \$7.8 million, respectively. During the years ended December 31, 2019 and 2018, we amortized commission costs totaling \$8.7 million and \$5.4 million, respectively, which are included in "Sales and marketing" expense in the accompanying Consolidated Statements of Operations. No impairment loss was recognized in relation to these capitalized costs.

Stock-Based Expense

We recognize compensation expense related to awards of stock options and restricted stock granted to employees, non-employee directors, and other service providers based on the estimated fair value of the awards on the date of grant. We recognize expense for stock options and restricted stock awards on a straight-line basis over the requisite service period of the awards. For market-based awards, expense is recognized over the requisite service period using the graded-vesting attribution method. Compensation expense is reduced for forfeitures once they occur.

The fair value of our time-based restricted stock awards is based on the closing price of our common stock on the date of grant. The fair value of our market-based restricted stock awards is estimated using a discrete model based on multiple stock price-paths developed through the use of Monte Carlo simulation. The fair value of our deferred restricted stock awards is based on obligations denominated in fixed dollar amounts and our expectation of future operating results and the specific performance criteria within each agreement. Changes to the assumptions underlying our valuation model may have a significant impact on the underlying value of the market-based restricted stock awards, which could have a material impact on our Consolidated Financial Statements.

Income Taxes

Income taxes are recorded based on the liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in our consolidated financial statements or tax returns. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to taxable income for the years in which those tax assets and liabilities are expected to be realized or settled. We recognize the effect of tax rate changes on current and accumulated deferred income taxes in the period in which the rate changes are enacted.

Valuation allowances are provided when it is more likely than not that all or a portion of the deferred tax asset will not be realized. The factors used to assess the need for a valuation allowance include historical earnings, our latest forecast of taxable income, and available tax planning strategies that could be implemented to realize the net deferred tax assets. In projecting future taxable income, we begin with historical results and incorporate assumptions including the amount of future state, federal and foreign pretax operating income, the reversal of temporary differences, and the implementation of feasible and prudent tax planning strategies, if any. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates we are using to manage the underlying businesses.

We may recognize a tax benefit from uncertain tax positions only if it is at least more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon settlement with the taxing authorities.

Business Combinations

We allocate the fair value of the purchase consideration of our acquisitions to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. The allocation of the purchase price requires management to make significant estimates in determining the fair values of assets acquired and liabilities assumed, especially with respect to intangible assets. These 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 estimated useful lives. These estimates are inherently uncertain and unpredictable. In addition, unanticipated events and circumstances may occur in future periods which may affect the realizability of these estimated asset values.

Additionally, at times we provide for the payment of additional purchase 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 part of the fair value of the purchase consideration. Changes to the fair value are reflected in the Consolidated Statements of Operations.

Goodwill and Indefinite-Lived Intangible Assets

We have recorded goodwill and indefinite-lived intangible assets in conjunction with our business acquisitions. We test goodwill and indefinite-lived intangible assets for impairment separately on an annual basis in the fourth quarter of each year, or more frequently if circumstances indicate that the assets may not be recoverable.

We evaluate impairment of goodwill either by assessing qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, or by performing a quantitative assessment. Qualitative factors include industry and market considerations, overall financial performance, and other relevant events and circumstances affecting the reporting unit. If we choose to perform a qualitative assessment and after considering the totality of events or circumstances, we determine it is more likely than not that the fair value of a reporting unit is less than its carrying amount, we would perform a quantitative fair value test. Our quantitative impairment assessment utilizes a weighted combination of a discounted cash flow model (known as the income approach) and comparisons to publicly traded companies engaged in similar

businesses (known as the market approach). These approaches involve judgmental assumptions, including forecasted future cash flows expected to be generated by the business over an extended period of time, long-term growth rates, the identification of comparable companies, and our discount rate based on our weighted average cost of capital. These assumptions are predominately unobservable inputs and considered Level 3 measurements. To calculate any potential impairment, we compare the fair value of a reporting unit with its carrying amount, including goodwill. Any excess of the carrying amount of the reporting unit's goodwill over its fair value is recognized as an impairment loss, and the carrying value of goodwill is written down. For purposes of goodwill impairment testing, we have one reporting unit.

We quantitatively evaluate indefinite-lived intangible assets by estimating the fair value of those assets based on estimated future earnings derived from the assets using the income approach. Key assumptions for this assessment include forecasted future cash flows from estimated royalty rates and our discount rate based on our weighted average cost of capital. These assumptions are unobservable Level 3 measurements, as described in Note 14 of our Consolidated Financial Statements. Assets with indefinite lives that have been determined to be inseparable due to their interchangeable use are grouped into single units of accounting for purposes of testing for impairment. If the carrying amount of an identified intangible asset with an indefinite life exceeds its fair value, we would recognize an impairment loss equal to the excess of carrying value over fair value.

Internally Developed Software

Costs incurred to develop software intended for our internal use are capitalized during the application development stage. Capitalization of such costs ceases once the project is substantially complete and ready for its intended use. We also capitalize costs related to specific upgrades and enhancements when it is probable the expenditure will result in additional functionality. Costs related to preliminary project activities and post-implementation operating activities are expensed as incurred.

Amortization of internally developed software is included in "Amortization of product technologies" in the accompanying Consolidated Statements of Operations.

Recent Accounting Pronouncements

We adopted ASU 2016-02, *Leases (Topic 842)*, on January 1, 2019 using the optional transition method provided for in ASU 2018-11 *Leases - Targeted Improvements* which eliminated the requirement to restate amounts presented prior to January 1, 2019. The adoption of ASC 842 resulted in the recognition of ROU assets and lease liabilities for operating leases of \$73.9 million and \$101.5 million, respectively at the Transition Date which included reclassifying deferred rent as a component of the ROU asset. As of the Transition Date, we had insignificant finance leases.

We determine if an arrangement contains a lease and the classification of that lease, if applicable, at inception. Our ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. For our real estate contracts with lease and non-lease components, we have elected to combine the lease and non-lease components as a single lease component. The implicit rate within our leases are generally not determinable and we use our incremental borrowing rate at the lease commencement date to determine the present value of lease payments. The determination of our incremental borrowing rate requires judgment. We determine our incremental borrowing rate for each lease using our current borrowing rate, adjusted for various factors including collateralization and term to align with the terms of the lease.

Certain of our leases include options to extend the lease. An option to extend the lease is considered in connection with determining the ROU asset and lease liability when it is reasonably certain we will exercise that option. During the first quarter of 2019, we determined we were reasonably certain to renew the building lease for our corporate headquarters, and as a result, we reassessed the classification of the lease and determined the building lease met the criteria of a finance lease under ASC 842. As a result, an operating ROU asset and lease liability of \$36.4 million and \$58.6 million, respectively, were reclassified and remeasured to a finance ROU asset and lease liability of \$58.2 million and \$80.4 million, respectively. As a result, the costs associated with this lease are now recognized in depreciation and interest expense in 2019. Such costs were included in rent expense in 2018.

See Note 2 "Summary of Significant Accounting Policies" to our Consolidated Financial Statements for additional discussion about new accounting pronouncements adopted and those pending.

Results of Operations

The following tables set forth our results of operations for the specified periods. The following generally discusses 2019 and 2018 items and year-to-year comparisons between 2019 and 2018. The discussion of historical items and year-to-year comparisons between 2018 and 2017 can be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on February 27, 2019 and amended on November 5, 2019, and incorporated by reference herein. The period-to-period comparison of financial results is not necessarily indicative of future results.

Consolidated Statements of Operations Data

	Year Ended December 31,		
	2019	2018	2017
	(in thousands)		
Revenue:			
On demand	\$ 953,576	\$ 833,709	\$ 642,622
Professional and other	34,560	35,771	28,341
Total revenue	988,136	869,480	670,963
Cost of revenue ⁽¹⁾	385,712	328,382	258,135
Amortization of product technologies	40,461	35,797	22,163
Gross profit	561,963	505,301	390,665
Operating expenses:			
Product development ⁽¹⁾	112,222	118,525	89,452
Sales and marketing ⁽¹⁾	193,962	166,607	140,473
General and administrative ⁽¹⁾	123,056	118,208	112,975
Amortization of intangible assets	40,303	35,911	17,755
Total operating expenses	469,543	439,251	360,655
Operating income	92,420	66,050	30,010
Interest expense and other, net	(31,862)	(31,750)	(14,769)
Income before income taxes	60,558	34,300	15,241
Income tax expense (benefit)	2,350	(425)	14,864
Net income	\$ 58,208	\$ 34,725	\$ 377

⁽¹⁾ Includes stock-based expense as follows:

	Year Ended December 31,		
	2019	2018	2017
	(in thousands)		
Cost of revenue	\$ 5,604	\$ 4,403	\$ 3,842
Product development	8,159	9,923	8,423
Sales and marketing	23,978	16,573	14,592
General and administrative	24,822	19,742	18,978

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

	Year Ended December 31,		
	2019	2018	2017
	(as a percentage of total revenue)		
Revenue:			
On demand	96.5 %	95.9 %	95.8 %
Professional and other	3.5	4.1	4.2
Total revenue	100.0	100.0	100.0
Cost of revenue	39.0	37.8	38.5
Amortization of product technologies	4.1	4.1	3.3
Gross profit	56.9	58.1	58.2
Operating expenses:			
Product development	11.4	13.6	13.3
Sales and marketing	19.6	19.2	20.9
General and administrative	12.5	13.6	16.8
Amortization of intangible assets	4.1	4.1	2.6
Total operating expenses	47.5	50.5	53.7
Operating income	9.4	7.6	4.5
Interest expense and other, net	(3.2)	(3.7)	(2.2)
Income before income taxes	6.2	3.9	2.3
Income tax expense (benefit)	0.2	0.0	2.2
Net income	5.9 %	4.0 %	0.1 %

Comparison of the years ended December 31, 2019 and 2018

Revenue

	Year Ended December 31,			
	2019	2018	Change	% Change
	(in thousands, except dollar per average on demand unit data)			
Revenue:				
On demand	\$ 953,576	\$ 833,709	\$ 119,867	14.4 %
Professional and other	34,560	35,771	(1,211)	(3.4)
Total revenue	\$ 988,136	\$ 869,480	\$ 118,656	13.6
Non-GAAP on demand revenue	\$ 954,444	\$ 835,599	\$ 118,845	14.2
Ending on demand units	18,475	16,219	2,256	13.9
Average on demand units	16,758	14,847	1,911	12.9
On demand annual client value	\$ 1,039,588	\$ 876,637	\$ 162,951	18.6
On demand revenue per ending on demand unit	\$ 56.27	\$ 54.05	\$ 2.22	4.1 %

On demand revenue: During the year ended December 31, 2019, on demand revenue increased \$119.9 million, or 14.4%, as compared to the same period in 2018. This increase was attributable to growth across our platform, primarily in resident services. This includes organic growth and acquired revenue from our 2018 and 2019 acquisitions. On demand revenue per ending on demand unit increased from \$54.05 to \$56.27 during the year ended December 31, 2019, primarily due to the organic growth of our solutions.

On demand revenue generated by our property management solutions grew \$18.9 million, or 10.1%, during the twelve months ended December 31, 2019, as compared to the same period in 2018. This increase was primarily driven by the growth of our spend management solutions, adoption of our OneSite property management and Kigo Marketplace solutions, and growth of our accounting solutions.

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On demand revenue from our resident services solutions continued to experience significant growth, increasing by \$70.6 million, or 20.2%, year-over-year. Resident services increased primarily from continued strong growth of our payments solutions, as well as incremental revenue from our acquisitions of LeaseTerm Solutions and Simple Bills in 2019, and organic growth in our renter's insurance solutions.

On demand revenue from our leasing and marketing solutions increased \$13.3 million, or 8.0%, during the year ended December 31, 2019, as compared to the same period in 2018. This increase was attributable to incremental revenue from our acquisition of LeaseLabs in the third quarter of 2018.

On demand revenue from our asset optimization solutions increased year-over-year by \$17.1 million, or 13.1%. We continue to experience organic growth across our asset optimization platform, evidencing continued market acceptance of data-driven solutions. The increase was also attributable to incremental revenue from our acquisitions of Rentlytics in 2018 and Hiperccept in 2019.

On demand unit metrics: As of December 31, 2019, one or more of our on demand solutions was utilized in the management of approximately 18.5 million rental property units. On demand units increased year-over-year by 2.3 million units, or 13.9%. This growth is primarily attributable to our 2019 acquisitions, which accounted for approximately 9.6% of total ending on demand units, and organic unit growth. On demand units managed by our clients renewed at an average rate of 96.5% over a trailing twelve-month period ended December 31, 2019.

Cost of Revenue

	Year Ended December 31,			
	2019	2018	Change	% Change
	(in thousands)			
Cost of revenue	\$ 364,443	\$ 311,907	\$ 52,536	16.8%
Stock-based expense	5,604	4,403	1,201	27.3
Depreciation expense	15,665	12,072	3,593	29.8
Total cost of revenue	<u>\$ 385,712</u>	<u>\$ 328,382</u>	<u>\$ 57,330</u>	17.5%

During the year ended December 31, 2019, cost of revenue, excluding stock-based expense and depreciation expense, increased \$52.5 million, as compared to the same period in 2018. Direct costs increased \$26.4 million, primarily driven by incremental costs from our recent acquisitions and higher transaction volume from our payment processing solutions. Personnel expense increased year-over-year by \$24.2 million, primarily attributable to investments to support our ongoing organic growth and, to a lesser extent, new employees from our recent acquisitions. Additionally, in the fourth quarter of 2019, we recorded an impairment charge of \$1.6 million related to intangible assets associated with certain international operations.

Amortization of Product Technologies

	Year Ended December 31,			
	2019	2018	Change	% Change
	(in thousands)			
Amortization of product technologies	\$ 40,461	\$ 35,797	\$ 4,664	13.0%

During the year ended December 31, 2019, amortization of product technologies increased \$4.7 million compared to the prior year. Higher amortization expense was driven by the addition of developed product technologies in connection with our recent acquisitions and an increase in amortization of developed software related to investment in innovation and product solutions.

During the year ended December 31, 2019, our gross margin decreased year-over-year from 58.1% to 56.9%. This margin compression was driven primarily by revenue growth from lower margin products and investments to accelerate implementation of our solutions.

Operating Expenses

Product development

	Year Ended December 31,			
	2019	2018	Change	% Change
	(in thousands)			
Product development expense	\$ 97,713	\$ 102,935	\$ (5,222)	(5.1)%
Stock-based expense	8,159	9,923	(1,764)	(17.8)
Depreciation expense	6,350	5,667	683	12.1
Total product development expense	<u>\$ 112,222</u>	<u>\$ 118,525</u>	<u>\$ (6,303)</u>	(5.3)%

Product development expense, excluding stock-based expense and depreciation expense, decreased year-over-year by \$5.2 million. This decrease was primarily driven by our internal initiative to centralize our product development efforts, increase productivity, and direct a greater portion of work effort towards major new development projects. Personnel expense, net of capitalized software development costs, decreased \$4.3 million during the year ended December 31, 2019, due primarily to more efficient leveraging of our personnel in connection with this initiative.

Total product development expense as a percentage of total revenue was 11.4% in 2019, down from 13.6% in 2018, primarily due to organizational initiatives to centralize product development activities and focus our efforts towards major new development projects.

Sales and marketing

	Year Ended December 31,			
	2019	2018	Change	% Change
	(in thousands)			
Sales and marketing expense	\$ 163,767	\$ 145,081	\$ 18,686	12.9%
Stock-based expense	23,978	16,573	7,405	44.7
Depreciation expense	6,217	4,953	1,264	25.5
Total sales and marketing expense	<u>\$ 193,962</u>	<u>\$ 166,607</u>	<u>\$ 27,355</u>	16.4%

Sales and marketing expense for the year ended December 31, 2019, excluding stock-based expense and depreciation expense, increased \$18.7 million, as compared to the same period in 2018. Personnel expense increased \$14.8 million year-over-year, driven by our continued investments in our sales force and product marketing team, and incremental headcount from recent acquisitions. Marketing program and travel expenses increased year-over-year during the year ended December 31, 2019 by \$5.6 million, reflecting investments to accelerate client demand across our portfolio of solutions, as well as additional costs for our annual RealWorld user conference during the third quarter of 2019. These increases are slightly offset by a decrease in impairment charges related to our intangible assets. In 2018, we recorded an impairment charge of \$2.7 million related to the indefinite-lived trade name of our 2010 acquisition of Level One. In the fourth quarter of 2019, we recorded an impairment charge of \$0.4 million related to intangible assets associated with certain international operations.

Total sales and marketing expense as a percentage of total revenue increased from 19.2% for the year ended December 31, 2018, to 19.6% for the year ended December 31, 2019. This increase was primarily driven by personnel-related investments in our sales force.

General and administrative

	Year Ended December 31,			
	2019	2018	Change	% Change
	(in thousands)			
General and administrative expense	\$ 92,278	\$ 92,680	\$ (402)	(0.4)%
Stock-based expense	24,822	19,742	5,080	25.7
Depreciation expense	5,956	5,786	170	2.9
Total general and administrative expense	<u>\$ 123,056</u>	<u>\$ 118,208</u>	<u>\$ 4,848</u>	4.1%

General and administrative expense, excluding stock-based expense and depreciation expense, decreased year-over-year by \$0.4 million. This net change resulted from a combination of factors. Losses on impairments and disposal of assets during the year ended December 31, 2019 decreased \$6.4 million, primarily related to the fiscal year 2018 loss of \$5.4 million in connection with a targeted email phishing campaign and the early retirement of assets and upgrades in our data center infrastructure. These decreases were partially offset by an increase of \$2.3 million in personnel expense, primarily due to

incremental headcount from our recent acquisitions. Fair value adjustments of acquisition-related liabilities increased \$1.7 million primarily related to favorable adjustments in 2018. Legal and professional fees increased \$1.5 million compared to prior year, principally related to 2019 acquisition-related expenses, partially offset by our 2018 settlement with the FTC.

General and administrative expense as a percentage of total revenue decreased from 13.6% to 12.5% during the year ended December 31, 2019, as compared to the same period in 2018, primarily due to the decrease in losses on impairments and disposal of assets in 2019 as compared to 2018, and our ability to leverage existing general and administrative resources to support our ongoing growth.

Amortization of intangible assets

	Year Ended December 31,			
	2019	2018	Change	% Change
	(in thousands)			
Amortization of intangible assets	\$ 40,303	\$ 35,911	\$ 4,392	12.2 %

During the year ended December 31, 2019, amortization expense of intangible assets increased \$4.4 million compared to the prior year, primarily driven by the addition of finite-lived client relationship and trade name assets in connection with our recent acquisitions.

Stock-based expense

	Year Ended December 31,			
	2019	2018	Change	% Change
	(in thousands)			
Stock-based expense	\$ 62,563	\$ 50,641	\$ 11,922	23.5 %

During the year ended December 31, 2019, stock-based expense increased \$11.9 million compared to the prior year, primarily driven by incremental awards in connection with our 2019 and 2018 acquisitions. Stock-based expense as a percent of total revenue was 6.3% and 5.8% for the years ended December 31, 2019 and 2018, respectively.

Depreciation expense

	Year Ended December 31,			
	2019	2018	Change	% Change
	(in thousands)			
Depreciation expense	\$ 34,188	\$ 28,478	\$ 5,710	20.1 %

During the year ended December 31, 2019, depreciation expense increased \$5.7 million compared to the prior year, primarily due to depreciation expense on our corporate headquarters that is classified as a finance lease subsequent to the adoption of the new lease standard.

Interest Expense and Other, Net

	Year Ended December 31,			
	2019	2018	Change	% Change
	(in thousands)			
Interest expense	\$ (37,129)	\$ (32,402)	\$ (4,727)	14.6 %
Interest income	2,073	2,443	(370)	(15.1)
Impairment loss on investment	—	(2,000)	2,000	(100.0)
Change in fair value of equity investment	2,600	—	2,600	100.0
Other income	594	209	385	184.2
Total interest expense and other, net	\$ (31,862)	\$ (31,750)	\$ (112)	0.4 %

Interest expense and other for the year ended December 31, 2019, increased \$0.1 million as compared to the same period in 2018. Interest expense increased \$4.7 million primarily due to \$4.2 million of interest expense recognized on our finance lease liabilities following our adoption of ASC 842. This was offset by a \$2.6 million increase in fair value of our investment in CompStak during 2019, and a decrease in impairment loss on investment of \$2.0 million related to our investment in WayBlazer that was recognized in 2018.

Provision for Income Taxes

Our effective tax rate was 3.9% and (1.2)% for the years ended December 31, 2019 and 2018, respectively. For the year ended December 31, 2019, we recognized consolidated tax expense of \$2.4 million on income before income taxes of \$60.6 million. Our effective tax rate was lower than the statutory rate of 21% in 2019 and 2018 primarily as a result of research and development credits we recognized during the fourth quarter of 2019 and excess stock compensation deductions recognized in connection with the vesting of certain restricted stock grants and the exercise of certain stock options.

For further discussion, including a reconciliation of our effective tax rate from the statutory federal rate, see Note 3 to the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Quarterly Results of Operations

The following table presents our unaudited consolidated quarterly results of operations for the eight fiscal quarters ended December 31, 2019. This information is derived from our unaudited condensed consolidated financial statements, and includes all adjustments that we consider necessary for the fair statement of our financial position and operating results for the quarters presented. Operating results for individual periods are not necessarily indicative of the operating results for a full year. Historical results are not necessarily indicative of the results to be expected in future periods. You should read this data together with our Consolidated Financial Statements and the related notes to those financial statements included elsewhere in this filing.

	Three Months Ended,							
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
(in thousands, except per share amounts)								
Revenue:								
On demand	\$ 246,235	\$ 245,637	\$ 235,185	\$ 226,519	\$ 218,051	\$ 215,413	\$ 206,945	\$ 193,300
Professional and other	8,532	9,565	8,676	7,787	8,923	9,540	9,307	8,001
Total revenue	254,767	255,202	243,861	234,306	226,974	224,953	216,252	201,301
Cost of revenue	101,027	98,783	95,708	90,194	88,063	85,540	81,942	72,837
Amortization of product technologies	10,732	10,315	9,900	9,514	9,429	8,946	9,127	8,295
Gross profit	143,008	146,104	138,253	134,598	129,482	130,467	125,183	120,169
Operating expenses:								
Product development	26,308	27,866	28,151	29,897	29,772	28,942	30,771	29,040
Sales and marketing	48,113	51,906	49,120	44,823	45,084	43,179	40,664	37,680
General and administrative	35,354	31,249	28,310	28,143	32,638	30,036	28,444	27,090
Amortization of intangible assets	9,621	10,444	10,402	9,836	9,588	9,738	8,496	8,089
Total operating expenses	119,396	121,465	115,983	112,699	117,082	111,895	108,375	101,899
Operating income	23,612	24,639	22,270	21,899	12,400	18,572	16,808	18,270
Interest expense and other, net	(9,089)	(8,764)	(8,029)	(5,980)	(6,746)	(8,816)	(8,518)	(7,670)
Income before income taxes	14,523	15,875	14,241	15,919	5,654	9,756	8,290	10,600
Income tax (benefit) expense	(5,646)	4,171	(822)	4,647	(618)	683	(189)	(301)
Net income	\$ 20,169	\$ 11,704	\$ 15,063	\$ 11,272	\$ 6,272	\$ 9,073	\$ 8,479	\$ 10,901
Net income per share attributable to common stockholders:								
Basic	\$ 0.22	\$ 0.13	\$ 0.16	\$ 0.12	\$ 0.07	\$ 0.10	\$ 0.10	\$ 0.13
Diluted	\$ 0.21	\$ 0.12	\$ 0.16	\$ 0.12	\$ 0.07	\$ 0.09	\$ 0.09	\$ 0.13

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

	Three Months Ended,							
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
(as a percentage of total revenue)								
Revenue:								
On demand	96.7 %	96.3 %	96.4 %	96.7 %	96.1 %	95.8 %	95.7 %	96.0 %
Professional and other	3.3	3.7	3.6	3.3	3.9	4.2	4.3	4.0
Total revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cost of revenue	39.7	38.7	39.2	38.5	38.8	38.0	37.9	36.2
Amortization of product technologies	4.2	4.0	4.1	4.1	4.2	4.0	4.2	4.1
Gross profit	56.1	57.3	56.7	57.4	57.0	58.0	57.9	59.7
Operating expenses:								
Product development	10.3	10.9	11.5	12.8	13.1	12.9	14.2	14.4
Sales and marketing	18.9	20.3	20.1	19.1	19.9	19.2	18.8	18.7
General and administrative	13.9	12.2	11.6	12.0	14.4	13.4	13.2	13.5
Amortization of intangible assets	3.8	4.1	4.3	4.2	4.2	4.3	3.9	4.0
Total operating expenses	46.9	47.6	47.6	48.1	51.6	49.7	50.1	50.6
Operating income	9.3	9.7	9.1	9.3	5.5	8.3	7.8	9.1
Interest expense and other, net	(3.6)	(3.4)	(3.3)	(2.6)	(3.0)	(3.9)	(3.9)	(3.8)
Income before income taxes	5.7	6.2	5.8	6.8	2.5	4.3	3.8	5.3
Income tax (benefit) expense	(2.2)	1.6	(0.3)	2.0	(0.3)	0.3	(0.1)	(0.1)
Net income	7.9 %	4.6 %	6.2 %	4.8 %	2.8 %	4.0 %	3.9 %	5.4 %

Reconciliation of Quarterly Non-GAAP Financial Measures

The following table presents a reconciliation of net income to Adjusted EBITDA for the eight fiscal quarters ended December 31, 2019:

	Three Months Ended,							
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
(in thousands)								
Net income	\$ 20,169	\$ 11,704	\$ 15,063	\$ 11,272	\$ 6,272	\$ 9,073	\$ 8,479	\$ 10,901
Acquisition-related deferred revenue	449	38	157	224	1,056	418	103	313
Depreciation, asset impairment, and loss on disposal of assets	10,769	8,498	8,697	8,760	10,445	9,286	7,662	7,818
Amortization of product technologies and intangible assets	20,353	20,759	20,302	19,350	19,017	18,684	17,623	16,384
Change in fair value of equity investment	—	—	—	(2,600)	—	—	—	—
Loss due to cyber incident, net of recoveries	—	—	—	—	4,952	—	—	—
Acquisition-related expense (income)	3,594	755	376	29	(257)	519	1,168	1,007
Organizational realignment	849	684	—	—	—	—	—	—
Regulatory and legal matters	898	215	352	—	—	78	—	—
Stock-based expense	15,287	16,498	15,865	14,913	13,149	13,479	13,695	10,318
Interest expense, net	9,443	8,791	8,241	8,581	6,780	6,874	8,584	7,721
Income tax (benefit) expense	(5,646)	4,171	(822)	4,647	(618)	683	(189)	(301)
Adjusted EBITDA	\$ 76,165	\$ 72,113	\$ 68,231	\$ 65,176	\$ 60,796	\$ 59,094	\$ 57,125	\$ 54,161

Liquidity and Capital Resources

Our primary sources of liquidity as of December 31, 2019, consisted of \$197.2 million of unrestricted cash and cash equivalents, \$370.0 million available under our Revolving Facility, amounts available under the Amended Credit Facility’s Accordion Feature, and \$47.2 million of working capital (excluding \$197.2 million of unrestricted cash and cash equivalents and \$134.1 million of deferred revenue).

Our principal uses of liquidity have been to fund our 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. We made capital expenditures of \$51.5 million, approximately 5% of total revenues, during the year ended December 31, 2019. We expect capital expenditures to remain at 5% of total revenue during the next few years. In addition, we have made several acquisitions in which a portion of the cash purchase price is payable at various times through 2023, with a majority of the deferred cash obligations payable during 2020 and 2021. We expect to fund these obligations totaling approximately \$35.5 million from cash provided by operating activities or funds available under our Amended Credit Facility.

In May 2018, we filed a shelf registration statement on Form S-3 with the SEC, which became effective upon filing. The shelf registration allows us to periodically offer and sell, in one or more future offerings, an indeterminate amount of our common stock, preferred stock, debt securities, and other securities specified therein. On May 29, 2018, we consummated an underwritten public offering of 8.05 million shares of our common stock, which included 1.05 million shares sold pursuant to the underwriters’ full exercise of their option to purchase additional shares. The offering was priced at \$57.00 per share for total gross proceeds of \$458.9 million. The aggregate net proceeds to us were \$441.9 million, after deducting underwriting discounts and offering expenses in the aggregate amount of \$16.9 million. Net proceeds from this offering were used for repayment of indebtedness outstanding under our revolving facility and for general corporate purposes, including; acquisitions; sales and marketing activities; research and development activities; general and administrative matters; and capital expenditures.

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 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 future 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 expect to 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, 2019, our federal and state net operating loss (“NOL”) carryforwards are \$237.7 million and \$97.7 million, respectively. Our federal and state NOL carryforwards may be available to offset potential payments of future income tax liabilities. If unused, the federal NOLs will begin to expire in 2026, and the state NOLs will begin to expire in 2020. Total state NOLs expiring in the next five years is approximately \$1.1 million.

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

	Year Ended December 31,		
	2019	2018	2017
	(in thousands)		
Net cash provided by operating activities	\$ 316,973	\$ 244,807	\$ 140,263
Net cash used in investing activities	\$ (719,094)	\$ (331,296)	\$ (699,862)
Net cash provided by financing activities	\$ 460,011	\$ 304,085	\$ 536,349

Changes in Cash and Cash Equivalents during the year ended December 31, 2019:

Net Cash Provided by Operating Activities

During 2019, net cash provided by operating activities consisted of net income of \$58.2 million, net non-cash adjustments to net income of \$205.9 million, and a net inflow of cash from changes in assets and liabilities of \$52.9 million. Non-cash adjustments to net income primarily consisted of depreciation and amortization expense of \$115.0 million, stock-based expense of \$62.6 million, amortization of debt discount and issuance costs of \$13.7 million, and amortization of our right-of-use assets of \$11.4 million.

Changes in working capital during 2019 included net cash inflows from customer deposits of \$82.6 million, which was primarily attributable to the timing of cash settlements for previously initiated resident transactions related to our payments solutions. Net cash inflows also included changes in accounts payable of \$9.3 million due to the timing of vendor invoice receipts and payments, and changes in deferred revenue of \$7.7 million. These items were partially offset by net cash outflows for accounts receivable of \$14.7 million, which is reflective of our revenue growth; outflows for prepaid expenses and other

current assets of \$13.8 million, primarily attributable to the \$11.7 million of deferred compensation paid into escrow in connection with our acquisition of Buildium; and outflows for other current and long-term liabilities of \$12.0 million, primarily attributable to rental payments for our operating leases.

Net Cash Used in Investing Activities

In 2019, we used \$719.1 million for our investing activities, which primarily included \$665.8 million, net of cash and restricted cash acquired, for our strategic acquisitions; \$51.5 million for capital expenditures during the period; and \$1.8 million for our additional investment in CompStak. Capital expenditures during the period primarily included capitalized software development costs and expenditures to support our information technology infrastructure.

Net Cash Provided by Financing Activities

The net cash provided by our financing activities during 2019 primarily consisted of aggregate borrowings under our Amended Credit Facility of \$830.0 million. These borrowings were partially offset by payments on our term loans of \$308.7 million; payments of acquisition-related consideration of \$30.4 million; activity under our stock-based expense plans of \$15.0 million, primarily attributable to shares repurchased from employees to cover their cost of taxes upon vesting of restricted stock; and treasury stock purchases of \$8.5 million under our share repurchase program.

Changes in Cash and Cash Equivalents during the year ended December 31, 2018:

Net Cash Provided by Operating Activities

During 2018, net cash provided by operating activities consisted of net income of \$34.7 million, net non-cash adjustments to net income of \$168.1 million, and a net inflow of cash from changes in assets and liabilities of \$42.0 million. Non-cash adjustments to net income primarily consisted of depreciation and amortization expense of \$100.2 million, stock-based expense of \$50.6 million, and amortization of debt discount and issuance costs of \$12.5 million,

Changes in working capital during 2018 included net cash inflows from customer deposits of \$57.2 million, which was primarily attributable to the timing of cash settlements for previously initiated resident transactions related to our payments solutions. This item was partially offset by net cash outflows for prepaid expenses and other current assets of \$11.9 million, which was primarily due to the capitalization of sales commissions earned during 2018 and purchases of annual software licenses.

Net Cash Used in Investing Activities

In 2018, our investing activities resulted in a net cash outflow of \$331.3 million. We used \$278.6 million, net of cash and restricted cash acquired, to acquire ClickPay, BluTrend, LeaseLabs, and Rentlytics. We also used \$50.9 million for capital expenditures during the period, which primarily included capitalized software development costs and expenditures to support our information technology infrastructure.

Net Cash Provided by Financing Activities

The net cash provided by our financing activities during 2018 primarily consisted of aggregate net proceeds from our common stock offering of \$441.9 million, net of underwriting discounts and expenses directly attributable to the offering. This was partially offset by payments on our Revolving Facility of \$50.0 million, net of proceeds, payments on our term loans of \$14.1 million, payments of acquisition-related consideration of \$28.4 million, treasury stock purchases of \$28.1 million under our share repurchase program, and activity under our stock-based expense plans of \$15.8 million, primarily attributable to shares repurchased from employees to cover their cost of taxes upon vesting of restricted stock.

Contractual Obligations, Commitments, and Contingencies

The following table summarizes our contractual cash obligations as of December 31, 2019, including interest when applicable, for long-term debt and other obligations for the next five years and thereafter:

	Payments Due by Period				
	Total	Less Than 1 year	1-3 years	3-5 years	More Than 5 years
	(in thousands)				
Convertible Notes ⁽¹⁾	\$ 359,878	\$ 5,175	\$ 354,703	\$ —	\$ —
Term Loans ⁽²⁾	677,273	35,680	94,920	546,673	—
Revolving Facility ⁽²⁾	263,511	7,612	13,893	242,006	—
Operating and finance lease obligations	193,965	21,546	44,277	37,439	90,703
Acquisition-related liabilities ⁽³⁾	35,450	26,325	8,700	425	—
	<u>\$ 1,530,077</u>	<u>\$ 96,338</u>	<u>\$ 516,493</u>	<u>\$ 826,543</u>	<u>\$ 90,703</u>

- (1) Represents the aggregate principal amount of \$345.0 million and anticipated coupon interest payments related to our Convertible Notes and excludes the unamortized discount and debt issuance costs reflected in our Consolidated Balance Sheets.
- (2) Represents the contractually required principal payments for our Term Loan and Delayed Draw Term Loan and \$230.0 million of principal amount outstanding under the Revolving Facility. These amounts excludes unamortized debt issuance costs reflected in our Consolidated Balance Sheets. These amounts also include the anticipated interest obligations under our Amended Credit Facility, which were estimated using a LIBOR forward rate curve and include the related effects of our interest rate swap agreements.
- (3) Represents obligations in connection with our acquisitions comprised of undiscounted amounts payable for our deferred cash obligations. These amounts exclude deferred stock obligations, contingent consideration of up to \$25.3 million with a fair value of \$6.5 million, and potential reductions related to the sellers' indemnification obligations.

Credit Facility

The Amended Credit Facility matures on September 5, 2024 (subject to early maturity provisions in certain circumstances, as described below), and includes the following:

Revolving Facility: The Amended Credit Facility provides \$600.0 million in aggregate commitments for secured revolving loans, with sublimits of \$10.0 million for the issuance of letters of credit and \$20.0 million for swingline loans ("Revolving Facility"). During the fourth quarter of 2019, we borrowed \$230.0 million of revolving loans, the proceeds of which were used to fund acquisition activity.

Initial Term Loan: An initial term loan of \$300.0 million was borrowed on the closing date for the Amended Credit Facility (the "Term Loan"). The proceeds of the Term Loan were used to repay the term loan balances outstanding under the 2014 Credit Facility.

Delayed Draw Term Loan: In December 2019, we drew funds of \$300.0 million available under the delayed draw term loan ("Delayed Draw Term Loan"), the proceeds of which were used to fund acquisition activity.

Revolving loans under the Amended Credit Facility may be voluntarily prepaid and re-borrowed. Principal payments on the Term Loan and Delayed Draw Term Loan (collectively, the "Term Loans") are due in quarterly installments equal to an initial amount of \$3.8 million, which increases to \$7.5 million beginning on December 31, 2020, increases to \$11.3 million beginning on December 31, 2022, and increases to \$15.0 million beginning on December 31, 2023. Once repaid or prepaid, the Term Loans may not be re-borrowed. All outstanding principal and accrued but unpaid interest is due, and the commitments for the Revolving Facility terminate, on the maturity date. The Term Loans are 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. We may prepay the Term Loans in whole or in part at any time without premium or penalty.

Accordion Feature: The Amended Credit Facility also allows us, subject to certain conditions, to request additional term loan commitments and/or additional revolving commitments in an aggregate principal amount of up to the greater of \$250.0 million or 100% of consolidated EBITDA (as defined within the agreement) for the most recent four fiscal quarters, plus an amount that would not cause our consolidated senior secured net leverage ratio to exceed 3.50 to 1.00.

All outstanding revolving loans and term loans under the Amended Credit Facility mature on September 5, 2024. If on or prior to August 16, 2022, we have failed to demonstrate to the Agent (as defined in Note 9 to the Consolidated Financial Statements) that we would be in compliance with each financial covenant after giving pro forma effect to the repayment in full of the Convertible Notes which mature on November 15, 2022, then the Amended Credit Facility will mature on August 16,

2022. In addition, if on any business day during the period beginning on August 16, 2022 until the Convertible Notes are paid in full, our available liquidity is less than an amount equal to 125% of the outstanding principal amount of the Convertible Notes, then amounts outstanding under the Amended Credit Facility are due the next business day.

Refer to Note 9 of the accompanying Consolidated Financial Statements for further discussion of the Amended Credit Facility, including its terms and conditions.

Convertible Notes

In May 2017, we completed a private offering of Convertible Notes with an aggregate principal amount of \$345.0 million. The net proceeds from this offering were \$304.2 million, after adjusting for debt issue costs, including the underwriting discount and the net cash used to purchase the Note Hedges and sell the Warrants. The Convertible Notes accrue interest at an annual rate of 1.50%, which is payable semi-annually on May 15 and November 15 of each year. The Convertible Notes mature on November 15, 2022, and may not be redeemed by us prior to their maturity.

The holders may convert their notes to shares of our common stock, at their option, on or after May 15, 2022. Prior to May 15, 2022, holders may only convert their notes under certain circumstances specified in the Indenture. The Convertible Notes are convertible at an initial rate of 23.84 shares per \$1,000 of principal (equivalent to an initial conversion price of approximately \$41.95 per share of our common stock). Upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock, or a combination of cash and shares of our common stock, at our election. It is our stated intention to settle the principal balance of the Convertible Notes in cash and any conversion obligation in excess of the principal portion in shares of our common stock.

During the third quarter of 2019, we received conversion notices from certain holders with respect to an immaterial amount in aggregate principal of Convertible Notes requesting conversion as a result of the sales price condition having been met during the second quarter of 2019. In accordance with the terms of the Convertible Notes, we made cash payments of the aggregate principal amount and delivered newly issued shares of our common stock for the remainder of the conversion obligation in excess of the aggregate principal amount of the Convertible Notes being converted, in full satisfaction of such converted notes. We received shares of our common stock under the Note Hedges (as defined in Note 9 to the Consolidated Financial Statements), that offset the issuance of shares of common stock upon conversion of the Convertible Notes.

In conjunction with the Convertible Notes offering, we purchased Note Hedges and issued Warrants for approximately 8.2 million shares of our common stock. We paid \$62.5 million to purchase the Note Hedges and received proceeds of \$31.5 million from the issuance of the Warrants. The Note Hedges have an exercise price of \$41.95 per share, consistent with the conversion price of the Convertible Notes, and expire in November 2022. The Note Hedges are generally expected to reduce the potential dilution to our common stock (or, in the event the conversion is settled in cash, to reduce our cash payment obligation) in the event that at the time of conversion our stock price exceeds the conversion price under the Convertible Notes. The Warrants have a strike price of \$57.58 per share and expire in ratable portions on a series of expiration dates commencing on February 15, 2023.

Refer to Note 9 of the accompanying Consolidated Financial Statements for a complete discussion of these transactions and their accounting implications.

Stock Repurchase Program

In October 2018, our board of directors approved a share repurchase program authorizing the repurchase of up to \$100.0 million of our outstanding common stock. The share repurchase program expired on October 25, 2019. In November 2019, our board of directors approved a new share repurchase program authorizing the repurchase of up to \$100.0 million of our outstanding common stock. The share repurchase program is effective through November 7, 2020.

Shares repurchased under the stock repurchase program are retired. Repurchase activity during the years ended December 31, 2019, 2018 and 2017 was as follows:

	Year Ended December 31,		
	2019	2018	2017
Number of shares repurchased	158,971	599,664	—
Weighted-average cost per share	\$ 53.41	\$ 46.83	\$ —
Total cost of shares repurchased, in thousands	\$ 8,491	\$ 28,082	\$ —

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 7A. 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 and foreign currency exchange risks. We do not hold or issue financial instruments for trading purposes.

Interest Rate Risk

We had unrestricted cash and cash equivalents of \$197.2 million and \$228.2 million at December 31, 2019 and 2018, 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 \$596.3 million and \$305.0 million outstanding under our Term Loans at December 31, 2019 and 2018, respectively. At December 31, 2019, we had \$230.0 million outstanding under our Revolving Facility, and no amounts outstanding as of December 31, 2018. At our option, amounts outstanding under the Amended Credit Facility accrue interest at a per annum rate equal to either LIBOR, plus a margin ranging from 1.00% to 2.00%, or the Base Rate, plus a margin ranging from 0.00% to 1.00% ("Applicable Margin"). The base LIBOR is, at our discretion, equal to either one, 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.

On March 31, 2016, we entered into two interest rate swap agreements to eliminate variability in interest payments on a portion of the Term Loans. For that portion, the swap agreements replaced the term note's variable rate with a blended fixed rate of 0.89%. These agreements matured on September 30, 2019.

On December 24, 2018, we entered into two interest rate swap agreements to eliminate variability in interest payments on a portion of the Term Loans. For that portion, the swap agreements replace the term note's variable rate with a blended fixed rate of 2.57%. We have designated these instruments as cash flow hedges of interest rate risk.

If the applicable variable interest rates had changed by 50 basis points, our interest expense for the year ended December 31, 2019, as reported in the accompanying Consolidated Statements of Operations, would have changed by approximately \$0.8 million.

Foreign Currency Exchange Risk

We have foreign currency risks related to certain of our foreign subsidiaries, primarily in the Philippines and in India. The functional currency of these foreign subsidiaries is the U.S. dollar. The local currencies of these foreign subsidiaries are the Philippine peso and India rupee. Operating expenses in these foreign subsidiaries are primarily denominated in the respective local currency and are remeasured into our reporting currency at the average exchange rate in effect during the month. As of December 31, 2019, we had entered into foreign currency exchange forward contracts with an aggregate notional amount of \$15.0 million to protect a portion of our forecasted U.S. dollar-equivalent operating expenses from adverse changes in foreign currency exchange rates. These hedging contracts reduce, but do not entirely eliminate, the impact of adverse foreign currency exchange rate movements. These contracts are designated as cash flow hedges for accounting purposes. For additional details, see Note 16 to the Consolidated Financial Statements.

We also enter into foreign currency forward contracts to hedge fluctuations associated with foreign currency denominated monetary assets and liabilities, primarily associated with our lease liabilities. These forward contracts are not designated for hedge accounting treatment. Accordingly, the change in fair value of these derivatives is recorded as a component of "General and administrative" expense in the accompanying Consolidated Statements of Operations and offsets the change in fair value of the foreign currency denominated assets and liabilities, which are also recorded in "General and administrative" expense. As of December 31, 2019, the notional amounts of outstanding foreign currency contracts entered into under our balance sheet hedge program was \$2.8 million.

Adverse changes in exchange rates of 10% would have resulted in an adverse impact on income before income taxes of approximately \$1.4 million at December 31, 2019. These reasonably possible adverse changes in exchange rates of 10% were applied to the total local currency monetary assets and liabilities not hedged by the foreign currency forward contracts discussed above, at the balance sheet dates, to compute the impact these changes would have had on our income before income taxes in the near term.

Item 8. Financial Statements and Supplementary Data.

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of RealPage, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of RealPage, Inc. (the Company) as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and the financial statement schedule listed in the Index under Item 15(c) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 2, 2020 expressed an adverse opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing a separate opinion on the critical audit matters or on the accounts or disclosures to which they relate.

Capitalized internal-use software development costs

*Description of
the Matter*

As more fully described in Note 2 to the consolidated financial statements, the Company capitalizes certain internal-use software development costs incurred during development stage activities, if direct and incremental, until the software is substantially complete and ready for its intended use. The Company capitalizes certain costs related to internal-use software upgrades and enhancements when it is probable the expenditures will result in significant additional functionality. As of December 31, 2019, the Company had capitalized internal-use software development costs of \$66.5 million, net of amortization.

Auditing the Company's capitalization of internal-use software development costs was especially challenging because management's determination of which costs qualify for capitalization requires significant judgment, as only those costs incurred during certain stages of software development that result in significant additional functionality can be capitalized in accordance with the applicable accounting standards.

How We Addressed the Matter in Our Audit We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company’s capitalized internal-use software development costs process. This included testing controls over management’s determination of which projects and costs qualify for capitalization in accordance with the applicable accounting standards.

Our audit procedures included, among others, inspecting underlying documentation to evaluate whether the costs were capitalizable under the applicable accounting standards. We also inquired of project managers for significant projects to assess the nature of the costs, the time devoted to capitalizable activities and the underlying documentation.

Accounting for Acquisitions

Description of the Matter During 2019, the Company completed its acquisition of Buildium, LLC for aggregate consideration of \$569.4 million, as disclosed in Note 3 to the consolidated financial statements. The transaction was accounted for as a business combination.

Auditing the Company's accounting for its acquisition of Buildium, LLC was complex due to the significant estimation uncertainty in the Company’s determination of the fair value of identified intangible assets, which principally consisted of developed technology of \$57.0 million and customer relationship intangible assets of \$55.0 million (collectively, “the intangible assets”). The significant estimation uncertainty was primarily due to the sensitivity of the respective fair values to underlying assumptions about the future performance of the acquired business. The Company used a discounted cash flow model to measure the intangible assets. The significant assumptions used to estimate the value of the intangible assets included discount rates, customer attrition rates, technology obsolescence rates, technology royalty rates and certain assumptions that form the basis of the forecasted results (i.e., revenue growth rates and EBITDA margin).

How We Addressed the Matter in Our Audit We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company’s accounting for its acquisitions. Our tests included controls over the estimation process supporting the fair value of the intangible assets and consideration transferred. We also tested management’s review and evaluation of significant assumptions used in the discounted cash flow model.

To test the estimated fair value of the intangible assets, we performed audit procedures, assisted by our valuation specialists, that included, among others, evaluating the Company's selection of the valuation methodology, evaluating the significant assumptions used by the Company's management, and evaluating the completeness and accuracy of the underlying data supporting the significant assumptions and estimates. For example, we compared the significant assumptions to current industry, market and economic trends, to the assumptions used to value similar assets in other acquisitions, to the historical results of the acquired business and to other guidelines used by companies within the same industry.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2004.

Dallas, Texas

March 2, 2020

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of RealPage, Inc.

Opinion on Internal Control over Financial Reporting

We have audited RealPage, Inc.'s internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, because of the effect of the material weakness described below on the achievement of the objectives in the control criteria, RealPage, Inc. (the Company) has not maintained effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

As indicated in the accompanying "Management's Report on Internal Control over Financial Reporting," management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of LeaseTerm Insurance Group, LLC (LeaseTerm Solutions), CRE Global Enterprises LLC, including certain of its subsidiaries (collectively known as Hipercept), Simple Bills Corporation (Simple Bills), Investor Management Services, LLC (IMS) and Buildium, LLC (Buildium), which are included in the 2019 consolidated financial statements of the Company.

LeaseTerm Solutions constituted approximately 1% and less than 1% of total assets and total revenues, respectively, as of December 31, 2019. Hipercept constituted approximately 1% and less than 1% of total assets and total revenues, respectively, as of December 31, 2019. Simple Bills constituted less than 1% and less than 1% of total assets and total revenues, respectively, as of December 31, 2019. IMS constituted approximately 2% and less than 1% of total assets and total revenues, respectively, as of December 31, 2019. Buildium constituted approximately 20% and less than 1% of total assets and total revenues, respectively, as of December 31, 2019. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of LeaseTerm Solutions, Hipercept, Simple Bills, IMS, and Buildium.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment. Management has identified a material weakness in controls over certain user access to IT systems and related changes to IT programs and data.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and the financial statement schedule listed in the Index under Item 15(c) and our report dated March 2, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying report by management on internal control over financial reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ Ernst & Young LLP
Dallas, Texas
March 2, 2020

RealPage, Inc.
Consolidated Balance Sheets
(in thousands, except per share and share amounts)

	December 31,	
	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 197,154	\$ 228,159
Restricted cash	243,323	154,599
Accounts receivable, less allowances of \$10,271 and \$8,850 at December 31, 2019 and 2018, respectively	143,127	123,596
Prepaid expenses	24,539	19,214
Other current assets	27,387	15,185
Total current assets	635,530	540,753
Property, equipment, and software, net	163,282	153,528
Right-of-use assets	121,941	—
Goodwill	1,611,749	1,053,119
Intangible assets, net	372,996	287,378
Deferred tax assets, net	33,812	42,602
Other assets	30,507	20,393
Total assets	\$ 2,969,817	\$ 2,097,773
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 40,092	\$ 25,312
Accrued expenses and other current liabilities	89,038	95,482
Current portion of deferred revenue	134,148	120,704
Current portion of term loans	18,750	16,133
Customer deposits held in restricted accounts	243,316	154,601
Total current liabilities	525,344	412,232
Deferred revenue	4,793	4,902
Revolving facility	230,000	—
Term loans, net	575,313	287,582
Convertible notes, net	305,188	292,843
Lease liabilities, net of current portion	133,313	—
Other long-term liabilities	22,940	37,190
Total liabilities	1,796,891	1,034,749
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, \$0.001 par value: 10,000,000 shares authorized and zero shares issued and outstanding at December 31, 2019 and 2018, respectively	—	—
Common stock, \$0.001 par value: 250,000,000 and 125,000,000 shares authorized, 96,100,296 and 95,991,162 shares issued and 94,744,157 and 93,650,127 shares outstanding at December 31, 2019 and 2018, respectively	96	96
Additional paid-in capital	1,222,356	1,187,683
Treasury stock, at cost: 1,356,139 and 2,341,035 shares at December 31, 2019 and 2018, respectively	(39,483)	(65,470)
Accumulated deficit	(7,695)	(58,793)
Accumulated other comprehensive loss	(2,348)	(492)
Total stockholders' equity	1,172,926	1,063,024
Total liabilities and stockholders' equity	\$ 2,969,817	\$ 2,097,773

See accompanying notes.

RealPage, Inc.

Consolidated Statements of Operations
(in thousands, except per share amounts)

	Year Ended December 31,		
	2019	2018	2017
Revenue:			
On demand	\$ 953,576	\$ 833,709	\$ 642,622
Professional and other	34,560	35,771	28,341
Total revenue	988,136	869,480	670,963
Cost of revenue	385,712	328,382	258,135
Amortization of product technologies	40,461	35,797	22,163
Gross profit	561,963	505,301	390,665
Operating expenses:			
Product development	112,222	118,525	89,452
Sales and marketing	193,962	166,607	140,473
General and administrative	123,056	118,208	112,975
Amortization of intangible assets	40,303	35,911	17,755
Total operating expenses	469,543	439,251	360,655
Operating income	92,420	66,050	30,010
Interest expense and other, net	(31,862)	(31,750)	(14,769)
Income before income taxes	60,558	34,300	15,241
Income tax expense (benefit)	2,350	(425)	14,864
Net income	\$ 58,208	\$ 34,725	\$ 377
Net income per share attributable to common stockholders:			
Basic	\$ 0.63	\$ 0.40	\$ 0.00
Diluted	\$ 0.60	\$ 0.38	\$ 0.00
Weighted average common shares outstanding:			
Basic	92,017	87,290	79,433
Diluted	96,282	91,531	82,398

See accompanying notes.

RealPage, Inc.
Consolidated Statements of Comprehensive Income
(in thousands)

	Year Ended December 31,		
	2019	2018	2017
Net income	\$ 58,208	\$ 34,725	\$ 377
Other comprehensive (loss) income:			
Unrealized (loss) gain on derivative instruments, net of tax	(1,233)	61	318
Reclassification adjustment for gains included in earnings on derivative instruments, net of tax	(477)	(613)	(77)
Foreign currency translation adjustment	(171)	(183)	55
Other comprehensive (loss) income, net of tax	(1,881)	(735)	296
Comprehensive income	<u>\$ 56,327</u>	<u>\$ 33,990</u>	<u>\$ 673</u>

See accompanying notes.

RealPage, Inc.
Consolidated Statements of Stockholders' Equity
(in thousands)

	Common Stock		Additional Paid-in Capital	Accum. Other Comprehensive (Loss) Income	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
Balance as of January 1, 2017	86,062	\$ 86	\$ 534,348	\$ (53)	\$(119,260)	4,975	\$ (30,358)	\$ 384,763
Cumulative effect of adoption of ASU 2016-09	—	—	6	—	43,837	—	—	43,843
Stock option exercises	991	1	27,013	—	—	(354)	—	27,014
Issuance of restricted stock	100	—	(2)	—	—	(1,795)	2	—
Treasury stock purchased, at cost	—	—	—	—	—	1,147	(30,904)	(30,904)
Stock-based compensation	—	—	46,146	—	—	—	—	46,146
Other comprehensive income - derivative instruments	—	—	—	241	—	—	—	241
Foreign currency translation	—	—	—	55	—	—	—	55
Equity component of convertible notes, net of issuance costs and deferred tax	—	—	61,390	—	—	—	—	61,390
Purchases of convertible note hedges	—	—	(62,549)	—	—	—	—	(62,549)
Issuance of warrants	—	—	31,499	—	—	—	—	31,499
Net income	—	—	—	—	377	—	—	377
Balance as of December 31, 2017	87,153	87	637,851	243	(75,046)	3,973	(61,260)	501,875
Cumulative effect of adoption of ASU 2014-09	—	—	—	—	2,221	—	—	2,221
Public offering of common stock, net of \$16,949 of offering costs	8,050	8	441,893	—	—	—	—	441,901
Issuance of common stock in connection with our acquisitions	1,361	2	75,148	—	—	—	—	75,150
Stock option exercises	27	—	2,468	—	—	(632)	10,695	13,163
Issuance of restricted stock	—	—	(14,598)	—	—	(1,807)	14,598	—
Treasury stock purchased, at cost	—	—	473	—	—	1,407	(57,585)	(57,112)
Retirement of treasury stock	(600)	(1)	(7,388)	—	(20,693)	(600)	28,082	—
Stock-based compensation	—	—	51,836	—	—	—	—	51,836
Other comprehensive income - derivative instruments	—	—	—	(552)	—	—	—	(552)
Foreign currency translation	—	—	—	(183)	—	—	—	(183)
Net income	—	—	—	—	34,725	—	—	34,725
Balance as of December 31, 2018	95,991	96	1,187,683	(492)	(58,793)	2,341	(65,470)	1,063,024

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Cumulative effect of adoption of ASU 2017-12	—	—	—	25	(25)	—	—	—
Issuance of common stock in connection with our acquisitions	234	—	14,846	—	—	—	—	14,846
Stock option exercises	39	—	(2,490)	—	—	(266)	8,323	5,833
Issuance of restricted stock	7	—	(41,904)	—	—	(1,371)	42,403	499
Treasury stock purchased, at cost	—	—	4,615	—	—	823	(33,973)	(29,358)
Retirement of treasury stock	(171)	—	(2,149)	—	(7,085)	(171)	9,234	—
Stock-based compensation	—	—	61,755	—	—	—	—	61,755
Other comprehensive income - derivative instruments	—	—	—	(1,710)	—	—	—	(1,710)
Foreign currency translation	—	—	—	(171)	—	—	—	(171)
Net income	—	—	—	—	58,208	—	—	58,208
Balance as of December 31, 2019	<u>96,100</u>	<u>\$ 96</u>	<u>\$1,222,356</u>	<u>\$ (2,348)</u>	<u>\$ (7,695)</u>	<u>1,356</u>	<u>\$ (39,483)</u>	<u>\$1,172,926</u>

See accompanying notes.

RealPage, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2019	2018	2017
Cash flows from operating activities:			
Net income	\$ 58,208	\$ 34,725	\$ 377
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	114,952	100,186	67,146
Amortization of debt discount and issuance costs	13,700	12,464	7,296
Amortization of right-of-use assets	11,433	—	—
Deferred taxes	2,276	(2,179)	13,791
Stock-based expense	62,563	50,641	45,835
Loss on disposal and impairment of long-lived assets	2,536	6,733	524
Change in fair value of equity investment	(2,600)	—	—
Acquisition-related consideration	1,006	284	684
Changes in assets and liabilities, net of assets acquired and liabilities assumed in business combinations:			
Accounts receivable	(14,704)	(717)	(18,821)
Prepaid expenses and other current assets	(13,786)	(11,894)	945
Other assets	(5,107)	(4,543)	(717)
Accounts payable	9,318	1,266	268
Accrued compensation, taxes, and benefits	(1,150)	3,288	3,438
Deferred revenue	7,696	3,478	17,114
Customer deposits	82,631	57,230	3,055
Other current and long-term liabilities	(11,999)	(6,155)	(672)
Net cash provided by operating activities	<u>316,973</u>	<u>244,807</u>	<u>140,263</u>
Cash flows from investing activities:			
Purchases of property, equipment, and software	(51,500)	(50,933)	(49,752)
Acquisition of businesses, net of cash and restricted cash acquired	(665,844)	(278,563)	(649,910)
Purchase of other investments	(1,750)	(1,800)	(200)
Net cash used in investing activities	<u>(719,094)</u>	<u>(331,296)</u>	<u>(699,862)</u>
Cash flows from financing activities:			
Proceeds from term loans	600,000	—	199,400
Payments on term loans	(308,744)	(14,116)	(3,551)
Proceeds from revolving credit facility	230,000	140,000	50,000
Payments on revolving credit facility	—	(190,000)	—
Proceeds from borrowings on convertible notes	—	—	345,000
Purchase of convertible senior note hedges	—	—	(62,549)
Proceeds from issuance of warrants	—	—	31,499
Payments of deferred financing costs	(3,628)	(1,136)	(10,734)
Payments on finance lease obligations	(3,651)	(227)	(335)
Payments of acquisition-related consideration	(30,441)	(28,388)	(8,491)
Proceeds from public offering, net of underwriters' discount and offering costs	—	441,901	—
Proceeds from exercise of stock options	5,833	13,163	27,014
Purchase of treasury stock related to stock-based compensation	(20,867)	(29,030)	(30,904)
Purchase of treasury stock under share repurchase program	(8,491)	(28,082)	—
Net cash provided by financing activities	<u>460,011</u>	<u>304,085</u>	<u>536,349</u>
Net increase (decrease) in cash and cash equivalents	57,890	217,596	(23,250)
Effect of exchange rate on cash	(171)	(183)	55
Cash, cash equivalents and restricted cash:			
Beginning of period	382,758	165,345	188,540
End of period	<u>\$ 440,477</u>	<u>\$ 382,758</u>	<u>\$ 165,345</u>

RealPage, Inc.
Consolidated Statements of Cash Flows, continued
(in thousands)

	Year Ended December 31,		
	2019	2018	2017
Supplemental cash flow information:			
Cash paid for interest	\$ 16,073	\$ 18,204	\$ 6,754
Cash paid for income taxes, net of refunds	\$ 2,074	\$ 3,121	\$ 1,855
Right-of-use assets obtained in exchange for operating lease obligations	\$ 23,613	\$ —	\$ —
Non-cash investing and financing activities:			
Accrued property, equipment, and software	\$ 2,608	\$ 1,447	\$ 5,777
Acquisition-related liabilities settled with equity	\$ 14,846	\$ —	\$ —
Fair value of stock consideration in connection with acquisition of ClickPay	\$ —	\$ 53,334	\$ —
Redemption of noncontrolling interest in connection with acquisition of ClickPay	\$ —	\$ 21,816	\$ —

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Balance Sheets to that shown in the Consolidated Statements of Cash Flows:

	Year Ended December 31,		
	2019	2018	2017
Cash and cash equivalents	\$ 197,154	\$ 228,159	\$ 69,343
Restricted cash	243,323	154,599	96,002
Total cash, cash equivalents and restricted cash shown in the Consolidated Statements of Cash Flows	<u>\$ 440,477</u>	<u>\$ 382,758</u>	<u>\$ 165,345</u>

See accompanying notes.

RealPage, Inc.

Notes to Consolidated Financial Statements

1. The Company

RealPage, Inc., a Delaware corporation (together with its subsidiaries, the “Company” or “we” or “us”), is a leading global provider of software and data analytics to the real estate industry. Our platform of data analytics and software solutions enables the rental real estate industry to manage property operations (such as marketing, pricing, screening, leasing, payment processing, and accounting), identify opportunities through market intelligence, and obtain data-driven insight for better operational and financial decision-making. Our integrated, on demand platform provides a single point of access and a massive repository of real-time lease transaction data, including prospect, renter, and property data. By leveraging data as well as integrating and streamlining a wide range of complex processes and interactions among the rental real estate ecosystem (owners, managers, prospects, renters, service providers, and investors), our platform helps our clients improve financial and operational performance and prudently place and harvest capital.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements and footnotes have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and include the accounts of RealPage, Inc. and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Certain prior period amounts reported in our consolidated financial statements and notes thereto have been reclassified to conform to the current period’s presentation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the amounts reported and disclosed in the financial statements and accompanying notes. Such significant estimates include, but are not limited to, the determination of the allowances against our accounts receivable; useful lives of intangible assets; impairment assessments on long-lived assets (including goodwill and indefinite-lived intangibles); contingent commissions related to the sale of insurance products; fair value of acquired net assets and contingent consideration in connection with business combinations; the nature and timing of satisfaction of performance obligations and related reserves; fair values of stock-based awards; loss contingencies; and the recognition, measurement and valuation of current and deferred income taxes. Actual results could differ from these estimates. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable, the result of which forms the basis for making judgments about the carrying value of assets and liabilities.

Concentration of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. Our cash accounts are maintained at various high credit, quality financial institutions and may exceed federally insured limits. We have not experienced any losses in such accounts.

Substantially all of our accounts receivable are derived from clients in the residential rental housing market. Concentrations of credit risk with respect to accounts receivable and revenue are limited due to a large, diverse customer base. 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 years ended December 31, 2019, 2018, or 2017.

Segment and Geographic Information

Our chief operating decision maker is our Chief Executive Officer, who reviews financial information on a consolidated basis for purposes of allocating resources and evaluating financial performance. Accordingly, we have determined we operate as a single operating segment.

Principally, all of our revenue for the years ended December 31, 2019, 2018, and 2017 was earned in the United States. Net property, equipment, and software located in the United States amounted to \$154.5 million and \$144.3 million at December 31, 2019 and 2018, respectively. Net property, equipment, and software located in our international subsidiaries amounted to \$8.8 million and \$9.2 million at December 31, 2019 and 2018, respectively. Substantially all of the net property,

equipment, and software held in our international subsidiaries was located in the Philippines, Spain, and India at December 31, 2019 and 2018.

Cash, Cash Equivalents and Restricted Cash

We consider all highly liquid investments with an initial maturity of three months or less at the date of purchase to be cash equivalents. The fair value of our cash and cash equivalents approximates carrying value.

Restricted cash consists of cash collected from tenants that will be remitted primarily to our clients.

Accounts Receivable

Accounts receivable primarily represent trade receivables from clients recorded at the invoiced amount, net of allowances, which are based on our historical experience, the aging of our trade receivables, and management judgment.

Trade receivable are written off against the allowance when management determines a balance is uncollectible. During the years ended December 31, 2019, 2018, and 2017, we incurred bad debt expense of \$2.8 million, \$3.7 million, and \$3.2 million, respectively.

Property, Equipment, and Software

Property, equipment, and software are recorded at cost less accumulated depreciation and amortization, which are computed using the straight-line method over the following estimated useful lives:

Data processing and communications equipment	3 - 5 years
Furniture, fixtures, and other equipment	3 - 5 years
Software	3 - 5 years
Leasehold improvements	Shorter of lease term or estimated useful life

Software includes both purchased and internally developed software. Gains and losses from asset disposals are included in the line "General and administrative" in the Consolidated Statements of Operations.

Internally Developed Software

Costs incurred to develop software intended for our internal use are capitalized during the application development stage. Capitalization of such costs ceases once the project is substantially complete and ready for its intended use. We also capitalize costs related to specific upgrades and enhancements when it is probable the expenditure will result in additional functionality. Costs related to preliminary project activities and post-implementation operating activities are expensed as incurred.

Internally developed software costs are included in "Property, equipment, and software, net" in the accompanying Consolidated Balance Sheets and are amortized on a straight-line basis over their expected useful lives. Amortization of internally developed software is included in "Amortization of product technologies" in the accompanying Consolidated Statements of Operations.

Impairment of Long-Lived Assets

Tangible long-lived assets held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors we consider important that could trigger an impairment review include, but are not limited to, significant under-performance relative to current and historical or projected future operating results, significant changes in the manner of our use of the asset, or significant changes in our overall business and/or product strategies. If circumstances require that a long-lived asset group be tested for impairment, determination of recoverability is based on an estimate of the undiscounted cash flows expected to be generated by that long-lived asset or asset group. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, we would recognize an impairment charge equal to the excess of the carrying value over its fair value.

Business Combinations

We allocate the fair value of the purchase consideration of our acquisitions to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Purchase consideration includes assets transferred, liabilities assumed, 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 a combination of up-front, deferred and contingent payments to be made at specified dates subsequent to the date of acquisition. These payments may include a combination of cash and equity. Deferred and contingent payments determined to be purchase consideration are recorded at fair value as of the acquisition date. Deferred obligations are generally subject to adjustments specified in the

underlying purchase agreement related to the seller’s indemnification obligations. Contingent consideration is an obligation to make future payments to the seller contingent upon the achievement of future operational or financial targets.

The valuation of the net assets acquired as well as certain elements of purchase consideration require management to make significant estimates and assumptions, especially with respect to future expected cash flows, useful lives, and discount rates. Management’s estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and, as a result, actual results may differ from estimates. During the measurement period, we may record adjustments to the assets acquired and liabilities assumed with a corresponding offset to goodwill. Changes to the fair value of contingent payments is reflected in “General and administrative” costs in the accompanying Consolidated Statements of Operations.

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

Goodwill and Indefinite-Lived Intangible Assets

We test goodwill and indefinite-lived intangible assets for impairment separately on an annual basis in the fourth quarter of each year, or more frequently if circumstances indicate that the assets may not be recoverable.

We evaluate impairment of goodwill either by assessing qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, or by performing a quantitative assessment. Qualitative factors include industry and market considerations, overall financial performance, and other relevant events and circumstances affecting the reporting unit. If we choose to perform a qualitative assessment and after considering the totality of events or circumstances, we determine it is more likely than not that the fair value of a reporting unit is less than its carrying amount, we would perform a quantitative fair value test. Our quantitative impairment assessment utilizes a weighted combination of a discounted cash flow model (known as the income approach) and comparisons to publicly traded companies engaged in similar businesses (known as the market approach). These approaches involve judgmental assumptions, including forecasted future cash flows expected to be generated by the business over an extended period of time, long-term growth rates, the identification of comparable companies, and our discount rate based on our weighted average cost of capital. These assumptions are predominately unobservable inputs and considered Level 3 measurements. To calculate any potential impairment, we compare the fair value of a reporting unit with its carrying amount, including goodwill. Any excess of the carrying amount of the reporting unit’s goodwill over its fair value is recognized as an impairment loss, and the carrying value of goodwill is written down. For purposes of goodwill impairment testing, we have one reporting unit.

We quantitatively evaluate indefinite-lived intangible assets by estimating the fair value of those assets based on estimated future earnings derived from the assets using the income approach. Key assumptions for this assessment include forecasted future cash flows from estimated royalty rates and our discount rate based on our weighted average cost of capital. These assumptions are unobservable Level 3 measurements, as described in Note 14 of our Consolidated Financial Statements. Assets with indefinite lives that have been determined to be inseparable due to their interchangeable use are grouped into single units of accounting for purposes of testing for impairment. If the carrying amount of an identified intangible asset with an indefinite life exceeds its fair value, we would recognize an impairment loss equal to the excess of carrying value over fair value.

Intangible Assets

Intangible assets with determinable economic lives are carried at cost, less accumulated amortization. Our intangible assets are largely acquired in business combinations and include developed technologies, client relationships, vendor relationships, non-competition agreements and trade names. Intangible assets are amortized over the shorter of the contractual life or the estimated useful life. Intangible assets are amortized on a straight-line basis, except for client relationships which are amortized proportionately to the expected discounted cash flows derived from the asset.

Estimated useful lives for intangible assets consist of the following:

Developed technologies	3 - 7 years
Client relationships	3 - 10 years
Vendor relationships	7 years
Trade names	1 - 7 years
Non-competition agreements	5 - 10 years

Amortization of acquired developed technologies is included in “Amortization of product technologies”, and amortization of acquired client relationships, vendor relationships, non-competition agreements and trade names is included in “Amortization of intangible assets” in the accompanying Consolidated Statements of Operations.

Other Current and Long-Term Liabilities

Accrued expenses and other current liabilities consisted of the following at December 31, 2019 and 2018:

	December 31,	
	2019	2018
	(in thousands)	
Accrued compensation, payroll taxes, and benefits	\$ 28,444	\$ 29,405
Sales tax obligations	4,232	3,673
Current portion of liabilities related to acquisitions	23,431	47,173
Lease-related liabilities ⁽¹⁾	16,127	2,640
Other current liabilities	16,804	12,591
Total accrued expenses and other current liabilities	<u>\$ 89,038</u>	<u>\$ 95,482</u>

Other long-term liabilities consisted of the following at December 31, 2019 and 2018:

	December 31,	
	2019	2018
	(in thousands)	
Deferred rent ⁽¹⁾	\$ —	\$ 25,207
Liabilities related to acquisitions	14,852	10,969
Deferred tax liabilities	2,353	—
Other long-term liabilities	5,735	1,014
Total other long-term liabilities	<u>\$ 22,940</u>	<u>\$ 37,190</u>

⁽¹⁾ We adopted ASU 2016-02, *Leases (Topic 842)* effective January 1, 2019. We used the optional transition method described in the *Recently Adopted Accounting Standards* section of Note 2, which eliminated the requirement to restate amounts presented prior to January 1, 2019. Refer to the accounting standards section below, and Note 7, for additional information.

Leases

We determine if an arrangement contains a lease at inception. Right-of-use (“ROU”) assets represent the Company’s right to use an underlying asset for the lease term and the corresponding lease liabilities represent its obligation to make lease payments arising from the lease. Our ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The ROU asset is reduced for tenant incentives and excludes any initial direct costs incurred. For our real estate contracts with lease and non-lease components, we have elected to combine the lease and non-lease components as a single lease component. The implicit rate within our leases are generally not readily determinable, and we use our incremental borrowing rate at the lease commencement date to determine the present value of lease payments. The determination of our incremental borrowing rate requires judgment. We determine our incremental borrowing rate for each lease using our current borrowing rate, adjusted for various factors including collateralization and term to align with the terms of the lease. Certain of our leases include options to extend the lease. Our lease values include options to extend the lease when it is reasonably certain we will exercise such options.

Operating and finance leases are included in “Right-of-use assets”, “Accrued expenses and other current liabilities”, and “Lease liabilities, net of current portion” in the accompanying Consolidated Balance Sheets.

Lease expenses for minimum lease payments for operating leases are recognized on a straight-line basis over the lease term. Amortization expense of the ROU asset for finance leases is recognized on a straight-line basis over the lease term and interest expense for finance leases is recognized based on the incremental borrowing rate.

We have elected not to recognize a lease liability or ROU asset for short-term leases, defined as those which have a term of twelve months or less.

Deferred Revenue

For several of our solutions, we invoice our clients in annual, monthly, or quarterly installments in advance of the commencement of the service period. Deferred revenue is recognized when billings are due or payments are received in advance of revenue recognition from our subscription and other services. Accordingly, the deferred revenue balance does not represent the total contract value of annual subscription agreements.

Revenue Recognition

Revenues are derived from on demand software solutions, professional services and other goods and services. We recognize revenue as we satisfy one or more service obligations under the terms of a contract, generally as control of goods and services are transferred to our clients. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. We include estimates of variable consideration in revenue to the extent that it is probable that a significant reversal of cumulative revenue will not occur. We estimate and accrue a reserve for credits and other adjustments as a reduction to revenue based on several factors, including past history.

On Demand Revenue

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

We generally recognize revenue from subscription fees on a straight-line basis over the access period beginning on the date that we make our service available to the client. Our subscription agreements generally are non-cancellable, have an initial term of one year or longer and are billed either monthly, quarterly or annually in advance. Non-refundable upfront fees billed at the initial order date that are not associated with an upfront service obligation are recognized as revenue on a straight-line basis over the period in which the client is expected to benefit, which we consider to be three years.

We recognize revenue from transaction fees in the month the related services are performed based on the amount we have the right to invoice.

We offer risk mitigation services to our clients by acting as an insurance agent and derive commission revenue from the sale of insurance products to our clients' residents. 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. Our estimate of contingent commission revenue considers the variable factors identified in the terms of the applicable agreement. We recognize commissions related to these services as earned ratably over the policy term and insurance commission receivable in "Accounts receivable, less allowances".

Professional and Other Revenue

Professional services and other revenues generally consist of the fees we receive for providing implementation and consulting services, submeter equipment and ongoing maintenance of our existing on premise licenses.

Professional services are billed either on a time and materials basis or on a fixed price basis, and revenue is recognized over time as we perform the obligation. Professional services are typically sold bundled in a contract with other on demand solutions but may be sold separately. Professional service contracts sold separately generally have terms of one year or less. For bundled arrangements, where we account for individual services as a separate performance obligation, the transaction price is allocated between separate services in the bundle based on their relative standalone selling prices.

Other revenues consist primarily of submeter equipment sales that include related installation services. Such sales are considered bundled, and revenue from these bundled sales is recognized in proportion to the number of installed units completed to date as compared to the total contracted number of units to be provided and installed. For all other equipment sales, we generally recognize revenue when control of the hardware has transferred to our client.

Revenue recognized for on premise software sales generally consists of annual maintenance renewals on existing term or perpetual license, which is recognized ratably over the service period.

Contract with Multiple Performance Obligations

The majority of the contracts we enter into with clients, including multiple contracts entered into at or near the same time with the same client, require us to provide one or more on demand software solutions, professional services and may include equipment. For these contracts, we account for individual performance obligations separately: i) if they are distinct or ii) if the promised obligation represents a series of distinct services that are substantially the same and have the same pattern of transfer to the client. Once we determine the performance obligations, we determine the transaction price, which includes estimating the amount of variable consideration, if any, to be included in the transaction price. For contracts with multiple performance obligations, we allocate the transaction price to the separate performance obligations on a relative standalone selling price basis. The standalone selling prices of our service are estimated using a market assessment approach based on our overall pricing objectives taking into consideration market conditions and other factors including the number of solutions sold, client demographics and the number and types of users within our contracts.

Sales, value add, and other taxes we collect from clients and remit to governmental authorities are excluded from revenues.

Cost of Revenue

Cost of revenue consists primarily of salaries and related personnel expenses of our operations and support personnel, including training and implementation services; expenses related to the operation of our data centers; transaction processing fees; fees paid to third-party providers; allocations of facilities overhead costs; and depreciation.

Sales and Marketing Expenses and Deferred Commissions

Sales and marketing expenses consist primarily of personnel and related costs, including salaries, benefits, bonuses, commissions, travel, and stock-based compensation. Other costs included are marketing and promotional events, our annual user conference, and other online and product marketing costs. We amortize sales commissions that are directly attributable to a contract over an estimated customer benefit period of three years.

Advertising costs are expensed as incurred and totaled \$29.4 million, \$26.4 million, and \$22.8 million for the years ended December 31, 2019, 2018, and 2017, respectively.

Stock-Based Expense

We recognize compensation expense related to stock options and restricted stock based on the estimated fair value of the awards on the date of grant. We generally grant time-based stock options and restricted stock awards, which vest over a specified period of time, and market-based awards, which become eligible to vest only after the achievement of a condition based upon the trading price of our common stock and vest over a specified period of time thereafter. The fair value of employee stock options is estimated on the date of grant using a binomial option pricing model, the Black-Scholes model. The fair value of time-based restricted stock awards is based on the closing price of our common stock on the date of grant. The fair value of market-based restricted stock awards is estimated using a discrete model based on multiple stock price-paths developed through the use of a Monte Carlo simulation.

For time-based stock options and restricted stock awards, expense is recognized on a straight-line basis over the requisite service period. Expense associated with market-based awards is recognized over the requisite service period using the graded-vesting attribution method. Share-based compensation is reduced for forfeitures once they occur.

Income Taxes

Income taxes are recorded based on the liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in our consolidated financial statements or tax returns. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to taxable income for the years in which those tax assets and liabilities are expected to be realized or settled. We recognize the effect of tax rate changes on current and accumulated deferred income taxes in the period in which the rate changes are enacted.

Valuation allowances are provided when it is more likely than not that all or a portion of the deferred tax asset will not be realized. The factors used to assess the need for a valuation allowance include historical earnings, our latest forecast of taxable income, and available tax planning strategies that could be implemented to realize the net deferred tax assets. In projecting future taxable income, we begin with historical results and incorporate assumptions including the amount of future state, federal and foreign pretax operating income, the reversal of temporary differences, and the implementation of feasible and prudent tax planning strategies, if any. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates we are using to manage the underlying businesses.

We may recognize a tax benefit from uncertain tax positions only if it is at least more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon settlement with the taxing authorities.

Fair Value Measurements

We measure our financial instruments and acquisition-related contingent consideration obligations at fair value at each reporting period using a fair value hierarchy. A financial instrument's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Three levels of inputs may be used to measure fair value:

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 is based on the inputs described above and does not necessarily correspond to our perceived risk of that asset or liability. Moreover, the methods used by us may produce a fair value calculation that is not indicative of the net realizable value or reflective of future fair values. Furthermore, although we believe our 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.

Certain financial instruments, which may include cash, cash equivalents, restricted cash, accounts receivable, accounts payable and accrued expenses are recorded at their carrying amounts, which approximates their fair values due to their short-term nature.

Recently Adopted Accounting Standards

Accounting Standards Update 2016-02

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The new guidance requires lessees to recognize assets and liabilities arising from all leases with a lease term of more than 12 months, including those classified as operating leases under previous accounting guidance. It also requires disclosure of key information about leasing arrangements to increase transparency and comparability among organizations.

We adopted ASU 2016-02 effective January 1, 2019 using the optional transition method provided for in ASU 2018-11 *Leases - Targeted Improvements*, which eliminated the requirement to restate amounts presented prior to January 1, 2019. We elected the practical expedients permitted under the transition guidance, which allowed us to adopt the guidance without reassessing whether arrangements contain leases, the lease classification and the determination of initial direct costs.

The adoption of ASC 842 resulted in the recognition of ROU assets and lease liabilities for operating leases of \$73.9 million and \$101.5 million, respectively, at January 1, 2019 (the "Transition Date") which included reclassifying deferred rent, lease incentives, and favorable and unfavorable leases associated with our acquisitions as a component of the ROU asset. As of the Transition Date, we had insignificant finance leases.

Certain of our leases include options to extend the lease. Our lease values include options to extend the lease when it is reasonably certain we will exercise such options. Subsequent to the Transition Date and during the first quarter of 2019, we determined we were reasonably certain to renew the building lease for our corporate headquarters, and as a result, we reassessed the classification of the lease and determined the building lease met the criteria of a finance lease under ASC 842. As a result, an operating ROU asset and lease liability of \$36.4 million and \$58.6 million, respectively, were reclassified and remeasured to a finance ROU asset and lease liability of \$58.2 million and \$80.4 million, respectively.

See Note 7 for additional disclosures related to the impact of adopting the new lease standard.

Accounting Standards Update 2017-12

In August 2017, the FASB issued ASU 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, which expands an entity's ability to apply hedge accounting for nonfinancial and financial risk components and allows for a simplified approach for fair value hedging of interest rate risk. Certain of the amendments in this ASU, as they relate to cash flow hedges, eliminate the requirement to separately record hedge ineffectiveness currently in earnings. Instead, the entire change in the fair value of the hedging instrument is recorded in Other Comprehensive Income ("OCI"), and amounts deferred in OCI will be reclassified to earnings in the same income statement line item in which the earnings effect of the hedged item is reported. Additionally, this ASU simplifies the hedge documentation and effectiveness assessment requirements under the previous guidance. This ASU must be applied on a modified retrospective basis through a cumulative effect adjustment to the opening balance of retained earnings as of the initial application date.

We adopted ASU 2017-12 effective January 1, 2019. As a result of our adoption, we now recognize the entire change in the fair value of our interest rate swaps in OCI. Similar to our treatment of the effective portion of a change in fair value, the ineffective portion is now reclassified into interest expense as interest payments are made on our variable rate debt. The effect of this adoption did not have a material impact to our financial statements.

Recently Issued Accounting Standards

In August 2018, the FASB issued ASU 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract*. This ASU aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. ASU 2018-15 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, and early adoption is permitted. We plan to adopt this guidance prospectively to eligible costs incurred on or after January 1, 2020, and we are currently evaluating potential changes to related processes and internal controls.

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. We will adopt ASU 2016-13 in the first quarter of 2020 utilizing the modified retrospective transition method through a cumulative-effect adjustment to retained earnings. The ASU is not expected to have a material impact on our consolidated financial statements.

3. Acquisitions

Fiscal Year 2019

Buildium

In November 2019, we entered into an Agreement and Plan of Merger and Stock Purchase Agreement (the “Merger Agreement”), by and among RealPage, Buildium, LLC (“Buildium”), and certain other parties named therein, to acquire all of the outstanding shares of capital stock of Buildium and the certain other parties named within the Merger Agreement. We closed the transaction on December 18, 2019. Buildium is a SaaS real estate property management solution provider that targets the smaller multifamily, single-family, associations (homeowner and condominium) and commercial real estate market segments. Aggregate purchase consideration was \$569.4 million, including deferred cash obligations of up to \$3.4 million that will be released on the one year anniversary following the closing date, subject to any indemnification claims. The purchase agreement provides for up to \$11.7 million of deferred compensation for key employees for which post-acquisition employment service is required. The deferred compensation was paid into escrow at closing and recorded as a prepaid asset that will amortize into compensation expense ratably over the two-year term of the arrangement. The funds will be released 50% on each of the first and second year anniversary dates of the acquisition. In addition, the purchase agreement provides for up to \$15.0 million of restricted stock awards, which may be settled in stock or cash at our choosing, to be issued or settled at a future date and for which post-acquisition employment service is required. The \$15.0 million of restricted stock awards are comprised of 1) up to \$7.5 million of restricted stock with service requirements that will be issued on the first anniversary date of the closing and vest ratably beginning the subsequent quarter over the following twelve quarters, and 2) up to \$7.5 million of restricted stock awards contingent on the achievement of performance targets in 2022. The expected achievement of the performance awards as of December 31, 2019 is \$3.8 million. As these awards are also tied to employment services, we will record this amount as stock-based compensation expense over the requisite service period. The acquisition was financed using cash on hand and funds available under our Amended Credit Facility, as defined in Note 9.

The acquired identified intangible assets consisted of developed technology, client relationships and trade names and were assigned estimated useful lives of five, ten and five years, respectively. Preliminary goodwill recognized of \$468.8 million is primarily comprised of anticipated synergies from expected growth in market share in the SMB property management segment. Of this amount, approximately \$193.9 million is expected to be deductible for tax purposes. Acquisition costs associated with this transaction totaled \$2.4 million.

IMS

On December 11, 2019, we entered into an Agreement and Plan of Merger whereby we acquired 100% of the ownership interests of Investor Management Services, LLC (“IMS”). IMS provides an investor relationship management platform. Aggregate purchase consideration was \$55.6 million, including deferred cash obligations of up to \$5.7 million that will be released over a seventeen-month period following the closing date, subject to any indemnification claims. The acquisition was financed using cash on hand.

The acquired identified intangible assets consisted of developed technology, client relationships, trade names, and non-compete agreements and were assigned estimated useful lives of three, nine, three, and five years, respectively. Preliminary goodwill recognized of \$39.4 million is primarily comprised of anticipated synergies from the expansion of our asset and investment management solutions. Of this amount, approximately \$34.8 million is expected to be deductible for tax purposes. Acquisition costs associated with this transaction totaled \$1.0 million.

Simple Bills

On July 26, 2019, we acquired substantially all of the assets of Simple Bills Corporation (“Simple Bills”), a provider of utility management services for the multi-family student housing market. Aggregate purchase consideration was \$18.1 million, including deferred cash obligations of up to \$3.4 million that will be released over a two-year period following the closing date, subject to any indemnification claims. In addition, the purchase agreement provides for up to \$10.0 million of restricted stock awards contingent upon the achievement of performance targets during 2020 and 2021 for which post-acquisition employment service is required. As these awards are tied to employment services, we will record this amount as stock-based compensation expense over the requisite service period. The acquisition was financed using cash on hand.

The acquired identified intangible assets consisted of developed technology, client relationships and trade names and were assigned estimated useful lives of seven, eight and five years, respectively. Preliminary goodwill recognized of \$9.6 million is primarily comprised of anticipated synergies from the expansion of our utility billing solutions. Goodwill and the acquired identified intangible assets are deductible for tax purposes. Acquisition costs associated with this transaction totaled \$0.1 million.

Hipercept

On July 10, 2019, we acquired substantially all of the assets of CRE Global Enterprises LLC (“CRE”), and certain of its subsidiaries, including 100% of the shares outstanding in its subsidiaries in the UK, Canada and Colombia (collectively “Hipercept”). Hipercept is a provider of data services and data analytics solutions to institutional commercial real estate owners. Aggregate purchase consideration was \$28.3 million, including deferred cash obligations of up to \$4.0 million, subject to any indemnification claims, to be released on the first and second anniversary dates of the closing date, and contingent consideration of up to \$28.0 million based on the achievement of certain financial objectives during the six months ended June 30, 2022. The \$28.0 million of contingent consideration is comprised of 1) cash payments of up to \$25.3 million to CRE, and 2) stock grants of up to \$2.7 million to certain individuals for which post-acquisition employment service is required. The fair value of the contingent consideration recorded as purchase consideration was \$6.7 million on the date of acquisition and we will record an estimated \$0.8 million tied to employment services as stock-based compensation expense over the service period. The acquisition was financed using cash on hand. The fair value of the contingent consideration was \$6.5 million as of December 31, 2019. Refer to Note 14 for additional information regarding our contingent consideration liabilities.

The acquired identified intangible assets consisted of developed technology, client relationships and trade names and were assigned estimated useful lives of five, seven and three years, respectively. Preliminary goodwill recognized of \$23.4 million is primarily comprised of anticipated synergies from the expansion of our asset and investment management solutions. Goodwill and the acquired identified intangible assets arising from the acquisition of Hipercept’s domestic assets are deductible for tax purposes and those arising from the acquisition of the international entities are not. Acquisition costs associated with this transaction totaled \$0.3 million.

LeaseTerm Solutions

On April 11, 2019, we acquired substantially all of the assets of LeaseTerm Insurance Group, LLC (“LeaseTerm Solutions”), a provider of alternatives to traditional renters’ insurance programs and tenant security deposit programs for the multifamily housing industry. Aggregate purchase consideration was \$26.5 million, including deferred cash obligations of up to \$2.7 million that will be released on the first and second anniversary dates of the closing date, subject to any indemnification claims, and \$0.5 million of working capital adjustments. The acquisition was financed using cash on hand.

The acquired identified intangible assets consisted of client relationships and trade names and were assigned estimated useful lives of seven and five years, respectively. Preliminary goodwill recognized of \$18.6 million is primarily comprised of anticipated synergies from the expansion of our risk management solutions. Goodwill and the acquired identified intangible assets are deductible for tax purposes. Acquisition costs associated with this transaction totaled \$0.3 million.

Purchase Consideration and Purchase Price Allocations

The estimated fair values of assets acquired and liabilities assumed are provisional and are based primarily on the information available as of the acquisition dates. We believe this information provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed, but we are 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 acquisition closing dates. The components of the purchase consideration and the preliminary allocation of each purchase price, including the effects of measurement period adjustments recorded as of December 31, 2019, are as follows:

	LeaseTerm Solutions	Hipercept	Simple Bills	IMS	Buildium
(in thousands)					
Fair value of purchase consideration:					
Cash, net of cash acquired	\$ 23,417	\$ 17,804	\$ 14,875	\$ 50,177	\$ 566,241
Deferred obligations, net	3,095	3,799	3,274	5,428	3,190
Contingent consideration	—	6,700	—	—	—
Total fair value of purchase consideration	<u>\$ 26,512</u>	<u>\$ 28,303</u>	<u>\$ 18,149</u>	<u>\$ 55,605</u>	<u>\$ 569,431</u>
Fair value of net assets acquired:					
Restricted cash	\$ 5,889	\$ —	\$ —	\$ —	\$ 781
Accounts receivable	491	846	809	830	1,359
Property, equipment, and software	400	171	82	832	1,630
Intangible assets:					
Developed product technologies	—	1,700	4,000	7,300	57,000
Client relationships	7,100	3,000	5,200	7,500	55,000
Trade names	200	100	100	200	2,000
Non-compete agreements	—	—	—	1,100	—
Right-of-use assets	167	435	1,993	2,457	14,071
Goodwill	18,625	23,354	9,573	39,445	468,770
Other assets	—	18	115	596	3,710
Accounts payable and accrued liabilities	(342)	(751)	(1,497)	(1,180)	(8,389)
Client deposits held in restricted accounts	(5,889)	—	—	—	(781)
Deferred revenue	—	(253)	(547)	(1,124)	(3,715)
Other long-term liabilities	(129)	(317)	(1,679)	(2,120)	(11,893)
Deferred tax liability, net	—	—	—	(231)	(10,112)
Total fair value of net assets acquired	<u>\$ 26,512</u>	<u>\$ 28,303</u>	<u>\$ 18,149</u>	<u>\$ 55,605</u>	<u>\$ 569,431</u>

Acquisitions Prior to 2019

We completed nine acquisitions during fiscal years 2018 and 2017. A summary of each acquisition can be found in the table below:

	Date of Acquisition	Aggregate Purchase Price	Closing Cash Payment, Net of Cash Acquired	Net Tangible Assets Acquired (Liabilities Assumed)	Identified Intangible Assets	Goodwill Recognized
(in thousands)						
Axiometrics LLC	January 2017	\$ 73,757	\$ 66,050	\$ (5,963)	\$ 25,530	\$ 54,190
American Utility Management	June 2017	\$ 69,412	\$ 64,775	\$ 1,107	\$ 22,398	\$ 45,907
On-Site Manager, Inc.	September 2017	\$ 251,109	\$ 225,300	\$ 3,197	\$ 65,320	\$ 182,592
PEX Software Limited	October 2017	\$ 6,031	\$ 5,103	\$ (369)	\$ 3,100	\$ 3,300
Lease Rent Options	December 2017	\$ 299,923	\$ 298,040	\$ 5,263	\$ 91,666	\$ 202,994
ClickPay Services, Inc.	April 2018	\$ 220,992	\$ 138,983	\$ (4,620)	\$ 52,700	\$ 172,912
Blu Trend, LLC	July 2018	\$ 8,500	\$ 8,500	\$ 343	\$ 4,270	\$ 3,887
LeaseLabs, Inc.	September 2018	\$ 112,892	\$ 84,498	\$ 1,188	\$ 27,200	\$ 84,504
Rentlytics, Inc.	October 2018	\$ 54,815	\$ 47,895	\$ 892	\$ 12,200	\$ 41,723

Purchase consideration for LeaseLabs, Inc. included contingent consideration of up to \$9.9 million based on the collection of acquisition date accounts receivable balances during the six-month period after the acquisition date. The fair value of the contingent consideration was \$7.0 million on the date of acquisition. The final contingent consideration amount of \$6.0

million was paid in April 2019. Refer to Note 14 for additional information regarding our contingent consideration obligation.

Purchase consideration for Axiometrics included contingent consideration of up to \$5.0 million payable if certain revenue targets were achieved during the twelve-month period ending December 31, 2018. Based on information that was available at December 31, 2018, management has determined the fair value of the contingent consideration to be zero.

Deferred Obligations and Contingent Consideration Activity

The following table presents changes in our deferred cash and stock obligations and contingent consideration for the fiscal years ended December 31, 2019 and 2018:

	Deferred Cash and Stock Obligations	Contingent Consideration	Total
	(in thousands)		
Balance at January 1, 2018	\$ 47,016	\$ 414	\$ 47,430
Additions, net of fair value discount	36,313	7,000	43,313
Cash payments	(29,600)	(247)	(29,847)
Accretion expense	1,970	—	1,970
Change in fair value	—	(1,167)	(1,167)
Indemnification claims and other adjustments	(3,557)	—	(3,557)
Balance at December 31, 2018	52,142	6,000	58,142
Additions, net of fair value discount	18,183	6,700	24,883
Cash payments	(25,215)	(5,963)	(31,178)
Settlements through common stock issued	(14,846)	—	(14,846)
Accretion expense	1,540	58	1,598
Change in fair value	—	(259)	(259)
Indemnification claims and other adjustments	(57)	—	(57)
Balance at December 31, 2019	<u>\$ 31,747</u>	<u>\$ 6,536</u>	<u>\$ 38,283</u>

In May 2019, in connection with our April 2018 acquisitions of NovelPay, LLC (“NovelPay”) and ClickPay Services, Inc. (collectively with NovelPay, “ClickPay”), we issued an aggregate of 154,281 shares of our common stock to the equity holders of ClickPay. These shares are subject to a holdback in respect of indemnification and post-closing purchase price adjustments pursuant to the acquisition agreements.

In September 2019, we settled a deferred equity obligation with regard to our September 2018 acquisition of LeaseLabs, Inc. through the issuance of 80,012 shares of our common stock.

Pro Forma Results of Acquisitions

The following table presents unaudited pro forma results of operations for the years ended December 31, 2019 and 2018, as if the aforementioned 2019 and 2018 acquisitions had occurred as of January 1, 2018 and January 1, 2017, respectively. The pro forma information includes the business combination accounting effects resulting from these acquisitions, including interest expense, tax expense or benefit, issuance of our common shares, 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 periods presented, or of future results.

	Year Ended December 31,	
	2019 Pro Forma	2018 Pro Forma
	(unaudited)	
	(in thousands, except per share amounts)	
Total revenue	\$ 1,059,141	\$ 960,009
Net income (loss)	\$ 20,000	\$ (15,297)
Net income (loss) per share:		
Basic	\$ 0.22	\$ (0.17)
Diluted	\$ 0.21	\$ (0.17)

4. Revenue Recognition

On January 1, 2018, we adopted the new revenue standard using the modified retrospective method for those contracts with remaining service obligations as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under the new revenue standard, while prior period amounts are not adjusted and continue to be reported under the accounting standards in effect for the prior period.

Disaggregation of Revenue

The following table presents our revenues disaggregated by major revenue source. Sales and usage-based taxes are excluded from revenues.

	Year Ended December 31,		
	2019	2018	2017
	(in thousands)		
On demand			
Property management	\$ 205,903	\$ 186,975	\$ 167,002
Resident services	421,075	350,457	272,176
Leasing and marketing	179,622	166,361	123,804
Asset optimization	146,976	129,916	79,640
Total on demand revenue	953,576	833,709	642,622
Professional and other	34,560	35,771	28,341
Total revenue	\$ 988,136	\$ 869,480	\$ 670,963

On Demand Revenue

We generate the majority of our on demand revenue by licensing software-as-a-service (“SaaS”) solutions to our clients on a subscription basis. Our SaaS solutions are provided pursuant to contractual commitments that typically include a promise that we will stand ready, on a monthly basis, to deliver access to our technology platform over defined service delivery periods. These solutions represent a series of distinct services that are substantially the same and have the same pattern of transfer to the client. Revenue from our SaaS solutions is generally recognized ratably over the term of the arrangement.

Consideration for our on demand subscription services consist of fixed, variable and usage-based fees. We invoice a portion of our fees at the initial order date and then monthly or annually thereafter. Subscription fees are generally fixed based on the number of sites and the level of services selected by the client.

We sell certain usage-based services, primarily within our property management, resident services and leasing and marketing solutions, to clients based on a fixed rate per transaction. Revenues are calculated based on the number of transactions processed monthly and will vary from month to month based on actual usage of these transaction-based services over the contract term, which is typically one year in duration. The fees for usage-based services are not associated with every distinct service promised in the series of distinct services we provide our clients. As a result, we allocate variable usage-based fees only to the related transactions and recognize them in the month that usage occurs.

As part of our resident services offerings, we offer risk mitigation services to our clients by acting as an insurance agent and derive commission revenue from the sale of insurance products to our clients’ residents. The commissions are based upon a percentage of the premium that the insurance company underwriting partners charge to the policyholder and are subject to forfeiture in instances where a policyholder cancels prior to the end of the policy. The overall insurance services we provide represent a single performance obligation that qualifies as a separate series in accordance with the new revenue standard. Our contracts with our underwriting partners also provide for contingent commissions to be paid to us in accordance with the agreements. The contingent commissions are not associated with every distinct service promised in the series of distinct insurance services we provide. We generally accrue and recognize contingent commissions monthly based on estimates of the variable factors identified in the terms of the applicable agreements.

Professional Services and Other Revenues

Professional services and other revenues generally consist of the fees we receive for providing implementation and consulting services, submeter equipment and ongoing maintenance of our existing on premise licenses.

Professional services revenues primarily consist of fees for implementation services, consulting services and training. Professional services are billed either on a fixed rate per hour (time) and materials basis or on a fixed price basis. Professional services are typically sold bundled in a contract with other on demand solutions but may be sold separately. For bundled

arrangements, we allocate the transaction price to separate services based on their relative standalone selling prices if a service is separately identifiable from other items in the bundled arrangement and if a client can benefit from it on its own or with other resources readily available to the client.

Other revenues consist of submeter equipment sales that include related installation services, sales of other equipment and on premise software sales. Submeter hardware and installation services are considered to be part of a single performance obligation due to the significance of the integration and interdependency of the installation services with the meter equipment. Our typical payment terms for submeter installations require a percentage of the overall transaction price to be paid upfront, with the remainder billed as progress payments. We recognize submeter revenue in proportion to the number of fully installed units completed to date as compared to the total contracted number of units to be provided and installed. For all other equipment sales, we generally recognize revenue when control of the hardware has transferred to our client, which occurs at a point in time, typically upon delivery to the client.

The majority of on premise revenue consists of maintenance renewals from clients who renew for an additional one-year term. Maintenance renewal revenue is recognized ratably over the service period based upon the standalone selling price of that service obligation.

Contract Balances

Contract assets generally consist of amounts recognized as revenue before they can be invoiced to clients or amounts invoiced to clients prior to the period in which the service is provided where the right to payment is subject to conditions other than just the passage of time. These contract assets are included in “Accounts receivable” in the accompanying Consolidated Financial Statements and related disclosures. Contract liabilities are comprised of billings or payments received from our clients in advance of performance under the contract. We refer to these contract liabilities as “Deferred revenue” in the accompanying Consolidated Financial Statements and related disclosures. We recognized \$117.2 million of on demand revenue during the year ended December 31, 2019, which was included in the line “Deferred revenue” in the accompanying Consolidated Balance Sheets as of the beginning of the period.

Contract Acquisition Costs

We capitalize certain commissions as incremental costs of obtaining a contract with a client if we expect to recover those costs. The commissions are capitalized and amortized over a period of benefit determined to be three years. Below is a summary of our capitalized commissions costs and their respective locations in the accompanying Consolidated Balance Sheets:

	<u>Balance Sheet Location</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
		(in thousands)	
Capitalized commissions costs - current	Other current assets	\$ 9,870	\$ 6,679
Capitalized commissions costs - noncurrent	Other assets	8,463	7,757
Total capitalized commissions costs		<u>\$ 18,333</u>	<u>\$ 14,436</u>

Amortization of the capitalized commissions was \$8.7 million and \$5.4 million for the years ended December 31, 2019 and 2018, respectively. No impairment loss was recognized in relation to these capitalized costs.

Remaining Performance Obligations

Certain clients commit to purchase our solutions for terms ranging from two to seven years. We expect to recognize approximately \$502.2 million of revenue in the future related to performance obligations for on demand contracts with an original duration greater than one year that were unsatisfied or partially unsatisfied as of December 31, 2019. Our estimate does not include amounts related to:

- professional and usage-based services that are billed and recognized based on services performed in a certain period;
- amounts attributable to unexercised contract renewals that represent a material right;
or
- amounts attributable to unexercised client options to purchase services that do not represent a material right.

We expect to recognize revenue on approximately 71.4% of the remaining performance obligations over the next 24 months, with the remainder recognized thereafter. Revenue from remaining performance obligations for professional service contracts as of December 31, 2019 was immaterial.

5. Accounts Receivable

Accounts receivable consisted of the following at December 31, 2019 and 2018:

	December 31,	
	2019	2018
	(in thousands)	
Trade receivables from clients	\$ 137,039	\$ 120,767
Insurance commissions receivable	16,359	11,679
Accounts receivable, gross	153,398	132,446
Less: Allowances	(10,271)	(8,850)
Accounts receivable, net	<u>\$ 143,127</u>	<u>\$ 123,596</u>

Trade receivables include amounts billed to our clients, primarily under our on demand subscription solutions. Trade receivables also includes amounts invoiced to clients prior to the period in which the service is provided and amounts for which we have met the requirements to recognize revenue in advance of invoicing the client. Insurance commissions receivable consists of commissions derived from the sale of insurance products to individuals and contingent commissions related to those policies. Contingent commissions are determined based on a calculation that considers earned agent commissions, a percent of premium retained by our underwriting partner, incurred losses, and profit retained by our underwriting partner during the time period. Contingent commissions receivables are recorded at their estimated net realizable value, based on estimates and considerations which include, but are not limited to, the historical and projected loss rates incurred by the underlying policies.

6. Property, Equipment, and Software

Property, equipment, and software consisted of the following at December 31, 2019 and 2018:

	December 31,	
	2019	2018
	(in thousands)	
Leasehold improvements	\$ 70,558	\$ 63,391
Data processing and communications equipment	77,358	68,015
Furniture, fixtures, and other equipment	35,856	33,840
Software	157,832	131,437
Property, equipment, and software, gross	341,604	296,683
Less: Accumulated depreciation and amortization	(178,322)	(143,155)
Property, equipment, and software, net	<u>\$ 163,282</u>	<u>\$ 153,528</u>

Depreciation and amortization expense for property, equipment, and purchased software was \$30.2 million, \$28.5 million, and \$27.2 million for the years ended December 31, 2019, 2018, and 2017, respectively.

The unamortized amount of capitalized software development costs was \$66.5 million and \$54.9 million at December 31, 2019 and 2018, respectively. Amortization expense related to capitalized software development costs totaled \$14.8 million, \$11.9 million, and \$8.0 million during the years ended December 31, 2019, 2018, and 2017, respectively.

7. Leases

We adopted ASU 2016-02 effective January 1, 2019 using the modified retrospective approach. Prior period amounts have not been adjusted and continue to be reported in accordance with our historic accounting under *Topic 840*. Our leases are primarily comprised of real estate leases of office facilities and equipment under operating leases that expire on various dates through 2033. In May 2015, we entered into a lease agreement for office space located in Richardson, Texas to serve as our corporate headquarters and data center. The lease is for a term of twelve years, beginning in 2016, and includes optional extension periods. The lease agreement contains provisions for rent escalations over the term of the lease and leasehold improvement incentives, and is currently classified as a finance lease.

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The components of lease costs for the year ended December 31, 2019 were as follows:

	December 31,
	2019
	(in thousands)
Operating lease cost	\$ 13,949
Finance lease cost:	
Depreciation of finance lease asset	\$ 3,969
Interest on lease liabilities	4,221
Total finance lease cost	\$ 8,190

Rent expense for short-term leases for the year ended December 31, 2019 was not material. Rent expense for operating leases for the year ended December 31, 2018 and 2017 was \$15.8 million and \$13.8 million, respectively.

Supplemental balance sheet information related to leases at December 31, 2019, was as follows:

	Operating leases	Finance leases	Total leases
	(in thousands, except lease term and discount rate)		
Right-of-use assets	\$ 67,700	\$ 54,241	\$ 121,941
Lease liabilities, current ⁽¹⁾	\$ 12,873	\$ 3,254	\$ 16,127
Lease liabilities, net of current portion	59,822	73,491	133,313
Total lease liabilities	\$ 72,695	\$ 76,745	\$ 149,440

Weighted average remaining term (in years)	6.1	13.7
Weighted average discount rate	4.8%	5.4%

⁽¹⁾ Included in the line “Accrued expenses and other current liabilities” in the accompanying Consolidated Balance Sheets.

Supplemental cash flow information related to leases for the twelve months ended December 31, 2019, was as follows, in thousands:

Cash payments for lease liabilities within operating activities:	
Operating leases	\$ 14,890
Finance leases	\$ 4,221

At December 31, 2019, future maturities of lease liabilities due under these lease agreements were as follows for the years ending December 31, in thousands:

	Operating leases	Finance leases	Total leases
2020	\$ 14,727	\$ 6,819	\$ 21,546
2021	15,585	7,504	23,089
2022	13,579	7,609	21,188
2023	11,951	7,714	19,665
2024	9,955	7,819	17,774
Thereafter	18,488	72,215	90,703
Total undiscounted lease payments	84,285	109,680	193,965
Present value adjustment	(11,590)	(32,935)	(44,525)
Present value of lease payments	\$ 72,695	\$ 76,745	\$ 149,440

8. Goodwill and Identified Intangible Assets

Changes in the carrying amount of goodwill during the years ended December 31, 2019 and 2018, were as follows, in thousands:

Balance at January 1, 2018	\$	751,052
Goodwill acquired		304,162
Measurement period and other adjustments		(2,095)
Balance at December 31, 2018		1,053,119
Goodwill acquired		558,977
Measurement period and other adjustments		(347)
Balance at December 31, 2019	\$	1,611,749

We completed our annual goodwill impairment test during the fourth quarter of the fiscal year ended December 31, 2019. Based on the results of the qualitative analysis, we concluded that there was no impairment of goodwill. No impairment of goodwill was recognized during 2018 or 2017.

Intangible assets consisted of the following at December 31, 2019 and 2018:

	December 31, 2019			December 31, 2018		
	Carrying Amount	Accumulated Amortization	Net	Carrying Amount	Accumulated Amortization	Net
	(in thousands)					
Finite-lived intangible assets:						
Developed technologies	\$ 277,030	\$ (125,537)	\$ 151,493	\$ 207,310	\$ (100,445)	\$ 106,865
Client relationships	341,438	(140,044)	201,394	264,228	(107,155)	157,073
Vendor relationships	—	—	—	5,650	(5,650)	—
Trade names	25,557	(16,928)	8,629	22,956	(10,682)	12,274
Non-compete agreements	5,273	(2,186)	3,087	4,173	(1,395)	2,778
Total finite-lived intangible assets	649,298	(284,695)	364,603	504,317	(225,327)	278,990
Indefinite-lived intangible assets:						
Trade names	8,393	—	8,393	8,388	—	8,388
Total intangible assets	\$ 657,691	\$ (284,695)	\$ 372,996	\$ 512,705	\$ (225,327)	\$ 287,378

Amortization expense for finite-lived intangible assets totaled \$66.0 million, \$59.8 million, and \$31.9 million during the years ended December 31, 2019, 2018, and 2017, respectively.

The following table sets forth the estimated amortization of intangible assets for the years ending December 31, in thousands:

2020	\$	79,124
2021		71,091
2022		60,529
2023		52,702
2024		47,745

In the fourth quarter of 2019, we recorded an impairment charge of \$2.0 million related to certain developed technology and customer relationship intangible assets associated with our international operations based on the excess of the carrying value over its estimated fair value. Fair value was estimated using a standard valuation methodology (the income approach) incorporating management's assumptions on revenue growth rates and discount rates. There was no remaining carrying value for these intangible assets subsequent to the impairment charge. The method utilized to estimate the fair value incorporated significant unobservable inputs, and we concluded that the measurement should be classified within Level 3 of the fair value hierarchy.

In 2018, we recorded an impairment of \$2.7 million related to the indefinite-lived trade name of our 2010 acquisition of Level One, based on the excess of the carrying value over its estimated fair value.

Impairment charges for the period ended December 31, 2019 are included in “Cost of revenue” and “Sales and marketing” in the accompanying Consolidated Statements of Operations. Prior period impairment charges are included in “Sales and marketing” in the accompanying Consolidated Statements of Operations.

9. Debt

On September 5, 2019, we entered into a \$1.2 billion Amended and Restated Credit Agreement (the “Amended Credit Facility”) to amend and restate our previous credit facility, originally dated as of September 30, 2014 (as previously amended, the “2014 Credit Facility”). The Amended Credit Facility was entered into by and among the Company, the lenders from time to time party thereto (the “Lenders”), and Wells Fargo Bank, National Association, as administrative agent (the “Agent”).

The Amended Credit Facility extends the maturity date of the 2014 Credit Facility from February 27, 2022 to September 5, 2024 (subject to early maturity provisions in certain circumstances, as described below), reduces our borrowing costs, provides additional borrowing capacity, and increases covenant flexibility. The Amended Credit Facility provides for the following:

Revolving Facility: The Amended Credit Facility provides \$600.0 million in aggregate commitments for secured revolving loans, with sublimits of \$10.0 million for the issuance of letters of credit and \$20.0 million for swingline loans (“Revolving Facility”). During the fourth quarter of 2019, we borrowed \$230.0 million of revolving loans, the proceeds of which were used to fund acquisition activity.

Initial Term Loan: An initial term loan of \$300.0 million was borrowed on the closing date for the Amended Credit Facility (the “Term Loan”). The proceeds of the Term Loan were used to repay the term loan balances outstanding under the 2014 Credit Facility.

Delayed Draw Term Loan: In December 2019, we drew funds of \$300.0 million available under the delayed draw term loan (“Delayed Draw Term Loan”).

Revolving loans under the Amended Credit Facility may be voluntarily prepaid and re-borrowed. Principal payments on the Term Loan and Delayed Draw Term Loan (collectively, the “Term Loans”) are due in quarterly installments equal to an initial amount of \$3.8 million, which increases to \$7.5 million beginning on December 31, 2020, increases to \$11.3 million beginning on December 31, 2022, and increases to \$15.0 million beginning on December 31, 2023. Once repaid or prepaid, the Term Loans may not be re-borrowed. All outstanding principal and accrued but unpaid interest is due, and the commitments for the Revolving Facility terminate, on the maturity date. The Term Loans are 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. We may prepay the Term Loans in whole or in part at any time without premium or penalty.

Accordion Feature: The Amended Credit Facility also allows us, subject to certain conditions, to request additional term loan commitments and/or additional revolving commitments in an aggregate principal amount of up to the greater of \$250.0 million or 100% of consolidated EBITDA (as defined within the agreement) for the most recent four fiscal quarters, plus an amount that would not cause our Senior Leverage Ratio (as defined below) to exceed 3.50 to 1.00.

All outstanding revolving loans and term loans under the Amended Credit Facility mature on September 5, 2024. If on or prior to August 16, 2022, we have failed to demonstrate to the Agent that we would be in compliance with each financial covenant after giving pro forma effect to the repayment in full of the Convertible Notes which mature on November 15, 2022, then the Amended Credit Facility will mature on August 16, 2022. In addition, if on any business day during the period beginning on August 16, 2022 until the Convertible Notes are paid in full, our available liquidity is less than an amount equal to 125% of the outstanding principal amount of the Convertible Notes, then amounts outstanding under the Amended Credit Facility are due the next business day.

At our option, amounts outstanding under the Amended Credit Facility accrue interest at a per annum rate equal to either LIBOR, plus a margin ranging from .00% to 2.00%, or the Base Rate, plus a margin ranging from 0.00% to 1.00% (“Applicable Margin”). The base LIBOR is, at our discretion, equal to either one, 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 Net Leverage Ratio, as defined below. Accrued interest on amounts outstanding under the Amended Credit Facility 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. Unused commitments under the Revolving Facility are subject to a commitment fee to be paid in arrears on the last day of each fiscal quarter, ranging from 0.15% to 0.35% per annum determined based on our Net Leverage Ratio, as defined below.

Certain of our existing and future material domestic subsidiaries are required to guarantee our obligations under the Amended Credit Facility, and the obligations under the Amended Credit Facility are secured by substantially all of our assets and the assets of the subsidiary guarantors. The Amended Credit Facility contains customary affirmative and negative covenants. The negative covenants limit our and our subsidiaries' ability to, among other things, incur additional indebtedness,

grant liens on our assets, make investments including acquisitions, dispose of assets, or pay dividends or distributions or repurchase our stock, subject in each case to customary exceptions and qualifications. Our covenants also include requirements that we comply with the following financial ratios:

Consolidated Net Leverage Ratio: The Consolidated Net Leverage Ratio (“Net Leverage Ratio”), defined as a ratio of consolidated funded indebtedness less qualified cash and cash equivalents, each as defined in the Amended Credit Facility, on the last day of each fiscal quarter to the sum of the four previous consecutive fiscal quarters’ consolidated EBITDA, as defined in the Amended Credit Facility, of no greater than 5.00 to 1.00 (or, at our election following certain material acquisitions, 5.50 to 1.00).

Consolidated Interest Coverage Ratio: The Consolidated Interest Coverage Ratio (“Interest Coverage Ratio”), defined as a ratio of the sum of the four previous fiscal quarters’ consolidated EBITDA to our interest expense for the same period, excluding non-cash interest attributable to the Convertible Notes, as defined below, of no less than 3.00 to 1.00.

Consolidated Senior Secured Net Leverage Ratio: The Consolidated Senior Secured Net Leverage Ratio (“Senior Leverage Ratio”), defined as a ratio of consolidated senior secured indebtedness less qualified cash and cash equivalents, each as defined in the Amended Credit Facility, on the last day of each fiscal quarter to the sum of the four previous consecutive fiscal quarters’ consolidated EBITDA, of no greater than 3.75 to 1.00 (or, at our election following certain material acquisitions, 4.25 to 1.00).

As of December 31, 2019, we were in compliance with the covenants under our Amended Credit Facility.

The Amended Credit Facility contains customary events of default, subject to customary cure periods for certain defaults. In the event of a default, the obligations under the Amended Credit Facility could be accelerated, the applicable interest rate could be increased, the loan commitments could be terminated, our subsidiary guarantors 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 Amended Credit Facility. Any such default that is not cured or waived could have a material adverse effect on our liquidity and financial condition.

Changes resulting from the Amended Credit Facility qualified as modifications to our 2014 Credit Facility for purposes of determining the accounting for new and existing unamortized debt issuance and discount costs. We incurred \$3.6 million in financing costs in connection with the Amended Credit Facility. Of this amount, we capitalized \$1.8 million as deferred financing costs attributable to the Revolving Facility. This amount, together with the unamortized deferred financing costs from the 2014 Revolving Facility, is being amortized into interest expense ratably over the term of the new facility. We recorded \$1.4 million of issuance and debt discount costs associated with the Term Loans as a reduction of the principal balance of such debt. We are amortizing this cost, together with the unamortized deferred financing costs from the 2014 Term Loans, into interest expense using the effective interest method over the term of the new facility. We also immediately recognized \$0.4 million of the financing costs as a charge to interest expense.

Our 2014 Credit Facility, which was replaced by the Amended Credit Facility in September 2019, provided \$350.0 million in aggregate commitments for revolving loans, with sublimits of \$10.0 million for the issuance of letters of credit and \$20.0 million for swingline loans. In February 2016, we originated a term loan in the original principal amount of \$125.0 million under the 2014 Credit Facility, and in December 2017, we drew funds of \$200.0 million available under the delayed draw term loan portion of this agreement.

As of December 31, 2019 and 2018 we had \$370.0 million and \$350.0 million, respectively, of available revolving credit under the credit facilities in effect at these dates. Principal outstanding for the Revolving Facility was \$230.0 million at December 31, 2019. There were no outstanding revolving borrowings at December 31, 2018. We incur commitment fees on the unused portion of the Revolving Facility. The carrying value of the Revolving Facility approximates its fair value.

Unamortized debt issuance costs for the revolving facilities in effect at December 31, 2019 and 2018 were \$2.7 million and \$1.3 million, respectively, and are included in the line “Other assets” in the Consolidated Balance Sheets.

Principal outstanding and unamortized debt issuance costs for the term loans were as follows at December 31, 2019 and 2018:

	December 31, 2019	December 31, 2018
	Term Loans	
	(in thousands)	
Principal outstanding	\$ 596,250	\$ 304,990
Unamortized issuance costs	(942)	(777)
Unamortized discount	(1,245)	(498)
Carrying value	\$ 594,063	\$ 303,715

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The fair value of the term loans on December 31, 2019 and 2018 was \$582.7 million and \$298.9 million, respectively. The fair value was estimated by discounting future cash flows using prevailing market interest rates on debt with similar creditworthiness, terms, and maturities. We concluded that this fair value measurement should be categorized within Level 2.

Future maturities of principal under the Term Loans are as follows for the years ending December 31, in thousands:

	Term Loans
2020	\$ 18,750
2021	30,000
2022	33,750
2023	48,750
2024	465,000
	<u>\$ 596,250</u>

Convertible Notes

In May 2017, we issued convertible senior notes with aggregate principal of \$345.0 million (including the underwriters' exercise in full of their over-allotment option of \$45.0 million) which mature on November 15, 2022 ("Convertible Notes"). The Convertible Notes were issued under an indenture dated May 23, 2017 ("Indenture"), by and between us and Wells Fargo Bank, N.A., as Trustee. We received net proceeds from the offering of approximately \$304.2 million after adjusting for debt issuance costs, including the underwriting discount, the net cash used to purchase the Note Hedges and the proceeds from the issuance of the Warrants which are discussed below.

The Convertible Notes accrue interest at a rate of 1.50%, payable semi-annually on May 15 and November 15 of each year. On or after May 15, 2022, and until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their Convertible Notes at their option. The Convertible Notes are convertible at an initial rate of 23.84 shares per \$1,000 of principal (equivalent to an initial conversion price of approximately \$41.95 per share of our common stock). The conversion rate is subject to customary adjustments for certain events as described in the Indenture. Upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election. It is our current intent to settle conversions of the Convertible Notes through combination settlement, which involves repayment of the principal portion in cash and any excess of the conversion value over the principal amount in shares of our common stock. Based on our closing stock price of \$53.75 on December 31, 2019, the if-converted value exceeded the aggregate principal amount of the Convertible Notes by \$97.1 million.

Holders may convert their Convertible Notes, at their option, prior to May 15, 2022 only under the following circumstances:

- during any calendar quarter commencing after the calendar quarter ending on June 30, 2017 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;
- during the five business day period after any five consecutive trading day period (the "Measurement Period") in which the trading price per \$1,000 principal amount of the Convertible Notes for each trading day of the Measurement Period was less than 98% of the product of the last reported sales price of our common stock and the conversion rate on each such trading day; or
- upon the occurrence of specified corporate events, as defined in the Indenture.

We may not redeem the Convertible Notes prior to their maturity date, and no sinking fund is provided for them. If we undergo a fundamental change, as described in the Indenture, subject to certain conditions, holders may require us to repurchase for cash all or any portion of their Convertible Notes. The fundamental change repurchase price is equal to 100% of the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid interest up to, but excluding, the fundamental change repurchase date. If holders elect to convert their Convertible Notes in connection with a make-whole fundamental change, as described in the Indenture, we will, to the extent provided in the Indenture, increase the conversion rate applicable to the Convertible Notes.

The Convertible Notes are senior unsecured obligations and rank senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Convertible Notes and equal in right of payment to any of our existing and future unsecured indebtedness that is not subordinated. The Convertible Notes are effectively junior in right of payment to any of our secured indebtedness (to the extent of the value of assets securing such indebtedness) and structurally junior to all

existing and future indebtedness and other liabilities, including trade payables, of our subsidiaries. The Indenture does not limit the amount of debt that we or our subsidiaries may incur. The Convertible Notes are not guaranteed by any of our subsidiaries.

The Indenture does not contain any financial or operating covenants or restrictions on the payment of dividends, the incurrence of indebtedness, or the issuance or repurchase of securities by us or any of our subsidiaries. The Indenture contains customary events of default with respect to the Convertible Notes and provides that upon certain events of default occurring and continuing, the Trustee may, and the Trustee at the request of holders of at least 25% in principal amount of the Convertible Notes shall, declare all principal and accrued and unpaid interest, if any, of the Convertible Notes to be due and payable. In case of certain events of bankruptcy, insolvency or reorganization, involving us or a significant subsidiary, all of the principal of and accrued and unpaid interest on the Convertible Notes will automatically become due and payable.

In accounting for the issuance of the Convertible Notes, we separated the Convertible Notes into liability and equity components. We allocated \$282.5 million of the Convertible Notes to the liability component, and \$62.5 million to the equity component. The excess of the principal amount of the liability component over its carrying amount is amortized to interest expense over the term of the Convertible Notes using the effective interest method. The equity component will not be remeasured as long as it continues to meet the conditions for equity classification.

We incurred issuance costs of \$9.8 million related to the Convertible Notes. Issuance costs were allocated to the liability and equity components based on their relative values. Issuance costs attributable to the liability component are being amortized to interest expense over the term of the Convertible Notes, and issuance costs attributable to the equity component are included along with the equity component in stockholders' equity.

During the third quarter of 2019, we received conversion notices from certain holders with respect to an immaterial amount in aggregate principal of Convertible Notes requesting conversion as a result of the sales price condition having been met during the second quarter of 2019. In accordance with the terms of the Convertible Notes, we made cash payments of the aggregate principal amount and delivered newly issued shares of our common stock for the remainder of the conversion obligation in excess of the aggregate principal amount of the Convertible Notes being converted, in full satisfaction of such converted notes. We received shares of our common stock under the Note Hedges, as defined below, that offset the issuance of shares of common stock upon conversion of the Convertible Notes.

The net carrying amount of the Convertible Notes at December 31, 2019 and 2018, was as follows:

	December 31,	
	2019	2018
(in thousands)		
Liability component:		
Principal amount	\$ 344,995	\$ 345,000
Unamortized discount	(35,287)	(46,235)
Unamortized debt issuance costs	(4,520)	(5,922)
	\$ 305,188	\$ 292,843
Equity component, net of issuance costs and deferred tax:	\$ 61,390	\$ 61,390

The estimated fair value of the Convertible Notes at December 31, 2019 and 2018 was \$486.7 million and \$441.4 million, respectively. The estimated fair value is based on quoted market prices as of the last trading day of the year; however, the Convertible Notes have only a limited trading volume and as such this fair value estimate is not necessarily the value at which the Convertible Notes could be retired or transferred. We concluded this measurement should be classified within Level 2.

The following table sets forth total interest expense related to the Convertible Notes for the year ended December 31, 2019, 2018, and 2017:

	December 31,		
	2019	2018	2017
(in thousands)			
Contractual interest expense	\$ 5,175	\$ 5,175	\$ 3,119
Amortization of debt discount	10,948	10,322	5,991
Amortization of debt issuance costs	1,402	1,322	766
	\$ 17,525	\$ 16,819	\$ 9,876

The effective interest rate of the liability component for each of the years ended December 31, 2019, 2018, and 2017 was 5.87%.

Convertible Note Hedges and Warrants

On May 23, 2017, we entered into privately negotiated transactions to purchase hedge instruments (“Note Hedges”), covering approximately 8.2 million shares of our common stock at a cost of \$62.5 million. The Note Hedges are subject to anti-dilution provisions substantially similar to those of the Convertible Notes, have a strike price of approximately \$41.95 per share, are exercisable by us upon any conversion under the Convertible Notes, and expire on November 15, 2022.

The Note Hedges are generally expected to reduce the potential dilution to our common stock (or, in the event the conversion is settled in cash, to reduce our cash payment obligation) in the event that at the time of conversion our stock price exceeds the conversion price under the Convertible Notes. The cost of the Note Hedges is expected to be tax deductible as an original issue discount over the life of the Convertible Notes, as the Convertible Notes and the Note Hedges represent an integrated debt instrument for tax purposes. The cost of the Note Hedges was recorded as a reduction of our additional paid-in capital in the accompanying Consolidated Financial Statements.

On May 23, 2017, we also sold warrants for the purchase of up to 8.2 million shares of our common stock for aggregate proceeds of \$31.5 million (“Warrants”). The Warrants have a strike price of \$57.58 per share and are subject to customary anti-dilution provisions. The Warrants will expire in ratable portions on a series of expiration dates commencing on February 15, 2023. The proceeds from the issuance of the Warrants were recorded as an increase to our additional paid-in capital in the accompanying Consolidated Financial Statements.

The Note Hedges are transactions that are separate from the terms of the Convertible Notes and the Warrants, and holders of the Convertible Notes and the Warrants have no rights with respect to the Note Hedges. The Warrants are similarly separate in both terms and rights from the Note Hedges and the Convertible Notes.

10. Stock-based Expense and Employee Benefits

Stock-based Expense

Our Amended and Restated 1998 Stock Incentive Plan (“Stock Incentive Plan”) provided for awards which could be granted in the form of incentive stock options, non-qualified stock options, restricted stock, stock appreciation rights, and performance restricted stock. In August 2010, we discontinued issuance of new awards under the Stock Incentive Plan and concurrently adopted the 2010 Equity Incentive Plan (“Equity Incentive Plan”). The Equity Incentive Plan, as amended, provides for awards which may be granted in the form of incentive stock options, non-statutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance units, and performance shares under substantially the same terms as the Stock Incentive Plan.

We also grant awards to our directors under the Equity Incentive Plan. Prior to 2010, these awards were generally in the form of stock options. Beginning in 2010, the awards granted to our directors are generally in the form of restricted stock. The awards granted to directors generally vest ratably over a period of four quarters; however, should a director leave the board, we have the right to repurchase shares as if the awards vested on a pro rata basis.

Our board of directors periodically approves increases to the number of shares of common stock reserved for issuance under the Equity Incentive Plan. At both December 31, 2019 and 2018, there were 27.6 million shares of our common stock reserved for awards under the Equity Incentive Plan. The Plan permits the exercise of stock options and grants of restricted stock to be fulfilled through the issuance of previously authorized but unissued common stock shares, or the reissuance of shares held in treasury. We primarily utilize treasury shares when stock options are exercised or restricted stock is granted.

The following table represents a consolidated summary of our stock-based plan activity:

	Year Ended December 31,		
	2019	2018	2017
	(in thousands)		
Total compensation expense recognized	\$ 62,563	\$ 50,641	\$ 45,835
Cash proceeds related to stock-based expense transactions	\$ 5,833	\$ 13,163	\$ 27,014
Aggregate grant-date fair value of shares and stock options that vested during the year	\$ 49,229	\$ 49,711	\$ 48,662

Total unrecognized compensation expense related to our stock-based expense plans was \$89.6 million at December 31, 2019, and is expected to be recognized over a weighted average period of 2.2 years.

Stock Option Awards

Stock options granted prior to February 2014 generally vested over a period of sixteen quarters, with 75% vesting ratably over fifteen quarters and the remaining 25% vesting in the sixteenth quarter. Beginning in February 2014, stock options granted generally vested ratably over a period of twelve quarters. Expense is recognized over the requisite service period in a manner that reflects the vesting of the related awards. Awards under the plan generally expire ten years from the date of the grant. All outstanding options were granted at exercise prices equal to or exceeding our estimate of the fair market value of our common stock at the date of grant.

The following table summarizes stock option transactions under our Stock Incentive Plan and Equity Incentive Plan:

	Number of Shares	Range of Exercise Prices		Weighted Average Exercise Price
Balance as of January 1, 2017	3,607,089	\$ 2.55	– \$ 29.50	\$ 19.58
Exercised	(1,344,569)	5.04	– 29.50	20.09
Forfeited/cancelled	(61,892)	15.19	– 25.70	19.66
Expired	(163)	2.55	– 2.82	2.73
Balance at December 31, 2017	2,200,465	4.28	– 29.50	19.26
Exercised	(658,564)	4.92	– 29.50	20.00
Forfeited/cancelled	(11,329)	15.19	– 25.70	18.85
Expired	(2,250)	7.00	– 7.00	7.00
Balance at December 31, 2018	1,528,322	4.28	– 29.50	18.96
Exercised	(305,030)	4.28	– 29.50	19.12
Forfeited/cancelled	(725)	18.79	– 20.34	19.79
Other	2,585	17.67	– 27.18	22.59
Balance at December 31, 2019	1,225,152	7.50	– 29.50	18.94

The below table provides information regarding outstanding stock options which were fully vested and exercisable at December 31:

	2019		2018	
	Options Fully Vested & Exercisable		Options Fully Vested & Exercisable	
Number of options	1,225,152		1,528,322	
Weighted-average remaining contractual term (in years)	3.1		4.1	
Weighted-average exercise price	\$	18.94	\$	18.96
Aggregate intrinsic value, in thousands	\$	42,650	\$	44,674

The aggregate intrinsic value of options exercised during the years ended December 31, 2019, 2018, and 2017, was \$12.3 million, \$23.0 million, and \$25.1 million, respectively. There were no stock options awarded during the years ended December 31, 2019, 2018, and 2017.

Restricted Stock Awards

Restricted stock awards entitle the holder to receive shares of our common stock as the award vests. Grants of restricted stock are classified as time-based, market-based, or performance-based depending on the vesting criteria of the award.

Time-based restricted stock awards:

Time-based restricted stock awards granted prior to February 2014, generally vest ratably over sixteen quarters following the date of grant. Awards granted during 2014 and 2015, generally vest ratably over a period of twelve quarters with the first vesting on the first day of the quarter immediately following the grant date. Beginning in 2016, awards granted generally vest ratably over a period of twelve quarters with the first vesting on the first day of the second calendar quarter immediately following the grant date. The fair value of time-based restricted stock awards is based on the closing price of our common stock on the date of grant. Compensation expense for time-based restricted stock awards is recognized over the vesting period on a straight-line basis.

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A summary of time-based restricted stock award activity is presented in the table below.

	Number of Shares	Weighted Average Grant-Date Fair Value
Non-vested shares at January 1, 2017	1,633,501	\$ 20.78
Granted	1,359,578	36.25
Vested	(953,749)	23.73
Forfeited/cancelled	(283,342)	28.01
Non-vested shares at December 31, 2017	1,755,988	30.05
Granted	1,289,866	53.26
Vested	(1,017,367)	31.92
Forfeited/cancelled	(242,675)	40.70
Non-vested shares at December 31, 2018	1,785,812	44.34
Granted	880,594	60.37
Vested	(1,036,973)	42.22
Forfeited/cancelled	(261,416)	52.53
Non-vested shares at December 31, 2019	1,368,017	54.70

Market-based restricted stock awards:

Market-based restricted stock awards become eligible for vesting upon the achievement of specific market-based conditions based on the per share price of our common stock. Shares that become eligible to vest, if any, become Eligible Shares. Eligible Shares generally vest ratably over a period of four quarters, with the first vesting on the first day of the quarter immediately after becoming Eligible Shares. Vesting is conditional upon the recipient remaining a service provider to us, as defined in the plan document, through each applicable vesting date.

A summary of market-based restricted stock award activity is presented in the table below.

	Number of Shares	Weighted Average Grant-Date Fair Value
Balance as of January 1, 2017	1,564,160	\$ 12.73
Granted	535,441	28.18
Vested	(1,407,133)	13.69
Forfeited/cancelled	(2,303)	13.34
Balance at December 31, 2017	690,165	22.76
Granted	517,364	35.66
Vested	(677,857)	23.02
Balance at December 31, 2018	529,672	35.03
Granted	489,948	38.24
Vested	(144,455)	33.37
Forfeited/cancelled	(36,703)	35.66
Balance at December 31, 2019	838,462	37.17

We estimate the fair value of market-based restricted stock awards using a discrete model to analyze the fair value of the subject shares. The discrete model utilizes multiple stock price-paths, through the use of a Monte Carlo simulation, which are then analyzed to determine the fair value of the subject shares. The weighted average of assumptions used to value awards granted during 2019, 2018, and 2017 were as follows:

	2019	2018	2017
Risk-free interest rate	2.5%	2.5%	1.8%
Expected volatility	29.6%	31.2%	31.6%

Risk-free interest rate. We estimate the risk-free rate from the U.S. Treasury strip note yield curve for the period corresponding to the expiration date of the grant as of the valuation date.

Expected volatility. We estimate expected volatility based on our historic and implied volatility rate.

Expense related to the market-based restricted stock awards is recognized over the requisite service period using the graded-vesting attribution method. The requisite service period is a measure of the expected time to achieve the specified market condition plus the time-based vesting period. The expected time to achieve the market condition is estimated utilizing a Monte Carlo simulation, considering only those stock price-paths in which the market condition is achieved. The estimated requisite service period for market-based restricted stock shares issued in 2019 ranged from two to twelve quarters. Market-based restricted stock awards granted in 2018 had requisite service periods ranging from six to ten quarters.

Deferred restricted stock awards:

Certain of our acquisitions include restricted stock award agreements for obligations denominated in fixed dollar amounts, subject to continued post-acquisition employment services, and in some cases, the achievement of performance targets for periods ranging from 2020 through 2022. As of December 31, 2019, the estimated intrinsic value of these awards was \$22.7 million. The number of restricted shares to be granted will be determined at future dates, based on continued employment services and in some cases the achievement of the performance targets within each agreement, and our share price on the date of satisfaction of the requirements. Awards subject solely to continued post-acquisition employment generally vest ratably over twelve quarters beginning the quarter subsequent to the first anniversary of the acquisition date, while awards subject to performance criteria and continued post-acquisition employment cliff vest at the end of the performance criteria measurement periods. These awards are accounted for under the liability method. For awards subject to performance criteria, we reassess the likelihood of the performance criteria being met at each reporting date based on our expectations of future operating results, and adjust the total compensation expense to be recognized over the vesting period. A fair value liability is recognized as compensation expense is recorded, and is included within "Accrued expenses and other current liabilities" and "Other long-term liabilities" within our Consolidated Balance Sheets. Upon the issuance of these restricted shares the fair value liability will be reclassified to additional paid-in capital.

For the period ended December 31, 2019, the total fair value and compensation expense recognized for these liability awards was \$2.2 million. Total unrecognized compensation expense for these awards was \$20.7 million at December 31, 2019, and is expected to be recognized over a weighted average period of 3.3 years. Compensation expense for deferred restricted stock arrangements prior to 2019 was de minimis.

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. Contributions of \$4.5 million, \$4.2 million, and \$2.9 million were made by us under the Plan for the years ended December 31, 2019, 2018, and 2017, respectively.

11. Commitments and Contingencies

Guarantor Arrangements

We have agreements whereby we indemnify our officers and directors for certain events or occurrences while the officer or director is or was serving at our request in such capacity. The term of the indemnification period is for the officer or director's lifetime. The maximum potential amount of future payments we could be required to make under these indemnification agreements is unlimited; however, we have a director and officer insurance policy that limits our exposure and enables us to recover a portion of any future amounts paid. As a result of our insurance policy coverage, we believe the estimated fair value of these indemnification agreements is minimal. Accordingly, we had no liabilities recorded for these agreements as of December 31, 2019 or 2018.

In the ordinary course of our business, we include standard indemnification provisions in our agreements with our 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 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 December 31, 2019 or 2018.

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.

At December 31, 2019 and 2018, we had accrued amounts for estimated settlement losses related to legal matters. We do 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 legal proceedings and claims, including purported class action lawsuits, 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.

Other Matters

During May 2018, we were the subject of a targeted email phishing campaign that led to a business email compromise, pursuant to which an unauthorized party gained access to an external third party system used by a subsidiary that we acquired in 2017. The incident resulted in the diversion of approximately \$6.0 million, net of recovered funds, intended for disbursement to three clients. We immediately restored all funds to the client accounts.

We maintain insurance coverage to limit our losses related to criminal and network security events. During January 2019, we received approximately \$1.0 million from our primary insurance carrier as a partial repayment toward our losses from the business email compromise. We intend to vigorously pursue repayment of the remaining losses under such insurance coverage. Due to the uncertainty regarding timing and full collectability of the loss, we recorded an allowance of \$5.0 million for the remaining amount of the loss during the fourth quarter of 2018. We also incurred an additional \$0.4 million in related expenses. These charges are included in the line “General and administrative” in the accompanying Consolidated Statements of Operations.

12. Net Income per Share

Basic net income per share is computed by dividing the net income by the weighted average number of common shares outstanding during the period. Diluted net income per share is computed by using the weighted average number of common shares outstanding, after giving effect to all potential dilutive common shares outstanding during the period. Included within net income per share is the dilutive effect of outstanding stock options and restricted stock using the treasury stock method. Weighted average shares from common share equivalents of approximately 149,000, 286,000, and 193,000 were excluded from the dilutive shares outstanding because their effect was anti-dilutive for the years ended December 31, 2019, 2018, and 2017, respectively.

For purposes of considering the Convertible Notes in determining diluted net income per share, it is our current intent to settle conversions of the Convertible Notes through combination settlement, which involves repayment of the principal portion in cash and any excess of the conversion value over the principal amount (the “conversion premium”) in shares of our common stock. Therefore, only the impact of the conversion premium is included in total dilutive weighted average shares outstanding using the treasury stock method. The dilutive effect of the conversion premium is shown in the table below.

The Warrants sold in connection with the issuance of the Convertible Notes are considered to be dilutive when the average price of our common stock during the period exceeds the Warrants’ strike price of \$57.58 per share. The effect of the additional shares that may be issued upon exercise of the Warrants is included in total dilutive weighted average shares outstanding using the treasury stock method and is shown in the table below. The Note Hedges purchased in connection with the issuance of the Convertible Notes are considered to be anti-dilutive and therefore do not impact our calculation of diluted net income per share. Refer to Note 9 for further discussion regarding the Convertible Notes.

We exclude common shares subject to a holdback pursuant to business combinations from the calculation of basic weighted average shares outstanding where the release of such shares is contingent upon an event not solely subject to the passage of time. As of December 31, 2019 and 2018, there were approximately 163,000 and 196,000, respectively, contingently returnable shares related to our acquisitions of ClickPay and BluTrend which were excluded from the computation of basic net income per share as these shares are subject to sellers’ indemnification obligations and are subject to a holdback. There were no contingently returnable shares as of December 31, 2017. Dilutive common shares outstanding include the weighted average contingently issuable shares discussed above that are subject to a holdback. These shares are subject to release to the sellers on the second anniversary dates of the acquisitions which are contingent on the sellers’ indemnification obligations.

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

	Year Ended December 31,		
	2019	2018	2017
(in thousands, except per share amounts)			
Numerator:			
Net income	\$ 58,208	\$ 34,725	\$ 377
Denominator:			
Basic:			
Weighted average shares used in computing basic net income per share:	92,017	87,290	79,433
Diluted:			
Add weighted average effect of dilutive securities:			
Stock options and restricted stock	1,368	2,032	2,884
Convertible Notes and Warrants	2,675	1,948	81
Contingently issuable shares in connection with our acquisitions	222	261	—
Weighted average shares used in computing diluted net income per share:	96,282	91,531	82,398
Net income per share:			
Basic	\$ 0.63	\$ 0.40	\$ 0.00
Diluted	\$ 0.60	\$ 0.38	\$ 0.00

13. Income Taxes

The domestic and foreign components of income before income taxes were as follows:

	Year Ended December 31,		
	2019	2018	2017
(in thousands)			
Domestic	\$ 60,024	\$ 32,190	\$ 12,424
Foreign	534	2,110	2,817
Total	\$ 60,558	\$ 34,300	\$ 15,241

Our income tax expense (benefit) consisted of the following components:

	Year Ended December 31,		
	2019	2018	2017
(in thousands)			
Current:			
Federal	\$ (1,769)	\$ 666	\$ 36
State	478	295	578
Foreign	1,536	738	313
Total current income tax expense	245	1,699	927
Deferred:			
Federal	3,284	(1,543)	14,620
State	366	(255)	(900)
Foreign	(1,545)	(326)	217
Total deferred income tax expense (benefit)	2,105	(2,124)	13,937
Total income tax expense (benefit)	\$ 2,350	\$ (425)	\$ 14,864

The reconciliation of our income tax expense computed at the U.S. federal statutory tax rate to the actual income tax expense is as follows:

	Year Ended December 31,		
	2019	2018	2017
	(in thousands)		
Expense derived by applying the Federal income tax rate to income before income taxes	\$ 12,717	\$ 7,203	\$ 5,335
State income tax, net of federal benefit	728	(204)	135
Foreign income tax	63	26	(631)
Change in valuation allowance	(91)	734	—
Nondeductible officer compensation	1,329	1,092	431
Other nondeductible expenses	1,095	1,095	1,175
Stock-based expense	(2,142)	(11,788)	(19,080)
Research and development credit	(10,765)	—	—
Federal income tax rate reduction	—	—	25,070
Deemed repatriation of foreign earnings	—	—	2,211
Base erosion and anti-abuse tax	(1,117)	1,117	—
Other	533	300	218
Total income tax expense (benefit)	\$ 2,350	\$ (425)	\$ 14,864

Our effective tax rate of 3.9% for the year ended December 31, 2019 was higher than our effective tax rate of (1.2)% for the year ended December 31, 2018 primarily due to lower excess tax benefits realized from stock-based compensation offset in part by benefits from federal and state research and development credits from a study conducted during the quarter ended December 31, 2019 for tax years 2013 through 2018 and the reversal of estimated base erosion and anti-avoidance tax ("BEAT") accrued during 2018 pursuant to the 2017 U.S. tax reform commonly known as the Tax Cuts and Jobs Act ("TCJA"). During the quarter ended June 30, 2019, we completed a review of certain U.S. tax reform elements primarily related to BEAT and verified the existence of required information to confirm our eligibility for certain exceptions allowed under the BEAT provisions. As a result, we determined that we no longer had liability related to the BEAT as clarified in additional guidance from proposed regulations issued on December 13, 2018 and finalized on December 6, 2019.

Our effective tax rate of 97.5% for the year ended December 31, 2017 was higher than the rate for 2018 primarily as a result of significant changes to the Internal Revenue Code resulting from the TCJA which was signed into law on December 22, 2017. Changes included, but were not limited to, a federal corporate tax rate decrease from 35% to 21% effective for tax years beginning after December 31, 2017, the transition of U.S. international taxation from a worldwide tax system to a territorial system, and a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017. As a result of the TCJA, we recorded \$25.1 million of additional income tax expense in the fourth quarter of 2017, the period in which the legislation was enacted, to reduce the carrying value of our net deferred tax assets to reflect the lower U.S. federal corporate tax rate. We also recognized tax expense of \$2.2 million as a result of the deemed repatriation of foreign earnings.

Under the TCJA, we are also subject to current tax on Global Intangible Low-Taxed Income ("GILTI") earned by foreign subsidiaries. The FASB Staff Q&A Topic No. 5, *Accounting for Global Intangible Low-Taxed Income*, states that an entity can make an accounting policy election either to recognize deferred taxes for temporary differences that are expected to reverse as GILTI in future years or provide for the tax expense related to GILTI resulting from those items in the year the tax is incurred. We are electing to recognize GILTI as a period expense in the period the tax is incurred.

On December 22, 2017, the SEC issued Staff Accounting Bulletin No. 118 ("SAB 118") to address the application of US GAAP in situations where a registrant did not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the TCJA. In accordance with SAB 118, we determined in 2017 that the \$25.1 million of deferred tax expense recorded in connection with the remeasurement of our net deferred tax assets and the \$2.2 million of tax expense recorded in connection with the transition tax on the mandatory deemed repatriation of foreign earnings were provisional amounts and were reasonable estimates at December 31, 2017. In 2018, we completed our assessment of the effects of the adoption of the TCJA. There were no material changes to our original estimates.

The components of deferred tax assets and liabilities are as follows:

	December 31,	
	2019	2018
	(in thousands)	
Deferred tax assets:		
Reserves, deferred revenue and accrued liabilities	\$ 8,015	\$ 17,120
Stock-based expense	8,635	8,408
Lease liabilities	31,686	—
Net operating loss carryforwards and tax credits	69,043	56,210
Deferred tax assets before valuation allowance	117,379	81,738
Valuation allowance	(1,233)	(1,251)
Total deferred tax assets, net of valuation allowance	116,146	80,487
Deferred tax liabilities:		
Property, equipment, and software	(16,270)	(16,810)
Right-of-use assets	(25,412)	—
Intangible assets	(30,914)	(13,580)
Other	(12,091)	(7,495)
Total deferred tax liabilities	(84,687)	(37,885)
Net deferred tax assets ⁽¹⁾	\$ 31,459	\$ 42,602

⁽¹⁾ Includes net deferred tax assets and liabilities from the acquisition of Buildium, LLC and Investor Management Services, LLC discussed in Note 3.

We recognize valuation allowances on deferred tax assets if it is more likely than not that some or all of the deferred tax assets will not be realized. We had valuation allowances against certain deferred tax assets of \$1.2 million and \$1.3 million as of December 31, 2019 and 2018, respectively. In 2019, we eliminated \$0.8 million of valuation allowance related to stock compensation as well as the underlying deferred tax asset related to stock-based expense as we do not expect to realize these assets in the future. In 2019, we recognized additional valuation allowance of \$0.2 million against net operating losses in a UK subsidiary, and \$0.5 million against certain deferred tax assets associated with capital loss carryforwards.

As of December 31, 2019, our federal, state, and international net operating loss (“NOL”) carryforwards are \$237.7 million, \$97.7 million, and \$8.4 million, respectively. These carryforwards combined with federal, state and international tax credits of \$12.7 million comprise a major component of our deferred tax assets. If not used, the underlying federal NOLs will begin to expire in 2026. The state NOLs will begin to expire in 2020, with approximately \$1.1 million expiring in the next five years. If not used, \$0.1 million of our tax credits will expire in 2026, and the remaining credits will begin to expire in 2034. Approximately \$0.7 million of our tax credits will be fully realizable by 2021. Our NOL carryforward balance partially consists of \$54.1 million subject to Section 382 limitations, as these balances were generated by subsidiaries prior to our acquiring them as part of current and previous stock acquisitions. If unused, these NOLs begin to expire in 2026.

Our subsidiary in Hyderabad, India benefits from a tax holiday under the Special Economic Zone program. This benefit was initially granted on July 8, 2013 and applies to a portion of our operations in this location. The benefit was reduced from a 100% tax holiday to a 50% tax holiday in April 2018 and is set to expire in April 2023. We realized tax savings of \$0.4 million, \$0.1 million, and \$0.4 million for the years ended December 31, 2019, 2018, and 2017, respectively, from the tax holiday.

Our subsidiary in Manila, Philippines benefits from income tax holiday incentives pursuant to registration with the Philippine Economic Zone Authority (“PEZA”). Tax savings realized under the Philippine tax holiday incentives were \$0.1 million, \$0.3 million, and \$0.2 million for the years ended December 31, 2019, 2018, and 2017, respectively. The income tax holiday is set to expire in June 2021.

Uncertain Tax Positions

At December 31, 2019 and 2018, we had no unrecognized tax benefits. Our policy is to include interest and penalties related to unrecognized income tax benefits in income tax expense, and as of December 31, 2019 and 2018, there were no accrued interest and penalties.

We file consolidated and separate tax returns in the U.S. and seven foreign jurisdictions. We are no longer subject to U.S. federal income tax examinations for years before 2016 and are no longer subject to state and local income tax

examinations by tax authorities for years before 2015; however, net operating losses from all years continue to be subject to examinations and adjustments for at least three years following the year in which the attributes are used.

Our subsidiary, RealPage India Private Limited (“RealPage India”), is currently undergoing an income tax examination for the fiscal years beginning April 1, 2011, April 1, 2012, and April 1, 2013. The India income tax authorities have assessed RealPage India additional tax and interest of \$0.9 million as a result of these examinations. We believe the assessments are incorrect and have appealed the decisions to the India Commissioner of Income Tax.

14. Fair Value Measurements

Assets and liabilities measured at fair value on a recurring basis:

Interest rate swap agreements: The fair value of our interest rate derivatives is 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. We incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty’s nonperformance risk in the fair value measurements.

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

Foreign currency forward contracts: We enter into foreign exchange currency contracts to hedge fluctuations associated with foreign currency denominated monetary assets and liabilities, and the future payment of operating expenses by certain of our non-U.S. subsidiaries. The fair values of our foreign exchange currency contracts are based on quoted foreign exchange forward rates at the reporting date and are classified within Level 2 of the fair value hierarchy.

Contingent consideration obligations: The fair value of the contingent consideration obligations includes inputs not observable in the market and thus represents a Level 3 measurement. 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 for our contingent consideration obligations is estimated based on management’s assessment of the probability of achievement of operational or financial targets. The fair value estimate considers the projected future operating or financial results for the factor upon which the respective contingent obligation is dependent. The fair value estimate is 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.

At December 31, 2019, the contingent consideration obligation consisted of a potential obligation related to our Hipercept acquisition. The fair value for this contingent consideration obligation is estimated using a probability weighted discount model which considers the achievement of the conditions upon which the contingent obligation is dependent. The probability of achieving the specified conditions is generally 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, which for the period ended December 31, 2019 were 13.2%, 11.7% and 1.6%, respectively.

At December 31, 2018, the contingent consideration obligation consisted of a potential obligation related to our LeaseLabs acquisition. During the second quarter of 2019, we paid the contingent consideration obligation related to our LeaseLabs acquisition for \$6.0 million.

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The following tables disclose the assets and liabilities measured at fair value on a recurring basis as of December 31, 2019 and 2018, by the fair value hierarchy levels as described above:

	Fair Value at December 31, 2019			
	Total	Level 1	Level 2	Level 3
	(in thousands)			
Assets:				
Foreign currency forward contracts ⁽¹⁾	\$ 237	\$ —	\$ 237	\$ —
Total assets measured at fair value	<u>\$ 237</u>	<u>\$ —</u>	<u>\$ 237</u>	<u>\$ —</u>
Liabilities:				
Interest rate swap agreements	\$ 2,193	\$ —	\$ 2,193	\$ —
Foreign currency forward contracts	14	—	14	—
Contingent consideration related to the acquisition of:				
Hipercept	6,536	—	—	6,536
Total liabilities measured at fair value	<u>\$ 8,743</u>	<u>\$ —</u>	<u>\$ 2,207</u>	<u>\$ 6,536</u>

⁽¹⁾The fair value of foreign currency forward contracts include those designated as cash flow hedge instruments and those designated as balance sheet hedge instruments.

	Fair Value at December 31, 2018			
	Total	Level 1	Level 2	Level 3
	(in thousands)			
Assets:				
Interest rate swap agreements	\$ 923	\$ —	\$ 923	\$ —
Total assets measured at fair value	<u>\$ 923</u>	<u>\$ —</u>	<u>\$ 923</u>	<u>\$ —</u>
Liabilities:				
Interest rate swap agreements	\$ 413	\$ —	\$ 413	\$ —
Contingent consideration related to the acquisition of:				
LeaseLabs	6,000	—	—	6,000
Total liabilities measured at fair value	<u>\$ 6,413</u>	<u>\$ —</u>	<u>\$ 413</u>	<u>\$ 6,000</u>

There were no transfers between Level 1 and Level 2, or between Level 2 and Level 3 measurements during the years ended December 31, 2019 and 2018.

Changes in the fair value of Level 3 measurements for the reporting periods were as follows during the years ended December 31, 2019 and 2018:

	December 31,	
	2019	2018
	(in thousands)	
Balance at beginning of period	\$ 6,000	\$ 414
Initial contingent consideration fair value	6,700	7,000
Settlements through cash payments	(5,963)	(247)
Net gain on change in fair value	(201)	(1,167)
Balance at end of period	<u>\$ 6,536</u>	<u>\$ 6,000</u>

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

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

CompStak

In August 2016, we acquired a \$3.0 million noncontrolling interest in CompStak, Inc. (“CompStak”), which is an unrelated company that specializes in the aggregation of commercial lease data. We have elected the measurement alternative for the CompStak equity investment, whereby we measure the investment at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. During the first quarter of 2019, we recorded a gain of \$2.6 million based on an observable price change, which is reflected in the line “Interest expense and other, net” in the accompanying Condensed Consolidated Statements of Operations. The factors considered in the remeasurement included the price at which the investee issued equity instruments similar to those of our investment and the rights and preferences of those equity instruments compared to ours. We concluded that this fair value measurement should be categorized within Level 2.

In June 30, 2019, we invested an additional \$1.8 million in CompStak. The carrying value of this investment at December 31, 2019 and 2018 was \$7.4 million and \$3.0 million, respectively, and is included in “Other assets” in the accompanying Condensed Consolidated Balance Sheets.

WayBlazer

In January 2018, we paid \$2.0 million in cash in return for a convertible promissory note (“Note”) from WayBlazer, Inc. (“WayBlazer”), which was an unrelated company that specialized in an artificial intelligence platform for the travel industry. During 2018, WayBlazer voluntarily filed Chapter 7 bankruptcy and ceased all operations. We were unable to determine the fair value of a recovery, if any, and therefore determined our investment in WayBlazer to be fully impaired, resulting in a non-operating loss of \$2.0 million recognized in “Interest expense and other, net” in the accompanying Consolidated Statements of Operations.

Refer to Note 8 for further information about assets measured at fair value on a non-recurring basis at December 31, 2019 and 2018. There were no liabilities measured at fair value on a non-recurring basis at December 31, 2019 and 2018.

15. Stockholders’ Equity

Stock Repurchase Program

In October 2018, our board of directors approved a share repurchase program authorizing the repurchase of up to \$100.0 million of our outstanding common stock. The share repurchase program expired on October 25, 2019. In November 2019, our board of directors approved a new share repurchase program authorizing the repurchase of up to \$100.0 million of our outstanding common stock. The share repurchase program is effective through November 7, 2020.

Shares repurchased under the stock repurchase program are retired. Repurchase activity during the years ended December 31, 2019, 2018 and 2017 was as follows:

	Year Ended December 31,		
	2019	2018	2017
Number of shares repurchased	158,971	599,664	—
Weighted-average cost per share	\$ 53.41	\$ 46.83	\$ —
Total cost of shares repurchased, in thousands	\$ 8,491	\$ 28,082	\$ —

Shelf Registration and Public Offering

On May 21, 2018, we filed a shelf registration statement on Form S-3 (File No. 333-225074) with the SEC, which became effective upon filing. The shelf registration allows us to sell, from time to time, an unspecified number of shares of common stock; shares of preferred stock; debt securities; warrants to purchase shares of common stock, preferred stock, or other securities; purchase contracts; and units representing two or more of the foregoing securities.

On May 29, 2018, we consummated an underwritten public offering of 8.05 million shares of our common stock, which included 1.05 million shares sold pursuant to the underwriters’ full exercise of their option to purchase additional shares. The offering was priced at \$57.00 per share for total gross proceeds of \$458.9 million. The aggregate net proceeds to us were \$441.9 million, after deducting underwriting discounts and offering expenses in the aggregate amount of \$16.9 million.

Increase in Authorized Shares

On June 5, 2018, our stockholders approved an amendment to our Certificate of Incorporation to increase the authorized number of shares of our Common Stock from 125,000,000 to 250,000,000 shares. Our board of directors had previously approved the amendment in 2018.

16. Derivative Financial Instruments and Hedging Activities

Cash Flow Hedges

Interest Rate Swap Agreements

We are exposed to interest rate risk on our variable rate debt. We have entered into interest rate swap agreements to effectively convert portions of our variable rate debt to a fixed-rate basis. The principal objective of these contracts is to eliminate or reduce the variability of the cash flows in interest payments associated with our variable rate debt, thus reducing the impact of interest rate changes on future interest payment cash flows. These derivative instruments are designated as cash flow hedges, as defined in ASC 815, and are assessed for effectiveness against the underlying exposure every reporting period.

On March 31, 2016, we entered into two interest rate swap agreements (collectively the “2016 Swap Agreements”). The 2016 Swap Agreements covered 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 2016 Swap Agreements matured on September 30, 2019.

On December 24, 2018, we entered into two interest rate swap agreements (collectively the “2018 Swap Agreements”). The 2018 Swap Agreements cover an aggregate notional amount of \$100.0 million from December 2018 to February 2022 by replacing the obligation’s variable rate with a blended fixed rate of 2.57%. We designated both the 2016 and 2018 Swap Agreements (collectively the “Swap Agreements”) as cash flow hedges of interest rate risk.

The changes in the fair value of the Swap Agreements is recorded in accumulated other comprehensive income and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. Amounts reported in accumulated other comprehensive income related to the Swap Agreements will be reclassified to “Interest expense and other, net” in the accompanying Consolidated Statements of Operations as interest payments are made on our variable rate debt.

Foreign Currency Forward Contracts

We are exposed to market risk that includes changes in foreign exchange rates. We have operations in certain foreign countries where the functional currency is the local currency. For international operations that are determined to be extensions of the parent company, the U.S. dollar is the functional currency. As of December 31, 2019, we have entered into a series of foreign exchange forward contracts with a total notional amount of \$15.0 million to hedge the effect of adverse fluctuations in foreign currency exchange rates for the Indian rupee and Philippines peso. These contracts are designated as cash flow hedges, as defined by ASC 815, of forecasted transactions, are intended to offset the impact of exchange rate fluctuations on future operating costs, and are scheduled to mature within twelve months.

The changes in the fair value of these contracts are initially reported in accumulated other comprehensive income and are subsequently reclassified into “Cost of revenue” and “Operating expenses” in the accompanying Consolidated Statements of Operations in the same period that the hedge transaction affects earnings.

The table below presents the fair value of the derivative instruments designated as cash flow hedges as well as their classification in the Consolidated Balance Sheets as of December 31, 2019 and 2018:

	Balance Sheet Location	Fair Value at	
		December 31, 2019	December 31, 2018
(in thousands)			
Derivatives designated as cash flow hedging instruments:			
Assets:			
Interest rate swaps	Other assets	\$ —	\$ 923
Foreign currency forward contracts	Other current assets	217	—
Total derivative assets		<u>\$ 217</u>	<u>\$ 923</u>
Liabilities:			
Interest rate swaps	Other long-term liabilities	\$ 2,193	\$ 413
Foreign currency forward contracts	Other current liabilities	14	—
Total derivative liabilities		<u>\$ 2,207</u>	<u>\$ 413</u>

As of December 31, 2019, we have not posted any collateral related to our derivative instruments. If we had breached any of the default provisions at December 31, 2019, we could have been required to settle our obligations under the agreements at their termination value of \$2.0 million.

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The table below presents the amount of gains and losses related to the derivative instruments and their location in the Consolidated Statements of Operations and the Consolidated Statements of Comprehensive Income for the fiscal years ended December 31, 2019, 2018 and 2017:

Derivatives designated as cash flow hedging instruments:	Gain (Loss) Recognized in OCI			Location of Gain (Loss) Recognized in Income	Gain Recognized in Income		
	2019	2018	2017		2019	2018	2017
Year ended December 31,							
Swap agreements, net of tax	\$ (1,477)	\$ 61	\$ 318	Interest expense and other	\$ 403	\$ 613	\$ 77
Foreign currency forward contracts, net of tax	244	—	—	Cost of revenue and operating expenses	74	—	—

As of December 31, 2019, we estimate that \$0.9 million of the net loss related to derivatives designated as cash flow hedges recorded in other comprehensive income is expected to be reclassified into earnings within the next twelve months.

Gains and losses on our cash flow hedges are net of income tax expense (benefit) of \$0.9 million, \$0.2 million, and \$(0.1) million during the years ended December 31, 2019, 2018, and 2017, respectively.

Balance Sheet Hedges

We also enter into foreign currency forward contracts to hedge fluctuations associated with foreign currency denominated monetary assets and liabilities, primarily associated with our lease liabilities. These forward contracts are not designated for hedge accounting treatment, therefore, the change in fair value of these derivatives is recorded as a component of "General and administrative" in the accompanying Consolidated Statements of Operations and offsets the change in fair value of the foreign currency denominated assets and liabilities, which are also recorded in "General and administrative". As of December 31, 2019, the notional amounts of outstanding foreign currency contracts entered into under our balance sheet hedge program was \$2.8 million. The effect of derivatives not designated as hedge instruments for the year ended December 31, 2019 was de minimis.

17. Customer Deposits Held in Restricted Accounts

In connection with our payment processing services, we collect tenant funds and subsequently remit these tenant funds to our clients after varying holding periods. These funds are settled through our Originating Depository Financial Institution ("ODFI") custodial accounts at major banks. The ODFI custodial account balance was \$222.4 million and \$132.2 million, and the related client deposit liability was \$222.4 million and \$132.2 million at December 31, 2019 and 2018, respectively. The ODFI custodial account balances are included in our Consolidated Balance Sheets as restricted cash. The corresponding liability for these custodial balances is reflected as client deposits. In connection with the timing of our payment processing services, we are exposed to credit risk in the event of nonperformance by other parties, such as returned checks. We utilize credit analysis and other controls to manage the credit risk exposure. We have not experienced any material credit losses to date. Any expected losses are included in our allowance for doubtful accounts. The ODFI custodial accounts are in the name of RealPage wholly-owned subsidiaries. The obligations under the ODFI custodial account agreements are guaranteed by us.

We offer invoice processing services to our clients as part of our overall utility management solution. This service includes the collection of invoice payments from our clients and the remittance of payments to the utility company. We had \$14.7 million and \$15.1 million in restricted cash and \$14.7 million and \$15.1 million in client deposits related to these services at December 31, 2019 and 2018, respectively.

In connection with our renter insurance products, we collect premiums from policy holders and subsequently remit the premium, net of our commission, to the underwriter. We maintain separate accounts for these transactions. We had \$6.2 million and \$7.3 million in restricted cash related to these renter insurance products at December 31, 2019 and 2018, respectively. Related to these renter insurance products, we had \$6.2 million and \$7.3 million in client deposits at December 31, 2019 and 2018, respectively.

18. Selected Quarterly Financial Data (unaudited)

The following is unaudited quarterly financial information for the years ended December 31, 2019 and 2018 (in thousands, except per share amounts).

	Three Months Ended							
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Revenue:								
On demand	\$ 246,235	\$ 245,637	\$ 235,185	\$ 226,519	\$ 218,051	\$ 215,413	\$ 206,945	\$ 193,300
Professional and other	8,532	9,565	8,676	7,787	8,923	9,540	9,307	8,001
Total revenue	254,767	255,202	243,861	234,306	226,974	224,953	216,252	201,301
Gross profit	143,008	146,104	138,253	134,598	129,482	130,467	125,183	120,169
Net income	20,169	11,704	15,063	11,272	6,272	9,073	8,479	10,901
Net income per share attributable to common stockholders:								
Basic	\$ 0.22	\$ 0.13	\$ 0.16	\$ 0.12	\$ 0.07	\$ 0.10	\$ 0.10	\$ 0.13
Diluted	0.21	0.12	0.16	0.12	0.07	0.09	0.09	0.13

The above quarterly financial information should be read in conjunction with the Consolidated Financial Statements and notes thereto included herein.

19. Subsequent Events

Modern Message

On January 22, 2020, we entered into an Agreement and Plan of Merger, by which we acquired all of the outstanding stock of Modern Message Inc., a provider of resident engagement solutions to the multifamily housing industry. Aggregate purchase consideration was \$65.2 million, comprised of \$63.4 million paid at closing and deferred cash obligations of up to \$1.8 million, subject to working capital adjustments. The deferred cash obligations are subject to indemnification claims and will be released in part on the first anniversary of the closing with the remainder released on the second anniversary of closing. In addition, the purchase agreement provides for at least \$10.0 million of management incentives that may be paid in cash or stock, and which require post-acquisition employment services over a period of three years.

Due to the timing of this acquisition, certain disclosures required by ASC 805, including the allocation of the purchase price, have been omitted because the initial accounting for the business combination was incomplete as of the filing date of this report. Such information will be included in a subsequent Quarterly Report on Form 10-Q.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. 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 Annual Report on Form 10-K. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective because of certain individual control deficiencies related to our information technology general controls (“ITGCs”) that, when viewed in combination, aggregated to the material weakness described below. 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.

Management’s Report on Internal Control over Financial Reporting

Our internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States. Management is responsible for establishing and maintaining adequate internal control over financial reporting. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Under supervision and with participation of management, including the Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of internal control over financial reporting as of December 31, 2019. In conducting this evaluation, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in Internal Control — Integrated Framework (2013 framework). Management’s assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of certain businesses which we acquired during 2019 (i.e. LeaseTerm Solutions, Hipercept, Simple Bills, IMS, and Buildium), which businesses are included in our 2019 Consolidated Financial Statements.

- LeaseTerm Solutions constituted approximately 1% of our consolidated total assets as of December 31, 2019, and less than 1% of our consolidated total revenues for the year then ended.
- Hipercept constituted approximately 1% of our consolidated total assets as of December 31, 2019, and less than 1% of our consolidated total revenues for the year then ended.
- Simple Bills constituted less than 1% of our consolidated total assets as of December 31, 2019, and less than 1% of our consolidated total revenues for the year then ended.
- IMS constituted approximately 2% of our consolidated total assets as of December 31, 2019, and less than 1% of our consolidated total revenues for the year then ended.
- Buildium constituted approximately 20% of our consolidated total assets as of December 31, 2019, and less than 1% of our consolidated total revenues for the year then ended.

Based on our evaluation using criteria set by COSO, management concluded that our internal control over financial reporting was not effective as of December 31, 2019.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

As part of our evaluation, management has identified certain individual control deficiencies related to our ITGCs that, when viewed in combination, aggregated to a material weakness. Specifically, we did not maintain effective controls over user access to certain IT systems and related changes to IT programs and data, and, as a result, the effective functioning of certain process-level automated and IT-dependent controls may have been affected. The material weakness did not result in any financial statement modifications, and there have been no changes to our previously disclosed financial results.

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The effectiveness of internal control over financial reporting as of December 31, 2019 has been audited by Ernst & Young LLP, our independent registered public accounting firm, which is stated in their report included in Part II Item 8 of this Annual Report on Form 10-K.

Remediation Plan

Management has been taking actions to remediate the deficiencies that in combination resulted in the material weakness and to improve the design and effectiveness of our ITGCs. The remedial activities include the following:

- Expanding the management and governance over IT system controls.
- Implementing enhanced process controls around internal user access management including provisioning, removal, and periodic review.
- Further restricting privileged access and improving segregation of duties within IT environments based on roles and responsibilities.
- Strengthening the security environment around certain applications, IT programs or databases.
- Strengthening internal user authentication mechanisms following established policy requirements.

We have completed certain of such remediation activities as of the date of this report and believe that we have strengthened our ITGCs to address the identified material weakness. However, control weaknesses are not considered remediated until new internal controls have been operational for a period of time, are tested, and management concludes that these controls are operating effectively. We will continue to monitor the effectiveness of these remediation measures, and we will make any changes to the design of this plan and take such other actions that we deem appropriate given the circumstances. We expect to complete the remediation process as early as practicable in 2020.

Changes in Internal Controls

There were no significant changes in our internal control over financial reporting during the three months ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, our 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.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item is incorporated by reference to RealPage's Proxy Statement for its 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2019.

Item 11. Executive Compensation.

The information required by this item is incorporated by reference to RealPage's Proxy Statement for its 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2019.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item is incorporated by reference to RealPage's Proxy Statement for its 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2019.

Item 13. Certain Relationships, and Related Transactions, and Director Independence.

The information required by this item is incorporated by reference to RealPage's Proxy Statement for its 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2019.

Item 14. Principal Accounting Fees and Services.

The information required by this item is incorporated by reference to RealPage's Proxy Statement for its 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2019.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) Financial Statements

- (1) The financial statements filed as part of this Annual Report on Form 10-K are listed on the index to financial statements.
- (2) Any financial statement schedules required to be filed as part of this Annual Report on Form 10-K are set forth in section (c) below.

(b) Exhibits

See Exhibit Index at the end of this Annual Report on Form 10-K, which is incorporated by reference.

(c) Financial Statement Schedules

The following schedule is filed as part of this Annual Report on Form 10-K:

All other schedules have been omitted because the information required to be presented in them is not applicable or is shown in the financial statements or related notes.

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

REALPAGE, INC.

December 31, 2019

(in thousands)

Accounts receivable allowances

Year ended December 31:	Balance at Beginning of Year	Adoption of ASC 606	Additions Charged to Income ⁽²⁾	Deductions ⁽³⁾	Balance at End of Year
2017	\$ 2,468	\$ —	\$ 4,458	\$ (2,975)	\$ 3,951
2018 ⁽¹⁾	3,951	4,702	17,180	(16,983)	8,850
2019	8,850	—	22,718	(21,297)	10,271

Accounts receivable allowances represent a reserve for credits and an estimate for uncollectible accounts.

- ⁽¹⁾ In 2018, we adopted ASU 2014-09, under the modified retrospective method. Under the new standard, we accrue for credit accommodations in our reserve during the month of billing, and credits reduce this reserve when issued. Comparative information from prior year periods has not been restated and continues to be reported under the accounting standards in effect for those periods.
- ⁽²⁾ Allowance for doubtful accounts are charged to expense. Credit accommodations are charged to revenue.
- ⁽³⁾ Applied credits and uncollectible accounts written off, net of recoveries.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Form	Incorporated by Reference		Included Herewith
			Date	Number	
2.1	Acquisition Agreement dated April 19, 2018 by and among the Registrant and each of the holders of outstanding membership units of NovelPay LLC, a Delaware limited liability company, other than those owned by ClickPay Services, Inc., a Delaware corporation, and NP Representative, LLC, a Delaware limited liability company, solely in its capacity as the Sellers' Representative**	10-Q	5/10/2018	2.1	
2.2	Agreement and Plan of Merger by and among the Registrant, RP Newco XXIII Inc., a Delaware corporation and wholly-owned subsidiary of Registrant, RP Newco XXIV Inc., a Delaware corporation and wholly-owned subsidiary of Registrant, ClickPayServices, Inc., a Delaware corporation and NP Representative, LLC, a Delaware limited liability company, solely in its capacity as the Sellers' Representative**	10-Q	5/10/2018	2.2	
2.3	Agreement and Plan of Merger dated October 11, 2018 between Registrant and RP Newco XXVI Inc., a Delaware corporation and wholly-owned subsidiary of the Registrant, Rentlytics, Inc., a Delaware corporation, each of the equityholders of Rentlytics who executed the Agreement and Plan of Merger and Fortis Advisors LLC, a Delaware limited liability company, solely in its capacity as the Equityholders' Representative**	10-K	2/27/2019	2.3	
2.4	Agreement and Plan of Merger by and among the Registrant, RP Newco XXIX LLC, a Delaware limited liability company, Buildium, LLC, a Delaware limited liability company ("Buildium"), Sumeru Equity Partners Fund L.P., a Delaware limited partnership ("SEP"), K1 Private Investors, L.P., a Delaware limited partnership ("K1 PI"), K1 Private Investors (A), L.P., a Delaware limited partnership ("K1 PI(A)"), K1PI(A) and together with K1 PI, "K1"), and SEP, solely in its capacity as the Securityholders' Agent **				X
3.1	Amended and Restated Certificate of Incorporation of the Registrant, as amended	10-Q	8/6/2018	3.1	
3.2	Amended and Restated Bylaws of the Registrant	S-1/A	7/26/2010	3.4	
4.1	Form of Common Stock certificate of the Registrant	S-1/A	7/26/2010	4.1	
4.2	Shareholders' Agreement among the Registrant and certain stockholders, dated December 1, 1998, as amended July 16, 1999 and November 3, 2000	S-1	4/29/2010	4.2	
4.3	Second Amended and Restated Registration Rights Agreement among the Registrant and certain stockholders, dated February 22, 2008	S-1	4/29/2010	4.3	
4.4	Indenture between the Registrant and Wells Fargo Bank, National Association, dated May 23, 2017	10-Q	8/4/2017	4.4	
4.5	Form of Global Note to represent the 1.50% Convertible Senior Notes due 2022, of the Registrant	10-Q	8/4/2017	4.5	
4.6	Form of Warrant Confirmation in connection with 1.50% Convertible Senior Notes due 2022, of the Registrant	10-Q	8/4/2017	4.6	
4.7	Form of Call Option Confirmation in connection with 1.50% Convertible Senior Notes due 2022, of the Registrant	10-Q	8/4/2017	4.7	
4.8	Description of Registered Securities				X
10.1	Form of Indemnification Agreement entered into between the Registrant and each of its directors and officers	S-1	4/29/2010	10.1	
10.2	Amended and Restated 1998 Stock Incentive Plan (June 2010)+	S-1	6/7/2010	10.2G	

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Exhibit Number	Exhibit Description	Incorporated by Reference			Included Herewith
		Form	Date	Number	
10.3	Form of Stock Option Agreement approved for use under the 1998 Stock Incentive Plan+	S-1	4/29/2010	10.2A	
10.4	Forms of Stock Option Agreements and Restricted Share Agreements approved for use under the 1998 Stock Incentive Plan+	S-1	6/7/2010	10.2E , 10.2F , 10.2H	
10.5	2010 Equity Incentive Plan, as Amended and Restated June 4, 2014+	DEF-14A	4/17/2014	Appendix A	
10.6	First Amendment to the Amended and Restated 2010 Equity Incentive Plan+	8-K	1/21/2015	10.1	
10.7	Second Amendment to the Amended and Restated 2010 Equity Incentive Plan+	8-K	4/7/2015	10.1	
10.8	Third Amendment to the Amended and Restated 2010 Equity Incentive Plan+	10-Q	5/6/2016	10.1	
10.9	Fourth Amendment to the RealPage, Inc. 2010 Equity Incentive Plan, as amended and restated, dated February 16, 2017+	10-Q	5/8/2017	10.5	
10.10	Fifth Amendment to the RealPage, Inc. 2010 Equity Incentive Plan, as amended and restated, dated February 21, 2019+	10-Q	5/8/2019	10.5	
10.11	Forms of Stock Option Award Agreements and Restricted Stock Award Agreements approved for use under the 2010 Equity Incentive Plan+	S-8	8/17/2010	4.6 , 4.7 , 4.8 , 4.9	
10.12	Form of Stock Option Award Agreement between the Registrant and Stephen T. Winn approved for use under the 2010 Equity Incentive Plan, as amended and restated June 4, 2014, as amended+	8-K	3/5/2015	10.1	
10.13	Form of Stock Option Award Agreement between the Registrant and certain executive officers approved for use under the 2010 Equity Incentive Plan, as amended and restated June 4, 2014, as amended+	8-K	3/5/2015	10.2	
10.14	Form of Restricted Stock Award Agreement for time-based awards between the Registrant and Stephen T. Winn approved for use under the 2010 Equity Incentive Plan, as amended and restated June 4, 2014, as amended+	8-K	3/5/2015	10.3	
10.15	Form of Restricted Stock Award Agreement for time-based awards between the Registrant and certain executive officers approved for use under the 2010 Equity Incentive Plan, as amended and restated June 4, 2014, as amended+	8-K	3/5/2015	10.4	
10.16	Form of Restricted Stock Award Agreement for time-based awards between the Registrant and certain executive officers approved for use under the 2010 Equity Incentive Plan, as amended and restated June 4, 2014, as amended+	10-Q	5/6/2016	10.4	
10.17	Form of Restricted Stock Award Agreement for market-based awards between the Registrant and certain executive officers approved for use under the 2010 Equity Incentive Plan, as amended and restated June 4, 2014, as amended+	10-Q	5/6/2016	10.5	
10.18	Form of Restricted Stock Award Agreement for market-based awards between the Registrant and Stephen T. Winn approved for use under the 2010 Equity Incentive Plan, as amended and restated June 4, 2014, as amended+	10-Q	5/6/2016	10.6	
10.19	Form of 2019 Management Incentive Plan+	10-Q	5/8/2019	10.6	
10.20	Amended and Restated Employment Agreement between the Registrant and Stephen T. Winn dated as of October 26, 2016+	8-K	10/31/2016	10.1	
10.21	Amended and Restated Employment Agreement between the Registrant and William Chaney dated as of March 1, 2015+	8-K	3/5/2015	10.1	

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference		Included Herewith
			Date	Number	
10.22	Transition Agreement between the Registrant and William Chaney dated as of January 13, 2020+				X
10.23	Employment Agreement between the Registrant and David Monk, dated May 1, 2015+	10-Q	8/7/2015	10.18	
10.24	Employment Agreement between the Registrant and Ashley Glover, dated August 3, 2016+	10-Q	11/8/2016	10.2	
10.25	Exhibit I to the Employment Agreement between the Registrant and Ashley Glover referenced herein as Exhibit 10.24+	10-Q	5/6/2016	10.4	
10.26	Exhibit II to the Employment Agreement between the Registrant and Ashley Glover referenced herein as Exhibit 10.24+	10-Q	5/6/2016	10.5	
10.27	Transition Agreement between the Registrant and Andrew Blount dated December 31, 2019+				X
10.28	Employment Agreement between the Registrant and Thomas C. Ernst, Jr., dated January 7, 2019+	10-K	2/27/2019	10.33	
10.29	Exhibit I to the Employment Agreement between the Registrant and Thomas C. Ernst, Jr. referenced herein as Exhibit 10.28+	10-Q	5/6/2016	10.4	
10.30	Exhibit II to the Employment Agreement between the Registrant and Thomas C. Ernst Jr. referenced herein as Exhibit 10.28+	10-Q	5/6/2016	10.5	
10.31	Employment Agreement between the Registrant and Kandis Thompson, dated January 7, 2019+	10-K	2/27/2019	10.36	
10.32	Transition Agreement between the Registrant and Kandis Thompson dated as of December 29, 2019+				X
10.33	Employment Agreement between the Registrant and Brian Shelton, dated January 2, 2020+				X
10.34	Employment Agreement between the Registrant and Mike Britti, dated January 13, 2020+				X
10.35	Employment Agreement between the Registrant and Barry Carter, dated January 13, 2020+				X
10.36	Employment Agreement between the Registrant and Kurt Twining, dated March 1, 2015+				X
10.37	Lease Agreement dated June 2, 2015 by and between the Registrant and Lakeside Campus Partners, LP	8-K	6/4/2015	10.1	
10.38	First Amendment to the Lease Agreement dated July 27, 2015 by and between the Registrant and Lakeside Campus Partners, LP	10-Q	8/7/2015	10.20	
10.39	Second Amendment to the Lease Agreement dated July 8, 2016 by and between the Registrant and Lakeside Campus Partners, LP	10-Q	11/8/2016	10.1	
10.40	Amended and Restated Credit Agreement by and among the Registrant, the lenders from time to time party thereto and Wells Fargo Bank, National Association, as administrative agent, dated September 5, 2019	10-Q	11/8/2019	10.1	
10.41	Amended and Restated Guaranty Agreement by and among the Registrant and certain domestic subsidiaries of the Registrant in favor of Wells Fargo Bank, National Association, as administrative agent, dated September 5, 2019	10-Q	11/8/2019	10.2	
10.42	Amended and Restated Collateral Agreement by and among the Registrant and certain of its subsidiaries in favor of Wells Fargo Bank, National Association, as administrative agent, dated September 5, 2019	10-Q	11/8/2019	10.3	

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Exhibit Number	Exhibit Description	Incorporated by Reference			Included Herewith
		Form	Date	Number	
21.1	Subsidiaries of the Registrant				X
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm				X
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1	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*				X
32.2	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*				X
101.INS	Instance				X
101.SCH	Taxonomy Extension Schema				X
101.CAL	Taxonomy Extension Calculation				X
101.LAB	Taxonomy Extension Labels				X
101.PRE	Taxonomy Extension Presentation				X
101.DEF	Taxonomy Extension Definition				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				X

- + Indicates management contract or compensatory plan or arrangement.
- * Furnished herewith.
- ** Exhibits and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K and will be furnished to the Securities and Exchange Commission upon request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Richardson, State of Texas, on this 2nd day of March, 2020.

REALPAGE, INC.

By: _____
 /s/ Stephen T. Winn
 Stephen T. Winn
 Chairman of the Board of Directors, Chief Executive Officer,
 President and Director

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Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ Stephen T. Winn Stephen T. Winn	Chairman of the Board of Directors, Chief Executive Officer, President and Director (Principal Executive Officer)	March 2, 2020
/s/ Thomas C. Ernst, Jr. Thomas C. Ernst, Jr.	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	March 2, 2020
/s/ Brian D. Shelton Brian D. Shelton	Senior Vice President, Chief Accounting Officer (Principal Accounting Officer)	March 2, 2020
/s/ Alfred R. Berkeley Alfred R. Berkeley	Director	March 2, 2020
/s/ Peter Gyenes Peter Gyenes	Director	March 2, 2020
/s/ Scott S. Ingraham Scott S. Ingraham	Director	March 2, 2020
/s/ Dana S. Jones Dana S. Jones	Director	March 2, 2020
/s/ Charles F. Kane Charles F. Kane	Director	March 2, 2020
/s/ Jeffrey T. Leeds Jeffrey T. Leeds	Director	March 2, 2020
/s/ Jason A. Wright Jason A. Wright	Director	March 2, 2020

EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER AND STOCK PURCHASE AGREEMENT

by and among:

BUILDIIUM, LLC,
a Delaware limited liability company;

REALPAGE, INC.,
a Delaware corporation;

RP NEWCO XXIX LLC,
a Delaware limited liability company;

SUMERU EQUITY PARTNERS FUND L.P.,
a Delaware limited partnership;

K1 PRIVATE INVESTORS, L.P.,
a Delaware limited partnership;

K1 PRIVATE INVESTORS (A), L.P.,
a Delaware limited partnership,

and

SUMERU EQUITY PARTNERS FUND L.P.,
as the Securityholders' Agent.

Dated as of November 6, 2019

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AGREEMENT AND PLAN OF MERGER AND STOCK PURCHASE AGREEMENT

THIS AGREEMENT AND PLAN OF MERGER AND STOCK PURCHASE AGREEMENT (this “Agreement”) is made and entered into as of November 6, 2019, by and among: **REALPAGE, INC.**, a Delaware corporation (“Parent”); **RP NEWCO XXIX LLC**, a Delaware limited liability company and a wholly-owned Subsidiary of Parent (“Merger Sub”); **BUILDIIUM, LLC**, a Delaware limited liability company (the “Company”); **SUMERU EQUITY PARTNERS FUND L.P.**, a Delaware limited partnership (“SEP”); **K1 PRIVATE INVESTORS, L.P.**, a Delaware limited partnership (“K1 PI”); **K1 PRIVATE INVESTORS (A), L.P.**, a Delaware limited partnership (“K1 PI(A)”) and together with K1 PI, “K1”); and **SEP**, as the Securityholders’ Agent. Certain capitalized terms used in this Agreement are defined in Exhibit A.

RECITALS

WHEREAS, Parent, Merger Sub and the Company intend to effect a merger of Merger Sub with and into the Company (the “Merger”) in accordance with this Agreement and the Delaware Limited Liability Company Act (the “LLC Act”). Upon consummation of the Merger, Merger Sub will cease to exist, and the Company will become a wholly-owned Subsidiary of Parent; and

WHEREAS, SEP Buildium Investments, LLC, a Delaware limited liability company (the “SEP Vehicle”) holds an aggregate of 8,985,626 Common Units, and SEPBI, Inc., a Delaware corporation (the “SEP Blocker”) holds 97.369% of the outstanding membership interests in SEP Vehicle; and

WHEREAS, immediately prior to the Effective Time, SEP Vehicle will (i) redeem SEP Blocker’s interest in SEP Vehicle and (ii) distribute 8,749,214 Common Units held by SEP Vehicle (the “SEP Blocker Units”) to SEP Blocker in consideration therefor (the “SEP Redemption”); and

WHEREAS, the Company has approved the transfer of the SEP Blocker Units to SEP Blocker in connection with the SEP Redemption, and upon consummation thereof, SEP Blocker will become the holder of the SEP Blocker Units; and

WHEREAS, immediately prior to the Effective Time, upon the terms and subject to the conditions set forth in this Agreement, Parent shall purchase all of the issued and outstanding capital stock of (i) SEP Blocker and (ii) K1 Buildium Holdings, Inc., a Delaware corporation (“K1 Blocker,” together with SEP Blocker, the “Blockers”) and, collectively, such stock of SEP Blocker and K1 Blocker, the “Blocker Stock”); and

WHEREAS, the sole member of Merger Sub and the board of managers of the Company have each approved and declared advisable this Agreement and the Merger in accordance with the LLC Act; and

WHEREAS, concurrent with the execution and delivery of this Agreement, and as a material inducement to Parent and Merger Sub to enter into this Agreement and to preserve and protect the goodwill of the Acquired Companies, (i) certain Unitholders have executed and delivered to Parent a Significant Owner Agreement in the form attached hereto as Exhibit B (the “Significant Owner Agreement”), (ii) each member of the Management Team (as hereinafter defined) has entered into a Management Deferral Agreement in the form attached hereto as Exhibit C (the “Management Deferral Agreement”) and (iii) each of the Specified Employees and Parent has executed and delivered the employment documents set forth on Schedule A (collectively, the “Schedule of Employment Documents”), in each case, to be effective upon the Closing.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants, and agreements contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and intending to be legally bound hereby, the parties agree as follows:

AGREEMENT

1. Description of Transaction

1.1 Purchase of Blockers.

Upon the terms and subject to the conditions set forth in this Agreement, immediately prior to the Effective Time, Parent shall purchase (the “Stock Purchase”) from each Blocker Parent the number of shares of the applicable Blocker Stock set forth opposite the name of such Blocker Parent on Schedule 1.1 attached hereto. As consideration for the Stock Purchase, each Blocker Parent shall be entitled to receive an amount equal to (a) (i)(x) the Adjusted Transaction Value, *plus* (y) the Aggregate Participation Threshold of the Vested Incentive Units, *multiplied* by (ii) such Blocker Parent’s Blocker Percentage (such aggregate amount to be paid to all Blocker Parents at Closing, the “Closing Blocker Consideration”), and (b) such Blocker Parent’s Blocker Percentage of any Post-Closing Consideration (if, when and to the extent payable in accordance with this Agreement) (such aggregate amount to be paid to all Blocker Parents pursuant to clause “(a)” and “(b)” of this Section 1.1, the “Blocker Consideration”).

1.2 Merger of Merger Sub into the Company.

Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the relevant provisions of the LLC Act, at the Effective Time, Merger Sub shall be merged with and into the Company, and the separate existence of Merger Sub shall cease. The Company will continue as the surviving company in the Merger (the “Surviving Company”) and will become a wholly-owned Subsidiary of Parent.

1.3 Effect of the Merger.

The Merger shall have the effects set forth in this Agreement and in the applicable provisions of the LLC Act.

1.4 Closing; Effective Time.

The consummation of the Merger and the other Contemplated Transactions (the “Closing”) shall take place at the offices of Weil, Gotshal & Manges LLP, 200 Crescent Court, Suite 300, Dallas, Texas at 10:00 a.m. (Dallas, Texas time) on a date to be designated by Parent, which shall be no later than the fifth Business Day after the satisfaction or waiver of the last to be satisfied or waived of the conditions set forth in Sections 7 and 8 (other than those conditions set forth in Section 7.1, 7.2, 7.4, 7.6(b), 7.6(c), 7.6(f), 7.6(g), 7.6(h), 7.6(i), 7.6(j), 7.6(k), 7.6(l), 7.7, 7.9, 8.1, 8.2, 8.4, 8.5, and 8.6 that are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions and all other conditions to Closing), or at such other time and/or date as Parent and the Company may jointly designate. The date on which the Closing actually takes place is referred to in this Agreement as the “Closing Date.” Contemporaneously with or as promptly as practicable after the Closing, the Company and Merger Sub shall cause a certificate of merger (the “Certificate of Merger”) satisfying the applicable requirements of the LLC Act to be duly executed by the Company and Merger Sub and filed with the Secretary of State of the State of Delaware. The Merger shall become effective

as of the time that the Certificate of Merger is accepted by the Secretary of State of the State of Delaware (the effective time of the Merger being referred to as the “Effective Time”).

1.5 The Closing Transactions.

Subject to the terms and conditions set forth in this Agreement, the parties hereto shall consummate the following transactions promptly following the Effective Time:

(a) On the Closing Date, Parent shall deliver to the Payment Agent, and shall cause the Payment Agent to pay (i) to each Blocker Parent, such Blocker Parent’s portion of the Closing Blocker Consideration by wire transfer of immediately available funds to the account(s) designated in writing by such Blocker Parent no later than two Business Days prior to the Closing Date and (ii) subject to Section 1.8, each Unitholder other than the Blockers, such Unitholder’s portion of the Merger Consideration, by wire transfer of immediately available funds or check, as designated by such Unitholder in the Letter of Transmittal submitted by such Unitholder in accordance with Section 1.8, in accordance with and subject to the terms and conditions of Section 1.7(a)(iv)(A), in each case as set forth on the Sale and Merger Consideration Spreadsheet;

(b) On the Closing Date, Parent shall use reasonable best efforts to deliver, or cause to be delivered, to the Securityholders’ Agent the Securityholders’ Agent Expense Fund, by wire transfer of immediately available funds to the account(s) designated in writing by the Securityholders’ Agent no later than two Business Days prior to the Closing Date;

(c) On the Closing Date, Parent shall use reasonable best efforts to deposit, by wire transfer of immediately available funds, an amount equal to the Specified Escrow Amount with Escrow Agent in accordance with an escrow agreement in a form mutually and reasonably acceptable to Parent and the Securityholders’ Agent, which such escrow agreement will contain the terms set forth on Schedule 1.5(c) (the “Escrow Agreement”);

(d) On the Closing Date, Parent shall repay, or cause to be repaid, on behalf of the Acquired Companies, an amount equal to the Repaid Indebtedness, by wire transfer of immediately available funds to the account(s) designated in each Pay Off Letter; and

(e) On the Closing Date, Parent shall use reasonable best efforts to pay, or cause to be paid, on behalf of the Acquired Companies, the Company Transaction Expenses by wire transfer of immediately available funds to the account(s) designated by the holders of such Company Transaction Expenses no later than two Business Days prior to the Closing Date (it being understood and agreed that if any payee of such Company Transaction Expenses does not designate the account(s) to which such payment shall be made no later than two Business Days prior to the Closing Date, such payment will not be made on the Closing Date and instead Parent shall pay, or cause to be paid, such amounts to such holders promptly after such payee designates such account(s); *provided*, that any Company Transaction Expenses that are payable to Company Employees (other than consultants or contractors) and required to be treated under the Code as compensation shall instead be paid through the Surviving Company’s payroll no later than the next regular payroll following the Closing Date.

(f) Any payments contemplated by this Section 1.5 which are not made on the Closing Date shall be made on the Business Day immediately following the Closing Date, except as expressly contemplated by Section 1.5(e).

1.6 Limited Liability Company Agreement; Managers and Officers.

(a) Immediately after the Effective Time, the LLC Agreement shall be restated in its entirety to be identical to the form attached hereto as Exhibit D (the "Amended and Restated LLC Agreement"), until thereafter duly amended in accordance with Legal Requirements and as provided in such amended and restated limited liability company agreement.

(b) The managers and officers of Merger Sub prior to the Effective Time shall be the initial managers and officers of the Surviving Company, respectively, until their resignation, removal or replacement.

1.7 Conversion of Units.

(a) **Conversion.** Subject to Section 1.7(b) and Section 1.8, at the Effective Time, by virtue of the Merger and without any further action on the part of Parent, Merger Sub, the Company, any Unitholder or any other Person:

(i) each Common Unit and Incentive Unit held in the Company's treasury or owned by Parent, Merger Sub, the Company, or any direct or indirect wholly-owned Subsidiary of Parent, Merger Sub, or the Company immediately prior to the Effective Time (except for any Common Unit or Incentive Unit held by the Blockers which shall be treated in accordance with Section 1.7(a)(iii)), if any, shall be cancelled and no consideration shall be paid or payable with respect thereto;

(ii) each Unvested Incentive Unit, if any, shall be cancelled and no consideration shall be paid or payable with respect thereto;

(iii) each Common Unit and Incentive Unit held by the Blockers immediately prior to the Effective Time shall be converted, without receiving any payment with respect thereto, into and become one validly issued, fully paid and non-assessable membership unit of the Surviving Company;

(iv) each Common Unit and Vested Incentive Unit that is outstanding immediately prior to the Effective Time (other than (x) any Common Unit and Incentive Unit to be cancelled pursuant to Section 1.7(a)(i) or Section 1.7(a)(ii), or (y) any Common Unit or Incentive Unit held by the Blockers, which shall be treated in accordance with Section 1.7(a)(iii)), shall be converted automatically into the right to receive the following amounts:

(A) (1) with respect to each Common Unit, an amount in cash equal to the Non-Blocker Per Unit Amount, and (2) with respect to each Vested Incentive Unit, an amount in cash equal to the Non-Blocker Per Unit Amount less the Participation Threshold attributable to such Vested Incentive Unit; and

(B) with respect to each Common Unit and Vested Incentive Unit, an amount equal to (1) any Post-Closing Consideration (if, when and to the extent payable in accordance with this Agreement), *multiplied by* (2) the Non-Blocker Unitholders Percentage, *divided by* (3) the Fully Diluted Units held by all Non-Blocker Unitholders as of immediately prior to the Effective Time (the aggregate amount payable in respect of all such Common Units and Vested Incentive Units pursuant to Sections 1.7(a)(iv)(A) and 1.7(a)(iv)(B), the "Merger Consideration"); and

(v) each common unit of Merger Sub that is outstanding immediately prior to the Effective Time shall be converted automatically into one fully paid and non-assessable common unit of the Surviving Company. From and after the Effective Time, all certificates representing common units of Merger Sub shall be deemed for all purposes to represent the number of common units of the Surviving Company into which common units of Merger Sub were converted in accordance with the immediately preceding sentence.

The calculation of the payments to be made pursuant to Section 1.7(a)(iv) of this Agreement is intended to be consistent with the distribution provisions set forth in the LLC Agreement.

(b) Adjustments.

In the event that the Company, at any time or from time to time between the date of this Agreement and the Effective Time, declares or pays any dividend on Equity Interests payable in Equity Interests or in any right to acquire Equity Interests, or effects a subdivision of the outstanding shares of Equity Interests into a greater number of shares of Equity Interests, or in the event the outstanding shares of Equity Interests shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Equity Interests, or a record date with respect to any of the foregoing shall occur during such period, then the amounts payable in respect of the Equity Interests attributable to the Blocker Stock for payment of the Blocker Consideration pursuant to Section 1.1 and the amounts payable in respect of the Equity Interests pursuant to Section 1.7(a)(iv) shall, in each case, be appropriately adjusted.

1.8 Exchange of Units.

(a) Payment Agent. Promptly after the date hereof and prior to the Closing Date, Parent and the Securityholders' Agent shall enter into a payment agent agreement (the "Payment Agent Agreement") with a payment agent mutually agreed to by Parent and Securityholders' Agent, to act as payment agent with respect to the Stock Purchase and the Merger (the "Payment Agent"). Parent shall pay all fees and expenses of the Payment Agent. At or promptly after the Effective Time on the Closing Date, Parent shall deposit with the Payment Agent cash sufficient to pay the Closing Blocker Consideration and an aggregate amount payable pursuant to Section 1.7(a)(iv)(A) (the cash amount so deposited with the Payment Agent is referred to herein as the "Payment Fund."). The Payment Agent shall hold such funds and deliver them in accordance with, and subject to the terms and conditions, of this Agreement and the Payment Agent Agreement.

(b) Letter of Transmittal. Promptly after the designation of the Payment Agent pursuant to Section 1.8(a) above and prior to the Effective Time, the Company shall cause the Payment Agent to provide each Unitholder other than the Blockers with (i) a letter of transmittal substantially in the form set forth on Schedule 1.8(b) (including the release contained therein) (a "Letter of Transmittal"), and (ii) instructions for use in effecting the exchange of Units (other than the Units held by the Blockers) for the Merger Consideration, if any, payable with respect to such Equity Interests. Upon the delivery to the Payment Agent of a duly executed Letter of Transmittal and such other documents as Parent or the Payment Agent may reasonably request, each such Unitholder shall be entitled to receive cash in the amount set forth in Section 1.7(a)(iv) in respect of such Units in accordance with this Agreement. The Payment Agent Agreement shall provide that the Payment Agent shall deliver or cause to be delivered (A) as soon as funds are received, (x) to each Unitholder (other than the Blockers) that has delivered a duly executed and completed Letter of Transmittal to the Payment Agent at least two Business Days prior to the Closing Date, cash in the amount set forth in Section 1.7(a)(iv)(A) in respect of all Units held by such Unitholder and (y) as soon as funds are received, to each Blocker Parent, cash in the amount set forth in Section 1.1(a), and (B) to each Unitholder (other than the Blockers) that has delivered a duly executed and completed Letter of Transmittal to the

Payment Agent after the date that is at least two Business Days prior to the Closing Date, promptly following such delivery, cash in the amount set forth in Section 1.7(a)(iv)(A).

(c) Unit Transfer Books. As of the Effective Time, the unit transfer books of the Company shall be closed and there shall not be any further registration of transfers of Equity Interests thereafter on the records of the Company.

(d) Undistributed Payment Funds. Any portion of the Payment Fund that remains undistributed to Unitholders as of the date that is 180 days after the Effective Time shall be delivered to Parent upon demand, and Unitholders (other than the Blockers) who have not theretofore delivered a duly executed and completed Letter of Transmittal in accordance with, and otherwise complied with, Section 1.8(b) shall thereafter look only to Parent for satisfaction of their claims for the Merger Consideration payable with respect to the Equity Interests held by such Unitholders, without any interest thereon.

(e) Escheat. Notwithstanding anything in this Agreement to the contrary, neither Parent nor any other Person shall be liable to any Unitholder or to any other Person for any amount paid to a public official pursuant to applicable abandoned property law, escheat law or similar Legal Requirement.

(f) Withholding. Each of the Payment Agent, Parent and the Surviving Company shall be entitled to deduct and withhold from any amounts payable pursuant to this Agreement such amounts as Parent reasonably determines are required to be deducted or withheld therefrom or in connection therewith under the Code or any provision of state, local or foreign Tax law or under any other Legal Requirement; *provided* that, other than with respect to any amount that is compensation payable to a Company Employee (which, for the avoidance of doubt, shall exclude any portion of the Merger Consideration payable to a Company Employee), Parent shall use commercially reasonable efforts to (i) provide SEP with written notice of its intention to withhold at least five Business Days prior to any such withholding, and (ii) reasonably cooperate with respect to SEP's efforts to minimize any such Taxes. To the extent such amounts are so deducted or withheld and paid to the appropriate Governmental Entity, such amounts shall be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid.

(g) Allocation. Parent agrees that, for U.S. federal (and applicable state and local) income Tax purposes, (i) the fair market values of the assets of the Company that are included as assets in the determination of Closing Working Capital shall be equal to the values of such assets taken into account in making such determination, (ii) the fair market values of the assets of the Company not taken into account in the determination of Closing Working Capital but that are reflected as assets on the face of the Company's the Closing Balance Sheet (other than goodwill) shall be equal to the values of such assets as reflected on such balance sheet, and (iii) any excess of the gross value of the Company's assets (as determined for applicable Tax purposes) over the sum of the fair market values agreed pursuant to clauses "(i)" and "(ii)" of this sentence shall be allocated solely to assets that would not reasonably be expected to cause any direct or indirect member of the Company to recognize materially more ordinary income in connection with the Contemplated Transactions for applicable Tax purposes than would otherwise be expected based on the allocation of fair market values in accordance with the preceding clauses "(i)" and "(ii)". Except as the parties may otherwise mutually agree in writing or as may be otherwise required pursuant to a final determination under Section 1313(a)(1) of the Code (or a corresponding provision of state, local or foreign Legal Requirements), the agreements regarding fair market values and allocation pursuant to the immediately preceding sentence shall be binding on the parties and their respective Affiliates for all Tax reporting purposes.

1.9 No Dissents/Appraisals.

No dissenters' or appraisal rights shall be available with respect to this Agreement or the Contemplated Transactions.

1.10 Estimated Closing Statement.

(a) At least three Business Days prior to the Closing Date, the Company shall prepare and deliver to Parent (i) a consolidated balance sheet of the Acquired Companies, prepared in accordance with the policies set forth on Schedule 1.10(a) (the "Accounting Policies"), as of the Reference Time (the "Closing Balance Sheet"), (ii) a statement (the "Estimated Closing Statement"), prepared in accordance with the Accounting Policies, setting forth in reasonable detail, a good faith calculation of the Adjustment Amount, including all components of the definition thereof, each calculated as of the Reference Time (the "Estimated Adjusted Amount") and the calculation of Adjusted Transaction Value derived therefrom; (iii) the spreadsheet described in Section 1.10(b), certified by the chief financial officer of the Company that all of such information is accurate and complete (and in the case of dollar amounts, properly calculated) as of the Closing and (iv) reasonable supporting documentation in support of the calculation of the amounts set forth in the foregoing (together, the "Sale and Merger Consideration Spreadsheet"). The Company shall provide Parent a reasonable opportunity to review and comment on the Estimated Closing Statement and components thereof and shall consider in good faith any revisions to the Estimated Closing Statement proposed by Parent.

(b) The Sale and Merger Consideration Spreadsheet shall contain the following information:

(i) (A) the Adjusted Transaction Value (including the Adjustment Amount); (B) the Non-Blocker Per Unit Amount; and (C) the Non-Blocker Unitholders Percentage; and (D) with respect to each Unitholder, such Unitholder's Pro Rata Share;

(ii) with respect to each Blocker Parent, (A) such Blocker Parent's Blocker Percentage; and (B) the portion of the Closing Blocker Consideration payable to such Blocker Parent pursuant to Section 1.1(a);

(iii) with respect to each Person who is a Unitholder immediately prior to the Effective Time (other than the Blockers):

(A) the name and address of record of each such Unitholder;

(B) the number of Outstanding Equity Interests of each class and series held by each such Unitholder;

(C) the portion of the Merger Consideration (including the amount of the Transaction Deductions attributable to each Unitholder) that such Unitholder is entitled to receive pursuant to this Agreement and, to the extent applicable, the portion withheld pursuant to the Management Deferral Agreement; and

(D) the portion of the Employment Tax Amount to be withheld in accordance with Section 1.8(f) from the Merger Consideration that each such Unitholder is entitled to receive pursuant to this Agreement.

1.11 Proposed Closing Statement and Final Closing Statement.

(a) As promptly as practicable, but no later than 120 days after the Closing, Parent shall deliver to the Securityholders' Agent a statement, prepared in accordance with this Agreement and the Accounting Policies (the "Proposed Closing Statement"), setting forth in reasonably sufficient detail (i) Parent's good faith calculation of the Adjustment Amount, including all components of the definition thereof, each calculated as of the Reference Time (the "Proposed Adjusted Amount") and the calculation of Adjusted Transaction Value derived therefrom; and (ii) reasonable supporting documentation in support of the calculation of the foregoing amounts.

(b) Parent shall use, and shall cause the Acquired Companies and its and their respective Representatives to use, commercially reasonable efforts to assist the Securityholders' Agent and its Representatives in their review of the Proposed Closing Statement and shall provide the Securityholders' Agent and its Representatives access at reasonable times to the personnel, properties, books and records of the Acquired Companies for such purpose and for the other purposes set forth in this Section 1.11, as may be reasonably requested by the Securityholders' Agent.

(c) If the Securityholders' Agent disputes the correctness of the Proposed Closing Statement, the Securityholders' Agent shall notify Parent in writing of its objections within 30 days after receipt of the Proposed Closing Statement and shall set forth such objections, in writing and in reasonably sufficient detail, indicating each disputed item or amount and the basis for such disagreement and the reasons for the Securityholders' Agent objections (a "Notice of Disagreement").

(d) During the 30 days immediately following the delivery of any Notice of Disagreement (the "Dispute Resolution Period"), Parent and the Securityholders' Agent shall seek in good faith to resolve any differences that they may have with respect to any matter specified in such Notice of Disagreement. During the Dispute Resolution Period, Parent and the Securityholders' Agent (and their respective Representatives) shall each have access to the other party's working papers, trial balances and similar materials prepared in connection with the other party's preparation of the Proposed Closing Statement and the Notice of Disagreement, as the case may be, in each case as reasonably requested. Upon resolution, the matters set forth in any such written resolution executed by Parent and the Securityholders' Agent shall be final and binding on the parties on the date of such written resolution.

(e) If, at the end of the Dispute Resolution Period, Parent and the Securityholders' Agent have not been able to resolve, in writing, all differences that they may have with respect to any matter specified in such Notice of Disagreement (including any underlying calculations or matters with respect to compliance with Accounting Policies), Parent and the Securityholders' Agent shall submit to a public accounting firm as shall be agreed in writing by Parent and Securityholders' Agent (the "Accounting Firm") for review and resolution of any and all matters that remain in dispute (and as to no other matter), and the Accounting Firm, acting as experts and not arbitrators, shall reach a final, binding resolution of all matters that remain in dispute, which final resolution shall be final and binding on the parties except for manifest error and shall be:

(i) in writing and signed by the Accounting Firm;

(ii) within the range of the amount contested by Parent and the Securityholders' Agent and not assign a value to any item greater than the maximum value for such item claimed by either Parent or the Securityholders' Agent or less than the minimum value for such item claimed by either Parent or the Securityholders' Agent;

(iii) furnished to Parent and the Securityholders' Agent as soon as practicable after the items in dispute have been referred to the Accounting Firm, which shall not be more than

45 days after such referral or such later period set forth in the engagement letter of the Accounting Firm and mutually agreed to by Parent and the Securityholders' Agent; and

(iv) made in accordance with this Agreement (including the definitions used herein).

Any further submissions to the Accounting Firm must be written and delivered to each party to the dispute. Parent and the Securityholders' Agent agree to execute, if requested by the Accounting Firm, a reasonable engagement letter in customary form and shall cooperate fully with the Accounting Firm and promptly provide all documents and information requested by the Accounting Firm so as to enable it to make such determination as quickly and as accurately as practicable. The procedure outlined in this Section 1.11(e) is referred to as the "Dispute Resolution Procedure."

(f) The Proposed Closing Statement shall become the "Final Closing Statement":

(i) on the 31st day following the delivery of the Proposed Closing Statement if a Notice of Disagreement has not been delivered to Parent by the Securityholders' Agent;

(ii) with such changes as are necessary to reflect matters resolved pursuant to any written resolution executed pursuant to Section 1.11(d), on the date such resolution is executed, if all outstanding matters are resolved through such resolution; and

(iii) with such changes as are necessary to reflect the Accounting Firm's resolution of matters in dispute, on the date the Accounting Firm delivers its final, binding resolution pursuant to Section 1.11(e).

The date on which the Proposed Closing Statement becomes the Final Closing Statement pursuant to the immediately foregoing sentence is referred to as the "Final Determination Date."

(g) Parent and the Securityholders' Agent shall each pay their own costs and expenses incurred in connection with such Dispute Resolution Procedure; *provided*, that the fees and expenses of the Accounting Firm shall be borne in the same proportion that the Securityholders' Agent's position, on the one hand, and Parent's position, on the other hand, as initially presented to the Accounting Firm (based on the aggregate of all differences at such time taken as a whole) bears to the final resolution as determined by the Accounting Firm.

1.12 Payment of the Post-Closing Adjustment Amount.

(a) If the Adjustment Amount set forth in the Final Closing Statement (the "Actual Adjustment Amount") is greater than the Estimated Adjustment Amount (such difference, the "Adjustment Deficit"), Parent shall *first* deduct the Adjustment Deficit from the Adjustment Holdback, and, if the Adjustment Deficit exceeds the amount of the Adjustment Holdback, then Parent shall be entitled, but not required, to deduct such excess (in each case, the "Adjustment Gap") from the Indemnification Holdback. In the event (i) the Adjustment Deficit exceeds the sum of the Adjustment Holdback and the Indemnification Holdback, or (ii) an Adjustment Gap exists and Parent elects not to deduct such Adjustment Gap from the Indemnification Holdback, Parent shall be entitled to recourse against each Seller for such Seller's Pro Rata Share of the Adjustment Gap, such liability not to exceed the aggregate amount of cash consideration such Seller actually receives pursuant to Section 1.1 or Section 1.7(a)(iv), as applicable). In the event the Adjustment Deficit is less than the Adjustment Holdback, Parent shall pay to the Payment Agent, within 15 Business Days after the Final Determination Date, the remaining Adjustment Holdback after deducting such

Adjustment Deficit therefrom, if any, by wire transfer of immediately available United States funds, for distribution to the Blocker Parents pursuant to Section 1.1(b) and to Unitholders pursuant to Section 1.7(a)(iv) of this Agreement, it being agreed that Parent and the Securityholders' Agent shall deliver joint written instructions to the Payment Agent within 15 Business Days after the Final Determination Date authorizing the Payment Agent to make such distribution promptly following receipt of such funds from Parent, if applicable.

(b) If the Actual Adjustment Amount is less than or equals the Estimated Adjustment Amount (such difference, the “ Adjustment Surplus”), then Parent shall pay the amount of the Adjustment Holdback and the full amount of such Adjustment Surplus to the Payment Agent within 15 Business Days after the Final Determination Date, by wire transfer of immediately available United States funds, for distribution to the Blocker Parents pursuant to Section 1.1(b) and to Unitholders pursuant to Section 1.7(a)(iv) of this Agreement, it being agreed that Parent and the Securityholders' Agent shall deliver joint written instructions to the Payment Agent within 15 Business Days after the Final Determination Date authorizing the Payment Agent to make such distribution promptly following receipt of such funds from Parent.

1.13 Further Action.

If, at any time after the Effective Time, any further action is reasonably determined by Parent to be necessary or desirable to carry out the purposes of this Agreement or to vest the Surviving Company or Parent with full right, title and possession of and to all rights and property of Merger Sub and the Company, the officers and directors of the Surviving Company and Parent shall be authorized (in the name of Merger Sub, in the name of the Company and otherwise) to take such action.

2. Representations and Warranties of the Company.

Except as set forth in the corresponding part of the Disclosure Schedule prepared by the Company in accordance with Section 11.19 and delivered to Parent concurrently with the execution and delivery of this Agreement or such disclosure is reasonably apparent on its face that it applies to such part of the Disclosure Schedule, the Company represents and warrants, to and for the benefit of the Indemnified Parties (with the understanding and acknowledgement that Parent and Merger Sub would not have entered into this Agreement without being provided with the representations and warranties set forth in this Section 2 and that Parent and Merger Sub are relying on these representations and warranties), as follows:

2.1 Organizational Matters.

(a) Organization, Standing and Power to Conduct Business. Each Acquired Company: (i) has been duly organized, and is validly existing and in good standing (or equivalent status), under the laws of the jurisdiction of its formation; (ii) has the requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted and as currently planned by such Acquired Company to be conducted; and (iii) is duly qualified, licensed and admitted to do business and is in good standing, in each jurisdiction in which such qualification, license or admission is necessary (except where the failure to be so qualified, licensed, or admitted or to be in good standing would not, individually or in the aggregate, be reasonably expected to be material to any Acquired Company). Part 2.1(a) of the Disclosure Schedule accurately sets forth each jurisdiction where each Acquired Company is qualified, licensed or admitted to do business.

(b) Charter Documents. The Company has Made Available accurate and complete copies of the Charter Documents of each Acquired Company as currently in effect. No Acquired Company is in material violation of any of the provisions of the Charter Documents of any of the Acquired Companies,

and no Acquired Company has taken any action that is inconsistent in any material respect with any resolution adopted by such Acquired Company's unitholders or board of managers (or other similar body) or any committee of the board of managers (or other similar body) of such Acquired Company.

(c) Directors and Officers. Part 2.1(c) of the Disclosure Schedule accurately sets forth, as of the date of this Agreement (i) the names of the members of the board of managers (or similar body) of each Acquired Company; (ii) the names of the members of each committee of the board of managers (or similar body) of each Acquired Company; and (iii) the names and titles of the officers of each Acquired Company.

(d) Subsidiaries and Equity Investments. Part 2.1(d)(i) of the Disclosure Schedule sets forth a complete and accurate list identifying each Subsidiary of the Company, all issued and outstanding equity, voting, beneficial or ownership interests in such Subsidiary, each holder thereof, and the jurisdiction of organization of such Subsidiary. Except for the equity interests identified in Part 2.1(d)(ii) of the Disclosure Schedule or the Subsidiaries of the Company, none of the Acquired Companies has ever owned, beneficially or otherwise, any units or other securities of, or any direct or indirect equity, voting, beneficial or ownership interest in, any Entity. None of the Acquired Companies is obligated to make any future investment in or capital contribution to any Entity. Since May 23, 2016, none of the Acquired Companies has guaranteed any obligation of any Entity that is not an Acquired Company.

(e) Predecessors. There are no Entities that have been merged into, or that otherwise are predecessors to, any Acquired Company, in each case, since May 23, 2016.

(f) Powers of Attorney. There are no outstanding powers of attorney executed by or on behalf of any Acquired Company (except for any power of attorney executed on behalf of a Subsidiary of the Company in favor of the Company).

2.2 Capital Structure.

(a) Equity Interest. The authorized Equity Interests of the Company consist of (i) 27,963,620 Common Units and (ii) 4,682,381 Incentive Units.

(b) As of the date of this Agreement: (A) there are 26,515,796 Common Units issued and outstanding; (B) there are 3,036,312 units of Incentive Units issued and outstanding; and (C) the Company has no other issued or outstanding units of Equity Interests. The Company has reserved 4,682,381 Incentive Units for issuance under the Stock Plan, of which 3,036,312 Incentive Units are outstanding as of the date of this Agreement. All of the outstanding units of Equity Interests have been duly authorized and validly issued, and are fully paid, non-assessable and, except as set forth in the LLC Agreement, not subject to any preemptive rights.

(i) Part 2.2(b)(i) of the Disclosure Schedule sets forth an accurate and complete list of (1) the holders of all the issued and outstanding Equity Interests, and the class, series and number of Equity Interests owned of record by each such holder, (2) all outstanding Equity Interests that are subject to any repurchase, or forfeiture provision, (3) the vesting schedule for such Equity Interests, (4) the acceleration of vesting of any such Equity Interests that will occur in connection with the Contemplated Transactions and (5) the date of grant and the Participation Threshold amount of such Equity Interests that are Incentive Units. Except as set forth in the LLC Agreement or the Buildium Employee LLC Agreement, no Equity Interests are subject to any restriction on transfer (other than restrictions on transfer imposed by virtue of applicable federal and state securities laws).

(ii) No Equity Interests are held as treasury stock or are owned by the Company or any other Acquired Company. Since May 23, 2016, the Company has not declared or paid any dividends on any Equity Interests, and there are no accrued dividends remaining unpaid with respect to any Incentive Units.

(iii) Part 2.2(b)(iii) of the Disclosure Schedule sets forth an accurate and complete list of the holders of outstanding equity securities of each Acquired Company (other than the Company) and the class, series and number of such units owned of record by each such holder.

(c) No Other Securities. There is no: (i) outstanding subscription, option, call, convertible note, warrant or right (whether or not currently exercisable) with respect to any Equity Interests or other securities of any Acquired Company; (ii) outstanding security, instrument or obligation that is or may become convertible into or exchangeable for any Equity Interests (or cash or other property based on the value of such Equity Interests) or other securities of any Acquired Company; (iii) Contract under which any Acquired Company is or may become obligated to sell, grant, deliver or otherwise issue any Equity Interests or any other securities, including any legally binding promise or commitment to grant or issue securities of any Acquired Company to an employee of or other provider of services to any Acquired Company; or (iv) Contract under which any Acquired Company is or may become obligated to issue, distribute or otherwise deliver to holders of any Equity Interests any evidences of indebtedness or assets of any Acquired Company. Immediately after the Effective Time, there will be no outstanding options, warrants, or other rights to purchase or otherwise acquire Equity Interests or other securities of the Company.

(d) No Agreements. There is no Contract between any Acquired Company and any Unitholder or among any Unitholders, relating to the issuance, acquisition (including any acquisition pursuant to any right of first refusal or preemptive rights), disposition, registration under the Securities Act of 1933, as amended, or voting of the Equity Interests of any Acquired Company. Part 2.2(d) of the Disclosure Schedule accurately identifies each Company Contract relating to any securities of any Acquired Company that contains any information rights, registration rights, financial statement requirements or other terms that would survive the Closing unless terminated or amended prior to the Closing.

(e) Compliance with Laws. All Equity Interests and all other securities issued or granted by any Acquired Company since May 23, 2016 have been issued and granted in compliance in all material respects with (i) all applicable securities laws and all other applicable Legal Requirements, and (ii) all requirements set forth in all applicable Contracts. None of the outstanding Equity Interests were issued in violation of any preemptive rights or other rights to subscribe for or purchase securities of any Acquired Company.

(f) Repurchased Units. Part 2.2(f) of the Disclosure Schedule accurately sets forth with respect to any Equity Interests repurchased or redeemed by any Acquired Company since May 23, 2016: (i) the name of the seller of such Equity Interests; (ii) the number, class and series of units repurchased or redeemed; (iii) the date of such repurchase or redemption; and (iv) the price paid by such Acquired Company for such Equity Interests. All Equity Interests repurchased, redeemed, converted or cancelled by any Acquired Company since May 23, 2016 were repurchased, redeemed, converted or cancelled in compliance with (A) all applicable securities laws and other applicable Legal Requirements, and (B) all requirements set forth in all applicable Contracts.

(g) Merger Consideration. No Person will be entitled to receive any payment or consideration as a result of the Merger or the Stock Purchase by virtue of their ownership of Equity Interests or Blocker Stock other than as specifically set forth in the Sale and Merger Consideration Spreadsheet.

(h) Subsidiary Units. All of the equity interests of, and other voting, beneficial or ownership interests in, each Acquired Company (other than the Company) are owned by another Acquired Company free and clear of any Liens (other than restrictions on transfer imposed by virtue of applicable federal and state securities laws). No Acquired Company (other than the Company) has the right to vote on or approve the Merger or any of the other Contemplated Transactions. Except as set forth in the LLC Agreement, the Buildium Employee LLC Agreement or the Buildium Agency LLC Agreement, none of the equity interests or other voting, beneficial or ownership interests of any Acquired Company is subject to any voting trust agreement or any other Contract relating to the voting, dividend rights or disposition of any equity interests or other voting, beneficial or ownership interests of any Acquired Company.

(i) Ungranted Incentive Units. Part 2.2(i) of the Disclosure Schedule identifies, as of the date of this Agreement, each Company Employee and each current or former contractor or consultant of any Acquired Company with an offer letter or other employment or services Contract that contemplates a grant of Incentive Units or any other equity or equity-based awards, which Incentive Units or other equity or equity-based awards have not been granted as of the date of this Agreement, together with the number of such options or other equity or equity-based awards.

(j) Uncertificated Units. All Equity Interests and all other securities issued or granted by any Acquired Company are uncertificated and are held solely in book entry form.

2.3 Authority and Due Execution.

(a) Authority. The Company has all requisite limited liability company power and authority to enter into this Agreement and each Company Transaction Document and to consummate the Contemplated Transactions. Except for the adoption of this Agreement by the Required Unitholder Vote in accordance with Section 6.2(a), the execution, delivery and performance of this Agreement and the other Company Transaction Documents by the Company, and the consummation of the Contemplated Transactions, have been duly authorized by all necessary limited liability company action on the part of the Company and its board of managers, and no other limited liability company proceedings on the part of the Company or any Acquired Company are necessary to authorize the execution, delivery and performance of this Agreement and the other Company Transaction Documents by the Company or to consummate the Contemplated Transactions.

(b) Due Execution. This Agreement has been, and each other Company Transaction Document has been or will be, duly executed and delivered by the Company and, assuming due execution and delivery by the other parties hereto and thereto, constitutes or will constitute the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject only to the Enforceability Exception.

(c) Board Approval. The Company's board of managers has: (i) determined that the Merger is advisable, fair and in the best interests of the Company and the Unitholders; (ii) approved and declared the advisability of this Agreement; (iii) recommended the adoption of this Agreement by the Unitholders and directed that this Agreement and the Merger be submitted for consideration by the Unitholders in accordance with Section 6.2(a); and (iv) to the extent necessary, adopted a resolution having the effect of causing the Company not to be subject to any state takeover law or similar Legal Requirement that might otherwise apply to the Merger or any of the other Contemplated Transactions.

(d) No Takeover Statute. No state or foreign takeover statute or similar Legal Requirement applies or purports to apply to the Merger or this Agreement.

(e) Approved Sale. Upon obtaining of the Required Unitholder Vote, the Merger will constitute an “Approved Sale” with the meaning assigned to such term in Section 9.3 of the LLC Agreement.

(f) SEP Redemption. The Company has approved the transfer of the SEP Blocker Units to SEP Blocker in connection with the SEP Redemption, and no further approval or proceeding on the part of the Company is necessary to approve such transfer.

2.4 Non-Contravention and Consents.

(a) Non-Contravention. Assuming the receipt of the Company Governmental Consents, the execution and delivery of this Agreement and each other Company Transaction Document does not, and the consummation of the Merger and the performance of this Agreement and each other Company Transaction Document by the Company will not: (i) conflict with or violate any of the Charter Documents of any Acquired Company or any resolution adopted by the unitholders, board of managers (or other similar body) or any committee of the board of managers (or other similar body) of any of the Acquired Companies; (ii) conflict with or violate any applicable Legal Requirement to which any of the Acquired Companies or any of the assets owned or used by any of the Acquired Companies, is subject; (iii) result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or impair the rights of any Acquired Company or alter the rights or obligations of any Person under, or give to any Person any rights of termination, amendment, acceleration or cancellation of, or result in the creation of a Lien on any of the properties or assets of any Acquired Company pursuant to, any Material Contract; or (iv) contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Entity the right to revoke, withdraw, suspend, cancel, terminate or modify, any Permit that is held by any of the Acquired Companies or that otherwise relates to such Acquired Company’s business or to any of the assets owned or used by such Acquired Company, except in the cases of clauses “(ii),” “(iii),” or “(iv),” as would not, individually or in the aggregate, reasonably be expected to be material to any Acquired Company.

(b) Contractual Consents. Except for (i) applicable premerger notifications under the HSR Act, (ii) the Consents set forth on Part 2.4(b) of the Disclosure Schedule, or (iii) such Consents, which if not obtained would not, individually or in the aggregate, be reasonably expected to be material to any Acquired Company, no Consent under any Material Contract is required to be obtained, and no Acquired Company is or will be required to give any notice to, any Person in connection with the execution, delivery or performance of this Agreement or any other Company Transaction Document or the consummation of the Merger or any of the other Contemplated Transactions. For purposes of this Agreement, including this Section 2.4(b) and Section 2.4(c), a Consent will be deemed “required to be obtained,” and a notice will be deemed “required to be given ,” if the failure to obtain such Consent or give such notice would result in any Acquired Company becoming subject to any material Liability, being required to make any payment or losing or forgoing any material right or benefit under the terms of such Material Contract.

(c) Governmental Consents. No Consent of any Governmental Entity is required to be obtained, and no filing is required to be made with any Governmental Entity, by any Acquired Company in connection with the execution, delivery and performance of this Agreement or any other Company Transaction Document, or the consummation of the Stock Purchase, the Merger or any of the other Contemplated Transactions except for (i) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware, (ii) applicable premerger notifications under the HSR Act, and the expiration or termination of the applicable waiting period with respect to, or as applicable any consent or approval required, pursuant to the HSR Act and (iii) such Consents which if not obtained would not, individually or in the

aggregate, be reasonably expected to be material to any Acquired Company (such Consents, the “Company Governmental Consents”).

2.5 Financial Statements.

(a) Financial Statements. The Company has Made Available the following financial statements (i) the audited consolidated financial statements (consisting of consolidated balance sheets, consolidated statements of operations, and consolidated statements of cash flows) of the Acquired Companies as of and for the years ended December 31, 2017 and December 31, 2018, and (ii) the unaudited consolidated financial statements (consisting of a consolidated balance sheet, a consolidated statement of operations and a consolidated statement of cash flows) of the Acquired Companies as of and for the nine-month period ended September 30, 2019 (the unaudited consolidated financial statements set forth in this clause “(ii),” the “Interim Financial Statements”). (The financial statements referred to in the first sentence of this Section 2.5(a) are referred to collectively as the “Financial Statements.”) The Financial Statements were prepared in accordance with GAAP consistently applied throughout the periods covered and in accordance with the Company’s historic past practice (except that the Interim Financial Statements do not contain footnotes or normal year-end adjustments which would not be, individually or in the aggregate, material) and fairly present in all material respects the consolidated financial position, results of operations and cash flows of the Acquired Companies as of the dates, and for the periods, indicated therein. The Pre-Closing Financial Statements will be prepared in accordance with GAAP and will fairly present the consolidated financial position, results of operations and cash flows of the Acquired Companies as of the dates, and for the periods, indicated therein. The Company maintains a standard system of accounting established and administered in accordance with GAAP, including complete books and records in written or electronic form.

(b) Internal Controls. Each Acquired Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management’s general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management’s general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. There are no significant deficiencies or material weaknesses in the design or operation of any Acquired Company’s internal control over financial reporting that are reasonably likely to adversely affect such Acquired Company’s ability to record, process, summarize or report financial information to such Acquired Company’s management and board of managers. There is not, and there has not been since May 23, 2016, any fraud, whether or not material, that involves or involved management or other employees who have or had a significant role in any Acquired Company’s internal control over financial reporting. The Company’s system of internal controls over financial reporting is effective.

(c) Accounts Receivable and Payable. All of the accounts receivable and trade accounts of the Acquired Companies arose in the ordinary course of business, are carried on the records of the Acquired Companies at values determined in accordance with GAAP and are bona fide. No Person has any Lien on any of such accounts receivable, and no request or agreement for deduction or discount has been made with respect to any of such accounts receivable except as adequately reflected in reserves for doubtful accounts set forth in the 2018 Balance Sheet and as will be set forth in the Closing Balance Sheet. Except for such accounts payable which are Company Transaction Expenses, all accounts payable have been incurred in exchange for goods or services delivered or rendered to the Company in the ordinary course of business.

(d) Certain Accounting Practices. Since May 23, 2016, no Acquired Company has changed its methods of accounting, accounting principles, accounting practices, collection practices or credit policy.

(e) Insider Receivables. Part 2.5(e) of the Disclosure Schedule provide an accurate and complete breakdown of all outstanding amounts owed (including any Indebtedness) to any Acquired Company by any Company Employee or Unitholder ("Insider Receivables"). There will be no outstanding unpaid Insider Receivables as of the Effective Time.

2.6 No Liabilities; Indebtedness.

(a) Absence of Liabilities. No Acquired Company has any Liability of any nature, whether accrued, absolute, contingent, matured, unmatured or otherwise (whether or not required to be reflected in financial statements prepared in accordance with GAAP, whether due or to become due and whether or not determinable), other than: (i) liabilities identified as such in the "liabilities" column of the balance sheet included in the Interim Financial Statements; (ii) current liabilities incurred subsequent to the date of the Interim Financial Statements in the ordinary course of business consistent with past practices; (iii) obligations that exist under Company Contracts and that are expressly set forth in and identifiable by reference to the text of such Company Contracts; (iv) commitments that were incurred in the ordinary course of business consistent with past practices; (v) liabilities in excess of \$150,000 individually or \$500,000 in the aggregate; and (vi) set forth in Part 2.6 of the Disclosure Schedule. Since May 23, 2016, none of the Acquired Companies is or has ever been a party to any "off balance sheet arrangement" (as defined in Item 303(a)(4) of Regulation S-K promulgated by the Securities and Exchange Commission).

(b) Indebtedness. Part 2.6(b) of the Disclosure Schedule sets forth a complete and correct list of each item of Company Indebtedness as of the date of this Agreement, identifying the creditor to which such Company Indebtedness is owed and the amount of such Company Indebtedness as of the close of business on the date of this Agreement. No Company Indebtedness contains any restriction upon the prepayment of any of such Company Indebtedness. With respect to each item of Company Indebtedness, no Acquired Company is in default and no payments are past due. No Acquired Company has received any notice of a default, alleged failure to perform or any offset or counterclaim with respect to any item of Company Indebtedness. Since May 23, 2016, none of the Acquired Companies has guaranteed or has assumed any Liability for any Indebtedness of any other Person that is not an Acquired Company.

(c) Director and Officer Indemnification. There is no outstanding claim for indemnification, reimbursement, contribution by, or the advancement of expenses to, any current or former director or officer of the Company (other than a claim for reimbursement from the Company, in the ordinary course of business, of travel expenses or other out-of-pocket expenses of a routine nature incurred by such director or officer in the course of performing such director's or officer's duties for the Company) pursuant to: (i) any term of any of the Charter Documents of any Acquired Company or (ii) any indemnification Contract between any Acquired Company and any such director or officer.

2.7 Litigation.

There is no Legal Proceeding pending, or, to the Knowledge of the Company, threatened: (a) that involves any of the Acquired Companies or any of the assets owned or used by any of the Acquired Companies; (b) that involves any Liability (of any Person) that has been retained or assumed, indemnified against or guaranteed (either contractually or by operation of any Legal Requirement) by any Acquired Company; (c) that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, the Merger or any of the other Contemplated Transactions; (d) that relates to the ownership or alleged

ownership of any equity interests or other securities of any of the Acquired Companies, or any option, warrant or other right to acquire equity interests or other securities of any of the Acquired Companies; or (e) that relates to any right or alleged right to receive any consideration as a result of or in connection with this Agreement or the Merger. Part 2.7 of the Disclosure Schedule lists: (x) each Legal Proceeding since May 23, 2016 that any Acquired Company has commenced against any other Person; (y) any Legal Proceeding since May 23, 2016 that any Acquired Company has threatened against any other Person; and (z) each Legal Proceeding since May 23, 2016 that has ever been pending against any of the Acquired Companies.

2.8 Taxes.

(a) (i) All income and other material Tax Returns required to be filed by or with respect to the Acquired Companies have been duly and timely filed; (ii) all items of income, gain, loss, deduction and credit or other items ("Tax Items") required to be included in each such Tax Return have been so included and all such Tax Items and any other information provided in each such Tax Return is accurate and complete in all material respects, including any election statements required or otherwise made with any Tax Return, which are complete and have been properly filed in accordance with applicable rules in the respective jurisdiction in which each Acquired Company operates; (iii) all Taxes owed by the Acquired Companies or for which the Acquired Companies are liable that are or have become due have been timely paid in full; (iv) all Tax withholding and deposit requirements imposed on or with respect to the Acquired Companies have been satisfied in full; (v) there are no Liens on any of the assets of the Acquired Companies that arose in connection with any failure (or alleged failure) to pay any Tax (other than Permitted Liens); (vi) all required estimated Tax payments sufficient to avoid any underpayment penalties or interest have been made by or on behalf of each Acquired Company; and (vii) the Acquired Companies have made full and adequate provision in their books and records and Financial Statements to the extent required by GAAP for all Taxes which are not yet due and payable.

(b) The Company has Made Available accurate and complete copies of all income Tax Returns and other material Tax Returns filed by the Acquired Companies during the past six years and all correspondence to the Acquired Companies from, or from the Acquired Companies to, a Taxing Authority relating thereto.

(c) There is no ongoing claim against any Acquired Company for any Taxes, and no assessment, deficiency or adjustment has been asserted, proposed or threatened in writing with respect to any Tax Return of or with respect to the Acquired Companies, other than those disclosed in Part 2.8(c) of the Disclosure Schedule. No Tax audits or administrative or judicial proceedings are being conducted, are pending or have been threatened in writing with respect to the Acquired Companies, other than those disclosed in Part 2.8(c) of the Disclosure Schedule. No claim has ever been made by a Taxing Authority in a jurisdiction where any Acquired Company does not file Tax Returns that such Acquired Company is or may be subject to taxation by, or required to file Tax Returns in, that jurisdiction.

(d) There is not in force any extension of time with respect to the due date for the filing of any Tax Return of or with respect to the Acquired Companies (other than any such extension that is automatically granted) or any waiver or agreement for any extension of time for the assessment or collection of any Tax of or with respect to the Acquired Companies.

(e) No Acquired Company is a party to or bound by any Tax allocation, Tax sharing or Tax indemnity agreements or arrangements or similar Contracts or any other obligation to indemnify any other Person with respect to Taxes (other than any such agreements, arrangements, or Contracts entered into

in the ordinary course of business and the primary purpose of which does not relate to the allocation or sharing of or indemnification for Taxes).

(f) None of the property of the Acquired Companies (other than Equity Interests of the Company) is held in an arrangement that could be classified as a partnership for Tax purposes, and no Acquired Company owns any interest in any controlled foreign corporation (as defined in Section 957 of the Code), or passive foreign investment company (as defined in Section 1297 of the Code) or other Entity the income of which is or could be required to be included in the income of any Acquired Company.

(g) None of the outstanding Indebtedness of any Acquired Company constitutes Indebtedness with respect to which any interest deductions may be disallowed under Section 163(i), Section 163(l) or Section 279 of the Code (or under any other corresponding provision of applicable Legal Requirements).

(h) Neither Parent or any of its Affiliates nor any Acquired Company will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any of the following with respect to any Acquired Company: (i) change in method of accounting prior to the Closing for a taxable period ending on or prior to the Closing Date, including by reason of the application of Section 481 of the Code (or any analogous provision of state, local, or foreign Legal Requirements); (ii) “*closing agreement*” as described in Code Section 7121 (or any corresponding or similar provision of state, local or foreign Legal Requirements) executed prior to the Closing; (iii) intercompany transactions or any excess loss account described in Treasury Regulations under Code Section 1502 (or any corresponding or similar provision of state, local or foreign Legal Requirements) occurring or arising prior to the Closing; (iv) installment sale or open transaction disposition made prior to the Closing; (v) prepaid amount received or deferred revenue realized outside of the ordinary course of business prior to the Closing; (vi) adjustments pursuant to Code Section 263A (or any comparable provision under state, local, or foreign Tax laws) prior to the Closing or (vii) election pursuant to Section 965(h) of the Code.

(i) No Acquired Company has any Liability for the Taxes of any Person under Treasury Regulations Section 1.1502-6 (or any corresponding provisions of state, local or foreign Legal Requirements), or as a transferee, successor, or otherwise under applicable Legal Requirements. No Acquired Company is, and no Acquired Company has ever been, a member of an affiliated, consolidated, combined or unitary group filing for federal or state income Tax purposes, other than a group the common parent of which was or is any Acquired Company.

(j) No Acquired Company has entered into any Contract or arrangement with any Taxing Authority that requires any Acquired Company to take any action or to refrain from taking any action. No Acquired Company is a party to any Contract with any Taxing Authority that would be terminated or adversely affected as a result of the Contemplated Transactions.

(k) No Acquired Company has participated, within the meaning of Treasury Regulations Section 1.6011-4(c), in (i) any “*reportable transaction*” within the meaning of Section 6011 of the Code and the Treasury Regulations thereunder; (ii) any “*tax shelter*” or “*confidential corporate tax shelter*” within the meaning of Section 6111 of the Code and the Treasury Regulations thereunder; or (iii) any “*potentially abusive tax shelter*” within the meaning of Section 6112 of the Code and the Treasury Regulations thereunder. Each Acquired Company has disclosed on its Tax Returns all positions taken therein that would reasonably be expected to give rise to a substantial understatement of Tax within the meaning of Section 6662 of the Code (or any similar provision of state, local or foreign Legal Requirements).

(l) There is no material property or obligation of any Acquired Company, including uncashed checks to vendors, customers, or employees, non-refunded overpayments or unclaimed subscription balances, that has escheated to any state or municipality under any applicable escheatment laws, as of the date hereof.

(m) No Acquired Company is subject to Tax in any country, other than the country in which it is organized, by virtue of having a permanent establishment or fixed place of business in such country. All payments by, to, or among any of the Acquired Companies comply in all material respects with all applicable transfer pricing requirements imposed by any Taxing Authority, and the Company has Made Available accurate and complete copies of all transfer pricing documentation prepared pursuant to Treasury Regulation Section 1.6662-6 (or any similar foreign statutory, regulatory, or administrative provision) by or with respect to any of the Acquired Companies during the past five years.

(n) The provision for Taxes set forth on the balance sheets included in the Financial Statements has been made in accordance with GAAP, as of the dates thereof. Except in connection with the Contemplated Transactions, no Acquired Company has incurred any Liabilities for Taxes since the date of the Interim Financial Statements outside the ordinary course of business.

(o) No Acquired Company has constituted either a “distributing corporation” or a “controlled corporation” in a distribution of stock intended to qualify under Section 355 or 361 of the Code (i) in the two years prior to the date of this Agreement, or (ii) in a distribution that could otherwise constitute part of a “plan” or “series of related transactions” (within the meaning of Section 355(e) of the Code) in conjunction with the Contemplated Transactions.

(p) No Acquired Company is subject to any private letter ruling of the IRS or any comparable rulings of any taxing authority and no power of attorney that is currently in force has been granted with respect to any matter relating to Taxes that could bind any Acquired Company after the Closing Date.

(q) No Acquired Company has (i) agreed to or is required to make any adjustment pursuant to Section 481(a) of the Code or any similar provision of applicable Legal Requirements by reason of a change in accounting method and, to the Knowledge of the Company, no Governmental Entity has proposed any such adjustment, or any application pending with any Governmental Entity requesting permission for any changes in accounting methods that relate to its business or operations, (ii) executed or entered into a closing agreement pursuant to Section 7121 of the Code or any similar provision of applicable Legal Requirements.

(r) Each Acquired Company is in material compliance with all sales and use Tax requirements in the jurisdictions in which each Acquired Company does business. With respect to all sales Taxes ever collected by any Acquired Company (i) in states where any Acquired Company is registered for sales Tax purposes, each Acquired Company has properly remitted all sales Taxes collected in such states to the applicable state Taxing Authority and (ii) in states where no Acquired Company is registered for sales Tax purposes, each Acquired Company has returned all sales Taxes collected from Persons located in such state to such Person (or, if such Person cannot be located or is no longer in business, has remitted such sales Taxes to the unclaimed property office of such state).

(s) No Acquired Company has made an election under (i) Section 108(i) of the Code to defer the recognition of any cancellation of indebtedness income, or (ii) Section 1101 of the Bipartisan Budget Act of 2015 to apply the rules of the Bipartisan Budget Act of 2015 to taxable years beginning before January 1, 2018.

(t) Part 2.8(t) of the Disclosure Schedule sets forth the U.S. federal income tax classification of each Acquired Company.

(u) No Acquired Company is or has ever been a “United States real property holding corporation” within the meaning of Section 897 of the Code.

(v) For purposes of this Section 2.8, any reference to any Acquired Company shall be deemed to include any Person that merged with or was liquidated or converted into such Acquired Company.

(w) Notwithstanding anything contained in this Agreement to the contrary, the Company makes no representation or warranty with respect to the existence, availability, amount, usability or limitation (or lack thereof) of any net operating loss, net operating loss carryforward, capital loss carryforward, basis amount, or other Tax attributes of any Acquired Company after the Closing Date.

2.9 Title to Property and Assets.

(a) Personal Property. Each Acquired Company has good, valid and marketable title to, or valid leasehold interests in, all Company Personal Property. The Company Personal Property constitutes all personal property necessary to conduct each of the businesses of the Acquired Companies as they are presently conducted and as they are currently planned by the Acquired Companies to be conducted. None of the Company Personal Property is owned by any other Person without a valid and enforceable right of the Acquired Companies to use and possess such Company Personal Property, which right will remain valid and enforceable immediately following the Effective Time. None of the Company Personal Property is subject to any Lien, other than Permitted Liens. All Company Personal Property: (i) is in good operating condition and repair (ordinary wear and tear excepted) and is adequate, in all material respects, for the conduct of each of the Acquired Companies’ respective businesses as they are presently conducted and as they are currently planned by the Acquired Companies to be conducted, and (ii) is available for use, immediately following the Effective Time, in the business and operation of the Acquired Companies as currently conducted. Part 2.9(a) of the Disclosure Schedule identifies all assets that are material to the business of any Acquired Company being leased to any Acquired Company.

(b) Customer Information. The Acquired Companies collectively have sole and exclusive ownership, free and clear of any Liens, or have the valid right to use all customer lists, customer contact information, customer correspondence and customer licensing and purchasing histories relating to current and former customers of the Acquired Companies for which any Acquired Company has retained records. No Person other than the Acquired Companies possesses any licenses, claims or other rights with respect to the use of any such customer information owned or purported to be owned by any of the Acquired Companies.

(c) Leased Real Property. No Acquired Company owns, or has ever owned, any real property. Part 2.9(c)(x) of the Disclosure Schedule sets forth a list of all real property currently leased by any Acquired Company or otherwise used or occupied by each Acquired Company for the operation of its business (the “Leased Real Property”). The Leased Real Property is: (i) in good and safe operating condition and repair, and free from physical and mechanical defects, ordinary wear and tear excepted; (ii) maintained in a manner consistent with commercially reasonable standards that are generally followed with respect to similar properties; (iii) available for use in and sufficient for the purposes and current demands of the business and operation of the Acquired Companies as currently conducted and as currently planned by the Acquired Companies to be conducted; and (iv) is supplied with utilities and other services necessary for the current demands of the business and operation of the Acquired Companies as currently conducted and as currently planned by the Acquired Companies to be conducted. With respect to each Leased Real Property lease, the

tenant thereunder enjoys peaceful, exclusive and undisturbed use and possession in all material respects of the demised premises thereunder. None of the Acquired Companies have subleased or otherwise granted to any person the right to use or occupy any Leased Real Property lease. The Company has Made Available to Parent true and complete copies of all leases with respect to the Leased Real Property.

2.10 Bank Accounts; Powers of Attorney.

(a) Part 2.10(a) of the Disclosure Schedule provides the following information with respect to each account maintained by or for the benefit of each Acquired Company at any bank or other financial institution: (i) the name of the bank or other financial institution at which such account is maintained; (ii) the account number; (iii) the type of account; and (iv) the names of all Persons who are authorized to sign checks or other documents with respect to such account.

(b) No Acquired Company has any obligation to act under any outstanding power of attorney or any obligation or liability, either accrued, accruing or contingent, as guarantor, surety, consignor, endorser (other than for purposes of collection in the ordinary course of business of the Acquired Companies), co-maker or indemnitor in respect of the obligation of any Person.

2.11 Intellectual Property and Related Matters.

(a) Part 2.11(a) of the Disclosure Schedule accurately identifies each (i) item of Registered Company IP and (ii) material unregistered Mark owned or purported to be owned by any Acquired Company. For each item of Registered Company IP, Part 2.11(a) of the Disclosure Schedule also accurately identifies (A) the record owner of such item, and, if different, the legal owner and beneficial owner of such item, (B) the jurisdiction in which such item is issued, registered or pending, (C) the issuance, registration or application date and number of such item, (D) for each Domain Name registration, the applicable Domain Name registrar and the name of the registrant and (E) each action, filing, and payment that must be taken or made on or before the date that is 120 days after the date of this Agreement in order to maintain each item of Registered Company IP in full force and effect.

(b) All documents and instruments necessary to establish, perfect and maintain the rights of any Acquired Company in any Registered Company IP have been validly executed and delivered and filed in a timely manner with the appropriate Governmental Entity. All necessary fees and other filings with respect to any Registered Company IP have been timely submitted to the relevant Governmental Entity and Domain Name registrars to maintain such Registered Company IP in full force and effect. No issuance or registration obtained and no application filed by or on behalf of any Acquired Company for any Intellectual Property Rights has been cancelled, abandoned, allowed to lapse or not renewed, except where the applicable Acquired Company has, in its reasonable business judgment, decided to cancel, abandon, allow to lapse or not renew such issuance, registration or application. Each item of Registered Company IP is subsisting and all issuances and registrations included in the Registered Company IP are valid and enforceable.

(c) No Acquired Company owns or purports to own any Patents.

(d) None of the Registered Company IP is subject to any cancellation or opposition proceeding.

(e) One of the Acquired Companies is the sole and exclusive owner of all right, title and interest in and to all Owned Company IP, free and clear of all Liens (other than Permitted Liens). All Licensed Company IP is validly licensed to the Acquired Companies pursuant to (i) Intellectual Property Licenses listed on Part 2.19(a) of the Disclosure Schedule, (ii) Open Source Code listed in Part 2.11(n) of

the Disclosure Schedule or (iii) Off-the-Shelf Software Licenses. The Acquired Companies have (and will continue to have immediately following the Closing) valid and continuing rights under such Contracts to use, sell, license and otherwise exploit, as the case may be, all Licensed Company IP as the same is currently used, sold, licensed and otherwise exploited by the Acquired Companies. All Owned Company IP is freely transferrable and assignable to Parent without restriction and without payment of any kind to any Person.

(f) The Owned Company IP and the Licensed Company IP constitute all of the Intellectual Property and Intellectual Property Rights necessary and sufficient to enable each of the Acquired Companies to conduct their business as it is now being conducted.

(g) No Acquired Company has made or entered into any Contract that grants any Person exclusive rights in, to or under any Owned Company IP or any Acquired Company IP licensed exclusively to any Acquired Company by any Person. No Person who has licensed any Intellectual Property or Intellectual Property Rights from any Acquired Company has ownership rights with respect to any modifications, improvements or derivative works of such Intellectual Property or Intellectual Property Rights.

(h) There are no royalties, honoraria, fees or other payments payable (and not yet paid) by any Acquired Company to any Person (in each case, other than salaries payable to employees and honoraria, fees or other payments made to consultants and independent contractors, in each case, that are not contingent on or related to use of their respective work product) as a result of the ownership, use, possession, license, sale, marketing, advertising, disposition or other exploitation of any Owned Company IP.

(i) During the six year period prior to the date of this Agreement, none of the following has infringed, misappropriated (or constituted or resulted from the misappropriation or other unauthorized use of), misused, diluted or otherwise violated, or currently infringes, misappropriates (or constitutes or results from the misappropriation or other unauthorized use of), misuses, dilutes or otherwise violates, any Intellectual Property or Intellectual Property Rights of any Person: (i) any Acquired Company, (ii) the conduct of the business of any Acquired Company, (iii) any Company Product, Company Software or the manufacture, use, offer for sale, sale, license, importation, exportation, reproduction, distribution, provision or other exploitation of any Company Product or Company Software or (iv) any Owned Company IP or, to the Knowledge of the Company, any Acquired Company Intellectual Property exclusively licensed to any Acquired Company.

(j) Since May 23, 2016, none of the Acquired Companies has received any written or, to the Knowledge of the Company, unwritten notice from any Person (i) alleging (A) any infringement, misappropriation, misuse, dilution, violation or unauthorized use or disclosure of any Intellectual Property or Intellectual Property Rights or (B) unfair competition, (ii) inviting any Acquired Company to take a license under any Intellectual Property or Intellectual Property Rights of any Person or to consider the applicability of any Person's Intellectual Property or Intellectual Property Rights to any Company Products or Company Software or to the conduct of the business of any Acquired Company or (iii) challenging the ownership, use, validity or enforceability of any Acquired Company IP.

(k) To the Knowledge of the Company, no Person is infringing, misappropriating, misusing, diluting or otherwise violating any (i) Owned Company IP, (ii) Acquired Company IP exclusively licensed to any Acquired Company or (iii) solely with respect to misuse, the Company Product or Company Software. No Acquired Company has made any written or unwritten claim against any Person alleging any infringement, misappropriation, misuse, dilution or violation of any (A) Owned Company IP, (B) Acquired Company IP exclusively licensed to any Acquired Company or (C) solely with respect to misuse, the Company Product or Company Software.

(l) Each Acquired Company has taken commercially reasonable measures to maintain and protect all Trade Secrets of each Acquired Company and all Trade Secrets of any Person with respect to which any Acquired Company has a confidentiality obligation. No such Trade Secrets have been authorized to be disclosed or, to the Knowledge of the Company, have been actually disclosed to any Person other than pursuant to a written confidentiality Contract restricting the disclosure and use of such Trade Secrets. To the Knowledge of the Company, no current or former employee, consultant or independent contractor of any Acquired Company has included in any publication or presentation, whether written or oral, any Company Software (including any algorithms or code) or any Trade Secrets. Each current or former employee, consultant and independent contractor of each Acquired Company that has been involved in the authorship, invention, creation, conception or other development of any Acquired Company IP has entered into an enforceable written non-disclosure and assignment Contract with one of the Acquired Companies that effectively and validly assigns to such Acquired Company all Intellectual Property and Intellectual Property Rights authored, invented, created, conceived, or otherwise developed by such employee, consultant or independent contractor in the scope of his or her employment or his, her or its engagement with any Acquired Company in a form that, if used after 2014, has been Made Available to Parent (an “IP Assignment Agreement”). To the Knowledge of the Company, no current or former employee, consultant or independent contractor that is a party to any such IP Assignment Agreement is in breach of or has failed to perform any of his, her or its obligations under such IP Assignment Agreement. No current or former employee, consultant or independent contractor of any Acquired Company has excluded any Intellectual Property or Intellectual Property Rights authored, invented, created, conceived, or otherwise developed prior to his, her or its employment or engagement with any Acquired Company from his, her or its assignment pursuant to such Person’s IP Assignment Agreement. No current or former employee, consultant or independent contractor of any Acquired Company has any claim, right or interest in or to any Owned Company IP, and no Owned Company IP authored, invented, created, conceived, or developed by a current or former employee, consultant or independent contractor of any Acquired Company is subject to any Contract entered into by such current or former employee, consultant or independent contractor with any of his or her former or concurrent employers. To the Knowledge of the Company, no current employee, consultant or independent contractor of any Acquired Company is in breach of any Contract entered into by such current employee, consultant or independent contractor with any of (a) his or her former or concurrent employers or (b) any other Person that has engaged any such current employee, consultant or independent contractor to perform any work or provide any services to such other Person, in each case of clause “(a)” and “(b),” concerning Intellectual Property, Intellectual Property Rights, confidentiality or noncompetition. To the Knowledge of the Company, no current employees of any Acquired Company are obligated under any Contract or other agreement, or subject to any Order of any Governmental Entity, that would interfere with such employee using his or her best efforts to promote the interests of any Acquired Company or that would conflict with the conduct of the businesses of any Acquired Company.

(m) Part 2.11(m) of the Disclosure Schedule accurately identifies all third party Software (other than Open Source Software listed in Part 2.11(n) of the Disclosure Schedule) that is incorporated or embedded in or bundled with any Company Software or Company Product. None of the source code or related materials for any Company Software has been licensed or provided to, or used or accessed by, any Person other than employees, consultants or independent contractors of the Acquired Companies who have entered into written confidentiality Contracts with respect to such source code or related source materials. None of the Acquired Companies is a party to any source code escrow Contract or any other Contract (or a party to any Contract obligating any Acquired Company to enter into a source code escrow Contract or other Contract) requiring the deposit of any source code or related source materials for any Company Software.

(n) Part 2.11(n) of the Disclosure Schedule accurately identifies all Open Source Software that is or has been included, incorporated or embedded in, linked to, combined or distributed with,

or used in the delivery or provision of any Company Software or any Company Product. Each of the Acquired Companies has complied with and is currently in compliance with, all of the licenses, conditions and other requirements applicable to the Open Source Software identified (or required to be identified) in Part 2.11(n) of the Disclosure Schedule.

(o) No Open Source Software is or has been included, incorporated or embedded in, linked to, combined or distributed with, or used in the delivery or provision of any Company Software or Company Product, in each case, in a manner that subjects any Company Software or Company Product to any Copyleft License or that requires or purports to require the Company to grant any Intellectual Property License with respect to any Patents.

(p) The Company Software and Company Products are free from any defect, bug or programming, design or documentation error that would have a material effect on the operation or use of any Company Software or Company Products. None of the Company Software or Company Products contains any “back door,” “drop dead device,” “time bomb,” “Trojan horse,” “virus” or “worm” (as such terms are commonly understood in the Software industry), corruptant or any other code designed or intended to have, capable of performing or that without user intent will cause, any of the following functions: (i) disrupting, disabling, harming or otherwise impeding in any manner the operation of, or providing unauthorized access to, any Software, hardware or device (including any computer, tablet computer, handheld device, disk or storage device), (ii) damaging or destroying any data or file without the user’s consent or (iii) sending any information to any Acquired Company or any other Person without the user’s consent (collectively, “Technical Contaminants”). To the Knowledge of the Company, none of the Company Software or Company Products: (A) constitutes, contains or is considered “spyware” or “trackware” (as such terms are commonly understood in the software industry), (B) records a user’s actions without such user’s knowledge or (C) employs a user’s Internet connection without such user’s knowledge to gather or transmit information on such user or such user’s behavior. Each Acquired Company has implemented industry standard procedures to mitigate against the likelihood that any Company Software or Company Products contains any Technical Contaminants or hardware components designed to permit unauthorized access to or disable, erase or otherwise harm Software, hardware or data.

(q) Neither the execution, delivery or performance of this Agreement or any other Transaction Documents nor the consummation of the Merger or any of the other Contemplated Transactions will, with or without notice or lapse of time, result in: (i) the loss, forfeiture or impairment of any right of any Acquired Company to own, use, practice, offer, license, provide, sell, distribute or otherwise exploit any Acquired Company IP, (ii) the imposition of any Lien on any Acquired Company IP, (iii) the assignment, transfer or grant by any Acquired Company or Parent (or any Affiliate of any Acquired Company or Parent) to any Person of any ownership interest or Intellectual Property License with respect to any Acquired Company IP or any Intellectual Property Rights or Intellectual Property of Parent or any of its Affiliates, (iv) the disclosure or delivery of (or requirement to disclose or deliver) any Acquired Company IP by or to any escrow agent or other Person or (v) any obligation of any Acquired Company or Parent (or any Affiliate of any Acquired Company or Parent) to pay any royalties, fees, honoraria or other amounts to any other Person in excess of those payable by any Acquired Company prior to Closing.

(r) No government funding and no facilities of any university, college, other educational institution or research center were or are used in the development of any Owned Company IP, nor does any Governmental Entity or any university, college, other educational institution or research center own, purport to own, have any other rights in or to or have any option to obtain any rights in or to any Owned Company IP.

(s) The IT Systems are adequate and sufficient (including with respect to working condition and capacity) for the operations of each Acquired Company. Each Acquired Company (i) has taken reasonable measures to preserve and maintain the performance, security and integrity of the IT Systems (and all Software, information or data stored on any IT Systems) and (ii) maintains reasonable documentation regarding all IT Systems, their methods of operation and their support and maintenance. During the two year period prior to the date of this Agreement, (A) there has been no failure with respect to any IT Systems that has had a material effect on the operations of any Acquired Company and (B) to the Knowledge of the Company, there has been no unauthorized access to or use of any IT Systems (or any Software, information or data stored on any IT Systems).

(t) Each Acquired Company has since May 23, 2016 (i) implemented and maintained reasonable safeguards to protect Personal Information and other confidential data in its possession or under its control against loss and unauthorized access, use, modification, disclosure or other misuse and (ii) contractually obligated all third-party service providers, outsourcers, processors, or other third parties processing Personal Information for or on behalf of the Acquired Companies to (A) comply with applicable Privacy Laws in all material respects and (B) take reasonable steps to protect and secure Personal Information from loss, theft, unauthorized access, use, modification, disclosure or other misuse.

(u) Each Acquired Company is in material compliance with (i) all applicable Privacy Laws, (ii) all of the Acquired Companies' (or any Subsidiary's, as applicable) policies and procedures regarding Personal Information, including all publicly available privacy policies and notices (whether posted to an external-facing website of an Acquired Company or otherwise made available or communicated to third parties by an Acquired Company), and (iii) all contractual obligations that an Acquired Company has entered into with respect to the receipt, collection, compilation, use, storage, processing, sharing, safeguarding, security, disposal, destruction, disclosure, or transfer (including cross-border) of Personal Information. No Acquired Company has received any written notice of any claims of, or been charged with the violation of, any Privacy Laws, applicable privacy policies, or contractual commitments with respect to Personal Information.

(v) To the Knowledge of the Company, since May 23, 2016, there have been no data breaches, unauthorized access to or disclosure of, or other misuse or breach of any Personal Information under the possession or control of an Acquired Company. The Acquired Companies have implemented disaster recovery and business continuity plans, and taken actions consistent with such plans, to safeguard its data, the IT Systems, and Personal Information, and enable the ongoing conduct of the Acquired Companies' businesses in the event of a disaster or IT Systems outage. Neither an Acquired Company nor any third party acting at the direction or authorization of an Acquired Company has (i) paid any perpetrator of any data breach incident or cyber-attack or (ii) paid any third party with actual or alleged information about a data breach incident or cyber-attack, pursuant to a request for payment from or on behalf of such perpetrator or other third party.

2.12 Government Contracting.

No Acquired Company is, or since May 23, 2016 has been, a party to a Contract that would constitute a Company Government Contract. No Acquired Company has, or has ever had, any obligation under any Company Contract that would constitute a Company Government Contract.

2.13 Compliance; Permits.

(a) Compliance. Since May 23, 2016, (i) no Acquired Company has failed to comply with or has violated any applicable Legal Requirement and (ii) no investigation or review by any

Governmental Entity is pending or, to the Knowledge of the Company, has been threatened against or with respect to any Acquired Company. Since May 23, 2016, none of the Acquired Companies has received any notice or other communication from any Person regarding any actual or possible violation of, or failure to comply with, any applicable Legal Requirement.

(b) Orders. There is no Order binding upon any Acquired Company or to which any assets owned or used by any Acquired Company is subject. No officer or, to the Knowledge of the Company, other employee of any of the Acquired Companies is subject to any Order that prohibits such officer or other employee from engaging in or continuing any conduct, activity or practice relating to the respective Acquired Company's business.

(c) Permits. Each Acquired Company holds, to the extent required by applicable Legal Requirements, all material Permits from, and has made all material declarations and filings with, all Governmental Entities for the operation of its business as presently conducted, including the sale, transport, export, import or shipment of any items or materials (whether in tangible form or otherwise) to any jurisdiction that is outside of the United States. No suspension or cancellation of any such Permit is pending or, to the Knowledge of the Company, has been threatened. Each such Permit is valid and in full force and effect, and each Acquired Company is, and since May 23, 2016 has been, in compliance, in all material respects, with the terms, conditions and requirements of each such Permit. Part 2.13(c) of the Disclosure Schedule provides an accurate and complete list of all material Permits held by each Acquired Company, and the Company has Made Available accurate and complete copies of each such Permit. Since May 23, 2016, no Acquired Company has received any written notice from any Governmental Entity regarding (i) any actual or possible violation of or failure to comply with any term, condition or requirement of any Permit, or (ii) any actual or possible revocation, withdrawal, suspension, cancellation, termination or modification of any material Permit.

(d) Export and Import Laws. Since May 23, 2016, no Acquired Company has violated any applicable U.S. Export and Import Laws or made a voluntary disclosure with respect to any violation of any of such laws. Each Acquired Company: (i) has been since May 23, 2016 and is in compliance with all applicable Foreign Export and Import Laws; (ii) has prepared and timely applied for all material import and export licenses required in accordance with U.S. Export and Import Laws and Foreign Export and Import Laws for the conduct of its business; and (iii) has been since May 23, 2016 in compliance with all applicable Legal Requirements relating to trade embargoes and sanctions. No product, service or financing provided by any Acquired Company has been directly or indirectly provided to, sold to or performed for or on behalf of Cuba, Iran, Libya, North Korea, Sudan, Syria or any other country or Person against which the U.S. maintains economic sanctions or an arms embargo in violation of any Legal Requirements.

(e) Export Proceedings. There is no export-related or import-related Legal Proceeding, and to the Knowledge of the Company, there is no investigation or inquiry, pending or, to the Knowledge of the Company, that has been threatened against any Acquired Company or any officer or director of any Acquired Company (in his or her capacity as an officer or director of any Acquired Company) by or before (or, in the case of a threatened matter, that would come before) any Governmental Entity.

(f) No Subsidies. None of the Acquired Companies possesses, or, since May 23, 2016, has possessed, or has any rights or interests, or has ever had any rights or interests with respect to, any grants, incentives or subsidies from any Governmental Entity.

(g) Foreign Corrupt Practices and Anti-Bribery. No Acquired Company, no director, officer or employee of any Acquired Company with respect to any matter relating to any Acquired Company

and, to the Knowledge of the Company, no agent, attorney, accountant, advisor or other representative of any Acquired Company (other than a director, officer or employee of an Acquired Company) with respect to any matter relating to any Acquired Company, has: (i) made, offered or promised to make or offer any payment, loan or transfer of anything of value, including any reward, advantage or benefit of any kind, to or for the benefit of any foreign or domestic government official, candidate for public office, political party or political campaign, for the purpose of (A) influencing any act or decision of such foreign or domestic government official, candidate, party or campaign, (B) inducing such foreign or domestic government official, candidate, party or campaign to do or omit to do any act in violation of a lawful duty, (C) obtaining or retaining business for or with any person, (D) expediting or securing the performance of official acts of a routine nature, or (E) otherwise securing any improper advantage; (ii) paid, offered or promised to make or offer any bribe, payoff, influence payment, kickback, unlawful rebate, or other similar unlawful payment of any nature; (iii) made, offered or promised to make or offer any unlawful contributions, gifts, entertainment or other unlawful expenditures; (iv) established or maintained any unlawful fund of corporate monies or other properties; (v) created or caused the creation of any false or inaccurate books and records of the Company or any of its Subsidiaries related to any of the foregoing; or (vi) taken any action that would constitute a violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, 15 U.S.C. §§ 78dd 1 *et seq.* or any similar Legal Requirement in any jurisdiction where any Acquired Company conducts business, if such Acquired Company was subject thereto.

2.14 Brokers' and Finders' Fees.

No Acquired Company has incurred, or will incur, directly or indirectly, any Liability for any brokerage or finder's fee or agent's commission or any similar charge in connection with this Agreement or any other Company Transaction Document or any of the Contemplated Transactions. Part 2.14 of the Disclosure Schedule identifies each Person that is or may become entitled to receive any fee or other amount from any of the Acquired Companies for professional services performed or to be performed in connection with the Merger and the Stock Purchase.

2.15 Restrictions on Business Activities.

There is no Material Contract under which any Acquired Company is or may become, or under which Parent or any Affiliate of Parent will be or may become after the Effective Time, subject to any restrictions or purported restrictions on selling, licensing or otherwise distributing any of its technology or products or on providing services to customers or potential customers or any class of customers, in any geographic area, during any period of time or in any segment of any market.

2.16 Employment Matters.

(a) Employee List. Part 2.16(a) of the Disclosure Schedule contains a list of all current employees of each Acquired Company as of the date of this Agreement, and correctly reflects: (i) their dates of hire; (ii) their positions and job functions; (iii) their current annual base salaries or hourly wages; (iv) any other cash compensation payable to them; and (v) full-time or part-time status and exempt or non-exempt status. Part 2.16(a) of the Disclosure Schedule designates each employee of any Acquired Company whose services for the Acquired Companies are performed exclusively or primarily in the United States (a "U.S. Employee") and each employee of any Acquired Company whose services for the Acquired Companies are performed exclusively or primarily in a country other than the United States (a "Non-U.S. Employee"), and also designates the country in which each Non-U.S. Employee exclusively or primarily performs such services. The employment of each of the U.S. Employees is terminable by the Acquired Companies at-will, and the employment of each of the Non-U.S. Employees is terminable either at-will or at the expiration of

a standard notice period as set forth in the applicable Legal Requirements or contained in a written Contract that has been disclosed in writing to Parent in Part 2.16(a) of the Disclosure Schedule. The Company has Made Available accurate and complete copies of (x) all current employee manuals and handbooks, and Company-wide written policy statements and (y) all compensation payable to each employee identified in Part 2.16(a) of the Disclosure Schedule (including housing allowances, compensation payable pursuant to a bonus, deferred compensation, commission arrangements or any other basis of compensation and each Company Benefit Plan in which they participate or are eligible to participate, in each case, that are Company-wide and in written form).

(b) No Termination. No executive officer or other individual identified on Schedule 2.16(b) (each such executive officer or other individual, a “Key Employee”) has provided written notice of or, to the Knowledge of the Company, expressed an intention to terminate his or her employment or service with any Acquired Company prior to the first anniversary of the Closing Date. No Acquired Company has a basis to terminate the employment or service of any Key Employee for cause.

(c) Employee Claims. No Person has claimed or, to the Knowledge of the Company, has reason to claim that any Company Employee or any primarily US-based current or former contractor or consultant of any Acquired Company: (i) is in violation of any term of any employment Contract, noncompetition agreement or any restrictive covenant agreement with such Person; (ii) has disclosed or utilized any Trade Secret or proprietary information or documentation of such Person; or (iii) has interfered in the employment relationship between such Person and any of its current or former employees. No Company Employee or any primarily US-based current or former contractor or consultant of any Acquired Company has used or proposed to use any Trade Secret, information or documentation proprietary to any former employer or violated any confidential relationship with any Person in connection with the development, manufacture or sale of any product or proposed product, or the development or sale of any service or proposed service, of any Acquired Company.

(d) Labor Unions. None of the employees of any Acquired Company is represented by a labor union, works council or any other collective bargaining representative, and no Acquired Company is subject to any collective bargaining agreement or any other similar agreement with respect to any of its employees. There is no labor dispute, strike, work stoppage, lockout or union organizing activity with regard to any Acquired Company’s employees or any other material labor-related issue pending or, to the Knowledge of the Company, threatened against any Acquired Company. No Acquired Company has agreed to recognize any labor union, works council or other collective bargaining representative, nor has any labor union, works council or other collective bargaining representative been certified as the exclusive bargaining representative of any employees of any Acquired Company. There is no challenge regarding representation as to any labor union, works council or other collective bargaining representative with respect to any employees of any Acquired Company, and no labor union, works council or other collective bargaining representative claims to or is seeking to represent any employees of any Acquired Company. No Acquired Company has entered into any Contract with any labor union, trade union, works council or any other employee representative body or any number or category of its employees that would prevent, restrict or impede the implementation of any lay off, redundancy, severance or similar program within its or their respective workforces (or any part of them).

(e) Legal Compliance. Since May 23, 2016, no Acquired Company and no employee or other Representative of any Acquired Company, has committed or engaged in any unfair labor practice in connection with the conduct of the business of any of the Acquired Companies. No Legal Proceeding, claim, charge or complaint against any Acquired Company is pending or, to the Knowledge of the Company, has been threatened or is reasonably anticipated relating to any labor, safety or discrimination matters

involving any Company Employee, including charges of unfair labor practices or discrimination complaints. Each current Company Employee is lawfully authorized to work in the jurisdiction in which he or she is employed according to applicable immigration laws. Each Acquired Company is, and since May 23, 2016 has been, in compliance in all material respects with all Legal Requirements related to employment and employment practices, the terms and conditions of employment and wages and hours (including the classification of employees under applicable federal and state laws) and with any order, ruling, decree, judgment or arbitration award of any arbitrator or any court or other Governmental Entity, respecting employment, including Legal Requirements, orders, rulings, decrees, judgments and awards relating to discrimination, sexual harassment, worker classification (including the proper classification of workers as independent contractors and consultants under applicable federal and state laws), fair employment practices, affirmative action, tax withholding, wages and hours, overtime, wage payment, civil rights, labor relations, leave of absence requirements, occupational health and safety, privacy, harassment, retaliation, workers compensation, work authorization, immigration, and wrongful discharge.

(f) WARN Act, Notice and Consultation. Since May 23, 2016, no Acquired Company has had any plant closing, mass layoff or other termination of Company Employees that has imposed or would reasonably be expected to impose any obligation or other Liability upon any Acquired Company under the WARN Act. No Acquired Company has or will become subject to any obligation under applicable Legal Requirements or otherwise to notify or consult with, prior to the Effective Time, any Non-U.S. Employee, Governmental Entity or labor union, works council or other labor organization with respect to the impact of the Contemplated Transactions on the employment of any of the Company Employees or the compensation or benefits provided to any of the Company Employees. No Acquired Company is a party to any Contract that in any manner restricts any Acquired Company from relocating, consolidating, merging or closing any portion of the business of any of the Acquired Companies.

(g) Independent Contractor. Part 2.16(g) of the Disclosure Schedule accurately sets forth, with respect to each individual who is currently engaged as an independent contractor of any Acquired Company or has provided services as an independent contractor since May 23, 2016:

(i) the name of such independent contractor and the date as of which such independent contractor was originally engaged by the Acquired Company;

(ii) a description of such independent contractor's services or scope of duties and responsibilities;

(iii) the aggregate dollar amount of the compensation (including all payments or benefits of any type) received by such independent contractor from the Acquired Company with respect to services performed in the fiscal years ended December 31, 2017 and 2018; and

(iv) the terms of compensation of such independent contractor.

(h) Misclassification. Since May 23, 2016, except as would not reasonably be expected to result in material Liability, all individuals who perform or have performed services for any Acquired Company have been properly classified under the applicable Legal Requirements as employees or independent contractors, to the extent applicable. No independent contractor is eligible to participate in any Company Benefit Plan (other than the Stock Plan or any independent contractor or consulting agreement). Since May 23, 2016, except as would not reasonably be expected to result in material Liability, no Acquired Company has or has had any temporary or leased employees that were not treated and accounted for in all respects as temporary or leased employees of such Acquired Company. Except as would not reasonably be expected to result in material Liability, the current and former employees of the Acquired Companies have

been properly classified since May 23, 2016 as either exempt or non-exempt employees under the applicable Legal Requirements of all jurisdictions in which the Acquired Companies maintain employment relationships. Except as would not reasonably be expected to result in material Liability, each Acquired Company maintains accurate and complete records of all overtime hours worked since May 23, 2016 by each employee eligible for overtime compensation and compensates all employees in accordance with the requirements of the Fair Labor Standards Act and the applicable Legal Requirements of all jurisdictions in which the Acquired Companies maintain employees.

(i) Certain Conduct. Since May 23, 2016, neither the Acquired Companies nor any Company Employee in their capacity as such have settled any material proceedings, complaints, or other grievances relating to sexual harassment, and there are no such proceedings, complaints, or other grievances currently pending or, to the Knowledge of the Company, threatened against any Company Employee or the Acquired Companies.

2.17 Employee Benefit Plans.

(a) Part 2.17(a) of the Disclosure Schedule lists each material Company Benefit Plan. A “Company Benefit Plan” is each Employee Benefit Plan that (A) provide benefits or compensation to any Company Employee or any primarily US-based current or former contractor or consultant of any Acquired Company, (B) are adopted, maintained, sponsored, contributed to, or required to be contributed to by any Acquired Company, or (C) with respect to which any Acquired Company is a party, participates in, or has or could reasonably be expected to have any Liability with respect thereto, whether actual or contingent, or direct or indirect. Part 2.17(a) of the Disclosure Schedule specifies with respect to each Company Benefit Plan whether it provides compensation or benefits exclusively or primarily to U.S. Employees (a “U.S. Benefit Plan”) or exclusively or primarily to non-U.S. Employees (a “Non-U.S. Benefit Plan”). With respect to each material U.S. Benefit Plan, the Company has Made Available accurate and complete copies of the following documents, to the extent applicable, (1) all current plan documents (or a written summary of the material terms, if no such plan document exists), including all current related trust agreements, insurance contracts and funding agreements, and all amendments thereto, (2) copies of the three most recently filed Form 5500 Annual Reports and all schedules thereto, (3) the most recent determination letter (or opinion letter) received from the Internal Revenue Service, (4) the most recent audited financial statements, (5) the most recent summary plan descriptions, and (6) any non-routine correspondence with any Governmental Entity during the past three years.

(b) No Acquired Company has, since May 23, 2016, sponsored, maintained, contributed to, been obligated to contribute to, or had any Liability (including on account of an ERISA Affiliate) in respect of, (i) an “employee pension benefit plan” (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA, Section 412 of the Code or Section 302 of ERISA, including a “multiemployer plan” (as defined in Section 3(37) of ERISA), (ii) a “multiple employer plan” (as defined in Section 413(c) of the Code), or (iii) a “multiple employer welfare arrangement” (as defined in Section 3(40) of ERISA). No Acquired Company has incurred, or would reasonably be expected to incur, any Liability under Title IV of ERISA that has not been satisfied in full. None of the Company Benefit Plans provide for, and none of the Acquired Companies has any material Liability in respect of, any post-employment or post-retiree health, or life insurance benefits or coverage for any participant or any beneficiary of a participant, except as may be required under Section 4980B of the Code or any other similar state statute of a state of the United States, and at the sole premium expense of such individual.

(c) Each Company Benefit Plan (and each related trust, insurance contract or fund) has since May 23, 2016 been established, maintained, administered and operated in all material respects in

accordance with the terms of the applicable controlling documents and in all material respects in accordance with the applicable provisions of ERISA, the Code and all other applicable Legal Requirements.

(d) Since May 23, 2016, all required reports, descriptions and disclosures have been filed or distributed appropriately in all material respects and in accordance in all material respects with applicable Legal Requirements with respect to each U.S. Benefit Plan. Since May 23, 2016, the requirements of Part 6 of Subtitle B of Title I of ERISA and of Section 4980B of the Code have been met in all material respects with respect to each Company Benefit Plan that is a group health plan subject to ERISA.

(e) All contributions (including all employer contributions and employee salary reduction contributions), premiums or other payments that are due and owing by an Acquired Company have been timely paid to each U.S. Benefit Plan (or related trust or held in the general assets of the Acquired Companies and accrued, as appropriate), and all contributions for any period ending on or before the Closing Date that are not yet due have been paid to each U.S. Benefit Plan (or related trust) or accrued in accordance with GAAP to the extent required to be so accrued. All premiums or other payments that are or were due and owing by an Acquired Company for all periods ending on or before the Closing Date have been timely paid with respect to each U.S. Benefit Plan, as applicable.

(f) Each U.S. Benefit Plan that is intended to meet the requirements of a “*qualified plan*” under Section 401(a) of the Code has either received or applied for (or has time remaining to apply for) a favorable determination letter (or, in the case of a prototype plan, an opinion letter) from the Internal Revenue Service within the applicable remedial amendment periods, and, to the Knowledge of the Company, there are no facts or circumstances that would reasonably be likely to adversely affect the qualified status of any such U.S. Benefit Plan. No such determination letter or advisory letter has been revoked, and no Governmental Entity threatened to revoke any such determination letter or advisory letter.

(g) With respect to each Company Benefit Plan:

(i) since May 23, 2016, there have been no “*prohibited transactions*” with respect to any such U.S. Benefit Plan that would subject any Acquired Company to a material Tax or penalty imposed pursuant to Section 4975 of the Code or Section 502(c), (i) or (l) of ERISA;

(ii) since May 23, 2016, no Acquired Company (by way of indemnification, directly or otherwise) has and no fiduciary has, any material Liability for breach of fiduciary duty or any failure to act or comply in connection with the administration or investment of the assets of any U.S. Benefit Plan; and

(iii) no Legal Proceeding (other than routine claims for benefits) that would result in a material liability to an Acquired Company is pending or, to the Knowledge of the Company, threatened, and, to the Knowledge of the Company, no facts or circumstances exist that would reasonably be expected to give rise to any such Legal Proceeding.

(h) Neither the execution and delivery of this Agreement or any other Company Transaction Document nor the consummation of any of the Contemplated Transactions will (alone or in combination with any other event): (i) result in any payment or benefit becoming due to any Company Employee or to current or former contractor or consultant of any Acquired Company under any Company Benefit Plan; (ii) increase any amount of compensation or benefits otherwise payable to any Company Employee or to any current or former contractor or consultant of any Acquired Company under any Company Benefit Plan; (iii) result in the acceleration of the time of payment, funding or vesting of any compensation or benefits to any Company Employee or to any primarily current or former contractor or consultant of any

Acquired Company under any Company Benefit Plan; or (iv) give rise to any payments or benefits that, separately or in the aggregate, would result in any excise tax on any recipient under Section 4999 of the Code or that would be non-deductible to the payor under Section 280G of the Code. This Section 2.17(h) shall not apply to any arrangements entered into at the direction of Parent or between Parent and its Affiliates, on the one hand, and a “disqualified individual” (as defined under Section 280G of the Code) on the other hand (“Parent Arrangements”). For the avoidance of doubt, compliance with this Section 2.17(h) shall be determined as if such Parent Arrangements had not been entered into.

(i) No Acquired Company has an obligation to gross-up or reimburse any individual for any Tax or related interest or penalties incurred by such individual, including under Section 409A or 4999 of the Code or otherwise.

(j) No Company Benefit Plan that is qualified under Section 401(a) of the Code is funded with or provides for payments, investments or distributions in any employer security as defined in Section 407(d)(1) of ERISA, or employer real property as defined in Section 407(d)(2) or ERISA.

(k) Each Company Benefit Plan that is a “nonqualified deferred compensation plan” (as defined in Section 409A(d)(1) of the Code) that is subject to Section 409A of the Code is in compliance in all material respects with Section 409A of the Code.

(l) Without limiting the generality of the other provisions of this Section 2.17, each Non-U.S. Benefit Plan that, under applicable Legal Requirements, is required to be registered or approved by a Governmental Entity, has been so registered or approved. All contributions to, and material payments from, each Non-U.S. Benefit Plan under the terms of such plan or applicable Legal Requirements have since May 23, 2016 been timely made, and all contributions for any period ending on or before the Closing Date that are not yet due have been accrued in accordance with country-specific accounting practices if required to be so accrued. Each Non-U.S. Benefit Plan that, under applicable Legal Requirements, is required to be funded, is either funded to an extent sufficient to provide for the accrued benefit obligations with respect to any Company Employees (including U.S. Employees) or is fully insured, in each case based upon generally accepted local accounting and actuarial practice and procedures. Each Non-U.S. Benefit Plan is in compliance in all material respects with all applicable Legal Requirements.

(m) The Incentive Units are intended to be “profits interests” within the meaning of Rev. Proc. 93-27, 1993-2 C.B. 343 (“Rev. Proc. 93-27”) and Rev. Proc. 2001-43, and neither the Company nor, to the Knowledge of the Company, any holder thereof have or taken any action, including any tax reporting position, that is inconsistent with the application of Rev. Proc. 93-27 or Rev. Proc. 2001-43. Each holder of Incentive Units has filed a valid and timely election under Section 83(b) with respect to each grant of such units, and (ii) has been issued a Schedule K-1 for any period that such holder held such units.

2.18 Environmental Matters.

(a) Each Acquired Company is, and since May 23, 2016 has been, in compliance in all material respects with all Environmental Laws, and no Legal Proceeding, complaint, demand or notice has been made, given, filed or commenced (or, to the Knowledge of the Company, has been threatened) by any Person against any Acquired Company alleging any failure to comply in all material respects with any Environmental Law or seeking contribution towards, or participation in, any remediation of any contamination of any property with Hazardous Materials. Each Acquired Company has obtained, and is and since May 23, 2016 has been in compliance in all material respects with all of the terms and conditions of, all Permits that are required under any Environmental Law and since May 23, 2016 has complied in all material respects with all other limitations, restrictions, conditions, standards, prohibitions, requirements,

obligations, schedules and timetables that are contained in any applicable Environmental Law. The Company has Made Available accurate and complete copies of all internal and external environmental audits and studies in its possession or reasonable control, if any, relating to any Acquired Company or its operations and all correspondence materially bearing on environmental liabilities relating to any Acquired Company or its operations.

(b) No release of Hazardous Materials exists on or under any property that has been caused by or impacted by the operations or activities of any Acquired Company and that could give rise to any material liability or material investigative, remedial or other obligation under any Environmental Law or that could result in any kind of material liability to any Person claiming damage to Person or property as a result of such circumstance or physical condition.

(c) All properties and equipment used in the business of any Acquired Company are and, since May 23, 2016, have been free of Hazardous Materials, except for any Hazardous Materials in small quantities found in products used by the Company or for office or janitorial purposes in compliance with Environmental Law or as could not give rise to any material investigative, remedial or other obligation under any Environmental Law.

2.19 Contracts.

(a) List. Part 2.19(a) of the Disclosure Schedule sets forth a list of all Material Contracts (other than any Company Contract with a customer pursuant to a standard form of the Company's customer Contract, which standard form is listed on Part 2.19(a)(r) of the Disclosure Schedule) as of the date of this Agreement, including the names of the parties thereto, the date of each such Material Contract and the date of each amendment thereto.

(b) Enforceability; No Breach. All Material Contracts are in full force and effect. All Material Contracts are valid and enforceable, subject only to the Enforceability Exception. No Acquired Company, and, to the Knowledge of the Company, no other party, is in default under or in breach of any Material Contract. No payments or other obligations of any Acquired Company are past due under any Material Contract. No event has occurred, and no circumstance or condition exists, that, with notice, the passage of time or both, could reasonably be expected to: (i) constitute a material default under or result in a violation or breach of any of the provisions of any Material Contract; (ii) give any Person the right to declare a default or exercise any remedy under any Material Contract; (iii) give any Person the right to accelerate the maturity or performance of any Material Contract; or (iv) give any Person the right to cancel, terminate or modify any Material Contract or cause the breach of any Material Contract by any Acquired Company. To the Knowledge of the Company, no party to any Material Contract has exercised or purported or threatened to exercise any termination rights with respect to such Material Contract. No Acquired Company has received any written notice of a default, alleged failure to perform or any offset or counterclaim with respect to any Material Contract that has not been fully remedied and withdrawn. The consummation of the Contemplated Transactions will not affect the enforceability against any party to any Material Contract immediately after the Effective Time.

(c) Delivery of Contracts. The Company has Made Available accurate and complete copies of all Material Contracts (other than any Company Contract with a customer pursuant to a standard form of the Company's customer Contract) as of the date of this Agreement, including all amendments and modifications thereof.

(d) Reseller Contracts. There is no Company Contract involving a third party reseller or distributor or a third party sales representative involved in the marketing, sale or solicitation of orders for

any Company Product (a “Channel Partner”) which, if terminated by an Acquired Company or not renewed, in each case in accordance with the terms of such Company Contract, would result in any Liability, penalty or payment to any Person in excess of such Acquired Company’s obligations under the express terms of such Company Contract.

(e) Standard Form IP Contract. Part 2.19(e) of the Disclosure Schedule sets forth a list of each Standard Form IP Contract. The Company has Made Available accurate and complete copies of each Standard Form IP Contract, including all amendments and modifications thereof.

2.20 Insurance.

(a) Each Acquired Company has been covered since May 23, 2016 by insurance in scope and amount customary and reasonable for the business in which it has been engaged during such period.

(b) Part 2.20(b) of the Disclosure Schedule sets forth the following information with respect to each insurance policy (including policies providing property, casualty, directors and officers liability, professional liability insurance, errors and omissions insurance, or workers’ compensation coverage and bond and surety arrangements) with respect to which any Acquired Company is a party, a named insured or otherwise the beneficiary of coverage: (i) the name, address and telephone number of the agent or broker; (ii) the name of the insurer, the name of the policyholder and the name of each covered insured; (iii) the policy number and the period of coverage; (iv) the scope and amount of coverage (including an indication of whether the coverage was on a claims made, occurrence or other basis and a description of how deductibles and ceilings are calculated and operate); (v) a description of any retroactive premium adjustments or other loss sharing arrangements; and (vi) a list of all losses or claims paid, either by the insurers or by any Acquired Company under a self-insurance arrangement, including any recoveries or subrogation recoveries, as well as all pending claims or losses. Each of such insurance policies is legal, valid, binding, enforceable and in full force and effect. No Acquired Company and, to the Knowledge of the Company, no other Person, is in breach or default under any such insurance policy (including with respect to the payment of premiums or the giving of notices). The Company has made available to Parent a copy of each insurance policy set forth in Part 2.20(b) of the Disclosure Schedule.

(c) There are no self-insurance arrangements affecting any Acquired Company.

2.21 Transactions with Related Parties.

Except for employment relationships and compensation, benefits, and travel advances in the ordinary course of business to the extent such travel advances are not, individually or in the aggregate, material, no Related Party and, to the Knowledge of the Company, no immediate family member thereof (a) has, or since May 23, 2016 has had, any interest in any material asset used in or otherwise relating to the business of the Acquired Companies (excluding any portfolio companies of any related fund or related investment vehicle of any of the Unitholders or any Affiliate thereof that have an arm’s length commercial relationship with the Acquired Companies), (b) is or has been indebted to any Acquired Company, and no Acquired Company is indebted (or has committed to make any loan or extend or guarantee credit) to any Related Party, other than under a Company Benefit Plan, the LLC Agreement or the Buildium Employee LLC Agreement, or (c) is, or has been since May 23, 2016, directly or indirectly, a party to or otherwise interested in any Company Contract (other than in its role as a securityholder of an Acquired Company or holder of Blocker Stock). No Related Party has any direct or indirect ownership interest in or relationship with (x) any Person with which any Acquired Company is affiliated or with which any Acquired Company has a business relationship (excluding any portfolio companies of any related fund or related investment vehicle of any of the Unitholders

or any Affiliate thereof that have an arm's length commercial relationship with the Acquired Companies), or (y) any Person that competes with any Acquired Company (other than the ownership of less than 5% of the outstanding publicly traded stock in publicly traded companies that may compete with the Acquired Companies).

2.22 Books and Records.

Since May 23, 2016, the minute books of the Company contain complete and accurate records of all meetings and other corporate actions and proceedings of the Unitholders and board of managers (including committees thereof) in all material respects. Accurate and complete copies of the minute books of the Company have been Made Available.

2.23 Absence of Changes.

(a) Since the date of the Interim Financial Statements, there has not been any Material Adverse Effect, and no event has occurred or circumstance has arisen that, in combination with any other events or circumstances, will or would reasonably be expected to have or result in a Material Adverse Effect. Since the date of the Interim Financial Statements, each Acquired Company has conducted its business in the ordinary course and consistent with past practices, and each Acquired Company has:

(i) used commercially reasonable efforts to (A) preserve intact its present business organization, (B) to keep available the services of its present officers, managerial personnel and key employees and independent contractors, (C) preserve its relationships with customers, suppliers and others having business dealings with it, and (D) maintain its assets in their current condition (except for ordinary wear and tear), in each case, in the ordinary course of business;

(ii) repaired, maintained, or replaced its material equipment in accordance with the normal standards of maintenance applicable in the industry;

(iii) paid all Indebtedness and other accounts payable no later than 30 days after they became due.

(b) Since the date of the Interim Financial Statements through the date of this Agreement, no Acquired Company has:

(i) amended, accelerated or terminated any Material Contract or received any written notice that any other Person has or intends to take any such action with respect to a Material Contract;

(ii) entered into any Contract either that is a Material Contract, or outside the ordinary course of business;

(iii) acquired, assumed, sold, transferred, assigned, conveyed or otherwise disposed of, or granted any license, sublicense, covenant, non-assert, permission, consent, release, immunity, waiver or other right under or with respect to, any Intellectual Property or Intellectual Property Rights, other than non-exclusive licenses for the use of Company Products or Company Software granted to customers in the ordinary course of business consistent with past practice pursuant to an Acquired Company's unmodified form of standard customer agreement, the forms of which have been Made Available to Parent;

(iv) failed to maintain, cancelled (or permitted to become cancelled), abandoned or permitted to lapse or expire any Registered Company IP or failed to maintain any Trade Secret included in the Owned Company IP as a Trade Secret;

(v) entered into or modified any standstill or non-compete contracts under which any Acquired Company is the obligor, or modified or waived any rights under any existing standstill or non-compete contract under which an Acquired Company is the beneficiary;

(vi) made or pledged to make any charitable or other capital contribution;

(vii) adopted, terminated or amended any Employee Benefit Plan, made any contribution to any Employee Benefit Plan (other than regularly scheduled contributions), except as required to comply with applicable Legal Requirements, or increased the compensation or benefits of any Company Employee or any current or former contractor or consultant of any Acquired Company, in each case, outside the ordinary course of business;

(viii) made any material oral or written representation or commitment with respect to any aspect of any Employee Benefit Plan that is not in accordance with the existing written terms and provision of such Employee Benefit Plan;

(ix) terminated any Company Employee other than in the ordinary course of business consistent with past practice;

(x) acquired (including by merger, consolidation or the acquisition of any equity interests or assets) or sold (whether by merger, consolidation or the sale of an equity interests or assets), leased or disposed of any material assets (in each case, excluding any Intellectual Property or Intellectual Property Rights), except for fair consideration in the ordinary course of business and consistent with past practice;

(xi) acquired (including by merger, consolidation or the acquisition of any equity interests or assets) or sold (whether by merger, consolidation or the sale of an equity interests or assets), leased or disposed of any assets (in each case, excluding any Intellectual Property or Intellectual Property Rights and whether or not in the ordinary course of business or consistent with past practice) having an aggregate fair market value in excess of \$50,000;

(xii) mortgaged, pledged or subjected to any Lien (other than Permitted Liens) any of its material assets;

(xiii) made any loans, advances or capital contributions to, or investment in, any other Person, other than loans or investments by any Acquired Company to or in any other Acquired Company;

(xiv) entered into any joint venture, strategic partnership or alliance;

(xv) (A) changed its practices and procedures with respect to the collection of accounts receivable, (B) offered to discount the amount of any account receivable, or (C) extended any other incentive (whether to an account debtor or any employee or third party responsible for the collection of receivables) with respect to any account receivable or the collection thereof;

(xvi) (A) declared, paid or set aside assets for any dividend or otherwise, (B) declared or made any other distribution with respect to any of its equity interests, or (C) purchased, redeemed or acquired any equity interests or other securities of any Acquired Company, except repurchases of units in connection with the termination of the service relationship with any employee;

(xvii) incurred any Company Indebtedness outside the ordinary course of business;

(xviii) changed its existing practices and procedures for the payment of Company Indebtedness or other accounts payable;

(xix) cancelled, compromised, waived or released any right or claim other than immaterial rights or claims in the ordinary course of business;

(xx) (A) paid, discharged or satisfied any claim or Liability, other than immaterial Liabilities arising in the ordinary course of business, or (B) cancelled, compromised, waived or released any right or claim, other than immaterial rights or claims in the ordinary course of business;

(xxi) incurred or committed to incur any capital expenditures, capital additions or capital improvements, other than budgeted capital expenditures made in the ordinary course of business consistent with past practice;

(xxii) experienced any damage, destruction or loss to or of any of the material assets or properties owned or leased by any Acquired Company which is, individually or in the aggregate, material;

(xxiii) (A) made, changed or rescinded any material election relating to Taxes, (B) settled or compromised any claim, controversy or Legal Proceeding relating to Taxes, (C) except as required by applicable Legal Requirements, made any change to any of its methods, policies or practices of Tax accounting or methods of reporting income or deductions for Tax purposes, (D) amended, refiled or otherwise revised any previously filed Tax Return, or surrendered or forgone the right to any material refund or rebate of a previously paid Tax, (E) entered into or terminated any agreements with a Taxing Authority, (F) prepared any Tax Return in a manner inconsistent with past practices, or (G) incurred any liability for a material amount of Taxes outside the ordinary course of business (other than in connection with the Contemplated Transactions);

(xxiv) collected, compiled, used, stored, processed, shared, safeguarded, secured, disposed of, destroyed, disclosed, or transferred (including cross-border) Personal Information (or failed to do any of the foregoing, as applicable) in violation of any (A) applicable Privacy Laws, (B) publicly available privacy policies and notices of the Acquired Companies (whether posted to an external-facing website or otherwise made available or communicated to third parties by an Acquired Company), or (C) contractual obligations that the Acquired Companies have entered into with respect to Personal Information; or

(xxv) authorized, approved, agreed to or made any commitment, orally or in writing, to take any actions set forth in this Section 2.23(b).

2.24 Product and Service Warranties.

Each product or service sold, licensed, distributed, provided, performed or delivered by any Acquired Company is and since May 23, 2016 has been in conformity in all material respects with all applicable specifications, contractual commitments (including service level requirements), express and implied warranties and Legal Requirements, and no Acquired Company has any Liability for any violation thereof or other damages in connection therewith (including any obligation to replace or repair any such product or re-perform any such service) subject only to the reserve set forth in the 2018 Balance Sheet. No Company Product is subject to any guaranty, warranty or indemnity beyond the applicable standard terms and conditions of sale, license or lease. The Company has Made Available to Parent copies of the standard terms and conditions of sale, license or lease for each Acquired Company (containing applicable guaranty, warranty and indemnity provisions).

2.25 Suppliers and Major Customers.

Part 2.25 of the Disclosure Schedule sets forth an accurate and complete list of the top suppliers of the Acquired Companies representing at least 80% of the Acquired Companies' aggregate expenditure for suppliers for the period from January 1, 2017 to the date of the Interim Financial Statements (collectively, the "Major Suppliers"), together with the amount paid to each Major Supplier during such period. Part 2.25 of the Disclosure Schedule also sets forth an accurate and complete list of the top 25 customers of the Acquired Companies for the period from January 1, 2017 to the date of the Interim Financial Statements (the "Major Customers"), together with the amount of such collections generated by each Major Customer during such period. Since January 1, 2017, no Major Supplier or Major Customer has terminated its relationship with any Acquired Company or materially reduced or changed (x) the pricing or (y) other terms of its business with any Acquired Company. No Acquired Company is engaged in any material dispute with any Major Supplier or Major Customer and, to the Knowledge of the Company, no Major Supplier or Major Customer intends to terminate, limit or reduce its business relations with any Acquired Company, or materially reduce or change the pricing or other terms of its business with any Acquired Company.

2.26 Vote Required.

The affirmative vote or written consent of a majority of the Common Units (collectively, the "Required Unitholder Vote") is the only vote or consents necessary (under the Company's Charter Documents, the LLC Act or otherwise) for the adoption and approval of this Agreement and the adoption and approval of the other Contemplated Transactions. All actions relating to the solicitation and obtaining of written consents from Unitholders with respect to the Merger have been and will be taken in compliance with all applicable Legal Requirements and in accordance with the fiduciary duties of the Company's board of managers.

2.27 No Specified Party Technology; No Violation of Agreements with Specified Parties.

(a) No Company Software or Company Product incorporates or embeds any proprietary software or proprietary data from a scheduled party set forth on Part 2.27(a) of the Disclosure Schedule (each, a "Specified Party") (such software and data, collectively "Specified Party Software"); provided, however, that Specified Party Software shall not include software or data independently created by any Acquired Company.

(b) The Acquired Companies are not in possession of, in any electronic or hard copy form, any confidential or proprietary information owned by a Specified Party (such confidential or proprietary information "Specified Party Proprietary Information") (the Specified Party Software and Specified Party Proprietary Information are referred to collectively as "Specified Party Technology").

(c) No Acquired Company has breached any Contract between an Acquired Company, on the one hand, and any Specified Party, on the other hand.

(d) The Company Products interface with Specified Party software applications and databases only through standard interfaces, generally made available by such Specified Parties to their customers, and not through a custom-built interface.

(e) Since May 23, 2016, no Acquired Company has been engaged to provide, directly or indirectly, consulting or similar services to any third party in connection with such third party's use of Specified Party Technology.

2.28 Third Party Acquisition Proposals.

Each Acquired Company has ceased any and all activities, discussions or negotiations with any Person (other than Parent) with respect to any Acquisition Transaction.

2.29 Non-Reliance.

In connection with entering into this Agreement, (a) none of Parent, Merger Sub or any of their Representatives has made any representation, warranty or other inducement to the Company other than the representations and warranties made by Parent and Merger Sub set forth in Section 4 or in any other instruments or agreements to be delivered by Parent as contemplated hereby, and (b) the Company is not relying on any representation, warranty or other inducement to enter into this Agreement, other than as set forth in Section 4 or in any other instruments or agreements to be delivered by Parent or Merger Sub as contemplated hereby. The Company hereby acknowledges that Parent is relying on the accuracy and truth of this statement, and the other representations and warranties set forth in this Section 2.

3. Representations and Warranties of Blocker Parents.

Each Blocker Parent, solely with respect to such Blocker Parent and the Blocker held by such Blocker Parent, represents and warrants, on a several and not joint basis, to and for the benefit of the Indemnitees (with the understanding and acknowledgement that Parent and Merger Sub would not have entered into this Agreement without being provided with the representations and warranties set forth in this Section 3 and that Parent and Merger Sub are relying on these representations and warranties), as follows:

3.1 Ownership.

Such Blocker Parent is the lawful record and beneficial owner of all of the issued and outstanding equity interests of such Blocker, as applicable, and has good title to such equity interests free and clear of any Liens and with no restriction on the voting rights and other incidents of record and beneficial ownership pertaining thereto. Such Blocker Parent is not the subject of any bankruptcy, reorganization or similar proceeding.

3.2 Organizational Matters.

Such Blocker: (a) has been duly organized, and is validly existing and in good standing (or equivalent status), under the laws of the jurisdiction of its formation; (b) has the requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted and as currently planned by such Blocker to be conducted and (c) is duly qualified, licensed and admitted to do business, and is in good standing, in each jurisdiction in which such qualification, license or admission is necessary. Part 3.2 of the

Disclosure Schedule accurately sets forth each jurisdiction where such Blocker is qualified, licensed or admitted to do business.

3.3 Authority and Due Execution.

(a) Authority. Such Blocker Parent has all requisite limited partnership power and authority to enter into this Agreement and any other applicable Transaction Document to which it is party and to consummate the Contemplated Transactions. The execution, delivery and performance by such Blocker Parent of this Agreement and the other applicable Transaction Documents to which such Blocker Parent is a party, and the consummation of the Contemplated Transactions, have been duly authorized by all necessary action on the part of such Blocker Parent and its respective general partner, and no other proceedings on the part of such Blocker Parent is necessary to authorize the execution, delivery and performance of this Agreement and the other Transaction Documents to which such Blocker Parent is a party or to consummate the Contemplated Transactions.

(b) Due Execution. This Agreement has been, and each other Transaction Document to which such Blocker Parent has been or will be, duly executed and delivered by such Blocker Parent and, assuming due execution and delivery by the other parties hereto and thereto, constitutes or will constitute the legal, valid and binding obligation of such Blocker Parent, enforceable against such Blocker Parent in accordance with its terms, subject only to the Enforceability Exception.

3.4 Non-Contravention and Consents.

(a) Non-Contravention. The execution and delivery of this Agreement and each other Transaction Document to which such Blocker Parent is a party does not, and the consummation of the Stock Purchase and Merger and the performance of this Agreement and each other Transaction Document to which such Blocker Parent is a party will not: (i) conflict with or violate any of the Charter Documents of such Blocker Parent or Blocker or any resolution adopted by the general partner (or other similar body), (ii) conflict with or violate any applicable Legal Requirement to which such Blocker Parent or Blocker or any of the assets owned or used by such Blocker Parent or Blocker, is subject; or (iii) result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or impair the rights of such Blocker or alter the rights or obligations of any Person under, or give to any Person any rights of termination, amendment, acceleration or cancellation of, or result in the creation of a Lien (other than Permitted Liens) on any of the properties or assets of such Blocker, except in the cases of clauses "(ii)" or "(iii)," as would not, individually or in the aggregate, reasonably be expected to be material to such Blocker Parent or Blocker.

(b) Contractual Consents. Except for applicable premerger notifications under the HSR Act, no Consent under any Contract to which such Blocker Parent or Blocker is a party is required to be obtained, and such Blocker Parent and Blocker is not and will not be required to give any notice to, any Person in connection with the execution, delivery or performance of this Agreement or any other Transaction Document to which such Blocker Parent or Blocker is a party or the consummation of the Stock Purchase, the Merger or any of the other Contemplated Transactions. For purposes of this Agreement, including this Section 3.4(b) and Section 3.4(c), a Consent will be deemed "required to be obtained," and a notice will be deemed "required to be given," if the failure to obtain such Consent or give such notice could result in any Blocker Parent or Blocker becoming subject to any Liability, being required to make any payment or losing or forgoing any right or benefit.

(c) Governmental Consents. No Consent of any Governmental Entity is required to be obtained, and no filing is required to be made with any Governmental Entity, by any Blocker Parent or

Blocker in connection with the execution, delivery and performance of this Agreement or any other Transaction Document to which such Blocker Parent or Blocker is a party, or the consummation of the Stock Purchase, the Merger or any of the other Contemplated Transactions, except for (i) applicable premerger notifications under the HSR Act and the expiration or termination of the applicable waiting period with respect to the HSR Act and (ii) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware.

3.5 Blocker Actions.

(a) No Other Business Activities. Such Blocker has not engaged in any business or other activities other than activities related to its ownership of membership interests of the Company, as applicable, and the exercise of its rights and the fulfillment of its obligations related thereto (the “Aggregator Investment Activities”).

(b) No Other Assets or Liabilities. Such Blocker has no assets other than the Blocker Equity Interests and such Blocker does not have any Liabilities, except for Liabilities incurred in connection with Aggregator Investment Activities. Other than the Blocker Equity Interests, such Blocker owns no capital stock or equity interests in any other Person.

(c) Issuance. Such Blocker Parent owns all of the outstanding Blocker Stock of such Blocker. Such Blocker Stock has been duly authorized and validly issued and is fully paid and non-assessable. Such Blocker Stock was issued in compliance in all material respects with all Legal Requirements. Such Blocker Stock was not issued in violation of such Blocker’s Charter Documents, arrangement or commitment to which such Blocker or its Blocker Parent is a party and is not subject to, and was not issued in violation of, any preemptive or similar rights of any Person. There are no outstanding or authorized options, warrants, convertible securities or other rights, agreements, arrangements or commitments of any character relating to any capital stock of such Blocker or obligating such Blocker to issue or sell any capital stock (including the Blocker Stock) of such Blocker. Such Blocker owns its share of the Equity Interests free and clear of any Liens (other than the Lien imposed by the LLC Agreement and any restrictions arising under the securities laws).

3.6 Taxes.

(a) (i) All income and other material Tax Returns required to be filed by or with respect to such Blocker Parent’s Blocker have been duly and timely filed; (ii) all Tax Items required to be included in each such Tax Return have been so included and all such Tax Items and any other information provided in each such Tax Return is accurate and complete in all material respects, including any election statements required or otherwise made with any Tax Return, which, except as would not be material to such Blocker, are complete and have been properly filed in accordance with applicable rules in the respective jurisdiction in which such Blocker operates; (iii) all Taxes owed by such Blocker or for which such Blocker is liable that are or have become due have been timely paid in full; (iv) all Tax withholding and deposit requirements imposed on or with respect to each Blocker have been satisfied in full; (v) there are no Liens on any of the assets of such Blocker that arose in connection with any failure (or alleged failure) to pay any Tax (other than Permitted Liens); (vi) all required estimated Tax payments sufficient to avoid any underpayment penalties or interest have been made by or on behalf of such Blocker; and (vii) such Blocker has made full and adequate provision in its books and records and financial statements to the extent required by GAAP for all Taxes which are not yet due and payable.

(b) There is no ongoing claim against such Blocker Parent’s Blocker for any Taxes, and no assessment, deficiency or adjustment has been asserted, proposed or threatened in writing with respect

to any Tax Return of or with respect to such Blocker, other than those disclosed in Part 3.6(b) of the Disclosure Schedule. No Tax audits or administrative or judicial proceedings are being conducted, are pending or have been threatened in writing with respect to such Blocker Parent's Blocker, other than those disclosed in Part 3.6(b) of the Disclosure Schedule. No claim has ever been made by an authority in a jurisdiction where such Blocker does not file Tax Returns that such Blocker is or may be subject to taxation by, or required to file Tax Returns in, that jurisdiction.

(c) There is not in force any extension of time with respect to the due date for the filing of any Tax Return of or with respect to such Blocker Parent's Blocker (other than any such extension that is automatically granted) or any waiver or agreement for any extension of time for the assessment or collection of any Tax of or with respect to such Blocker.

(d) Such Blocker Parent's Blocker is not a party to or bound by any Tax allocation, Tax sharing or Tax indemnity agreements or arrangements or similar Contracts or any other obligation to indemnify any other Person with respect to Taxes (other than any such agreements, arrangements, or Contracts entered into in the ordinary course of business and the primary purpose of which does not relate to the allocation or sharing of or indemnification for Taxes).

(e) None of the property of such Blocker Parent's Blocker is held in an arrangement that could be classified as a partnership for Tax purposes, and no Blocker owns any interest in any controlled foreign corporation (as defined in Section 957 of the Code), or passive foreign investment company (as defined in Section 1297 of the Code) or other Entity the income of which is or could be required to be included in the income of any Blocker.

(f) None of the outstanding Indebtedness of any Blocker constitutes Indebtedness with respect to which any interest deductions may be disallowed under Section 163(i), Section 163(l) or Section 279 of the Code (or under any other corresponding provision of applicable Legal Requirements).

(g) Such Blocker Parent's Blocker does not have any Liability for the Taxes of any Person under Treasury Regulations Section 1.1502-6 (or any corresponding provisions of state, local or foreign Legal Requirements), or as a transferee, successor, or otherwise under applicable Legal Requirements. Such Blocker Parent's Blocker is not, nor ever has been, a member of an affiliated, consolidated, combined or unitary group filing for federal or state income Tax purposes.

(h) Such Blocker Parent's Blocker has not entered into any Contract or arrangement with any Taxing Authority that requires such Blocker to take any action or to refrain from taking any action. Such Blocker Parent's Blocker is not a party to any Contract with any Taxing Authority that would be terminated or adversely affected as a result of the Contemplated Transactions.

(i) Such Blocker Parent's Blocker has not participated, within the meaning of Treasury Regulations Section 1.6011-4(c), in (i) any "reportable transaction" within the meaning of Section 6011 of the Code and the Treasury Regulations thereunder; (ii) any "tax shelter" or "confidential corporate tax shelter" within the meaning of Section 6111 of the Code and the Treasury Regulations thereunder; or (iii) any "potentially abusive tax shelter" within the meaning of Section 6112 of the Code and the Treasury Regulations thereunder. Such Blocker Parent's Blocker has disclosed on its Tax Returns all positions taken therein that would reasonably be expected to give rise to a substantial understatement of Tax within the meaning of Section 6662 of the Code (or any similar provision of state, local or foreign Legal Requirements).

(j) Such Blocker Parent's Blocker is not subject to Tax in any jurisdiction, other than the country in which it is organized, by virtue of having a permanent establishment, fixed place of business,

or otherwise. All payments by such Blocker Parent's Blocker comply with all applicable transfer pricing requirements imposed by any Taxing Authority.

(k) Such Blocker Parent's Blocker is in compliance with all terms and conditions of any Tax exemption, Tax holiday or other Tax reduction agreement or Order of a Taxing Authority applicable to it, and the consummation of the Contemplated Transactions will not have any adverse effect on the continued validity and effectiveness of any such Tax exemption, Tax holiday or other Tax reduction agreement or Order.

(l) Such Blocker Parent's Blocker has not constituted either a "distributing corporation" or a "controlled corporation" in a distribution of stock intended to qualify under Section 355 or 361 of the Code (i) in the two years prior to the date of this Agreement, or (ii) in a distribution that could otherwise constitute part of a "plan" or "series of related transactions" (within the meaning of Section 355(e) of the Code) in conjunction with the Contemplated Transactions.

(m) Such Blocker Parent's Blocker is not subject to any private letter ruling of the IRS or any comparable rulings of any taxing authority and no power of attorney that is currently in force has been granted with respect to any matter relating to Taxes that could bind any such Blocker after the Closing Date.

(n) Such Blocker Parent's Blocker has not (i) agreed to or is required to make any adjustment pursuant to Section 481(a) of the Code or any similar provision of applicable Legal Requirements by reason of a change in accounting method and, to the Knowledge of its Blocker Parent, no Governmental Entity has proposed any such adjustment, or any application pending with any Governmental Entity requesting permission for any changes in accounting methods that relate to its business or operations, (ii) executed or entered into a closing agreement pursuant to Section 7121 of the Code or any similar provision of applicable Legal Requirements.

(o) Such Blocker Parent's Blocker has not made an election under Section 108(i) of the Code to defer the recognition of any cancellation of indebtedness income.

(p) Such Blocker Parent's Blocker is not nor has ever been a "United States real property holding corporation" within the meaning of Section 897 of the Code.

(q) For purposes of this Section 3.6, any reference to such Blocker Parent's Blocker shall be deemed to include any Person that merged with or was liquidated or converted into such Blocker.

(r) Notwithstanding anything contained in this Agreement to the contrary, such Blocker Parent makes no representation or warranty with respect to the existence availability, amount, usability or limitation (or lack thereof) of any net operating loss, net operating loss carryforward, capital loss carryforward, basis amount, or other Tax attributes of its Blocker after the Closing Date.

3.7 Non-Reliance.

In connection with entering into this Agreement, (a) none of Parent, Merger Sub or any of their Representatives has made any representation, warranty or other inducement to any Blocker Parent other than the representations and warranties made by Parent and Merger Sub set forth in Section 4 or in any other instruments or agreements to be delivered by Parent or Merger Sub as contemplated hereby, and (b) no Blocker Parent is relying on any representation, warranty or other inducement to enter into this Agreement, other than as set forth in Section 4 or in any other instruments or agreements to be delivered by Parent or

Merger Sub as contemplated hereby. The Blocker Parents hereby acknowledge that Parent and Merger Sub are relying on the accuracy and truth of this statement, and the other representations and warranties set forth in this Section 3.

4. Representations and Warranties of Parent and Merger Sub

Parent and Merger Sub represent and warrant to the Company and the Blocker Parents (with the understanding and acknowledgement that the Company and Blocker Parents would not have entered into this Agreement without being provided with the representations and warranties set forth in this Section 4 and that the Company and Blocker Parents are relying on these representations and warranties) as follows:

4.1 Standing.

Parent is a corporation, duly organized, validly existing and in good standing under the laws of the State of Delaware. Merger Sub is a limited liability company, validly existing and in good standing under the laws of the State of Delaware. Each of Parent and Merger Sub is duly qualified, licensed and admitted to do business in each jurisdiction in which such qualification, license or admission is necessary (except where the failure to be so qualified, licensed, or admitted or to be in good standing would not, individually or in the aggregate, have a material adverse effect on, or prevent, materially delay or materially impair the ability of, Parent and Merger Sub to consummate the Merger and the other Contemplated Transactions (a “Parent Material Adverse Effect”)).

4.2 Authority and Due Execution.

(a) Authority. Each of Parent and Merger Sub has all requisite corporate and limited liability company power and authority, as applicable, to enter into this Agreement and any other Transaction Documents to which it is party and to consummate the Contemplated Transactions. The execution and delivery of this Agreement and the other Transaction Documents to which Parent or Merger Sub is a party and the consummation by Parent or Merger Sub of the Contemplated Transactions have been duly authorized by all necessary corporate or limited liability company action on the part of Parent and Merger Sub, as applicable, and no other corporate or limited liability company proceedings on the part of Parent and Merger Sub, as applicable, are necessary to authorize the execution, delivery and performance of this Agreement and such other Transaction Documents by Parent or Merger Sub or to consummate the Contemplated Transactions.

(b) Due Execution. This Agreement has been, and, upon execution and delivery, each other Transaction Document to which either Parent or Merger Sub is a party will be, duly executed and delivered by Parent or Merger Sub and constitutes, or upon execution and delivery will constitute, the legal, valid and binding obligation of Parent or Merger Sub enforceable against Parent or Merger Sub in accordance with its terms, subject only to the Enforceability Exception.

4.3 Governmental Consents.

No Consent of any Governmental Entity is required to be obtained, and no filing is required to be made with any Governmental Entity, by Parent or Merger Sub in connection with the execution, delivery and performance of this Agreement or any other Transaction Document to which it is party, or the consummation of the Stock Purchase, the Merger or any of the other Contemplated Transactions, except for (a) applicable premerger notifications under the HSR Act and the expiration or termination of the applicable waiting period with respect to, or as applicable any consent or approval required pursuant to the HSR Act and (b) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware.

4.4 Non-Contravention.

The execution and delivery by Parent and Merger Sub of this Agreement and each other Transaction Document to which Parent or Merger Sub is a party do not, and the consummation of the Merger by Merger Sub will not (a) conflict with or violate Parent's or Merger Sub's Charter Documents, or (b) conflict with or violate any laws applicable to Parent or Merger Sub except, in each case, as would not, individually or in the aggregate, have a Parent Material Adverse Effect.

4.5 Available Funds.

Parent has on the date hereof, and will on the Closing Date have, sufficient unrestricted cash on hand or available credit facilities to pay all amounts required to be paid by Parent at the Closing pursuant to the terms of this Agreement and the other Transaction Documents to which it is party.

4.6 R&W Policy.

As of the date hereof, Parent has caused the R&W Policy to be bound.

4.7 Investment Intent.

Parent is acquiring the Blocker Stock and the Equity Interests for its own account with the present intention of holding such securities for investment purposes and not with a view to, or for sale in connection with, any distribution of such securities in violation of any federal or state securities laws. Parent is an "accredited investor" as defined in Regulation D promulgated by the SEC under the Securities Act. Parent acknowledges that the Blocker Stock and Equity Interests have not been registered under the Securities Act, or any state or foreign securities laws and that the Blocker Stock and the Equity Interests may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of unless such transfer, sale, assignment, pledge, hypothecation or other disposition is pursuant to the terms of an effective registration statement under the Securities Act and the Blocker Stock and Equity Interests are registered under any applicable state or foreign securities laws or sold pursuant to an exemption from registration under the Securities Act and any applicable state or foreign securities laws.

4.8 Merger Sub.

Merger Sub is a newly organized limited liability company, formed solely for the purpose of engaging in the Contemplated Transactions. Merger Sub has not engaged in any business activities or conducted any operations other than in connection with the Contemplated Transactions.

4.9 Non-Reliance.

In connection with entering into this Agreement, (a) none of the Company, any Blocker Parent or any of their Representatives has made any representation, warranty or other inducement to Parent other than the representations and warranties made by the Company or the Blocker Parents set forth in Section 2 and Section 3 (as qualified by the Disclosure Schedule attached hereto), respectively, or in any other instruments or agreements to be delivered by the Company or the Blocker Parent as contemplated hereby, and (b) Parent is not relying on any representation, warranty or other inducement to enter into this Agreement, other than as set forth in Section 2 and Section 3 or in any other instruments or agreements to be delivered by the Company or the Blocker Parent as contemplated hereby. Parent hereby acknowledges that the Company and the Blocker Parents are relying on the accuracy and truth of this Section 4.9, and the other representations and warranties set forth in this Section 4.

5. Certain Covenants of the Company

5.1 Access and Investigation.

(a) During the period commencing on the date of this Agreement and continuing until the earlier of the termination of this Agreement pursuant to Section 9 and the Effective Time (the “Pre-Closing Period”), the Company shall, and shall cause its Representatives and each of the Acquired Companies and their respective Representatives to (i) upon reasonable advance notice, provide Parent and Parent’s Representatives with reasonable access during normal business hours to the Acquired Companies’ Representatives, personnel and assets and to all books, records, Tax Returns, work papers and other documents and information relating to the Acquired Companies and (ii) provide Parent and Parent’s Representatives with copies of such books, records, Tax Returns, work papers and other documents and information relating to the Acquired Companies, and with such additional financial, operating and other data and other information regarding the Acquired Companies, as Parent may reasonably request. Any such access and disclosure shall at all times be managed by and conducted through Representatives of the Company, and Parent shall reasonably cooperate with its and the Company’s Representatives and shall use commercially reasonable efforts to minimize the disruption of the business and operations of the Acquired Companies. Notwithstanding anything to the contrary in this Agreement, the Company shall not be required to provide specific information to Parent or any of its Representatives to the extent that it requires any Acquired Company to (x) disclose information subject to attorney-client or other legal privilege or (y) disclose information in violation of any applicable Legal Requirement or in violation of any confidentiality obligation to which any of them are bound, *provided, however*, that the Company shall use its reasonable best efforts to negotiate in good faith agreements or arrangements that permit providing such information or copies thereof or otherwise complying with this Section 5.1(a) in the circumstances where clause “(x)” or “(y)” of this sentence applies.

(b) During the Pre-Closing Period, Parent and its Representatives shall not make inquiries of Persons having material business relationships with the Acquired Companies (including suppliers, licensors and customers) without the Company’s prior written consent (such consent shall not be unreasonably withheld, conditioned, or delayed), it being understood and agreed that any requests by Parent or its Representatives with respect to such inquires or contact shall be presented to the Company’s Representatives at William Blair & Company L.L.C. engaged by the Company in connection with the Contemplated Transactions; *provided, further*, for any such inquiry to which the Company provides prior written consent, the Company shall use commercially reasonable efforts, and direct each Acquired Company and its Representatives to use commercially reasonable efforts, to reasonably facilitate and cooperate with Parent and its Representatives in connection with such inquiries.

(c) The Company shall deliver to Parent, as soon as practicable and in any event within 30 days after the end of each monthly accounting period that ends during the Pre-Closing Period, unaudited consolidated financial statements of the Acquired Companies (consisting of a consolidated balance sheet, a consolidated statement of operations and a consolidated statement of cash flows) as of the end of and for such monthly accounting period, prepared in accordance with GAAP (the “Pre-Closing Financial Statements”).

5.2 Operation of the Business of the Company.

During the Pre-Closing Period, except as set forth on Part 5.2 of the Disclosure Schedule the Company shall ensure that:

(a) each Acquired Company uses its commercially reasonable efforts to conduct its business and operations in the ordinary course and in substantially the same manner as such business and operations have been conducted prior to the date of this Agreement;

(b) each Acquired Company uses its commercially reasonable efforts to preserve intact its current business organization, keep available the services of its current officers and employees and maintain its relations and good will with all suppliers, customers, landlords, creditors, employees and other Persons having business relationships with the Acquired Companies;

(c) upon reasonable request from Parent in writing, the Company shall report to Parent regarding matters set forth on Schedule 5.2 concerning the Acquired Companies; *provided* that no report shall consist of competitively sensitive information;

(d) no Acquired Company shall cancel any of its insurance policies identified in Part 2.20(b) of the Disclosure Schedule or reduce the amount of any insurance coverage provided by such insurance policies;

(e) no Acquired Company shall declare, accrue, set aside or pay any dividend or make any other distribution in respect of any equity interests or other securities of the Acquired Companies, or repurchase, redeem or otherwise reacquire any equity interests or other securities of the Acquired Companies, except repurchases of units in connection with the termination of the service relationship with any employee;

(f) no Acquired Company shall sell, issue or authorize the issuance or grant of (i) any Equity Interests or equity-based interests or other security, (ii) any option, warrant or right to acquire any Equity Interests or equity-based interests (or cash based on the value of Equity Interests) or other security, or (iii) any instrument convertible into or exchangeable for any Equity Interests or equity-based interests (or cash based on the value of Equity Interests) or other security;

(g) no Acquired Company shall amend or waive any of its rights under, or permit the acceleration of vesting under (i) any provision of the Stock Plan, (ii) any other equity or equity-based incentive plan or any award agreement, or (iii) any other compensation-related Contract or arrangement, in each case, other than as required by the terms of any such plan or agreement as in effect on the date of this Agreement;

(h) no Acquired Company shall amend or permit the adoption of any amendment to any of its Charter Documents (other than the Amended and Restated LLC Agreement), or effect or become a party to any Acquisition Transaction, recapitalization, reclassification of units, stock split, reverse stock split or similar transaction;

(i) no Acquired Company shall form any Subsidiary or acquire any equity interest or other interest in any other Entity;

(j) no Acquired Company shall make any capital expenditures in excess of \$30,000 in the aggregate;

(k) no Acquired Company shall enter into or materially amend or prematurely terminate, or waive any material right or remedy under, any Contract that is or would constitute a Material Contract, outside of the ordinary course of business;

(l) no Acquired Company shall (i) acquire, assume, lease or license any right or other asset material to any Acquired Company from any other Person, (ii) sell, transfer, assign, convey or otherwise

dispose of, or lease or license, any right or other asset material to any Acquired Company (excluding any Intellectual Property or Intellectual Property Rights) to any other Person, or (iii) waive or relinquish any right, in each case, except in the ordinary course of business consistent with past practices;

(m) no Acquired Company shall grant any license, sublicense, covenant, non-assert, permission, consent, release, immunity, waiver or other right under or with respect to, any Intellectual Property or Intellectual Property Rights, other than non-exclusive licenses for the use of Company Products or Company Software granted to customers in the ordinary course of business consistent with past practice pursuant to an Acquired Company's unmodified form of standard customer agreement, the forms of which have been Made Available to Parent;

(n) no Acquired Company shall (i) cancel (or permit to become cancelled), abandon or permit to lapse or expire, or otherwise fail to maintain, any Registered Company IP (unless the applicable Acquired Company determines, in its reasonable business judgement, that such Registered Company IP is (A) not material and (B) longer economically practicable or commercially desirable to maintain) or (ii) fail to maintain any Trade Secret included in the Owned Company IP as a Trade Secret;

(o) except as otherwise required by any applicable Legal Requirement or by a Company Benefit Plan in effect on the date of this Agreement, no Acquired Company shall (i) enter into, amend or terminate any collective bargaining agreement, (ii) approve, establish, adopt, amend or terminate any Company Benefit Plan, (iii) grant, increase, pay, or make any new commitment to pay, any severance, retention, change in control, termination, bonus, profit-sharing, cash incentive payment or similar payment, other than cash incentive payments, bonuses, and commissions paid in the ordinary course of business and consistent with past practices pursuant to Company Benefit Plans in effect on the date of this Agreement based on actual performance achievement under such Company Benefit Plans, (iv) increase, or make any commitment to increase, the compensation or benefits of any Company Employees or current or former contractor or consultant of any Acquired Company, including wages, salary, commissions, fringe benefits, employee benefits or any other compensation (including equity-based compensation, whether payable in cash or otherwise), (v) take any action to accelerate the vesting or payment, or fund, make any commitment to fund, or in any other way secure the payment of (whether by grantor trust or otherwise), any compensation or benefits under any Company Benefit Plan, (vi) hire or make an offer to hire any new employee whose base salary exceeds \$150,000, other than to replace any departing employee, or (vii) terminate the employment of any Company Employee (other than for cause or poor performance) whose base salary exceeds \$150,000;

(p) no Acquired Company shall change any of its methods of accounting or accounting practices in any material respect;

(q) no Acquired Company shall (i) make, change or rescind any material election relating to Taxes, (ii) settle or compromise any claim, controversy or Legal Proceeding relating to Taxes, (iii) except as required by applicable Legal Requirements, make any change to any of its methods, policies or practices of Tax accounting or methods of reporting income or deductions for Tax purposes, (iv) amend, refile or otherwise revise any previously filed Tax Return, or surrender or forgo the right to any refund or rebate of a previously paid Tax, (v) enter into or terminate any agreements with a Taxing Authority, (vi) prepare any Tax Return in a manner inconsistent with past practices, (vii) consent to an extension or waiver of the statutory limitation period applicable to a claim or assessment in respect of Taxes, (viii) enter into a Tax allocation agreement, Tax sharing agreement, or Tax indemnity agreement, (ix) grant any power of attorney relating to Tax matters, (x) request a ruling with respect to Taxes, or (xi) incur any liability for a

material amount of Taxes outside the ordinary course of business (other than in connection with the Contemplated Transactions);

(r) no Acquired Company shall commence or settle any Legal Proceeding for an amount in excess of \$50,000; *provided, however*, no Acquired Company shall commence or settle any Legal Proceeding relating to or involving any injunctive relief;

(s) no Acquired Company shall implement any employee layoffs that would result in an obligation to give notice at or before the Closing Date under the WARN Act; and

(t) no Acquired Company shall agree or commit to take any of the actions described in clauses “(d)” through “(s)” above.

Notwithstanding anything to the contrary contained in this Agreement, any Acquired Company may take any action described in clauses “(d)” through “(t)” above if Parent gives its prior written consent to the taking of such action by the Company. None of the restrictions set forth in this Section 5.2 shall be deemed to directly or indirectly give Parent or Merger Sub the right to control or direct the operations of the Acquired Companies prior to the Closing.

5.3 Notification; Updates to Disclosure Schedule.

During the Pre-Closing Period, the Company shall promptly notify Parent in writing of: (i) the discovery by any Acquired Company of any event, condition, fact or circumstance that occurred or existed on or prior to the date of this Agreement and that caused or constitutes a breach of or an inaccuracy in any representation or warranty made by the Company in this Agreement that would reasonably be expected to cause the conditions set forth in Section 7.1 not to be satisfied; (ii) any event, condition, fact or circumstance that occurs, arises or exists after the date of this Agreement and that would cause or constitute a material breach of or an inaccuracy in any representation or warranty made by the Company in this Agreement that would reasonably be expected to cause the conditions set forth in Section 7.1 not to be satisfied; and (iii) any material breach of any covenant or obligation of the Company that would reasonably be expected to cause the conditions in Section 7.2 not to be satisfied. No such notification shall be deemed to supplement or amend the Disclosure Schedule for the purpose of: (x) determining the accuracy of any of the representations and warranties made by the Company in this Agreement; or (y) determining whether any of the conditions set forth in Section 7 has been satisfied.

5.4 No Negotiation.

During the Pre-Closing Period, the Company shall not, and shall ensure that no other Acquired Company, director, officer, employee of any Acquired Company or William Blair shall, and shall direct each of the attorneys, accountants, advisors and other representatives or agents of the Acquired Companies not to: (a) solicit or encourage or facilitate the initiation or submission of any expression of interest, inquiry, proposal or offer from any Person (other than Parent) relating to a possible Acquisition Transaction; (b) participate in any discussions or negotiations or enter into any agreement, understanding or arrangement with, or provide any non-public information to, any Person (other than Parent or its Representatives) relating to or in connection with a possible Acquisition Transaction; or (c) entertain or accept any proposal or offer from any Person (other than Parent) relating to a possible Acquisition Transaction. The Company shall promptly (and in any event within 24 hours after receipt thereof) give Parent notice in writing of any indication of interest, proposal, offer, bona fide inquiry from a potential acquiror or request for non-public information, in each case, relating to a possible Acquisition Transaction that is received by any Acquired Company during the Pre-Closing Period. Such notice shall include (x) the identity of the Person making or submitting such

inquiry, indication of interest, proposal, offer or request, and the terms and conditions thereof, and (y) an accurate and complete copy of (i) all written materials provided in connection with such inquiry, indication of interest, proposal, offer or request, and (ii) a summary of all oral communications provided in connection with such inquiry, indication of interest, proposal, offer or request.

5.5 Letter of Credits.

At or prior to the Closing, Parent shall deliver or cause to be delivered, to Wells Fargo Bank, National Association (“Wells Fargo”) for each of the Franklin Letter of Credit and the SHIGO Letter of Credit either (a) a guarantee, backup letter of credit, cash collateral or other security or payment assurance sufficient to satisfy the obligations of the Company to Wells Fargo such that Wells Fargo is willing to execute and deliver a Pay Off Letter with respect to the Repaid Indebtedness owed to them as of the Closing Date notwithstanding the fact that the Franklin Letter of Credit and SHIGO Letter of Credit will remain outstanding or (b) a letter of credit, together with Franklin Owner’s and SHIGO Owner’s executed, dated letter directed to Wells Fargo, referencing such Franklin Letter of Credit and such SHIGO Letter of Credit by number and giving Wells Fargo unconditional authorization to cancel the Franklin Letter of Credit and SHIGO Letter of Credit, as applicable, together with such other documents as may be reasonably required by Wells Fargo in order for Wells Fargo to cancel such Franklin Letter of Credit and such SHIGO Letter of Credit on the Closing Date.

5.6 Termination/Amendment of Agreements.

The Company shall use its commercially reasonable efforts to (a) cause the agreements identified in Part 1 of Schedule 5.6 to be terminated effective as of the Effective Time, and (b) cause the agreements identified in Part 2 of Schedule 5.6 to be amended, effective as of the Effective Time, in a manner satisfactory to Parent as set forth on Schedule 5.6.

5.7 FIRPTA Matters.

At the Closing, (a) the Company shall deliver to Parent a certificate in such form as reasonably requested by Parent and reasonably acceptable to the Company conforming to the requirements of Treasury Regulations Section 1.1445-2(b) certifying that each Unitholder (or, if such Unitholder is disregarded as separate from its owner, such owner) is not a foreign person within the meaning of Sections 1445 and 1446(f) of the Code (the “FIRPTA Certificate”), and (b) each Blocker shall deliver to Parent (i) a statement in such form as reasonably requested by Parent conforming to the requirements of Section 1.897-2(h)(1)(i) and 1.1445-2(c)(3)(i) of the Treasury Regulations (the “FIRPTA Statement”), and (ii) the notification required under Section 1.897-2(h)(2) of the Treasury Regulations (the “FIRPTA Notification”) together with authorization for Parent to deliver the FIRPTA Notification to the IRS.

5.8 [RESERVED].

5.9 Repayment of Insider Receivables.

Prior to the Closing, the Company shall cause all outstanding Insider Receivables to be paid in full.

5.10 Pay Off Letters.

The Company shall request and use commercially reasonable efforts to obtain, no later than two Business Days prior to the Closing Date, customary pay off letters with respect to the Indebtedness owing to each creditor under the Contracts identified on Schedule 5.10 (to the extent not paid by the Acquired Company prior to Closing) (such aggregate amount of Indebtedness, the “Repaid Indebtedness”). Each such pay off

letter (a “Pay Off Letter”) shall: (a) set forth the amount required to pay off in full, on the anticipated Closing Date (and the daily accrual thereafter), the Company Indebtedness (including the outstanding principal, accrued and unpaid interest and prepayment and other penalties) owing to the creditor and wire transfer information for such payment; (b) instructions (including wire and routing information) with respect to the payment of the amount described in clause “(a)” of this Section 5.10; (c) confirm that upon receipt of the amount described in clause “(a)” of this Section 5.10 there will be a complete release of each Acquired Company, Parent and the Surviving Company and the Contract evidencing such Company Indebtedness and all related instruments will be terminated; and (d) contain the commitment of the creditor to release any Liens that the creditor may hold on any of the assets of any Acquired Company within a designated time period after the Closing Date. The Company shall cause the Pay Off Letters to be updated, as necessary, on the Closing Date.

5.11 D&O Indemnification.

(a) Prior to the Effective Time, the Company shall purchase an endorsement under the Company’s existing directors’ and officers’ liability insurance coverage (the “D&O Tail Policy”) for the Acquired Companies’ directors and officers in a form acceptable to Parent, which shall provide such directors and officers with coverage for six years following the Effective Time and shall have a scope substantially similar to the existing coverage under, and have other terms not materially less favorable to the insured persons than the terms of, the directors’ and officers’ liability insurance coverage currently maintained by the Company. From and after the Closing, Parent shall cause the Surviving Company to continue to honor its obligations under any such D&O Tail Policy procured pursuant to this Section 5.11, and shall cause the Surviving Company to not cancel (or permit to be canceled) or take (or cause to be taken) any action or omission that would reasonably be expected to result in the cancellation thereof.

(b) Parent hereby acknowledges, and shall cause the Surviving Company to comply with, the Surviving Company’s obligations pursuant to (i) the LLC Agreement, the Buildium Employee LLC Agreement and the Buildium Agency LLC Agreement, respectively, to indemnify and hold harmless each present and former director, manager and officer of the Acquired Companies as of the Effective Time arising out of their activities on behalf of the Acquired Companies or in furtherance of the interests of the Acquired Companies in accordance with the terms of the LLC Agreement, the Buildium Employee LLC Agreement, and the Buildium Agency LLC Agreement, respectively, and (ii) the LLC Act (the “D&O Indemnification Obligations”). Parent acknowledges that the D&O Indemnification Obligations shall continue from and after the Effective Time with respect to actions existing or occurring at or prior to the Effective Time to the fullest extent under applicable Legal Requirements.

5.12 E&O Indemnification.

Prior to the Effective Time, the Company shall purchase a three-year run-off or tail coverage under the Company’s existing errors and omissions insurance policy (the “E&O Tail Policy”), 50% of which shall be added back to Cash on the Closing Balance Sheet as Parent’s share of the cost of the E&O Tail Policy which the Company and Parent have agreed to share equally.

5.13 Tax Matters.

(a) Tax Returns.

(i) Each Acquired Company and each Blocker shall prepare and file or cause to be prepared and filed, in a manner consistent with past practice (except as required by applicable Legal Requirements), any Tax Returns that are required to be filed prior to the Effective Time and

shall pay all Taxes due with respect to such Tax Returns within the time and in the manner required by applicable Legal Requirements. The applicable Acquired Company or Blocker shall provide Parent with a copy of any income or other material Tax Return described in this Section 5.13(a) as soon as reasonably practicable (which, in the case of income Tax Returns, shall be not less than 20 days) prior to the applicable due date of such Tax Return (taking into account any applicable extensions) for Parent's review and comment. Within 10 days following Parent's receipt of any such Tax Return, Parent shall notify Securityholders' Agent in writing with any comments to such Tax Return. The applicable Acquired Company or Blocker shall revise such Tax Returns to reflect any reasonable comments made by Parent prior to the filing of such Tax Returns.

(ii) Parent shall timely prepare and file, or shall cause to be prepared and filed all Tax Returns of the Blockers and the Acquired Companies required to be filed after the Effective Time that relate to any Pre-Closing Tax Period (or portion thereof), including Tax Returns for any Straddle Periods, in a manner consistent with past practice (except as required by applicable Legal Requirements). Parent shall deliver a draft of any income or other material Tax Returns to the Securityholders' Agent for its review and comment not less than 20 days prior to the date on which such Tax Returns are due to be filed (taking into account any applicable extensions). Within 10 days following the Securityholders' Agent's receipt of any such Tax Return, the Securityholders' Agent shall notify Parent in writing with any comments to such Tax Return. To the extent such comments relate to any Pre-Closing Tax Period or the pre-Closing portion of any Straddle Period, Parent shall revise such Tax Returns to reflect any reasonable comments made by the Securityholders' Agent prior to the filing of such Tax Returns. Tax Returns (including amended Tax Returns) of the Acquired Companies or Blockers filed by Parent after the Closing Date shall not be determinative of the amount of Taxes for which Parent is entitled to be indemnified, held harmless, compensated or reimbursed pursuant to Section 10.

(iii) The Transaction Deductions shall be reported in the Pre-Closing Tax Periods (including the pre-Closing portion of any Straddle Period) of the Acquired Companies and the Blockers to the extent the Transaction Deductions are "more likely than not" to be deductible in such Pre-Closing Tax Periods. The parties hereto agree not to take any position in connection with any Tax Return or Tax Claim that is inconsistent with this Section 5.13(a).

(b) Transfer Taxes. All transfer, documentary, sales, use, stamp, registration, and other such Taxes and fees (including any penalties and interest) (collectively, "Transfer Taxes") incurred by any party in connection with this Agreement will be paid when due and will be borne solely by the Unitholders and the Blocker Parents, and the Unitholders and the Blocker Parents shall pay (or cause to be paid) such Taxes when due and shall file all necessary Tax Returns and other documentation with respect to all such Transfer Taxes, and, if required by applicable Legal Requirements, the Unitholders and the Blocker Parents shall join in the execution of any such Tax Returns and other documentation. Parent and the Securityholders' Agent shall reasonably cooperate in timely making all filings, returns, reports and forms as necessary or appropriate to comply with the provisions of all applicable Legal Requirements in connection with the payment of such Taxes, and shall cooperate in good faith to minimize the amount of any such Taxes payable in connection herewith.

(c) Termination of Powers of Attorney. The Company or the Blocker Parents, as applicable, shall or shall cause each power of attorney with respect to any Tax matters granted by or on behalf of any of the Acquired Companies or Blockers to be terminated as of the Closing unless Parent requests in writing that, or grants its written consent for, such power of attorney to remain in effect thereafter.

(d) Termination of Certain Tax Sharing Agreements. The Company or the Blocker Parents, as applicable, shall cause any Tax allocation, Tax sharing or Tax indemnity agreement or arrangement, whether or not written, that may have been entered into by any Person other than the Acquired Companies or the Blockers, on the one hand, and any of the Acquired Companies or the Blockers, on the other hand, to be terminated as to the Acquired Companies or the Blockers as of the Closing Date, and the Company or the Blocker Parents, as applicable, shall ensure that no payments which are owed by the Acquired Companies or the Blockers pursuant thereto shall be payable thereafter.

(e) Assistance and Cooperation. After the Closing Date, the Unitholders, the Blocker Parents and the Securityholders' Agent, on the one hand, and Parent, on the other, shall (and shall cause their respective Affiliates to): (i) assist the other party or parties in preparing any Tax Returns that such other party or parties is responsible for preparing and filing in accordance with Section 5.13(a) and Section 5.13(b); (ii) cooperate fully in responding to any inquiries from or preparing for any audits of, or any disputes with a Governmental Entity regarding, any Taxes or Tax Returns of the Acquired Companies or the Blockers, as applicable, including any Tax Claim pursuant to Section 10.7(g); and (iii) make available to the other party or parties as reasonably requested, all information in its possession relating to the Acquired Companies or the Blockers, as applicable that may be relevant to any Tax Return, audit or examination, proceeding or determination and to any Governmental Entity, including any Tax Claim pursuant to Section 10.7(g)(i), as reasonably requested by the Unitholders, the Blocker Parents, the Securityholders' Agent or Parent, all information, records, and documents relating to Taxes of the Acquired Companies or the Blockers, as applicable.

(f) Tax Audits. The Securityholders' Agent shall use commercially reasonable efforts to prevent any Acquired Company from having any liability for an "imputed underpayment" (within the meaning of Section 6225 of the Code) or any interest or penalty related thereto that is attributable to any adjustment of an item of income, gain, loss, deduction or credit of such Acquired Company for any taxable period or portion thereof ending on the Closing Date, including by causing such Acquired Company to make a "push out" election pursuant to Section 6226 of the Code with respect to any such taxable period or portion thereof.

(g) Tax Elections. The parties shall cause each Acquired Company that is a partnership for U.S. federal income tax purposes to have a valid election in effect under Section 754 of the Code for any Tax period (or portion thereof) which includes the Closing Date and shall not revoke or seek to revoke such election without the prior written consent of Parent, which consent shall not be unreasonably withheld, conditioned or delayed. For purposes of this Agreement, any Tax Item recognized on the Closing Date resulting from any transaction that is outside the ordinary course of business that is effected by or at the direction of Parent following the Closing shall be ignored.

(h) Refunds. The Unitholders and the Blocker Parents shall be entitled to (x) any Tax refunds that are realized by Parent, the Acquired Companies, the Blockers or any of their Affiliates after the Closing, and (y) any amounts credited against a cash Tax liability of Parent, the Acquired Companies, the Blockers or any of their Affiliates to which Parent, the Acquired Companies, the Blockers or any of their Affiliates become entitled after the Closing, in each case, that relate to Taxes for which the Unitholders and the Blocker Parents would otherwise be required to indemnify any Indemnitees hereunder. Parent shall pay over to the Unitholders and the Blocker Parents any such refund or the amount of any such credit (together with any interest received thereon from a Taxing Authority and net of any Taxes or other costs incurred in connection with securing such refund or credit) within five Business Days after such Tax refund is received or credit against Taxes is actually realized as a reduction in cash Taxes; *provided* that, Parent, the Acquired Companies, the Blockers, or any of their Affiliates shall not be required to pay such refund or credit to the

Unitholders or Blocker Parents to the extent such amount (i) was included in the Actual Adjustment Amount and resulted in an increase to the Adjusted Transaction Value or (ii) arises as a result of a carryback of a loss or other Tax benefit from a Tax period (or portion thereof) beginning after the Closing Date. If any such Tax refunds are required to be repaid by Parent, the Acquired Companies, the Blockers or any of their Affiliates to the relevant Taxing Authority, or any such amounts credited are reversed by the relevant taxing authority, the Sellers shall pay over to Parent the full amount due to the relevant Taxing Authority (including any penalties, interests, and additional amounts assessed with respect thereto) within five Business Days after such refund is required to be repaid or such amounts credited are reversed.

(i) Certain Restrictions. Except as required by applicable Legal Requirements, and subject to Section 5.13(g), Parent shall not, and shall cause the Surviving Company not to, without the prior written consent of the Securityholders' Agent (which consent shall not be unreasonably withheld, conditioned or delayed), (i) file any amendment of any Tax Return of any Acquired Company or Blocker to the extent such Tax Return relates to or includes any Pre-Closing Tax Period or the pre-Closing portion of any Straddle Period, (ii) make any election that has retroactive effect to any Pre-Closing Tax Period or the portion of any Straddle Period ending on and including the Closing Date (including, for the avoidance of doubt, any election under Section 336 or Section 338 of the Code or any comparable election under state, local or non-U.S. law), or (iii) except as otherwise provided in this Section 5.13(i), voluntarily approach any Taxing Authority regarding any Taxes or Tax Returns of any Acquired Company or Blocker that were originally due on or before the Closing Date; *provided*, that, subject to the remainder of this Section 5.13(i), Parent shall be permitted to take any action described in the foregoing clause "(iii)" with respect to those Taxes listed on Schedule 5.13(i). The Securityholders' Agent shall be permitted, at its own cost and expense, to control the content and, if requested by the Securityholders' Agent, conduct of or preparation of filings in connection with any voluntary disclosures or communications with Taxing Authorities (including, for the avoidance of doubt, in connection with any "VDA" or similar proceeding) regarding any Taxes or Tax Returns of any Acquired Company or Blocker that were originally due on or before the Closing Date; *provided*, that (a) the Securityholders' Agent shall pursue any such filings and proceedings diligently and in good faith, (b) the Securityholders' Agent shall permit Parent to reasonably participate therein with equivalent rights to those afforded Securityholders' Agent in respect of any Tax Claim as described in Section 10.7(g)(i) and (c) Parent shall reasonably cooperate with the Securityholders' Agent in connection with the defense and settlement of any disputes related thereto.

5.14 Resignation of Officers and Directors.

The Company shall obtain and deliver to Parent, at or prior to the Closing, the resignation (in form and substance reasonably satisfactory to Parent) of each officer and manager of each Acquired Company from his or her corporate offices (but not his or her employment) with such Acquired Company, effective as of the Effective Time (or, at the option of Parent, a later time). Each such resignation shall state and acknowledge that no Acquired Company, solely as a result of the delivery of such resignation by such officer or manager, is or will be in any way indebted or obligated to the resigning party for termination pay, for loans, for advances or otherwise.

5.15 R&W Policy.

Parent and Merger Sub acknowledge and agree that Parent shall be responsible for all fees, expenses and premiums relating to the R&W Policy other than such fees, expense and premiums that constitute a Company Transaction Expense. The R&W Policy shall contain a waiver of subrogation by the insurer in favor of the Acquired Companies, the Unitholders, the Blocker Parent and any of the Affiliates of the foregoing (including any past, present or future director, manager, officer, employee or advisor of any of the foregoing) in

connection with this Agreement and the transactions contemplated hereunder except solely in the case of Fraud. Prior to the Closing, Parent shall not amend, modify, or waive any provision of the R&W Policy, including the applicable binder agreement, without the express written consent of the Company and the Blocker Parents (which consent shall not be unreasonably withheld conditioned or delayed). In connection with the Closing, Parent shall take all actions reasonably necessary to cause the conditions to the issuance of the R&W Policy to be satisfied, and to cause the R&W Policy to be issued, including with respect to Parent paying all fees, costs, and expenses due with respect thereto (including premium, due diligence fees, surplus line fees and insurance broker fees owing in respect of the R&W Policy), delivering all documents, instruments, certificates and other information required to be delivered thereunder, and participating in “bring down” due diligence conferences. Parent shall provide the Securityholders’ Agent and Blocker Parents a true and complete copy of the final R&W Policy as soon as reasonably practicable following the Closing. From and after the issuance of the R&W Policy, Parent shall not amend, modify, or otherwise waive such subrogation provisions of the R&W Policy in a manner adverse to Unitholders, the Blocker Parents or any of Affiliates of the foregoing without the prior written consent of the Securityholders’ Agent.

6. Certain Covenants of the Parties

6.1 Filings and Consents.

(a) Filings. Each party shall use commercially reasonable efforts to file, as soon as practicable after the date of this Agreement, all notices, reports and other documents required to be filed by such party with any Governmental Entity with respect to the Merger and the other Contemplated Transactions, and to submit promptly as reasonably practical and advisable any additional information requested by any such Governmental Entity. Subject to the confidentiality provisions of the Confidentiality Agreement, Parent and the Company each shall promptly supply the other with any information which may be required in order to effectuate any filings (including applications) pursuant to (and to otherwise comply with its obligations set forth in) this Section 6.1(a). Except where prohibited by applicable Legal Requirements or any Governmental Entity, and subject to the confidentiality provisions of the Confidentiality Agreement, each party shall: (i) cooperate with the other with respect to any filings made by the other and, where applicable, any filings made by Parent and the Company, in connection with the Merger, (ii) permit the other to review (and consider in good faith the views of the other in connection with) any documents before submitting such documents to any Governmental Entity in connection with the Merger and (iii) promptly provide the other with copies of all filings, notices and other documents (and a summary of any oral presentations) made or submitted with or to any Governmental Entity in connection with the Merger. No party shall participate in any meeting or substantive communication with any Governmental Entity in connection with this Agreement or the Merger without consulting with the other party in advance and, to the extent not prohibited by such Governmental Entity, giving the other party the opportunity to attend and participate; *provided, however*, that Parent shall be entitled to direct and control all aspects of each parties’ efforts to obtain approval under the HSR Act but will give due consideration to the Company’s views and will act reasonably and in good faith. Parent shall not extend any waiting period under the HSR Act or enter into any agreement with any Governmental Entities not to consummate or to delay the consummation of the Contemplated Transactions without obtaining the written consent of the other parties (which consent shall not be unreasonably withheld, conditioned or delayed).

(b) Efforts. Subject to Section 6.1(c), Parent and the Company shall use commercially reasonable efforts to take, or cause to be taken, all actions necessary to consummate the Merger and make effective the other Contemplated Transactions on a timely basis. Without limiting the generality of the foregoing, but subject to Section 6.1(c), each party to this Agreement (i) shall make all filings (under the HSR Act) as promptly as reasonably practical and advisable, and with respect to filings under the HSR Act

(which filings shall specifically request early termination) as soon as reasonably practicable, but in any event no later than 10 Business Days following the date of this Agreement, and give all notices (if any) required to be made and given by such party in connection with the Merger and the other Contemplated Transactions, and (ii) shall use commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things reasonably necessary, proper or advisable to obtain each Consent required to be obtained (pursuant to any applicable Legal Requirement or Contract, and including the expiration or termination of the waiting period under the HSR Act and the expiration or termination of any applicable waiting periods, or obtaining of Consents or otherwise) as promptly as practicable, by such party in connection with the Merger or any of the other Contemplated Transactions; *provided, however*, that, under no circumstances may any Acquired Company pay a fee to any third party in order to obtain any Consent pursuant to this Section 6.1(b) without Parent's prior written consent.

(c) Limitations. Notwithstanding anything to the contrary contained in Section 6.1(b) or elsewhere in this Agreement, neither Parent nor Merger Sub shall have any obligation under this Agreement (i) to divest or agree to divest (or cause any of its Subsidiaries or any Acquired Company to divest or agree to divest) any of its businesses, product lines or assets, or to agree (or cause any of its Subsidiaries or any Acquired Company to agree) to any limitation or restriction on any of its businesses, product lines or assets, or (ii) to contest any Legal Proceeding relating to the Merger or any of the other Contemplated Transactions.

6.2 Unitholder Consent.

(a) Written Consents. The Company shall ensure that, within two hours after the execution and delivery of this Agreement, written consents in favor of the adoption and approval of this Agreement are executed and delivered to Parent on behalf of Unitholders that hold sufficient Equity Interests to provide the Required Unitholder Vote. The Company shall ensure that all such written consents are solicited and obtained in full compliance with all applicable Legal Requirements and with the fiduciary duties of the Company's board of managers.

(b) Parachute Payments. To the extent necessary to avoid the application of Section 280G of the Code, the Company shall (i) no later than five Business Days prior to the Closing, use commercially reasonable efforts to obtain waivers from each Person who has a right to any payments and/or benefits as a result of or in connection with the Contemplated Transactions that would be deemed to constitute "parachute payments" (within the meaning of Section 280G of the Code) (such waived amounts, the "Waived 280G Benefits") so that all remaining payments and benefits applicable to such Person shall not be deemed to be "excess parachute payments" (within the meaning of Section 280G of the Code), and (ii) following the execution of the waivers described in clause "(i)", if any, solicit approval by the applicable Unitholders of the Waived 280G Benefits by a vote that satisfies the requirements of Section 280G(b)(5)(B) of the Code and the regulations thereunder. Prior to, and in no event later than five Business Days prior to soliciting such waivers and approval, the Company shall provide drafts of such waivers and approval materials, including the calculations and related documentation required to determine whether and to what extent the vote described in this Section 6.2(b) is necessary to avoid the imposition of Taxes under Section 4999 of the Code, to Parent for its reasonable review and comment and the Company shall consider any changes reasonably requested by Parent in good faith. Prior to the Closing Date, the Company shall deliver to Parent evidence that a vote of the Company Unitholders was solicited in accordance with the foregoing and whether the requisite number of votes of Company Unitholders was obtained with respect to the Waived 280G Benefits or that the vote did not pass and the Waived 280G Benefits will not be paid or retained. With respect to any Parent Arrangements to be entered into prior to or in connection with the Closing that, in the good faith discretion of Parent, would be reasonably likely to provide for "parachute payments" (within the meaning of Section 280G of the Code), Parent shall provide a copy of such contract, agreement or plan to

the Company at least 10 Business Days before the Closing Date and shall cooperate with the Company in good faith in order to calculate or determine the value (for the purposes of Section 280G of the Code) of any payments or benefits granted or contemplated therein, which may be paid or granted in connection with the transactions contemplated by this Agreement that would reasonably be expected to constitute a “parachute payment” under Section 280G of the Code; *provided* that, to the extent that such Parent Arrangements are not provided by Parent, the Company’s failure to include the Parent Arrangements in the stockholder voting materials described herein will not result in a breach of the covenants set forth in this [Section 6.2](#).

6.3 Public Announcements.

(a) The Blocker Parents and the Company. From and after the date of this Agreement until the Effective Time, the Blocker Parents, the directors and officers of the Acquired Companies and the Company shall not (and shall instruct each employee of any Acquired Company not to, and shall direct the attorneys, accountants, advisors and other representatives or agents of the Acquired Companies not to) disclose, issue or make any press release or public statement regarding this Agreement or the Merger or any of the other Contemplated Transactions without the prior written consent of Parent (which consent shall not be unreasonably withheld, conditioned or delayed), *provided, however*, without the consent of Parent, the Unitholders of the Company that are institutional investors or Affiliates of investment funds may provide general information about the subject matter of this Agreement and other customary information to investors or potential investors or to their respective Affiliates in connection with the operation of their respective investment and management businesses in the ordinary course of business or in connection with their respective fund raising, marketing, informational or reporting activities subject to customary confidentiality obligations. Following the Effective Time, the Blocker Parents and the Company may, without the consent of Parent, issue any press release or make any public statement relating to this Agreement and the Contemplated Transactions; *provided, that*, such statements or announcements are not inconsistent with the information previously disclosed by Parent to the public with respect to the Company, this Agreement and the Contemplated Transactions.

(b) Parent. Parent shall not (and shall ensure that each director, officer or employee of Parent and its Subsidiaries shall not, and shall direct the attorneys, accountants, advisors and other representatives or agents of Parent and its Subsidiaries not to) issue or make any press release or public statement regarding any Unitholder of the Company (other than any Company Employee), any of the Blockers or Blocker Parents without the Securityholders’ Agent’s prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed). Parent may, without the consent of the Securityholders’ Agent, issue any press release or make any such public statement relating to this Agreement and the Contemplated Transactions (whether or not required by Legal Requirements); *provided, however*, Parent shall consider in good faith the Securityholders’ Agent’s views on such press release or public statement prior to such release. Parent may, without the consent of the Company, make any public statement relating to this Agreement and the Contemplated Transactions in response to questions from the press, analysts, investors or those attending industry conferences and make internal announcements to employees, so long as such statements or announcements are without reference to any former Unitholder of the Company (other than any Company Employee), any of the Blocker or Blocker Parents and is consistent with (and not materially expansive of) previous press releases, public statements or other public statements made by Parent in adherence with this [Section 6.3](#).

6.4 Pre-Closing Restructuring.

Prior to the Effective Time, SEP shall consummate the SEP Redemption.

6.5 Commercially Reasonable Efforts.

Prior to the Closing (a) the Company shall use commercially reasonable efforts to cause the conditions set forth in Section 7 to be satisfied on a timely basis, and (b) subject to Section 6.1(c), Parent and Merger Sub shall use commercially reasonable efforts to cause the conditions set forth in Section 8 to be satisfied on a timely basis.

6.6 Employee Compensation.

As of the Effective Time, Parent shall implement the compensation arrangements with respect to the Company Employees employed by the Company at the Effective Time as set forth on Schedule 6.6. Nothing on Schedule 6.6, express or implied, will confer upon any other Person other than the parties to this Agreement any rights or remedies of any nature whatsoever (including third-party beneficiary rights). Nothing in this Agreement, including on Schedule 6.6, express or implied, will be construed to establish, amend or modify any Company Benefit Plan or any other benefit plan, program, agreement or arrangement. The parties hereto acknowledge and agree that the terms set forth on Schedule 6.6 will not create any right in any employee or any other Person to any continued employment with the Company, Parent or any of their respective Affiliates.

6.7 Escrow Agreement.

Prior to the Effective Time, Parent and the Securityholders' Agent shall enter into the Escrow Agreement with Escrow Agent, such Escrow Agreement to be in a form mutually and reasonably acceptable to Parent and the Securityholders' Agent.

6.8 Domain Names.

The Company shall (a) use commercially reasonable efforts to cause each Domain Name included in the Registered Company IP to be registered in the name of an Acquired Company and without identification of a named individual as the registrant and (b) provide Parent with evidence of each such change in registrant.

7. Conditions Precedent to Obligations of Parent and Merger Sub

The obligations of Parent and Merger Sub to cause the Merger to be effected and otherwise cause the Contemplated Transactions to be consummated are subject to the satisfaction (or waiver by Parent), at or prior to the Closing, of each of the following conditions:

7.1 Accuracy of Representations.

(a) Each of (i) the first sentence of Section 2.23(a) and (ii) the Fundamental Representations made by the Company or a Blocker Parent in this Agreement shall have been accurate in all but de minimis respects as of the date of this Agreement and as of the Closing Date as though made on and as of such date, other than such Fundamental Representations which by their terms are made as of a specific earlier date, which shall have been accurate in all but de minimis respects as of such earlier date; *provided, however*, that, for purposes of determining the accuracy of such representations and warranties any update or modification to the Disclosure Schedule purported to have been made after the execution of this Agreement shall be disregarded.

(b) Each of the Specified Representations shall have been accurate in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of such date, other than such Specified Representations which by their terms are made as of a specific earlier date, which

shall have been accurate in all material respects as of such earlier date, it being acknowledged and agreed by the parties hereto that “material” shall mean, with respect to the Specified Representations set forth in Section 2.6(a) and Section 2.13, any inaccuracy or inaccuracies which, individually or in the aggregate, would reasonably be expected to result in Damages to Parent in excess of the amounts set forth on Schedule 7.1(b); *provided, however*, that, for purposes of determining the accuracy of such representations and warranties (i) all materiality, Material Adverse Effect, and similar qualifications limiting the scope of such representations and warranties shall be disregarded, and (ii) any update of or modification to the Disclosure Schedule purported to have been made after the execution of this Agreement shall be disregarded.

(c) Each representation and warranty made by the Company or a Blocker Parent in this Agreement, other than (i) the first sentence of Section 2.23(a), (ii) the Specified Representations and (iii) the Fundamental Representations, shall have been accurate in all respects as of the date of this Agreement and as of the Closing Date as though made on and as of such date, other than any such representations and warranties which by their terms are made as of a specific earlier date, which shall have been accurate in all respects as of such earlier date, except where the failure of such representations and warranties to be true and correct has not had, and would not reasonably be expected to have, a Material Adverse Effect, *provided, however*, that, for purposes of determining the accuracy of such representations and warranties, (i) all materiality, Material Adverse Effect, and similar qualifications limiting the scope of such representations and warranties shall be disregarded and (ii) any update of or modification to the Disclosure Schedule purported to have been made after the execution of this Agreement shall be disregarded.

7.2 Performance of Covenants.

Each of the covenants and obligations that the Company is required to comply with or to perform at or prior to the Closing under this Agreement shall have been complied with and performed in all material respects.

7.3 Governmental and Other Consents; Expiration of Notice Periods.

(a) Governmental Consents. Any waiting period applicable to the Merger or any of the other Contemplated Transactions under the HSR Act and any extensions thereof (including any agreements or commitments by the parties not to consummate the transactions, including any timing agreements) shall have expired or been terminated.

(b) Other Consents. All Consents identified in Schedule 7.3(b) shall have been obtained and shall be in full force and effect.

7.4 No Material Adverse Effect.

Since the date of this Agreement, there shall not have occurred any Material Adverse Effect.

7.5 Unitholder Approval

This Agreement shall have been duly adopted by the Required Unitholder Vote.

7.6 Agreements and Documents.

Parent shall have received the following agreements and documents:

(a) agreements, in form and substance reasonably satisfactory to Parent, terminating or amending the agreements identified on Schedule 5.6 in accordance with Section 5.6;

(b) a certificate duly executed on behalf of the Company by the chief executive officer of the Company and containing the representation and warranty of the Company that the conditions set forth in Sections 7.1, 7.2 and 7.4 have been duly satisfied (the “Company Closing Certificate”);

(c) the Certificate of Merger, duly executed by the Company;

(d) the Sale and Merger Consideration Spreadsheet;

(e) all of the items required to be delivered pursuant to Section 1.10(a);

(f) the Significant Owner Agreement executed by Chris Litster (“Litster”) shall, assuming due execution and delivery of Parent’s signature thereto and no repudiation by Parent thereof, be in full force and effect as of the Effective Time;

(g) (i) the Employment Documents executed by Litster as of the date of this Agreement shall, assuming due execution and delivery of Parent’s signature thereto and no repudiation by Parent thereof, be in full force and effect as of the Effective Time and (ii) Litster shall not have died or have suffered a Disability;

(h) the Management Deferral Agreements executed by Litster shall, assuming due execution and delivery of Parent’s signature thereto and no repudiation thereof, be in full force and effect as of the Effective Time;

(i) the Escrow Agreement, duly executed by the Securityholders’ Agent;

(j) the FIRPTA Certificate executed by the Company and the FIRPTA Statement executed by each Blocker;

(k) the Pay Off Letters, duly executed by each of the creditors under the Contracts identified on Schedule 5.10; and

(l) certificates of good standing (or equivalents thereof) for each of the Acquired Companies from the Secretary of State of the State of Delaware.

7.7 No Restraints.

No temporary restraining order, preliminary or permanent injunction or other Order preventing or otherwise impeding the consummation of the Merger shall have been issued by any court of competent jurisdiction or other Governmental Entity and remain in effect, and there shall not be any applicable Legal Requirement enacted or deemed applicable to the Merger that makes consummation of the Merger illegal.

7.8 Tail Insurance.

The Company shall have provided Parent with evidence reasonably satisfactory to Parent of the purchase of the D&O Tail Policy in accordance with Section 5.11 and the E&O Tail Policy in accordance with Section 5.12.

7.9 No Governmental Legal Proceedings.

No Governmental Entity shall have commenced any Legal Proceeding that remains pending that would reasonably be expected to result in the imposition of criminal liability on any Acquired Company or any officer or director of any Acquired Company with respect to the business of the Acquired Companies (a "Criminal Action"), and no individual with authority to bind a Governmental Entity shall have threatened to commence (except where the threat shall have been withdrawn in writing) any Criminal Action.

7.10 Development Operations in India and Portugal.

The Company shall have taken the actions set forth on Schedule 7.10 with respect to the operations of the Company in India and Portugal.

7.11 Pre-Closing Restructuring.

SEP shall have consummated the SEP Redemption.

8. Conditions Precedent to Obligations of the Company and the Blocker Parents

The obligations of the Company and the Blocker Parents to consummate the Contemplated Transactions are subject to the satisfaction (or waiver), at or prior to the Closing, of the following conditions:

8.1 Accuracy of Representations.

Each of the representations and warranties made by Parent and Merger Sub in this Agreement shall have been accurate in all material respects as of the date of this Agreement and as of the Closing Date as if made on and as of the Closing Date, except where the failure of the representations and warranties of Parent and Merger Sub to be accurate in all material respects would not reasonably be expected to have a Parent Material Adverse Effect; *provided, however*, that for purposes of determining the accuracy of such representations and warranties, all materiality and similar qualifications limiting the scope of such representations and warranties shall be disregarded.

8.2 Performance of Covenants.

The covenants and obligations that Parent and Merger Sub are required to comply with or to perform at or prior to the Closing under the Agreement shall have been complied with and performed in all material respects.

8.3 Governmental Consents.

Any waiting period applicable to the Merger or any of the other Contemplated Transactions under the HSR Act and any extensions thereof (including any agreements or commitments by the parties not to consummate the transactions, including any timing agreements) shall have expired or been terminated.

8.4 No Restraints.

No temporary restraining Order, preliminary or permanent injunction or other order preventing the consummation of the Merger by the Company shall have been issued by any court of competent jurisdiction in the United States or other federal or state Governmental Entity in the United States and remain in effect, and there shall not be any applicable Legal Requirement enacted or deemed applicable to the Merger by any federal or state Governmental Entity in the United States that makes consummation of the Merger by the Company illegal.

8.5 Certificate.

The Company shall have received a certificate duly executed on behalf of Parent by an officer of Parent and containing the representation and warranty of Parent that the conditions set forth in Sections 8.1 and 8.2 have been satisfied (the “Parent Closing Certificate”).

8.6 Payment Agent Agreement; Escrow Agreement.

Parent shall have delivered to the Company, (a) the Payment Agent Agreement, duly executed by Parent and (b) the Escrow Agreement, duly executed by Parent.

9. Termination

9.1 Termination Events.

This Agreement may be terminated prior to the Closing (whether before or after the adoption of this Agreement by the Unitholders):

(a) by the mutual written consent of Parent, the Company, and the Blocker Parents;

(b) by Parent if the Closing has not taken place on or before 11:59 p.m. (Dallas, Texas time) on March 5, 2020 (the “End Date”) and any condition set forth in Section 7 has not been satisfied or waived as of the time of termination (other than as a result of any failure on the part of Parent to comply with or perform any covenant or obligation of Parent or Merger Sub set forth in this Agreement); *provided, however*, if, as of the End Date, the only conditions to the Closing that have not been satisfied or waived (other than those conditions that by their nature are to be satisfied at or immediately prior to the Closing) are Sections 7.3(a), 7.7 (in connection with a temporary restraining order, preliminary injunction or other Order issued solely in connection with the Antitrust Laws in the United States), 8.3 and 8.4 (in connection with a temporary restraining order, preliminary injunction or other Order issued solely in connection with the Antitrust Laws in the United States), then, upon written request by Parent, the End Date shall automatically be extended until March 19, 2020; *provided, further*, if Parent extends the End Date pursuant to the immediately preceding proviso, all references in this Agreement to the “End Date” will be the End Date as extended;

(c) by the Company if the Closing has not taken place on or before 11:59 p.m. (Dallas, Texas time) on the End Date and any condition set forth in Section 8 has not been satisfied or waived as of the time of termination (other than as a result of any failure on the part of the Company to comply with or perform any covenant or obligation set forth in this Agreement); *provided, however*, if, as of the End Date, the only conditions to the Closing that have not been satisfied or waived (other than those conditions that by their nature are to be satisfied at or immediately prior to the Closing) are Sections 7.3(a), 7.7 (in connection with a temporary restraining order, preliminary injunction or other Order issued solely in connection with the Antitrust Laws in the United States), 8.3 and 8.4 (in connection with a temporary restraining order, preliminary injunction or other Order issued solely in connection with the Antitrust Laws in the United States), then, upon written request by the Company, the End Date shall automatically be extended until March 19, 2020; *provided, further*, if the Company extends the End Date pursuant to the immediately preceding proviso, all references in this Agreement to the “End Date” will be the End Date as extended;

(d) by Parent, the Company, or any Blocker Parent, if (i) a court of competent jurisdiction or other Governmental Entity shall have issued a final and nonappealable Order, or shall have taken any other action, having the effect of permanently restraining, enjoining or otherwise prohibiting the Merger, or

(ii) there shall be any applicable Legal Requirement enacted, promulgated, issued or deemed applicable to the Merger by any Governmental Entity that would make consummation of the Merger illegal;

(e) by Parent if (i) any representation or warranty of the Company or a Blocker Parent contained in this Agreement shall be inaccurate as of the date of this Agreement, or shall have become inaccurate as of a date subsequent to the date of this Agreement, such that the condition set forth in Section 7.1 would not be satisfied, (ii) any of the covenants of the Company contained in this Agreement shall have been breached such that the conditions set forth in Section 7.2 would not be satisfied, or (iii) any Material Adverse Effect shall have occurred or would reasonably be expected to occur; *provided, however*, that, in the case of any of the clauses “(i)”, “(ii)” or “(iii)”, if an inaccuracy in any of the representations and warranties of the Company or a Blocker Parent, or a breach of a covenant by the Company, or such Material Adverse Effect is curable by the Company or a Blocker Parent, as applicable, through the use of reasonable efforts within 10 days after Parent notifies the Company or a Blocker Parent, as applicable, in writing of the existence of such inaccuracy or breach (the “Company Cure Period”), then Parent may not terminate this Agreement under this Section 9.1(e) as a result of such inaccuracy, breach or Material Adverse Effect prior to the expiration of the Company Cure Period, provided the Company or a Blocker Parent, as applicable, during the Company Cure Period, continues to exercise reasonable efforts to cure such inaccuracy or breach (it being understood that Parent may not terminate this Agreement pursuant to this Section 9.1(e) if such inaccuracy, breach or Material Adverse Effect is cured prior to the expiration of the Company Cure Period); *provided, however*, Parent may not exercise its right to terminate this Agreement pursuant to this Section 9.1(e) if Parent is in default of any of its obligations under this Agreement such that the conditions to Closing set forth in Section 8.1 and Section 8.2 would not (in the absence of a waiver) be satisfied as of the Closing Date;

(f) by the Company if (i) any of Parent’s representations and warranties contained in this Agreement shall be inaccurate as of the date of this Agreement, or shall have become inaccurate as of a date subsequent to the date of this Agreement, such that the condition set forth in Section 8.1 would not be satisfied, or (ii) if any of Parent’s covenants contained in this Agreement shall have been breached such that the condition set forth in Section 8.2 would not be satisfied; *provided, however*, that if an inaccuracy in any of Parent’s representations and warranties or a breach of a covenant by Parent is curable by Parent through the use of reasonable efforts within 10 days after the Company notifies Parent in writing of the existence of such inaccuracy or breach (the “Parent Cure Period”), then the Company may not terminate this Agreement under this Section 9.1(f) as a result of such inaccuracy or breach prior to the expiration of the Parent Cure Period, provided Parent, during the Parent Cure Period, continues to exercise reasonable efforts to cure such inaccuracy or breach (it being understood that the Company may not terminate this Agreement pursuant to this Section 9.1(f) with respect to such inaccuracy or breach if such inaccuracy or breach is cured prior to the expiration of the Parent Cure Period); *provided, however*, the Company may not exercise its right to terminate this Agreement pursuant to this Section 9.1(f) if the Company is in default of any of its obligations under this Agreement such that the conditions to Closing set forth in Section 7.1 and Section 7.2 would not (in the absence of a waiver) be satisfied as of the Closing Date; and

(g) by Parent if written consents adopting this Agreement and approving the Merger by the Required Unitholder Vote shall not have been duly executed and delivered within two hours after the execution and delivery of this Agreement.

9.2 Termination Procedures.

If Parent wishes to terminate this Agreement pursuant to Section 9.1, Parent shall deliver to the other parties hereto a written notice stating that Parent is terminating this Agreement and setting forth a brief description

of the basis on which Parent is terminating this Agreement. If the Company or the Blocker Parents wish to terminate this Agreement pursuant to Section 9.1, the Company or Blocker Parents, as applicable, shall deliver to the other parties hereto a written notice stating that the Company or Blocker Parents, as applicable, is terminating this Agreement and setting forth a brief description of the basis on which the Company or Blocker Parents, as applicable, is terminating this Agreement.

9.3 Effect of Termination.

If this Agreement is terminated pursuant to Section 9.1, all further obligations of the parties under this Agreement shall terminate; *provided, however*, that: (a) neither the Company, nor Parent shall be relieved of any obligation or liability arising from any willful and material breach by such party of any representation and warranty, if (and only if) such breach gives the other party the right to terminate this Agreement pursuant to Section 9.1(e) or Section 9.1(f), or any willful breach by such party of any covenant or obligation contained in this Agreement; (b) the parties shall, in all events, remain bound by and continue to be subject to the provisions set forth in Section 11; and (c) the parties shall, in all events, remain bound by and continue to be subject to Section 6.3 and the Confidentiality Agreement. Notwithstanding anything herein to the contrary, the provisions of this Section 9.3 shall not modify, waive, or diminish the rights of any party to specific performance pursuant to Section 11.11, it being understood and agreed that no party shall be entitled to be granted both specific performance and Damages with respect to such breach.

10. Indemnification, Etc.

10.1 Survival of Representations, Etc.

(a) General. Subject to Sections 10.1(b) and 10.1(d), the representations and warranties made by the Company and the Blocker Parents in this Agreement and the representations and warranties set forth in the Company Closing Certificate, in each case other than the Fundamental Representations and the Sale and Merger Consideration Spreadsheet, shall survive the Effective Time until 11:59 p.m. Dallas, Texas time on the date that is 12 months after the Closing Date (the "General Representation Survival Time"); *provided, however*, that if, at any time prior to the General Representation Survival Time, any Indemnitee delivers to the Securityholders' Agent a written notice alleging the existence of an inaccuracy in or a breach of any of such representations and warranties and asserting a claim for recovery under Section 10.2 based on such alleged inaccuracy or breach, then the claim asserted in such notice shall survive the General Representation Survival Time until such time as such claim is fully and finally resolved. All covenants and agreements of the Company and the Blocker Parents contained in this Agreement shall survive the Closing until fully performed in accordance with their terms.

(b) Fundamental Representations. Notwithstanding anything to the contrary contained in Section 10.1(a), but subject to Section 10.1(d), (i) each Fundamental Representation and the representations and warranties set forth in the Company Closing Certificate with respect to the Fundamental Representations, and (ii) the Sale and Merger Consideration Spreadsheet, shall survive the Effective Time until the expiration of the longest statute of limitations (as it may be and is actually extended) applicable to the subject matter of the representation and warranty with respect to any inaccuracy in or breach of such Fundamental Representation, the representations and warranties in the Company Closing Certificate with respect to the Fundamental Representations or the Sale and Merger Consideration Spreadsheet; *provided, however*, that if, at any time on or prior to the applicable expiration date referred to in this sentence, any Indemnitee delivers to the Securityholders' Agent a written notice alleging the existence of an inaccuracy in or a breach of any of such Fundamental Representations and asserting a claim for recovery under Section 10.2 based on such

alleged inaccuracy or breach, then the claim asserted in such notice shall survive such expiration date until such time as such claim is fully and finally resolved.

(c) Parent Representations and Covenants. All representations, warranties and covenants (except for those covenants which by their terms are to be performed after the Effective Time, which shall survive the Effective Time until fully performed in accordance with their terms) made by Parent and Merger Sub in this Agreement or in any certificate referred to in this Agreement shall terminate and expire as of the Effective Time, and any liability of Parent or Merger Sub with respect to such representations, warranties and covenants shall thereupon cease.

(d) Fraud. Notwithstanding anything to the contrary contained in Section 10.1(a) or Section 10.1(b), the limitations set forth in Sections 10.1(a) and 10.1(b) shall not apply in the event of any Fraud.

(e) Representations Not Limited by Knowledge. The Company, the Blocker Parents and the Securityholders' Agent (on behalf of the Indemnitors) hereby agree that (i) the Indemnitees' rights to indemnification, compensation and reimbursement contained in this Section 10 relating to the representations or warranties of the Company, the Blockers or the Securityholders' Agent set forth in this Agreement are part of the basis of the bargain contemplated by this Agreement, and (ii) such representations or warranties set forth in this Agreement, and the rights and remedies that may be exercised by the Indemnitees with respect thereto, shall not be waived, limited or otherwise affected by or as a result of (and the Parent and Merger Sub shall be deemed to have relied upon such representations or warranties set forth in this Agreement notwithstanding) any knowledge on the part of any of the Indemnitees or any of their Representatives, regardless of whether obtained through any investigation by any Indemnitee or any Representative of any Indemnitee or through disclosure by the Company, the Blocker Parent or any other Person, and regardless of whether such knowledge was obtained before or after the execution and delivery of this Agreement.

(f) Disclosure Schedule. For purposes of this Agreement, each specific statement or other specific item of information set forth in the Disclosure Schedule (each, a "Disclosed Item") shall be deemed to be a part of, and an exception to, the applicable representation and warranty (giving effect to Section 11.19) made by the Company or the Blocker Parent, as applicable, in this Agreement. In furtherance of the foregoing, no Indemnitee shall have any claim for breach of any representation and warranty made by the Company or the Blocker Parent, as applicable, in this Agreement based on any Disclosed Item disclosed against such representation and warranty or for which such disclosure would apply pursuant to Section 11.19, it being acknowledged and agreed by the Company, the Blocker Parents and the Securityholders' Agent (on behalf of the Indemnitors) that separate indemnification is being provided for certain Disclosed Items under Section 10.2(a)(xii) as expressly set forth on Schedule 10.2(a)(xii).

10.2 Indemnification.

(a) Indemnification. From and after the Effective Time (but subject to Section 10.1), each Indemnitor shall, severally and not jointly, hold harmless and indemnify each of the Indemnitees from and against, and shall compensate and reimburse each of the Indemnitees for, such Indemnitor's Pro Rata Share of any Damages which are suffered or incurred at any time by any of the Indemnitees or to which any of the Indemnitees may otherwise become subject at any time (regardless of whether or not such Damages relate to any Third Party Claim) and which arise from or as a result of:

(i) any inaccuracy in or breach of any representation or warranty made by the Company or a Blocker Parent in this Agreement as of the date of this Agreement (without giving

effect to (A) any materiality, Material Adverse Effect or similar qualifications limiting the scope of such representation or warranty, or (B) any update of or modification to the Disclosure Schedule made or purported to have been made on or after the date of this Agreement);

(ii) any inaccuracy in or breach of any representation or warranty made by the Company or a Blocker Parent (A) in this Agreement as if such representation or warranty was made on and as of the Closing, or (B) in the Company Closing Certificate (in each case, without giving effect to any (x) materiality, Material Adverse Effect or similar qualifications limiting the scope of such representation or warranty, or (y) any update of or modification to the Disclosure Schedule made or purported to have been made on or after the date of this Agreement);

(iii) any breach of any covenant or obligation of the Company or a Blocker Parent in this Agreement;

(iv) without duplication of any Damages indemnifiable under Section 10.2(a)(i) through (iii) or Section 10.2(a)(v) through (xii), any Tax (A) imposed on any Acquired Company or Blocker, or for which any Acquired Company or Blocker is otherwise liable, or imposed on or with respect to any Seller with respect to any Acquired Company or Blocker for any Pre-Closing Tax Period or for the portion of any Straddle Period ending on the Closing Date (as determined as set forth in the definition of "Straddle Period" in Exhibit A), (B) resulting from to the transactions described in Section 6.4, (C) of or imposed on any member of an affiliated, consolidated, combined or unitary group of which any Acquired Company or Blocker (or any predecessor to any Acquired Company or Blocker) was a member prior to the Closing by reason of Treasury Regulation Section 1.1502-6(a) or any analogous or similar Legal Requirement, (D) of or imposed on any other Person (other than any Acquired Company or Blocker) for which any Acquired Company or Blocker is or has been liable as a transferee or successor, or otherwise under applicable Legal Requirements, or (E) that is a transfer, documentary, sales, use, registration or other similar Tax (including all applicable real estate transfer or gains Taxes and stock transfer Taxes) incurred in connection with this Agreement or any of the Contemplated Transactions;

(v) any claim asserted by any current, former or alleged unitholder or securityholder of the Company (A) relating to this Agreement, the Merger or the Stock Purchase, or (B) alleging any ownership of, interest in or right to acquire any Equity Interests or other securities of any Acquired Company;

(vi) regardless of the disclosure of any matter set forth in the Disclosure Schedule, (A) any Section 280G Payments made or required to be made by any Acquired Company in connection with the Contemplated Transactions and (B) any damages for the failure of any Acquired Company to make such Section 280G Payments;

(vii) any inaccuracy in the Sale and Merger Consideration Spreadsheet;

(viii) any Company Indebtedness outstanding as of immediately prior to the Effective Time or any unpaid Company Transaction Expenses, in each case to the extent not taken into account in the calculation of the Actual Adjustment Amount;

(ix) any Fraud on the part of any Blocker, Blocker Parent or any Acquired Company with respect to the making of the representations in Section 2 or Section 3;

(x) any Damages with respect to, and any payments made in respect of, claims of appraisal or dissenters' rights with respect to any of the Equity Interests that are issued and outstanding as of immediately prior to the Effective Time;

(xi) any claim or right asserted by any person who is or at any time prior to the Effective Time was an officer, director, employee or agent of any Acquired Company (against the Surviving Company, against any other Acquired Company, against Parent or against any of Parent's other Subsidiaries) asserting a right or entitlement or an alleged right or entitlement to employment, indemnification, reimbursement of expenses or any other relief or remedy (under the Charter Documents of any Acquired Company, under any director and officer indemnification agreement or similar Contract or under any Legal Requirement) with respect to any act or omission on the part of such person in his or her capacity as an officer, director, employee or agent of any of the Acquired Companies at or prior to the Effective Time; and

(xii) any matter set forth in Schedule 10.2(a)(xii) in accordance with the provisions of Schedule 10.2(a)(xii) and without duplication of any Damages indemnifiable pursuant to another clause under this Section 10.2(a).

(b) Damage to Parent. The parties acknowledge and agree that, if the Surviving Company suffers, incurs or otherwise becomes subject to any Damages as a result of or in connection with any inaccuracy in or breach of any representation, warranty, covenant or obligation, then (without limiting any of the rights of the Surviving Company as an Indemnitee) Parent shall be deemed, by virtue of its ownership of the membership interests of the Surviving Company and of the stock of the Blockers, to have incurred Damages as a result of and in connection with such inaccuracy or breach, it being understood and agreed that in no event shall this sentence entitle both Parent and the Surviving Company to recovery in respect of the same Damages arising from such inaccuracy or breach.

10.3 Limitations.

(a) Threshold. Subject to Section 10.3(b), the Indemnitors shall not be required to make any indemnification payment pursuant to Section 10.2(a)(i) or Section 10.2(a)(ii) for any inaccuracy in or breach of any representation or warranty in this Agreement until such time as the total amount of all Damages (including the Damages arising from such inaccuracy or breach and all other Damages arising from any other inaccuracies or breaches of any representations or warranties) that have been directly or indirectly suffered or incurred by any one or more of the Indemnitees, or to which any one or more of the Indemnitees has or have otherwise directly or indirectly become subject, exceeds \$1,000,000 (the "Threshold Amount") in the aggregate. Subject to Section 10.3(c), if the total amount of such Damages exceeds the Threshold Amount, then the Indemnitees shall be entitled to be indemnified against and compensated and reimbursed for the entire amount of such Damages, and not merely the portion of such Damages exceeding the Threshold Amount.

(b) Applicability of Threshold. The limitation set forth in Section 10.3(a) shall not apply (and shall not limit the indemnification or other obligations of any Indemnitor) to inaccuracies in or breaches of any of the Fundamental Representations.

(c) Liability Cap.

(i) Subject to Section 10.4(c) and Section 11.3, the total amount of indemnification to the Indemnitees that the Indemnitors (other than any Indemnitor having committed Fraud) shall be responsible for pursuant to Section 10.2(a)(i) through Section 10.2(a)(xii) (other than

(A) Section 10.2(a)(iii), (B) Section 10.2(a)(xii) and (C) with respect to claims made pursuant to Section 10.2(a)(i) or Section 10.2(a)(ii) for breaches of the representations and warranties set forth in Section 2.8 (Taxes) and Section 2.11 (Intellectual Property and Related Matters) which have been specifically excluded from coverage under the R&W Policy as of the Effective Time as a result of a known breach or an actual or contingent liability as of the Closing Date (such claims, the “Excluded Claims”), shall be an amount equal to, and shall not exceed, the Indemnification Holdback.

(ii) Subject to Section 11.3, the total amount of indemnification to the Indemnitees that each Indemnitor that did not commit Fraud shall be responsible for pursuant to Section 10.2(a)(iii), Section 10.2(a)(ix) or with respect to an Excluded Claim shall be an amount equal to, and shall not exceed, the amount of Merger Consideration or Blocker Consideration, as applicable, paid to such Indemnitor.

(iii) Subject to Section 11.3, the total amount of indemnification to the Indemnitees that the Indemnitors (other than any Indemnitor having committed Fraud) shall be responsible for pursuant to Section 10.2(a)(xii) shall be an amount equal to, and shall not exceed, the Specified Escrow Amount.

(d) Tax Limitations. Notwithstanding anything to the contrary in this Agreement, the Indemnitees shall not have any right to indemnification under this Agreement with respect to, or based on, Taxes to the extent such Taxes (i) are attributable to Tax periods (or portions thereof) beginning after the Closing Date (other than with respect to a breach of the representations and warranties in Sections 2.8(c), 2.8(d), 2.8(e), 2.8(f), 2.8(h), 2.8(i), 2.8(t), 3.6(b), 3.6(c), 3.6(d), 3.6(e), 3.6(g), 3.6(n), and 3.6(o)), (ii) are due to the unavailability in any Tax period (or portion thereof) beginning after the Closing Date of any net operating losses, credits or other Tax attributes from a Tax period (or portion thereof) ending on or prior to the Closing Date, (iii) do not arise from a claim or Legal Proceeding initiated by any Governmental Entity, or (iv) result from any Parent financing transaction.

(e) Special Damages. Other than with respect to Fraud against any Indemnitor who has committed such Fraud, in no event will any Indemnitee be entitled to recover or make a claim for, and in no event will “Damages” be deemed to include, punitive, special or exemplary damages (except to the extent actually paid to a third party).

(f) Effect of Indemnification Payments. To the extent permitted by applicable Legal Requirements, indemnification payments made pursuant to this Section 10 shall be treated by all parties as adjustments to the aggregate consideration paid in the Stock Purchase and Merger.

10.4 Payment Source.

(a) Sequence of Indemnitee Recourse. All claims by any Indemnitee for Damages that such Indemnitee is entitled to pursuant to Section 10.2(a) other than for claims for Damages pursuant to Section 10.2(a)(xii) shall be recovered (i) *first*, from the Indemnification Holdback in accordance with the procedures, and subject to the terms, conditions and limitations set forth in this Section 10.6, (ii) *second*, subject to Section 10.6, from the R&W Policy (except for those claims that constitute Excluded Claims or that are not covered by the R&W Policy), (iii) *third*, to the extent coverage for such Damages with respect to such claims is available under the D&O Tail Policy or the E&O Tail Policy, against the D&O Tail Policy and the E&O Tail Policy, as applicable (such policies collectively, the “Available Policies”) and (iv) *fourth*, directly from the Indemnitors, subject to the limitations set forth in Section 10.3.

(b) Specified Indemnification. All claims by an Indemnitee for Damages that such Indemnitee is entitled to pursuant to Section 10.2(a)(xii) shall be recovered from the Specified Escrow Amount, subject to the terms, conditions and limitations set forth in this Section 10.

(c) Parent Rights to Indemnification Holdback; Several Liability. The parties acknowledge that the Indemnitees shall be entitled to recover all Damages arising from claims under Section 10.2(a) directly against the Indemnification Holdback, regardless of any Indemnitors' Pro Rata Share of such Damages. The parties hereto further acknowledge that an Indemnitee may recover Damages incurred by such Indemnitee as a result of a breach by any Indemnitor who is a party to a Significant Owner Agreement of such Indemnitor's breach thereunder from the Indemnification Holdback, such recovery in no event to exceed such Indemnitor's Pro Rata Share of the Indemnification Holdback, which any such recovery reducing the amount, if any, such Indemnitor is entitled to receive under the Payment Agent Agreement on a dollar-for-dollar basis. Parent acknowledges that any claims that any Indemnitee is entitled to make, and any Damages that such Indemnitee is entitled to recover in respect of such claims, directly against the Indemnitors under Section 10.4(a)(iv) shall be on a several, and not joint and several, basis, in accordance with each Indemnitors' Pro Rata Share.

10.5 No Contribution.

Each Indemnitor waives, and acknowledges and agrees that such Indemnitor shall not have and shall not exercise or assert (or attempt to exercise or assert), any right of contribution, right of indemnity or advancement of expenses or other right or remedy against the Surviving Company or any Acquired Company with respect to any matter for which such Indemnitor has indemnification obligations or other liability under Section 10 ("Barred D&O Claims"). Effective as of the Closing, the Securityholders' Agent, on behalf of itself and each Indemnitor, expressly waives and releases any and all rights of subrogation, contribution, advancement, indemnification or other claim against Parent, the Surviving Company or any Acquired Company with respect to the Barred D&O Claims.

10.6 Insurance.

Subject to Section 10.4, if any claim for any Damages sustained or incurred by an Indemnitee are covered under any Available Policy (such Damages, the "Insurance Covered Damages"), as reasonably determined by Parent based on a good faith reading of such Available Policy, and the Indemnification Holdback has been exhausted to satisfy such Insurance Covered Damages or other Damages of the Indemnitees arising under Section 10, such Indemnitee shall use commercially reasonable efforts to recover such Insurance Covered Damages from such Available Policy, as applicable, including concurrently with recovery from one or more of such Available Policy, and shall use commercially reasonable efforts to collect such Insurance Covered Damages from such Available. The amount of any Damages for which any Indemnitor is liable under Section 10 shall be reduced, dollar-for-dollar (in case of the D&O Tail Policy and the E&O Tail Policy, net of cost of collection and any increase in premium as a result of such collection) by the amount of insurance proceeds recovered by any Indemnitee under any of the Available Policies.

10.7 Indemnification Claim Procedure.

With respect to any claim for indemnification, compensation or reimbursement pursuant to this Section 10, such claims shall be brought and resolved exclusively as follows (other than with respect to claims pursuant to Section 10.2(a)(xii), which shall be brought and resolved as set forth on Schedule 10.2(a)(xii)):

(a) If any Indemnitee has or claims in good faith to have incurred or suffered, or believes in good faith that it may incur or suffer, Damages for which it is or may be entitled to be held harmless,

indemnified, compensated or reimbursed under Section 10 (other than with respect to claims pursuant to Section 10.2(a)(xii)) or for which it is or may be entitled to a monetary remedy under Section 10 (including in the case of a claim based on Fraud) (other than with respect to claims pursuant to Section 10.2(a)(xii)), such Indemnitee shall deliver a notice of claim in writing (a “Notice of Claim”) to the Securityholders’ Agent as promptly as reasonably possible after becoming aware of the basis of such claim. Each Notice of Claim shall: (i) state that such Indemnitee believes in good faith that such Indemnitee is or may be entitled to indemnification, compensation or reimbursement under Section 10; (ii) contain a reasonably detailed description of the basis of such claim and the facts and circumstances supporting such Indemnitee’s claim; and (iii) if practicable, contain a good faith, non-binding, preliminary estimate of the aggregate amount of the actual and potential Damages that the Indemnitee believes have arisen and may arise as a result of such facts and circumstances (the aggregate amount of such estimate, as it may be modified by such Indemnitee from time to time, being referred to as the “Claimed Amount”).

(b) During the 20-day period commencing upon delivery by an Indemnitee to the Securityholders’ Agent of a Notice of Claim (or, in the event that an Indemnitee delivers an updated Notice of Claim, the 20-day period commencing upon delivery by an Indemnitee after the last updated Notice of Claim) (the “Dispute Period”), the Securityholders’ Agent shall deliver to the Indemnitee who delivered the Notice of Claim a written response (the “Response Notice”) in which the Securityholders’ Agent: (i) agrees that the full Claimed Amount is owed to such Indemnitee; (ii) agrees that part, but not all, of the Claimed Amount (the “Agreed Amount”) is owed to the Indemnitee; or (iii) indicates that no part of the Claimed Amount is owed to such Indemnitee. If the Response Notice is delivered in accordance with clause “(ii)” or “(iii)” of the preceding sentence, such Response Notice shall also contain a reasonably detailed description of the facts and circumstances supporting the Securityholders’ Agent’s claim that only a portion or no part of the Claimed Amount is owed to the Indemnitee, as the case may be. Any part of the Claimed Amount that is not agreed to be owed to the Indemnitee pursuant to the Response Notice (or the entire Claimed Amount, if the Securityholders’ Agent asserts in the Response Notice that no part of the Claimed Amount is owed to the Indemnitee) is referred to in this Agreement as the “Contested Amount” (it being understood that the Contested Amount may be modified from time to time to reflect any modifications by the Indemnitee to the Claimed Amount). If a Response Notice is not delivered to the Indemnitee prior to the expiration of the Dispute Period, then the Securityholders’ Agent shall be conclusively deemed to have agreed that the full Claimed Amount is owed to the Indemnitee.

(c) If (i) the Securityholders’ Agent delivers a Response Notice to the Indemnitee agreeing that the full Claimed Amount is owed to the Indemnitee, or (ii) the Securityholders’ Agent does not deliver a Response Notice to the Indemnitee during the Dispute Period, then Parent shall have the right to deduct such Claimed Amount from the Indemnification Holdback, to the extent available.

(d) If the Securityholders’ Agent delivers a Response Notice to the Indemnitee during the Dispute Period agreeing that less than the full Claimed Amount is owed to the Indemnitee, then Parent shall have the right to deduct such agreed upon amount from the Indemnification Holdback.

(e) If the Securityholders’ Agent delivers a Response Notice to the Indemnitee during the Dispute Period indicating that there is a Contested Amount, the Securityholders’ Agent and the Indemnitee shall attempt in good faith to resolve the dispute related to the Contested Amount within 30 days after the date on which the Securityholders’ Agent delivers such Response Notice (or such longer period as the Indemnitee and the Securityholders’ Agent may mutually agree in writing). If the Indemnitee and the Securityholders’ Agent resolve such dispute during such period, then their resolution of such dispute shall be binding on the Securityholders’ Agent, the Indemnitors and such Indemnitee and a settlement agreement stipulating the amount owed to the Indemnitee (the “Stipulated Amount”) shall be signed by the Indemnitee

and the Securityholders' Agent. Parent shall, following the execution of such settlement agreement, deduct the Stipulated Amount from the Indemnification Holdback.

(f) Other than with respect to any claim for indemnification relating primarily to Tax matters (which shall be governed by Section 10.7(g)), in the event that the Indemnitee and the Securityholders' Agent fail to reach a resolution on a Notice of Claim or Contested Amount that is the subject of a Response Notice, within 30 days after the date on which the Securityholders' Agent delivers such Response Notice (or such longer period as the Indemnitee and the Securityholders' Agent may mutually agree in writing), to the extent that (i) the claim subject to such Notice of Claim is between the Indemnitee, on the one hand, and the Indemnitors, on the other hand, and not a matter that is subject to a claim or Legal Proceeding asserted or commenced by a third party brought against the Indemnitee, such dispute shall be settled pursuant to Section 11.9 and (iii) the claim subject to such Notice of Claim is a Third Party Claim, such dispute shall be settled pursuant to this Section 10.7.

(g) Tax Claims and Tax Disputes.

(i) In the event any of the Indemnitees become aware of the assertion or commencement by any Person of any claim or Legal Proceeding (whether against the Surviving Company, any Acquired Company, any Blocker, Parent, or any other Person) which may result in Taxes for which any Unitholder would be responsible (including any Taxes for which any Seller may become obligated to hold harmless, indemnify, compensate, or reimburse any Indemnitee pursuant to Section 10.2(a) (an "Indemnified Tax") (a "Tax Claim"), Parent shall inform the Securityholders' Agent of such Tax Claim as soon as possible but in any event within 10 Business Days after Parent or such Affiliate of Parent becomes aware of such Tax Claim. Parent shall control the contest or resolution of any such Tax Claim; *provided*, that Parent shall obtain the prior written consent of the Securityholders' Agent (which consent shall not be unreasonably withheld, conditioned or delayed) before entering into any settlement of a Tax Claim or ceasing to defend such Tax Claim if such settlement or cessation would reasonably be expected to give rise to any Tax for which any Unitholder would be responsible (including, for the avoidance of doubt, any Indemnified Tax); and, *provided* further, that the Securityholders' Agent shall be entitled to participate in the defense of such Tax Claim and to employ counsel of its choice for such purpose (the fees and expenses of which separate counsel shall be borne solely by the Securityholders' Agent (for the benefit of the Unitholders and Blocker Parents)) if such Tax Claim would reasonably be expected to give rise to any Tax for which any Unitholder would be responsible (including, for the avoidance of doubt, any Indemnified Tax). Parent shall keep the Securityholders' Agent informed of all material developments and events relating to any Tax Claim (including promptly forwarding copies to the Securityholders' Agent of any related correspondence), and shall consult in good faith with the Securityholders' Agent or the Securityholders' Agent's counsel in connection with the defense or prosecution of any such Tax Claim, in each case, if such Tax Claim would reasonably be expected to give rise to any Tax for which any Unitholder would be responsible (including, for the avoidance of doubt, any Indemnified Tax).

(ii) In the event of a dispute with respect to the matters governed by Section 5.13, Section 10.2(a) or this Section 10.7(g) (a "Tax Dispute"), such Tax Dispute shall be submitted to a public accounting firm mutually agreeable to Parent and the Securityholders' Agent (the "Tax Referee") for binding resolution.

(A) The Tax Referee shall be instructed to resolve any Tax Dispute within 30 days of having been engaged with respect to such Tax Dispute.

(B) The Indemnitees and the Indemnitors will, and will cause their respective Affiliates to, provide each other with such cooperation and information as any of them reasonably may request of the other in connection with such Tax Dispute. Such cooperation will include providing copies of relevant Tax Returns or portions thereof and any relevant documentation relating to any settlement or other resolution of any dispute with a Taxing Authority with respect to such Tax Returns.

(C) The final decision of the Tax Referee with respect to the Tax Dispute shall be furnished to the Indemnitee and the Securityholders' Agent in writing, shall include the amount of the award to the Indemnitee (the "Tax Award Amount") and shall constitute a conclusive, final and non-appealable determination of the issue in question, binding upon the Indemnitees, the Securityholders' Agent and each Indemnitor, and their successors and assigns. The Tax Referee shall determine whether there is a prevailing party in any Tax Dispute submitted to the Tax Referee and, if there is a prevailing party, who the prevailing party is. The prevailing party shall be entitled to recover such prevailing party's reasonable costs and attorneys' fees incurred in connection with such Tax Dispute, and, if the Indemnitee is the prevailing party, such amounts shall be included within the Tax Award Amount.

(D) Any such Tax Dispute shall be kept confidential by the Indemnitee, the Securityholders' Agent and the Indemnitors; *provided, however*, that such parties may discuss the Tax Dispute with their respective advisors, attorneys, directors, officers, members and Affiliates.

(E) The fees and expenses of the Tax Referee shall be borne 50% by the Indemnitee and 50% by the Indemnitors (based on their respective Pro Rata Share); *provided, however*, that if the Tax Referee determines that there is a prevailing party, such fees and expenses shall be borne exclusively by the losing party.

(F) Upon resolution of the Tax Dispute in accordance with this Section 10.7(g), Parent shall have the right to deduct the Tax Award Amount from the Indemnification Holdback, to the extent available.

(h) Promptly after the General Representation Survival Time, if and only if any amounts remain outstanding under the Indemnification Holdback, Parent shall notify the Securityholders' Agent in writing of the amount that Parent determines in good faith to be necessary to satisfy all claims made by an Indemnitee pursuant to Section 10.2(a) that have been asserted, but not resolved prior to the General Representation Survival Time (each such claim an "Unresolved Claim"). Within 15 Business Days after the General Representation Survival Time, Parent shall release from the Indemnification Holdback to the Payment Agent for distribution to each Indemnitor, an amount equal to such Indemnitor's Pro Rata Share multiplied by the remaining amount of the Indemnification Holdback (other than such amounts in respect of Unresolved Claims).

(i) Following the General Representation Survival Time, if an Unresolved Claim is finally resolved, then Parent shall within five Business Days after the final resolution of such Unresolved Claim and the delivery to the Indemnitee of the amount to be delivered to the Indemnitee from the Indemnification Holdback pursuant to Section 10, release from the Indemnification Holdback to the Payment Agent for distribution to each Indemnitor, an amount equal to (i) such Indemnitor's Pro Rata Share, *multiplied by* (ii) the amount, if any, by which the aggregate amount held in the Indemnification Holdback as of the time of such disbursement exceeds the amounts that Parent determines in good faith to be necessary to satisfy

all remaining Unresolved Claims (which amounts will continue to be held in the Indemnification Holdback). Following the final resolution of any remaining Unresolved Claims, if any, Parent shall within five Business Days after the final resolution of such Unresolved Claim, release from the Indemnification Holdback to the Payment Agent for distribution to each Indemnitor, an amount equal to such Indemnitor's Pro Rata Share *multiplied* by the remaining amount of the Indemnification Holdback.

10.8 Third Party Claims.

(a) Defense of Third Party Claims, Generally. In the event of the assertion or commencement by any Person (other than the parties hereto or any Seller) of any claim or Legal Proceeding (whether against the Surviving Company, any Acquired Company, Parent or any other Person) (such claim, a "Third Party Claim") with respect to which any Indemnitor may become obligated to hold harmless, indemnify, compensate or reimburse any Indemnitee pursuant to this Section 10, Parent shall have the right, at its election, to proceed with the defense of such Third Party Claim on its own with counsel reasonably satisfactory to the Securityholders' Agent. If Parent so proceeds with the defense of any such claim or Legal Proceeding:

(i) subject to the other provisions of this Section 10, all reasonable and documented expenses relating to the defense of such Third Party Claim shall be borne and paid exclusively by the Indemnitors;

(ii) each Indemnitor shall make available to Parent any documents and materials in such Indemnitor's possession or control that may be necessary to the defense of such Third Party Claim; *provided, however*, no Indemnitor shall be required to provide any information that would (x) disclose information subject to attorney-client or other legal privilege or (y) disclose information in violation of any Legal Requirement or in violation of any confidentiality obligation to which any of them are bound; *provided, however*, that each Indemnitor shall use its commercially reasonable efforts to negotiate in good faith agreements or arrangements that permit providing such information or copies thereof or otherwise complying with this Section 10.8(a)(ii) in the circumstances where clause "(x)" or "(y)" of this sentence applies; and

(iii) No Indemnitee shall settle, adjust or compromise any Third Party Claim without the consent of Securityholders' Agent (which such consent shall not to be unreasonably withheld, conditioned or delayed); *provided, however*, Parent shall have the right to settle, adjust or compromise a Third Party Claim that does not constitute a Specified Claim if (A) such settlement, adjustment, or compromise does not involve any finding or admission of any violation of any Legal Requirement or admission of any wrongdoing by any Indemnitors, (B) such settlement, adjustment, or compromise does not require any payment by, or obligation of, any Indemnitor (including, without limitation, from the Indemnification Holdback), and (C) Parent obtains, as a condition of any settlement or resolution, a complete and unconditional release of each Indemnitor from any and all liability in respect of such Third Party Claim.

If Parent does not elect to proceed with the defense of any such Third Party Claim, the Securityholders' Agent may proceed with the defense of such Third Party Claim with counsel reasonably satisfactory to Parent; *provided, however*, that the Securityholders' Agent may not settle, adjust or compromise any such Third Party Claim without the prior written consent of Parent (which consent may not be unreasonably withheld, conditioned or delayed). Parent shall give the Securityholders' Agent prompt notice of the commencement of any such Third Party Claim against Parent, Merger Sub or the Company; *provided, however*, that any failure on the part of Parent to so notify the Securityholders' Agent shall not limit any of

the obligations of the Indemnitors under this Section 10 (except to the extent such failure materially prejudices the defense of against Third Party Claim).

(b) Specified Third Party Claims. Notwithstanding Section 10.8(a), if a Third Party Claim constitutes a Specified Claim, the Securityholders' Agent will be entitled to assume the defense thereof, by notice to Parent, with counsel selected by the Securityholders' Agent and reasonably satisfactory to the Indemnitee; *provided, however*, if such Third Party Claim is a claim (i) that seeks injunctive relief that would reasonably be expected to restrict the operations of the business of Parent or any of its Subsidiaries or (ii) involves a material customer, supplier or licensor of Parent or its Subsidiaries, the Indemnitee shall have the right to assume the defense of such Third Party Claim with counsel selected by the Indemnitee and reasonably satisfactory to the Securityholders' Agent (and in no event more than one counsel without prior written approval of the Securityholders' Agent). If the Securityholders' Agent assumes such defense, the Indemnitee and its counsel will have the right to participate in the defense thereof and to employ counsel separate from the counsel employed by the Securityholders' Agent at the Indemnitee's expense, it being understood, however, that the Securityholders' Agent will direct such defense but will reasonably cooperate with the Indemnitee and its counsel. If the Securityholders' Agent chooses to defend any Third Party Claim, Parent and its Subsidiaries will reasonably cooperate in the defense or prosecution of such Third Party Claim. Such cooperation will include the reasonable retention and (upon the Securityholders' Agent's request) the provision to the Securityholders' Agent of records and information reasonably relevant to such Third Party Claim and making employees of Parent and its Subsidiaries available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder; *provided, however*, Parent and its Subsidiaries shall not be required to provide any information that would (x) disclose information subject to attorney-client or other legal privilege or (y) disclose information in violation of any Legal Requirement or in violation of any confidentiality obligation to which any of them are bound; *provided, however*, that Parent shall use its commercially reasonable efforts to negotiate in good faith agreements or arrangements that permit providing such information or copies thereof or otherwise complying with this Section 10.8(b) in the circumstances where clause "(x)" or "(y)" of this sentence applies. The Securityholders' Agent shall not settle, adjust or compromise any Specified Claim without the consent of Parent (which such consent shall not be unreasonably withheld, conditioned or delayed).

10.9 Election of Claims.

In the event that any Indemnitee alleges that they are entitled to indemnification hereunder, and such Indemnitee's claim is covered under more than one provision of this Agreement, such Indemnitee shall be entitled to elect the provision or provisions under which it may bring a claim for indemnification. For the avoidance of doubt, in no event shall the existence of multiple provisions of this Agreement permit an Indemnitee to recover the amount of any Damages suffered by such Indemnitee more than once.

10.10 Exercise of Remedies Other Than by Parent.

No Indemnitee (other than Parent or any successor thereto or assign thereof) shall be permitted to assert any indemnification claim or exercise any other remedy under this Agreement unless Parent (or any successor thereto or assign thereof) shall have consented to the assertion of such indemnification claim or the exercise of such other remedy.

10.11 Exclusive Remedy.

The parties hereto acknowledge and agree that following the Closing, (a) the indemnification provisions of this Section 10 shall be the sole and exclusive remedies of the Indemnitees for any breach by the other parties of the representations and warranties in this Agreement and for any failure by the other party to perform or

comply with the covenants or agreements contemplated by this Agreement, except that if any of the covenants or agreements contemplated by this Agreement are not performed in accordance with their terms, the parties shall be entitled to specific performance of the terms thereof and (b) no breach of any representation, warranty, covenant or agreement contained herein shall give rise to any right on the part of any party to rescind this Agreement or any of the Contemplated Transactions. The parties acknowledge that this Section 10.11 shall not limit Parent's or any other party's remedies under any other agreement to which any of the other parties are also a party (including the Significant Owner Agreement, the Management Deferral Agreements, the New Incentive Grant Agreements, and the Employment Documents).

11. Miscellaneous Provisions

11.1 Securityholders' Agent.

(a) Appointment; Authority. By virtue of the adoption and approval of this Agreement pursuant to this Agreement and receiving the benefits hereof, including the right to receive the consideration payable in connection with the Merger and the Stock Purchase, each of the Sellers irrevocably nominates, constitutes and appoints SEP as his, her or its agent and true and lawful attorney in fact (the "Securityholders' Agent"), with full power of substitution, to act in the name, place and stead of the Sellers for purposes of executing any documents and taking any actions that the Securityholders' Agent may, in the Securityholders' Agent's sole discretion, determine to be necessary, desirable or appropriate in connection with any claim for purchase price adjustment, indemnification, compensation or reimbursement under this Agreement. SEP hereby accepts its appointment as Securityholders' Agent.

(b) Authority. The Sellers grant to the Securityholders' Agent full authority to (i) execute, deliver, acknowledge, certify and file on behalf of such Sellers (in the name of any or all of the Sellers) any and all documents that the Securityholders' Agent may, in its reasonable discretion, determine to be necessary, desirable or appropriate, in such forms and containing such provisions as the Securityholders' Agent may, in its sole discretion, determine to be appropriate, in performing his duties as contemplated by Section 11.1(a), and (ii) to take such other actions on behalf of the Sellers in connection with this Agreement as the Securityholders' Agent may, in its sole discretion, determine to be appropriate, in performing his duties as contemplated by Section 11.1(a). Notwithstanding anything to the contrary contained in this Agreement or in any other agreement executed in connection with the Contemplated Transactions, (x) each Indemnitee shall be entitled to deal exclusively with the Securityholders' Agent on all matters relating to any claim for purchase price adjustment, indemnification, compensation or reimbursement under Section 10, and (y) each Indemnitee shall be entitled to rely conclusively (without further evidence of any kind whatsoever) on any document executed or purported to be executed on behalf of any Seller, by the Securityholders' Agent, and on any other action taken or purported to be taken on behalf of any Seller, by the Securityholders' Agent, as fully binding upon such Seller.

(c) Securityholders' Agent Expense Fund. At the Closing, Parent shall deliver an amount equal to \$400,000 (the "Securityholders' Agent Expense Fund") to the Securityholders' Agent to be held in trust and used by the Securityholders' Agent solely for the purposes of paying directly, or reimbursing the Securityholders' Agent for, any costs or expenses incurred by the Securityholders' Agent in connection with the Securityholders' Agent's execution and performance of this Agreement and the Contemplated Transactions. The Securityholders' Agent Expense Fund shall be held by the Securityholders' Agent in a segregated non-interest bearing bank account. Promptly after the General Representation Survival Time or the date of the resolution of the last Unresolved Claim, whichever is later, any balance of the Securityholders' Agent Expense Fund not incurred for the purposes set forth in this Section 11.1(c) shall be distributed by

the Securityholders' Agent to the Payment Agent for distribution to the Unitholders and the Blocker Parents in accordance with Section 1.1 and Section 1.7(a)(iv), respectively, as applicable.

(d) Power of Attorney. The Sellers recognize and intend that the power of attorney granted in Section 11.1(a): (i) is coupled with an interest and is irrevocable and (ii) shall survive the death, incapacity, dissolution, liquidation or winding up of each of the Sellers.

(e) Replacement. If the Securityholders' Agent shall die, resign, become disabled or otherwise be unable to fulfill his responsibilities hereunder, the Sellers shall (by consent of those Persons entitled to at least a majority of the sum of the Merger Consideration and the Blocker Consideration), within 10 days after such death, resignation, disability or inability, appoint a successor to the Securityholders' Agent (who shall be reasonably satisfactory to Parent) and immediately thereafter notify Parent of the identity of such successor. Any such successor shall succeed the Securityholders' Agent as Securityholders' Agent hereunder. If for any reason there is no Securityholders' Agent at any time, all references herein to the Securityholders' Agent shall be deemed to refer to the Sellers.

11.2 Further Assurances.

Each party hereto shall execute and cause to be delivered to each other party hereto such instruments and other documents, and shall take such other actions, as such other party may reasonably request (prior to, at or after the Closing) for the purpose of carrying out or evidencing any of the Contemplated Transactions.

11.3 No Waiver Relating to Claims for Fraud.

The liability of any Person under Section 10 who has committed Fraud will be in addition to, and not exclusive of, any other liability that such Person may have at law or in equity based on or arising from such Person's Fraud. Notwithstanding anything to the contrary contained in this Agreement, none of the provisions set forth in this Agreement, including the provisions set forth in Section 10, shall be deemed a waiver by Parent of any right or remedy which Parent may have at law or in equity against a Person who has committed Fraud based on or arising from such Person's Fraud, nor will any such provisions limit, or be deemed to limit: (a) the amounts of recovery sought or awarded in any such claim for Fraud against such Person who committed such Fraud, (b) the time period during which a claim for Fraud may be brought or (c) the recourse which Parent may seek against such Person who committed such Fraud with respect to such Person's Fraud.

11.4 Fees and Expenses.

Subject to Sections 1.11(g), 5.11, 5.12, 5.15, 10 and 11.5, each party to this Agreement shall bear and pay all fees, costs and expenses that have been incurred or that are incurred in the future by such party in connection with the Contemplated Transactions, including all fees, costs and expenses incurred by such party in connection with or by virtue of: (a) the negotiation, preparation and review of this Agreement (including the Disclosure Schedule) and all agreements, certificates, opinions and other instruments and documents delivered or to be delivered in connection with the Contemplated Transactions, (b) the preparation and submission of any filing or notice required to be made or given in connection with any of the Contemplated Transactions, and the obtaining of any Consent required to be obtained in connection with any of such transactions and (c) the consummation of the Stock Purchase and the Merger. Notwithstanding the foregoing, Parent shall pay all the fees, costs, premiums and expenses, as applicable, (i) of the Payment Agent, (ii) that relate to the R&W Policy (other than the portion such fees, expenses and premiums that constitute a Company Transaction Expense) and (iii) all fees in connection with any notices, reports and other documents required to be filed by any party hereto with any Governmental Entity with respect to the Merger and the other

Contemplated Transactions (other than the portion of such fees that that constitute a Company Transaction Expense).

11.5 Attorneys' Fees.

If any action, suit or other legal proceeding arising under Agreement, including such any such action, suit or other legal proceeding seeking the enforcement of any provision of this Agreement, is brought by a party hereto against any other party hereto, the prevailing party shall be entitled to recover reasonable and documented attorneys' fees, costs and disbursements (in addition to any other relief to which the prevailing party may be entitled).

11.6 Notices.

Any notice or other communication required or permitted to be delivered to any party under this Agreement shall be in writing and shall be deemed properly delivered, given and received: (a) if delivered by hand, when delivered; (b) if delivered by email, when received; (c) if sent by registered, certified or first class mail, the third Business Day after being sent; and (d) if sent by overnight delivery via a national courier service, two Business Days after being delivered to such courier, in each case to the address or email set forth beneath the name of such party below (or to such other address or email as such party shall have specified in a written notice given to the other parties hereto):

If to Parent or Merger Sub:

RealPage, Inc.

2201 Lakeside Boulevard

Richardson, Texas 75082

Attention: Chief Executive Officer

Email: #

with a copy (which shall not constitute notice) to:

RealPage, Inc.

2201 Lakeside Boulevard

Richardson, Texas 75082

Attention: Chief Legal Officer

Email: #

and

Weil, Gotshal & Manges LLP

200 Crescent Court, Suite 300

Dallas, Texas 75201

Attention: James R. Griffin

Email: #

If to the Company:

Buildium, LLC

3 Center Plaza, Suite 400

Boston, MA 02108

Attention: Chris Litster, Chief Executive Officer

Facsimile: #

Email: #

with a copy (which shall not constitute notice) to:

Kirkland & Ellis LLP

3330 Hillview Avenue

Palo Alto, California 94303

Facsimile: #

Attention: Adam D. Phillips, P.C. and Lilit Voskanyan

Email: #

If to the Securityholders' Agent:

Sumeru Equity Partners Fund L.P.

950 Tower Lane, Suite 1788

Foster City, CA 94404

Attention: Jason Babcoke

Facsimile: #

Email: #

11.7 Headings.

The headings contained in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

11.8 Counterparts and Exchanges by Electronic Transmission or Facsimile.

This Agreement may be executed in several counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement. The exchange of a fully executed Agreement (in counterparts or otherwise) by electronic transmission in .PDF format or by facsimile shall be sufficient to bind the parties to the terms and conditions of this Agreement.

11.9 Governing Law; Dispute Resolution.

(a) Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Delaware irrespective of the choice of laws principles of the state of Delaware, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

(b) Venue. Any action, suit or other Legal Proceeding relating to this Agreement or the enforcement of any provision of this Agreement (including an action, suit or other Legal Proceeding claiming Fraud) shall be brought or otherwise commenced exclusively in any state or federal court located in the State of Delaware. Each party to this Agreement: (i) expressly and irrevocably consents and submits to the exclusive jurisdiction of each state and federal court located in the State of Delaware (and each appellate court located in the State of Delaware) in connection with any such action, suit or legal proceeding; (ii) agrees that each state and federal court located in the State of Delaware shall be deemed to be a convenient forum; and (iii) agrees not to assert (by way of motion, as a defense or otherwise), in any such action, suit or legal proceeding commenced in any state or federal court located in the State of Delaware, any claim that such party is not subject personally to the jurisdiction of such court, that such action, suit or legal proceeding has been brought in an inconvenient forum, that the venue of such action, suit or legal proceeding is improper or that this Agreement or the subject matter of this Agreement may not be enforced in or by such court.

11.10 Successors and Assigns.

This Agreement shall be binding upon and inure to the benefit of (a) the Company and its successors and permitted assigns (if any); (b) Parent and its successors and permitted assigns (if any); (c) Merger Sub and its successors and permitted assigns (if any); and (d) the Securityholders' Agent and its successors and permitted assigns (if any). This Agreement may not be assigned without the prior written consent of the parties hereto; *except that*, after the Closing Date, Parent may assign any or all of its rights under this Agreement, including with respect to its indemnification rights under Section 10, in whole or in part, to any purchaser of all or substantially all of the equity or assets of Parent or any of its Subsidiaries (including the Company following the Closing) without obtaining the consent or approval of, any other party hereto. No assignment hereunder by a party hereto shall release such party from its obligations under this Agreement, and any assignment not in accordance with this Agreement shall be null and void.

11.11 Remedies Cumulative; Specific Performance.

The rights and remedies of the parties hereto shall be cumulative (and not alternative). The parties to this Agreement agree that, any breach or threatened breach by the Company, Parent, Merger Sub, the Blocker Parents or the Securityholders' Agent, as applicable, of any covenant, obligation or other provision set forth in this Agreement would give rise to irreparable harm for which money damages would not be an adequate remedy. Accordingly, each of the Company, Parent, Merger Sub, the Blocker Parents and the Securityholders' Agent hereby agree that each party hereto (a) shall be entitled (in addition to any other remedy that may be available to it) to (i) a decree or order of specific performance or mandamus to enforce the observance and performance of such covenant, obligation or other provision, and (ii) an injunction restraining such breach

or threatened breach and (b) shall not be required to provide any bond or other security in connection with any such decree, order or injunction or in connection with any related action or Legal Proceeding.

11.12 Non-Recourse.

Each party hereto agrees, on behalf of itself and its controlled Affiliates, that, except in the event of Fraud by any Indemnitor (in which case the Indemnitee shall be entitled to pursue recourse against such Indemnitor with respect to such Fraud to the fullest extent allowed under this Agreement and the applicable Legal Requirements), all Legal Proceedings, claims, obligations, Liabilities or causes of action (whether in contract or in tort, in law or in equity or otherwise, or granted by statute or otherwise, whether by or through attempted piercing of the corporate, limited partnership or limited liability company veil or any other theory or doctrine, including alter ego or otherwise) that may be based upon, in respect of, arise under: (a) this Agreement, (b) the negotiation, execution or performance this Agreement, or (c) any breach or violation of this Agreement, in each case, may be made only against (and are those solely of) the Persons that are expressly identified herein as parties to this Agreement and, in accordance with, and subject to the terms and conditions of this Agreement. In furtherance and not in limitation of the foregoing, and notwithstanding anything contained in this Agreement or any other agreement referenced herein or otherwise to the contrary, each party hereto covenants, agrees and acknowledges, on behalf of itself and its respective controlled Affiliates, that, except in the event of Fraud by any Indemnitor (in which case the Indemnitee shall be entitled to pursue recourse against such Indemnitor with respect to such Fraud to the fullest extent allowed under this Agreement and the applicable Legal Requirements), no recourse under this Agreement shall be sought or had against any other Person and no other Person shall have any Liabilities or obligations (whether in contract or in tort, in law or in equity or otherwise, or granted by statute or otherwise, whether by or through attempted piercing of the corporate, limited partnership or limited liability company veil or any other theory or doctrine, including alter ego or otherwise) for any claims, causes of action, obligations or Liabilities arising under, out of, in connection with or related to the items in the immediately preceding clauses "(a)" through "(c)."

11.13 Waiver.

No failure on the part of any Person to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any Person in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy under this Agreement shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy under this Agreement. No Person shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such Person; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

11.14 Waiver of Jury Trial.

Each of the parties hereto hereby irrevocably waives any and all right to trial by jury in any action, suit or other Legal Proceeding arising out of or related to this Agreement or the Contemplated Transactions.

11.15 Amendments.

This Agreement may not be amended, modified, altered or supplemented other than by means of a written instrument duly executed and delivered (a) prior to the Closing Date, on behalf of the Company, Parent, Merger Sub and the Securityholders' Agent, and (b) after the Closing Date, on behalf of Parent and the Securityholders' Agent (acting exclusively for and on behalf of all of the Sellers).

11.16 Severability.

In the event that any provision of this Agreement, or the application of any such provision to any Person or set of circumstances, shall be determined to be invalid, unlawful, void or unenforceable to any extent, the remainder of this Agreement, and the application of such provision to Persons or circumstances other than those as to which it is determined to be invalid, unlawful, void or unenforceable, shall not be impaired or otherwise affected and shall continue to be valid and enforceable to the fullest extent permitted by Legal Requirements.

11.17 Parties in Interest.

Except for the provisions of Section 5.11, Section 10, Section 11.12 and Section 11.20, none of the provisions of this Agreement is intended to provide any rights or remedies to any employee, creditor or other Person other than Parent, Merger Sub, the Company, the Blocker Parents, the Sellers, and the Securityholders' Agent and their respective successors and assigns (if any).

11.18 Entire Agreement.

This Agreement and the other agreements referred to herein set forth the entire understanding of the parties hereto relating to the subject matter hereof and thereof and supersede all prior agreements and understandings among or between any of the parties relating to the subject matter hereof and thereof; *provided, however*, that the Confidentiality Agreement shall not be superseded by this Agreement and shall remain in effect in accordance with its terms until the earlier of (a) the Effective Time, or (b) the date on which such Confidentiality Agreement is terminated or expires in accordance with its terms.

11.19 Disclosure Schedule.

The Disclosure Schedule shall be arranged in separate parts corresponding to the numbered and lettered sections and subsections contained in this Agreement, and the information disclosed in any numbered or lettered part shall be deemed to relate to and to qualify the particular representation or warranty set forth in the corresponding numbered or lettered section or subsection of this Agreement. Any matter disclosed in any section or subsection of the Disclosure Schedule shall be deemed disclosed and incorporated by reference with respect to any representation or warranty set forth in this Agreement to which the matter relates to the extent that (a) such information is cross-referenced in another part of the Disclosure Schedule, or (b) it is reasonably apparent on the face of the disclosure that such information qualifies another representation or warranty of the Company or the Blocker Parents in this Agreement. No information contained in the Disclosure Schedule shall be deemed to be an admission by any of the Acquired Companies, the Unitholders, the Blocker Parents, the Blockers or Parent to any third party of any matter whatsoever, including of any violation of Legal Requirement or breach of any agreement.

11.20 Waiver of Conflicts.

Recognizing that Kirkland & Ellis LLP ("Kirkland") has acted as legal counsel to the Acquired Companies, certain of the Unitholders, the Blocker Parents and the Blockers and their respective Affiliates prior to the Closing, and that Kirkland intends to act as legal counsel to certain of the Unitholders, the Blocker Parents and the Blockers and their respective Affiliates after the Closing, each of Parent and the Surviving Company (including on behalf of the Acquired Companies) hereby waives, on its own behalf and agrees to cause its Affiliates to waive, any conflicts that may arise in connection with Kirkland representing any of the Unitholders, the Blocker Parents or the Blockers and their respective Affiliates after the Closing solely in connection with the representation directly relating to the Contemplated Transactions. In addition, all

communications involving attorney-client confidences between the Acquired Companies, the Unitholders, the Blocker Parents and the Blockers and their respective Affiliates directly relating to the Contemplated Transactions (and not with respect to the ordinary course of business of the Acquired Companies) shall be deemed to be attorney-client confidences that belong solely to such Unitholders, Blocker Parents and Blockers and their respective Affiliates (and not the Acquired Companies or the Surviving Company). Accordingly, the Acquired Companies and the Surviving Company shall not have access to any such communications, or to the files of Kirkland directly relating to the Contemplated Transactions, whether or not the Closing shall have occurred. Without limiting the generality of the foregoing, upon and after the Closing, (a) the applicable Unitholders, Blocker Parents and Blockers and their respective Affiliates (and not the Acquired Companies or the Surviving Company) shall be the sole holders of the attorney-client privilege with respect to the Contemplated Transactions (but not with respect to the ordinary course of business of the Acquired Companies which shall be vested with the Acquired Companies), and none of the Acquired Companies or the Surviving Company shall be a holder thereof, (b) to the extent that files of Kirkland in respect of the Contemplated Transactions (but not with respect to the ordinary course of business of the Acquired Companies) constitute property of the client, only the applicable Unitholders, Blocker Parents and Blockers and their respective Affiliates (and not the Acquired Companies or the Surviving Company) shall hold such property rights and (c) Kirkland shall have no duty whatsoever to reveal or disclose any such attorney-client communications or files to any of the Acquired Companies or the Surviving Company by reason of any attorney-client relationship between Kirkland and any of the Acquired Companies or otherwise. Notwithstanding the foregoing, in the event that a dispute arises between Parent, the Surviving Company or any of the Acquired Companies and a third party (other than a party to this Agreement or any of their respective Affiliates) after the Closing, solely as it directly relates to the Contemplated Transactions, the Surviving Company (including on behalf of the Acquired Companies) may assert the attorney-client privilege to prevent disclosure of confidential communications by Kirkland to such third party; *provided, however*, that neither the Surviving Company nor any of the Acquired Companies may waive such privilege without the prior written consent of the Securityholders' Agent, on behalf of the Unitholders, Blocker Parents and Blockers and their respective Affiliates.

11.21 Construction.

(a) Gender; Etc. For purposes of this Agreement, whenever the context requires: the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; the feminine gender shall include the masculine and neuter genders; and the neuter gender shall include the masculine and feminine genders.

(b) Ambiguities. The parties hereto agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement.

(c) Including. As used in this Agreement, the words "include" and "including," and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words "without limitation."

(d) References. Except as otherwise indicated, all references in this Agreement to "Sections," "Schedules" and "Exhibits" are intended to refer to Sections of this Agreement and Schedules and Exhibits to this Agreement.

(e) Hereof. The terms “hereof,” “herein,” “hereunder,” “hereby” and “herewith” and words of similar import will, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement.

(f) Dollar. Any references in this Agreement to “dollars” or “\$” shall be to U.S. dollars.

(g) Or. Where the context permits, the use of the term “or” shall be equivalent to the use of the term “and/or.”

(h) Representations and Warranties. Any references in this Agreement to “representations” or “warranties” that are made by the Company pursuant to Section 2, by a Blocker Parent pursuant to Section 3, or by Parent and Merger Sub pursuant to Section 4, shall mean such representation or warranty as qualified by the Disclosure Schedule delivered concurrently with the execution and delivery of this Agreement.

The parties hereto have caused this Agreement to be executed and delivered as of the date first written above.

1. DESCRIPTION OF TRANSACTION

1.1 Purchase of Blockers. Upon the terms and subject to the conditions set forth in this Agreement, immediately prior to the Effective Time, Parent shall purchase (the "Stock Purchase") from each Blocker Parent the number of shares of the applicable Blocker Stock set forth opposite the name of such Blocker Parent on Schedule 1.1 attached hereto. As consideration for the Stock Purchase, each Blocker Parent shall be entitled to receive an amount equal to (a) (i)(x) the Adjusted Transaction Value, *plus* (y) the Aggregate Participation Threshold of the Vested Incentive Units, *multiplied* by (ii) such Blocker Parent's Blocker Percentage (such aggregate amount to be paid to all Blocker Parents at Closing, the "Closing Blocker Consideration"), and (b) such Blocker Parent's Blocker Percentage of any Post-Closing Consideration (if, when and to the extent payable in accordance with this Agreement) (such aggregate amount to be paid to all Blocker Parents pursuant to clause "(a)" and "(b)" of this Section 1.1, the "Blocker Consideration").

1.2 Merger of Merger Sub into the Company. Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the relevant provisions of the LLC Act, at the Effective Time, Merger Sub shall be merged with and into the Company, and the separate existence of Merger Sub shall cease. The Company will continue as the surviving company in the Merger (the "Surviving Company") and will become a wholly-owned Subsidiary of Parent.

1.3 Effect of the Merger. The Merger shall have the effects set forth in this Agreement and in the applicable provisions of the LLC Act.

1.4 Closing; Effective Time. The consummation of the Merger and the other Contemplated Transactions (the "Closing") shall take place at the offices of Weil, Gotshal & Manges LLP, 200 Crescent Court, Suite 300, Dallas, Texas at 10:00 a.m. (Dallas, Texas time) on a date to be designated by Parent, which shall be no later than the fifth Business Day after the satisfaction or waiver of the last to be satisfied or waived of the conditions set forth in Sections 7 and 8 (other than those conditions set forth in Section 7.1, 7.2, 7.4, 7.6(b), 7.6(c), 7.6(f), 7.6(g), 7.6(h), 7.6(i), 7.6(j), 7.6(k), 7.6(l), 7.7, 7.9, 8.1, 8.2, 8.4, 8.5, and 8.6 that are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions and all other conditions to Closing), or at such other time and/or date as Parent and the Company may jointly designate. The date on which the Closing actually takes place is referred to in this Agreement as the "Closing Date." Contemporaneously with or as promptly as practicable after the Closing, the Company and Merger Sub shall cause a certificate of merger (the "Certificate of Merger") satisfying the applicable requirements of the LLC Act to be duly executed by the Company and Merger Sub and filed with the Secretary of State of the State of Delaware. The Merger shall become effective as of the time that the Certificate of Merger is accepted by the Secretary of State of the State of Delaware (the effective time of the Merger being referred to as the "Effective Time").

1.5 The Closing Transactions. Subject to the terms and conditions set forth in this Agreement, the parties hereto shall consummate the following transactions promptly following the Effective Time:

(a) On the Closing Date, Parent shall deliver to the Payment Agent, and shall cause the Payment Agent to pay (i) to each Blocker Parent, such Blocker Parent's portion of the Closing Blocker Consideration by wire transfer of immediately available funds to the account(s) designated in writing by such Blocker Parent no later than two Business Days prior to the Closing Date and (ii) subject to Section 1.8, each Unitholder other than the Blockers, such Unitholder's portion of the Merger Consideration, by wire transfer of immediately available funds or check, as designated by such Unitholder in the Letter of Transmittal submitted by such Unitholder in accordance with Section 1.8, in accordance with and subject to the terms and conditions of Section 1.7(a)(iv)(A), in each case as set forth on the Sale and Merger Consideration Spreadsheet;

(b) On the Closing Date, Parent shall use reasonable best efforts to deliver, or cause to be delivered, to the Securityholders' Agent the Securityholders' Agent Expense Fund, by wire transfer of immediately available funds to the account(s) designated in writing by the Securityholders' Agent no later than two Business Days prior to the Closing Date;

(c) On the Closing Date, Parent shall use reasonable best efforts to deposit, by wire transfer of immediately available funds, an amount equal to the Specified Escrow Amount with Escrow Agent in accordance with an escrow agreement in a form mutually and reasonably acceptable to Parent and the Securityholders' Agent, which such escrow agreement will contain the terms set forth on Schedule 1.5(c) (the "Escrow Agreement");

(d) On the Closing Date, Parent shall repay, or cause to be repaid, on behalf of the Acquired Companies, an amount equal to the Repaid Indebtedness, by wire transfer of immediately available funds to the account(s) designated in each Pay Off Letter; and

(e) On the Closing Date, Parent shall use reasonable best efforts to pay, or cause to be paid, on behalf of the Acquired Companies, the Company Transaction Expenses by wire transfer of immediately available funds to the account(s) designated by the holders of such Company Transaction Expenses no later than two Business Days prior to the Closing Date (it being understood and agreed that if any payee of such Company Transaction Expenses does not designate the account(s) to which such payment shall be made no later than two Business Days prior to the Closing Date, such payment will not be made on the Closing Date and instead Parent shall pay, or cause to be paid, such amounts to such holders promptly after such payee designates such account(s); *provided*, that any Company Transaction Expenses that are payable to Company Employees (other than consultants or contractors) and required to be treated under the Code as compensation shall instead be paid through the Surviving Company's payroll no later than the next regular payroll following the Closing Date.

(f) Any payments contemplated by this Section 1.5 which are not made on the Closing Date shall be made on the Business Day immediately following the Closing Date, except as expressly contemplated by Section 1.5(e).

1.6 Limited Liability Company Agreement; Managers and Officers.

(a) Immediately after the Effective Time, the LLC Agreement shall be restated in its entirety to be identical to the form attached hereto as Exhibit D (the “Amended and Restated LLC Agreement”), until thereafter duly amended in accordance with Legal Requirements and as provided in such amended and restated limited liability company agreement.

(b) The managers and officers of Merger Sub prior to the Effective Time shall be the initial managers and officers of the Surviving Company, respectively, until their resignation, removal or replacement.

1.7 Conversion of Units.

(a) **Conversion.** Subject to Section 1.7(b) and Section 1.8, at the Effective Time, by virtue of the Merger and without any further action on the part of Parent, Merger Sub, the Company, any Unitholder or any other Person:

(i) each Common Unit and Incentive Unit held in the Company’s treasury or owned by Parent, Merger Sub, the Company, or any direct or indirect wholly-owned Subsidiary of Parent, Merger Sub, or the Company immediately prior to the Effective Time (except for any Common Unit or Incentive Unit held by the Blockers which shall be treated in accordance with Section 1.7(a)(iii)), if any, shall be cancelled and no consideration shall be paid or payable with respect thereto;

(ii) each Unvested Incentive Unit, if any, shall be cancelled and no consideration shall be paid or payable with respect thereto;

(iii) each Common Unit and Incentive Unit held by the Blockers immediately prior to the Effective Time shall be converted, without receiving any payment with respect thereto, into and become one validly issued, fully paid and non-assessable membership unit of the Surviving Company;

(iv) each Common Unit and Vested Incentive Unit that is outstanding immediately prior to the Effective Time (other than (x) any Common Unit and Incentive Unit to be cancelled pursuant to Section 1.7(a)(i) or Section 1.7(a)(ii), or (y) any Common Unit or Incentive Unit held by the Blockers, which shall be treated in accordance with Section 1.7(a)(iii)), shall be converted automatically into the right to receive the following amounts:

(A) (1) with respect to each Common Unit, an amount in cash equal to the Non-Blocker Per Unit Amount, and (2) with respect to each Vested Incentive Unit, an amount in cash equal to the Non-Blocker Per Unit Amount less the Participation Threshold attributable to such Vested Incentive Unit; and

(B) with respect to each Common Unit and Vested Incentive Unit, an amount equal to (1) any Post-Closing Consideration (if, when and to the extent payable in accordance with this Agreement), *multiplied by* (2) the Non-Blocker Unitholders Percentage, *divided by* (3) the Fully Diluted Units held by all Non-Blocker Unitholders as of immediately prior to the Effective Time (the aggregate amount payable in respect of all such Common Units and Vested Incentive Units pursuant to Sections 1.7(a)(iv)(A) and 1.7(a)(iv)(B), the “Merger Consideration”); and

(v) each common unit of Merger Sub that is outstanding immediately prior to the Effective Time shall be converted automatically into one fully paid and non-assessable common unit of the Surviving Company. From and after the Effective Time, all certificates representing common units of Merger Sub shall be deemed for all purposes to represent the number of common units of the Surviving Company into which common units of Merger Sub were converted in accordance with the immediately preceding sentence.

The calculation of the payments to be made pursuant to Section 1.7(a)(iv) of this Agreement is intended to be consistent with the distribution provisions set forth in the LLC Agreement.

(b) **Adjustments.** In the event that the Company, at any time or from time to time between the date of this Agreement and the Effective Time, declares or pays any dividend on Equity Interests payable in Equity Interests or in any right to acquire Equity Interests, or effects a subdivision of the outstanding shares of Equity Interests into a greater number of shares of Equity Interests, or in the event the outstanding shares of Equity Interests shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Equity Interests, or a record date with respect to any of the foregoing shall occur during such period, then the amounts payable in respect of the Equity Interests attributable to the Blocker Stock for payment of the Blocker Consideration pursuant to Section 1.1 and the amounts payable in respect of the Equity Interests pursuant to Section 1.7(a)(iv) shall, in each case, be appropriately adjusted.

1.8 Exchange of Units.

(a) **Payment Agent.** Promptly after the date hereof and prior to the Closing Date, Parent and the Securityholders’ Agent shall enter into a payment agent agreement (the “Payment Agent Agreement”) with a payment agent mutually agreed to by Parent and Securityholders’ Agent, to act as payment agent with respect to the Stock Purchase and the Merger (the “Payment Agent”). Parent shall pay all fees and expenses of the Payment Agent. At or promptly after the Effective Time on the Closing Date, Parent shall deposit with the Payment Agent cash sufficient to pay the Closing Blocker Consideration and an aggregate amount payable pursuant to Section 1.7(a)(iv)(A) (the cash amount so deposited with the Payment Agent is referred to herein as the “Payment Fund.”) The Payment Agent shall hold such funds and deliver them in accordance with, and subject to the terms and conditions, of this Agreement and the Payment Agent Agreement.

(b) **Letter of Transmittal.** Promptly after the designation of the Payment Agent pursuant to Section 1.8(a) above and prior to the Effective Time, the Company shall cause the Payment Agent to provide each Unitholder other than the Blockers with (i) a letter of transmittal substantially in the form set forth on Schedule 1.8(b) (including the release contained therein) (a “Letter of Transmittal”), and (ii) instructions for use in

effecting the exchange of Units (other than the Units held by the Blockers) for the Merger Consideration, if any, payable with respect to such Equity Interests. Upon the delivery to the Payment Agent of a duly executed Letter of Transmittal and such other documents as Parent or the Payment Agent may reasonably request, each such Unitholder shall be entitled to receive cash in the amount set forth in Section 1.7(a)(iv) in respect of such Units in accordance with this Agreement. The Payment Agent Agreement shall provide that the Payment Agent shall deliver or cause to be delivered (A) as soon as funds are received, (x) to each Unitholder (other than the Blockers) that has delivered a duly executed and completed Letter of Transmittal to the Payment Agent at least two Business Days prior to the Closing Date, cash in the amount set forth in Section 1.7(a)(iv)(A) in respect of all Units held by such Unitholder and (y) as soon as funds are received, to each Blocker Parent, cash in the amount set forth in Section 1.1(a), and (B) to each Unitholder (other than the Blockers) that has delivered a duly executed and completed Letter of Transmittal to the Payment Agent after the date that is at least two Business Days prior to the Closing Date, promptly following such delivery, cash in the amount set forth in Section 1.7(a)(iv)(A).

(c) Unit Transfer Books. As of the Effective Time, the unit transfer books of the Company shall be closed and there shall not be any further registration of transfers of Equity Interests thereafter on the records of the Company.

(d) Undistributed Payment Funds. Any portion of the Payment Fund that remains undistributed to Unitholders as of the date that is 180 days after the Effective Time shall be delivered to Parent upon demand, and Unitholders (other than the Blockers) who have not theretofore delivered a duly executed and completed Letter of Transmittal in accordance with, and otherwise complied with, Section 1.8(b) shall thereafter look only to Parent for satisfaction of their claims for the Merger Consideration payable with respect to the Equity Interests held by such Unitholders, without any interest thereon.

(e) Escheat. Notwithstanding anything in this Agreement to the contrary, neither Parent nor any other Person shall be liable to any Unitholder or to any other Person for any amount paid to a public official pursuant to applicable abandoned property law, escheat law or similar Legal Requirement.

(f) Withholding. Each of the Payment Agent, Parent and the Surviving Company shall be entitled to deduct and withhold from any amounts payable pursuant to this Agreement such amounts as Parent reasonably determines are required to be deducted or withheld therefrom or in connection therewith under the Code or any provision of state, local or foreign Tax law or under any other Legal Requirement; *provided* that, other than with respect to any amount that is compensation payable to a Company Employee (which, for the avoidance of doubt, shall exclude any portion of the Merger Consideration payable to a Company Employee), Parent shall use commercially reasonable efforts to (i) provide SEP with written notice of its intention to withhold at least five Business Days prior to any such withholding, and (ii) reasonably cooperate with respect to SEP's efforts to minimize any such Taxes. To the extent such amounts are so deducted or withheld and paid to the appropriate Governmental Entity, such amounts shall be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid.

(g) Allocation. Parent agrees that, for U.S. federal (and applicable state and local) income Tax purposes, (i) the fair market values of the assets of the Company that are included as assets in the determination of Closing Working Capital shall be equal to the values of such assets taken into account in making such determination, (ii) the fair market values of the assets of the Company not taken into account in the determination of Closing Working Capital but that are reflected as assets on the face of the Company's the Closing Balance Sheet (other than goodwill) shall be equal to the values of such assets as reflected on such balance sheet, and (iii) any excess of the gross value of the Company's assets (as determined for applicable Tax purposes) over the sum of the fair market values agreed pursuant to clauses "(i)" and "(ii)" of this sentence shall be allocated solely to assets that would not reasonably be expected to cause any direct or indirect member of the Company to recognize materially more ordinary income in connection with the Contemplated Transactions for applicable Tax purposes than would otherwise be expected based on the allocation of fair market values in accordance with the preceding clauses "(i)" and "(ii)". Except as the parties may otherwise mutually agree in writing or as may be otherwise required pursuant to a final determination under Section 1313(a)(1) of the Code (or a corresponding provision of state, local or foreign Legal Requirements), the agreements regarding fair market values and allocation pursuant to the immediately preceding sentence shall be binding on the parties and their respective Affiliates for all Tax reporting purposes.

1.9 No Dissents/Appraisals. No dissenters' or appraisal rights shall be available with respect to this Agreement or the Contemplated Transactions.

1.10 Estimated Closing Statement.

(a) At least three Business Days prior to the Closing Date, the Company shall prepare and deliver to Parent (i) a consolidated balance sheet of the Acquired Companies, prepared in accordance with the policies set forth on Schedule 1.10(a) (the "Accounting Policies"), as of the Reference Time (the "Closing Balance Sheet"), (ii) a statement (the "Estimated Closing Statement"), prepared in accordance with the Accounting Policies, setting forth in reasonable detail, a good faith calculation of the Adjustment Amount, including all components of the definition thereof, each calculated as of the Reference Time (the "Estimated Adjusted Amount") and the calculation of Adjusted Transaction Value derived therefrom; (iii) the spreadsheet described in Section 1.10(b), certified by the chief financial officer of the Company that all of such information is accurate and complete (and in the case of dollar amounts, properly calculated) as of the Closing and (iv) reasonable supporting documentation in support of the calculation of the amounts set forth in the foregoing (together, the "Sale and Merger Consideration Spreadsheet"). The Company shall provide Parent a reasonable opportunity to review and comment on the Estimated Closing Statement and components thereof and shall consider in good faith any revisions to the Estimated Closing Statement proposed by Parent.

(b) The Sale and Merger Consideration Spreadsheet shall contain the following information:

(i) (A) the Adjusted Transaction Value (including the Adjustment Amount); (B) the Non-Blocker Per Unit Amount; and (C) the Non-Blocker Unitholders Percentage; and (D) with respect to each Unitholder, such Unitholder's Pro Rata Share;

(ii) with respect to each Blocker Parent, (A) such Blocker Parent's Blocker Percentage; and (B) the portion of the Closing Blocker Consideration payable to such Blocker Parent pursuant to Section 1.1(a);

(iii) with respect to each Person who is a Unitholder immediately prior to the Effective Time (other than the Blockers);

- (A) the name and address of record of each such Unitholder;
- (B) the number of Outstanding Equity Interests of each class and series held by each such Unitholder;
- (C) the portion of the Merger Consideration (including the amount of the Transaction Deductions attributable to each Unitholder) that such Unitholder is entitled to receive pursuant to this Agreement and, to the extent applicable, the portion withheld pursuant to the Management Deferral Agreement; and
- (D) the portion of the Employment Tax Amount to be withheld in accordance with Section 1.8(f) from the Merger Consideration that each such Unitholder is entitled to receive pursuant to this Agreement.

1.11 Proposed Closing Statement and Final Closing Statement.

(a) As promptly as practicable, but no later than 120 days after the Closing, Parent shall deliver to the Securityholders' Agent a statement, prepared in accordance with this Agreement and the Accounting Policies (the "Proposed Closing Statement"), setting forth in reasonably sufficient detail (i) Parent's good faith calculation of the Adjustment Amount, including all components of the definition thereof, each calculated as of the Reference Time (the "Proposed Adjusted Amount") and the calculation of Adjusted Transaction Value derived therefrom; and (ii) reasonable supporting documentation in support of the calculation of the foregoing amounts.

(b) Parent shall use, and shall cause the Acquired Companies and its and their respective Representatives to use, commercially reasonable efforts to assist the Securityholders' Agent and its Representatives in their review of the Proposed Closing Statement and shall provide the Securityholders' Agent and its Representatives access at reasonable times to the personnel, properties, books and records of the Acquired Companies for such purpose and for the other purposes set forth in this Section 1.11, as may be reasonably requested by the Securityholders' Agent.

(c) If the Securityholders' Agent disputes the correctness of the Proposed Closing Statement, the Securityholders' Agent shall notify Parent in writing of its objections within 30 days after receipt of the Proposed Closing Statement and shall set forth such objections, in writing and in reasonably sufficient detail, indicating each disputed item or amount and the basis for such disagreement and the reasons for the Securityholders' Agent objections (a "Notice of Disagreement").

(d) During the 30 days immediately following the delivery of any Notice of Disagreement (the "Dispute Resolution Period"), Parent and the Securityholders' Agent shall seek in good faith to resolve any differences that they may have with respect to any matter specified in such Notice of Disagreement. During the Dispute Resolution Period, Parent and the Securityholders' Agent (and their respective Representatives) shall each have access to the other party's working papers, trial balances and similar materials prepared in connection with the other party's preparation of the Proposed Closing Statement and the Notice of Disagreement, as the case may be, in each case as reasonably requested. Upon resolution, the matters set forth in any such written resolution executed by Parent and the Securityholders' Agent shall be final and binding on the parties on the date of such written resolution.

(e) If, at the end of the Dispute Resolution Period, Parent and the Securityholders' Agent have not been able to resolve, in writing, all differences that they may have with respect to any matter specified in such Notice of Disagreement (including any underlying calculations or matters with respect to compliance with Accounting Policies), Parent and the Securityholders' Agent shall submit to a public accounting firm as shall be agreed in writing by Parent and Securityholders' Agent (the "Accounting Firm") for review and resolution of any and all matters that remain in dispute (and as to no other matter), and the Accounting Firm, acting as experts and not arbitrators, shall reach a final, binding resolution of all matters that remain in dispute, which final resolution shall be final and binding on the parties except for manifest error and shall be:

(i) in writing and signed by the Accounting Firm;

(ii) within the range of the amount contested by Parent and the Securityholders' Agent and not assign a value to any item greater than the maximum value for such item claimed by either Parent or the Securityholders' Agent or less than the minimum value for such item claimed by either Parent or the Securityholders' Agent;

(iii) furnished to Parent and the Securityholders' Agent as soon as practicable after the items in dispute have been referred to the Accounting Firm, which shall not be more than 45 days after such referral or such later period set forth in the engagement letter of the Accounting Firm and mutually agreed to by Parent and the Securityholders' Agent; and

(iv) made in accordance with this Agreement (including the definitions used herein).

Any further submissions to the Accounting Firm must be written and delivered to each party to the dispute. Parent and the Securityholders' Agent agree to execute, if requested by the Accounting Firm, a reasonable engagement letter in customary form and shall cooperate fully with the Accounting Firm and promptly provide all documents and information requested by the Accounting Firm so as to enable it to make such determination as quickly and as accurately as practicable. The procedure outlined in this Section 1.11(e) is referred to as the "Dispute Resolution Procedure."

(f) The Proposed Closing Statement shall become the "Final Closing Statement":

(i) on the 31st day following the delivery of the Proposed Closing Statement if a Notice of Disagreement has not been delivered to Parent by the Securityholders' Agent;

(ii) with such changes as are necessary to reflect matters resolved pursuant to any written resolution executed pursuant to Section 1.11(d), on the date such resolution is executed, if all outstanding matters are resolved through such resolution; and

(iii) with such changes as are necessary to reflect the Accounting Firm's resolution of matters in dispute, on the date the

Accounting Firm delivers its final, binding resolution pursuant to Section 1.11(e).

The date on which the Proposed Closing Statement becomes the Final Closing Statement pursuant to the immediately foregoing sentence is referred to as the “Final Determination Date.”

(g) Parent and the Securityholders’ Agent shall each pay their own costs and expenses incurred in connection with such Dispute Resolution Procedure; *provided*, that the fees and expenses of the Accounting Firm shall be borne in the same proportion that the Securityholders’ Agent’s position, on the one hand, and Parent’s position, on the other hand, as initially presented to the Accounting Firm (based on the aggregate of all differences at such time taken as a whole) bears to the final resolution as determined by the Accounting Firm.

1.12 Payment of the Post-Closing Adjustment Amount.

(a) If the Adjustment Amount set forth in the Final Closing Statement (the “Actual Adjustment Amount”) is greater than the Estimated Adjustment Amount (such difference, the “Adjustment Deficit”), Parent shall *first* deduct the Adjustment Deficit from the Adjustment Holdback, and, if the Adjustment Deficit exceeds the amount of the Adjustment Holdback, then Parent shall be entitled, but not required, to deduct such excess (in each case, the “Adjustment Gap”) from the Indemnification Holdback. In the event (i) the Adjustment Deficit exceeds the sum of the Adjustment Holdback and the Indemnification Holdback, or (ii) an Adjustment Gap exists and Parent elects not to deduct such Adjustment Gap from the Indemnification Holdback, Parent shall be entitled to recourse against each Seller for such Seller’s Pro Rata Share of the Adjustment Gap, such liability not to exceed the aggregate amount of cash consideration such Seller actually receives pursuant to Section 1.1 or Section 1.7(a)(iv), as applicable). In the event the Adjustment Deficit is less than the Adjustment Holdback, Parent shall pay to the Payment Agent, within 15 Business Days after the Final Determination Date, the remaining Adjustment Holdback after deducting such Adjustment Deficit therefrom, if any, by wire transfer of immediately available United States funds, for distribution to the Blocker Parents pursuant to Section 1.1(b) and to Unitholders pursuant to Section 1.7(a)(iv) of this Agreement, it being agreed that Parent and the Securityholders’ Agent shall deliver joint written instructions to the Payment Agent within 15 Business Days after the Final Determination Date authorizing the Payment Agent to make such distribution promptly following receipt of such funds from Parent, if applicable.

(b) If the Actual Adjustment Amount is less than or equals the Estimated Adjustment Amount (such difference, the “Adjustment Surplus”), then Parent shall pay the amount of the Adjustment Holdback and the full amount of such Adjustment Surplus to the Payment Agent within 15 Business Days after the Final Determination Date, by wire transfer of immediately available United States funds, for distribution to the Blocker Parents pursuant to Section 1.1(b) and to Unitholders pursuant to Section 1.7(a)(iv) of this Agreement, it being agreed that Parent and the Securityholders’ Agent shall deliver joint written instructions to the Payment Agent within 15 Business Days after the Final Determination Date authorizing the Payment Agent to make such distribution promptly following receipt of such funds from Parent.

1.13 Further Action. If, at any time after the Effective Time, any further action is reasonably determined by Parent to be necessary or desirable to carry out the purposes of this Agreement or to vest the Surviving Company or Parent with full right, title and possession of and to all rights and property of Merger Sub and the Company, the officers and directors of the Surviving Company and Parent shall be authorized (in the name of Merger Sub, in the name of the Company and otherwise) to take such action.

2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the corresponding part of the Disclosure Schedule prepared by the Company in accordance with Section 11.19 and delivered to Parent concurrently with the execution and delivery of this Agreement or such disclosure is reasonably apparent on its face that it applies to such part of the Disclosure Schedule, the Company represents and warrants, to and for the benefit of the Indemnified Parties (with the understanding and acknowledgement that Parent and Merger Sub would not have entered into this Agreement without being provided with the representations and warranties set forth in this Section 2 and that Parent and Merger Sub are relying on these representations and warranties), as follows:

2.1 Organizational Matters.

(a) Organization, Standing and Power to Conduct Business. Each Acquired Company: (i) has been duly organized, and is validly existing and in good standing (or equivalent status), under the laws of the jurisdiction of its formation; (ii) has the requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted and as currently planned by such Acquired Company to be conducted; and (iii) is duly qualified, licensed and admitted to do business and is in good standing, in each jurisdiction in which such qualification, license or admission is necessary (except where the failure to be so qualified, licensed, or admitted or to be in good standing would not, individually or in the aggregate, be reasonably expected to be material to any Acquired Company). Part 2.1(a) of the Disclosure Schedule accurately sets forth each jurisdiction where each Acquired Company is qualified, licensed or admitted to do business.

(b) Charter Documents. The Company has Made Available accurate and complete copies of the Charter Documents of each Acquired Company as currently in effect. No Acquired Company is in material violation of any of the provisions of the Charter Documents of any of the Acquired Companies, and no Acquired Company has taken any action that is inconsistent in any material respect with any resolution adopted by such Acquired Company’s unitholders or board of managers (or other similar body) or any committee of the board of managers (or other similar body) of such Acquired Company.

(c) Directors and Officers. Part 2.1(c) of the Disclosure Schedule accurately sets forth, as of the date of this Agreement (i) the names of the members of the board of managers (or similar body) of each Acquired Company; (ii) the names of the members of each committee of the board of managers (or similar body) of each Acquired Company; and (iii) the names and titles of the officers of each Acquired Company.

(d) Subsidiaries and Equity Investments. Part 2.1(d)(i) of the Disclosure Schedule sets forth a complete and accurate list identifying each Subsidiary of the Company, all issued and outstanding equity, voting, beneficial or ownership interests in such Subsidiary, each holder thereof,

and the jurisdiction of organization of such Subsidiary. Except for the equity interests identified in Part 2.1(d)(ii) of the Disclosure Schedule or the Subsidiaries of the Company, none of the Acquired Companies has ever owned, beneficially or otherwise, any units or other securities of, or any direct or indirect equity, voting, beneficial or ownership interest in, any Entity. None of the Acquired Companies is obligated to make any future investment in or capital contribution to any Entity. Since May 23, 2016, none of the Acquired Companies has guaranteed any obligation of any Entity that is not an Acquired Company.

(e) Predecessors. There are no Entities that have been merged into, or that otherwise are predecessors to, any Acquired Company, in each case, since May 23, 2016.

(f) Powers of Attorney. There are no outstanding powers of attorney executed by or on behalf of any Acquired Company (except for any power of attorney executed on behalf of a Subsidiary of the Company in favor of the Company).

2.2 Capital Structure.

(a) Equity Interest. The authorized Equity Interests of the Company consist of (i) 27,963,620 Common Units and (ii) 4,682,381 Incentive Units.

(b) As of the date of this Agreement: (A) there are 26,515,796 Common Units issued and outstanding; (B) there are 3,036,312 units of Incentive Units issued and outstanding; and (C) the Company has no other issued or outstanding units of Equity Interests. The Company has reserved 4,682,381 Incentive Units for issuance under the Stock Plan, of which 3,036,312 Incentive Units are outstanding as of the date of this Agreement. All of the outstanding units of Equity Interests have been duly authorized and validly issued, and are fully paid, non-assessable and, except as set forth in the LLC Agreement, not subject to any preemptive rights.

(i) Part 2.2(b)(i) of the Disclosure Schedule sets forth an accurate and complete list of (1) the holders of all the issued and outstanding Equity Interests, and the class, series and number of Equity Interests owned of record by each such holder, (2) all outstanding Equity Interests that are subject to any repurchase, or forfeiture provision, (3) the vesting schedule for such Equity Interests, (4) the acceleration of vesting of any such Equity Interests that will occur in connection with the Contemplated Transactions and (5) the date of grant and the Participation Threshold amount of such Equity Interests that are Incentive Units. Except as set forth in the LLC Agreement or the Buildium Employee LLC Agreement, no Equity Interests are subject to any restriction on transfer (other than restrictions on transfer imposed by virtue of applicable federal and state securities laws).

(ii) No Equity Interests are held as treasury stock or are owned by the Company or any other Acquired Company. Since May 23, 2016, the Company has not declared or paid any dividends on any Equity Interests, and there are no accrued dividends remaining unpaid with respect to any Incentive Units.

(iii) Part 2.2(b)(iii) of the Disclosure Schedule sets forth an accurate and complete list of the holders of outstanding equity securities of each Acquired Company (other than the Company) and the class, series and number of such units owned of record by each such holder.

(c) No Other Securities. There is no: (i) outstanding subscription, option, call, convertible note, warrant or right (whether or not currently exercisable) with respect to any Equity Interests or other securities of any Acquired Company; (ii) outstanding security, instrument or obligation that is or may become convertible into or exchangeable for any Equity Interests (or cash or other property based on the value of such Equity Interests) or other securities of any Acquired Company; (iii) Contract under which any Acquired Company is or may become obligated to sell, grant, deliver or otherwise issue any Equity Interests or any other securities, including any legally binding promise or commitment to grant or issue securities of any Acquired Company to an employee of or other provider of services to any Acquired Company; or (iv) Contract under which any Acquired Company is or may become obligated to issue, distribute or otherwise deliver to holders of any Equity Interests any evidences of indebtedness or assets of any Acquired Company. Immediately after the Effective Time, there will be no outstanding options, warrants, or other rights to purchase or otherwise acquire Equity Interests or other securities of the Company.

(d) No Agreements. There is no Contract between any Acquired Company and any Unitholder or among any Unitholders, relating to the issuance, acquisition (including any acquisition pursuant to any right of first refusal or preemptive rights), disposition, registration under the Securities Act of 1933, as amended, or voting of the Equity Interests of any Acquired Company. Part 2.2(d) of the Disclosure Schedule accurately identifies each Company Contract relating to any securities of any Acquired Company that contains any information rights, registration rights, financial statement requirements or other terms that would survive the Closing unless terminated or amended prior to the Closing.

(e) Compliance with Laws. All Equity Interests and all other securities issued or granted by any Acquired Company since May 23, 2016 have been issued and granted in compliance in all material respects with (i) all applicable securities laws and all other applicable Legal Requirements, and (ii) all requirements set forth in all applicable Contracts. None of the outstanding Equity Interests were issued in violation of any preemptive rights or other rights to subscribe for or purchase securities of any Acquired Company.

(f) Repurchased Units. Part 2.2(f) of the Disclosure Schedule accurately sets forth with respect to any Equity Interests repurchased or redeemed by any Acquired Company since May 23, 2016: (i) the name of the seller of such Equity Interests; (ii) the number, class and series of units repurchased or redeemed; (iii) the date of such repurchase or redemption; and (iv) the price paid by such Acquired Company for such Equity Interests. All Equity Interests repurchased, redeemed, converted or cancelled by any Acquired Company since May 23, 2016 were repurchased, redeemed, converted or cancelled in compliance with (A) all applicable securities laws and other applicable Legal Requirements, and (B) all requirements set forth in all applicable Contracts.

(g) Merger Consideration. No Person will be entitled to receive any payment or consideration as a result of the Merger or the Stock Purchase by virtue of their ownership of Equity Interests or Blocker Stock other than as specifically set forth in the Sale and Merger Consideration Spreadsheet.

(h) Subsidiary Units. All of the equity interests of, and other voting, beneficial or ownership interests in, each Acquired Company (other than the Company) are owned by another Acquired Company free and clear of any Liens (other than restrictions on transfer imposed by virtue of applicable federal and state securities laws). No Acquired Company (other than the Company) has the right to vote on or approve the Merger or any of the other Contemplated Transactions. Except as set forth in the LLC Agreement, the Buildium Employee LLC Agreement or the Buildium Agency LLC Agreement, none of the equity interests or other voting, beneficial or ownership interests of any Acquired Company is subject to any voting trust agreement or any other Contract relating to the voting, dividend rights or disposition of any equity interests or other voting, beneficial or ownership interests of any Acquired Company.

(i) Ungranted Incentive Units. Part 2.2(i) of the Disclosure Schedule identifies, as of the date of this Agreement, each Company Employee and each current or former contractor or consultant of any Acquired Company with an offer letter or other employment or services Contract that contemplates a grant of Incentive Units or any other equity or equity-based awards, which Incentive Units or other equity or equity-based awards have not been granted as of the date of this Agreement, together with the number of such options or other equity or equity-based awards.

(j) Uncertificated Units. All Equity Interests and all other securities issued or granted by any Acquired Company are uncertificated and are held solely in book entry form.

2.3 Authority and Due Execution.

(a) Authority. The Company has all requisite limited liability company power and authority to enter into this Agreement and each Company Transaction Document and to consummate the Contemplated Transactions. Except for the adoption of this Agreement by the Required Unitholder Vote in accordance with Section 6.2(a), the execution, delivery and performance of this Agreement and the other Company Transaction Documents by the Company, and the consummation of the Contemplated Transactions, have been duly authorized by all necessary limited liability company action on the part of the Company and its board of managers, and no other limited liability company proceedings on the part of the Company or any Acquired Company are necessary to authorize the execution, delivery and performance of this Agreement and the other Company Transaction Documents by the Company or to consummate the Contemplated Transactions.

(b) Due Execution. This Agreement has been, and each other Company Transaction Document has been or will be, duly executed and delivered by the Company and, assuming due execution and delivery by the other parties hereto and thereto, constitutes or will constitute the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject only to the Enforceability Exception.

(c) Board Approval. The Company's board of managers has: (i) determined that the Merger is advisable, fair and in the best interests of the Company and the Unitholders; (ii) approved and declared the advisability of this Agreement; (iii) recommended the adoption of this Agreement by the Unitholders and directed that this Agreement and the Merger be submitted for consideration by the Unitholders in accordance with Section 6.2(a); and (iv) to the extent necessary, adopted a resolution having the effect of causing the Company not to be subject to any state takeover law or similar Legal Requirement that might otherwise apply to the Merger or any of the other Contemplated Transactions.

(d) No Takeover Statute. No state or foreign takeover statute or similar Legal Requirement applies or purports to apply to the Merger or this Agreement.

(e) Approved Sale. Upon obtaining of the Required Unitholder Vote, the Merger will constitute an "Approved Sale" with the meaning assigned to such term in Section 9.3 of the LLC Agreement.

(f) SEP Redemption. The Company has approved the transfer of the SEP Blocker Units to SEP Blocker in connection with the SEP Redemption, and no further approval or proceeding on the part of the Company is necessary to approve such transfer.

2.4 Non-Contravention and Consents.

(a) Non-Contravention. Assuming the receipt of the Company Governmental Consents, the execution and delivery of this Agreement and each other Company Transaction Document does not, and the consummation of the Merger and the performance of this Agreement and each other Company Transaction Document by the Company will not: (i) conflict with or violate any of the Charter Documents of any Acquired Company or any resolution adopted by the unitholders, board of managers (or other similar body) or any committee of the board of managers (or other similar body) of any of the Acquired Companies; (ii) conflict with or violate any applicable Legal Requirement to which any of the Acquired Companies or any of the assets owned or used by any of the Acquired Companies, is subject; (iii) result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or impair the rights of any Acquired Company or alter the rights or obligations of any Person under, or give to any Person any rights of termination, amendment, acceleration or cancellation of, or result in the creation of a Lien on any of the properties or assets of any Acquired Company pursuant to, any Material Contract; or (iv) contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Entity the right to revoke, withdraw, suspend, cancel, terminate or modify, any Permit that is held by any of the Acquired Companies or that otherwise relates to such Acquired Company's business or to any of the assets owned or used by such Acquired Company, except in the cases of clauses "(ii)," "(iii)," or "(iv)," as would not, individually or in the aggregate, reasonably be expected to be material to any Acquired Company.

(b) Contractual Consents. Except for (i) applicable premerger notifications under the HSR Act, (ii) the Consents set forth on Part 2.4(b) of the Disclosure Schedule, or (iii) such Consents, which if not obtained would not, individually or in the aggregate, be reasonably expected to be material to any Acquired Company, no Consent under any Material Contract is required to be obtained, and no Acquired Company is or will be required to give any notice to, any Person in connection with the execution, delivery or performance of this Agreement or any other Company Transaction Document or the consummation of the Merger or any of the other Contemplated Transactions. For purposes of this Agreement, including this Section 2.4(b) and Section 2.4(c), a Consent will be deemed "required to be obtained," and a notice will be deemed "required to be given," if the failure to obtain such Consent or give such notice would result in any Acquired Company becoming subject to any material Liability, being required to

make any payment or losing or forgoing any material right or benefit under the terms of such Material Contract.

(c) Governmental Consents. No Consent of any Governmental Entity is required to be obtained, and no filing is required to be made with any Governmental Entity, by any Acquired Company in connection with the execution, delivery and performance of this Agreement or any other Company Transaction Document, or the consummation of the Stock Purchase, the Merger or any of the other Contemplated Transactions except for (i) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware, (ii) applicable premerger notifications under the HSR Act, and the expiration or termination of the applicable waiting period with respect to, or as applicable any consent or approval required, pursuant to the HSR Act and (iii) such Consents which if not obtained would not, individually or in the aggregate, be reasonably expected to be material to any Acquired Company (such Consents, the “Company Governmental Consents”).

2.5 Financial Statements.

(a) Financial Statements. The Company has Made Available the following financial statements (i) the audited consolidated financial statements (consisting of consolidated balance sheets, consolidated statements of operations, and consolidated statements of cash flows) of the Acquired Companies as of and for the years ended December 31, 2017 and December 31, 2018, and (ii) the unaudited consolidated financial statements (consisting of a consolidated balance sheet, a consolidated statement of operations and a consolidated statement of cash flows) of the Acquired Companies as of and for the nine-month period ended September 30, 2019 (the unaudited consolidated financial statements set forth in this clause “(ii),” the “Interim Financial Statements”). (The financial statements referred to in the first sentence of this Section 2.5(a) are referred to collectively as the “Financial Statements.”) The Financial Statements were prepared in accordance with GAAP consistently applied throughout the periods covered and in accordance with the Company’s historic past practice (except that the Interim Financial Statements do not contain footnotes or normal year-end adjustments which would not be, individually or in the aggregate, material) and fairly present in all material respects the consolidated financial position, results of operations and cash flows of the Acquired Companies as of the dates, and for the periods, indicated therein. The Pre-Closing Financial Statements will be prepared in accordance with GAAP and will fairly present the consolidated financial position, results of operations and cash flows of the Acquired Companies as of the dates, and for the periods, indicated therein. The Company maintains a standard system of accounting established and administered in accordance with GAAP, including complete books and records in written or electronic form.

(b) Internal Controls. Each Acquired Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management’s general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management’s general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. There are no significant deficiencies or material weaknesses in the design or operation of any Acquired Company’s internal control over financial reporting that are reasonably likely to adversely affect such Acquired Company’s ability to record, process, summarize or report financial information to such Acquired Company’s management and board of managers. There is not, and there has not been since May 23, 2016, any fraud, whether or not material, that involves or involved management or other employees who have or had a significant role in any Acquired Company’s internal control over financial reporting. The Company’s system of internal controls over financial reporting is effective.

(c) Accounts Receivable and Payable. All of the accounts receivable and trade accounts of the Acquired Companies arose in the ordinary course of business, are carried on the records of the Acquired Companies at values determined in accordance with GAAP and are bona fide. No Person has any Lien on any of such accounts receivable, and no request or agreement for deduction or discount has been made with respect to any of such accounts receivable except as adequately reflected in reserves for doubtful accounts set forth in the 2018 Balance Sheet and as will be set forth in the Closing Balance Sheet. Except for such accounts payable which are Company Transaction Expenses, all accounts payable have been incurred in exchange for goods or services delivered or rendered to the Company in the ordinary course of business.

(d) Certain Accounting Practices. Since May 23, 2016, no Acquired Company has changed its methods of accounting, accounting principles, accounting practices, collection practices or credit policy.

(e) Insider Receivables. Part 2.5(e) of the Disclosure Schedule provide an accurate and complete breakdown of all outstanding amounts owed (including any Indebtedness) to any Acquired Company by any Company Employee or Unitholder (“Insider Receivables”). There will be no outstanding unpaid Insider Receivables as of the Effective Time.

2.6 No Liabilities; Indebtedness.

(a) Absence of Liabilities. No Acquired Company has any Liability of any nature, whether accrued, absolute, contingent, matured, unmatured or otherwise (whether or not required to be reflected in financial statements prepared in accordance with GAAP, whether due or to become due and whether or not determinable), other than: (i) liabilities identified as such in the “liabilities” column of the balance sheet included in the Interim Financial Statements; (ii) current liabilities incurred subsequent to the date of the Interim Financial Statements in the ordinary course of business consistent with past practices; (iii) obligations that exist under Company Contracts and that are expressly set forth in and identifiable by reference to the text of such Company Contracts; (iv) commitments that were incurred in the ordinary course of business consistent with past practices; (v) liabilities in excess of \$150,000 individually or \$500,000 in the aggregate; and (vi) set forth in Part 2.6 of the Disclosure Schedule. Since May 23, 2016, none of the Acquired Companies is or has ever been a party to any “off balance sheet arrangement” (as defined in Item 303(a)(4) of Regulation S-K promulgated by the Securities and Exchange Commission).

(b) Indebtedness. Part 2.6(b) of the Disclosure Schedule sets forth a complete and correct list of each item of Company Indebtedness as of the date of this Agreement, identifying the creditor to which such Company Indebtedness is owed and the amount of such Company Indebtedness as of the close of business on the date of this Agreement. No Company Indebtedness contains any restriction upon the prepayment of any of such Company Indebtedness. With respect to each item of Company Indebtedness, no Acquired Company is in default and no payments are past due. No Acquired Company has received any notice of a default, alleged failure to perform or any offset or counterclaim with respect to any item of Company Indebtedness. Since May 23, 2016, none of the Acquired Companies has guaranteed or has assumed any Liability for any Indebtedness of any other

Person that is not an Acquired Company.

(c) Director and Officer Indemnification. There is no outstanding claim for indemnification, reimbursement, contribution by, or the advancement of expenses to, any current or former director or officer of the Company (other than a claim for reimbursement from the Company, in the ordinary course of business, of travel expenses or other out-of-pocket expenses of a routine nature incurred by such director or officer in the course of performing such director's or officer's duties for the Company) pursuant to: (i) any term of any of the Charter Documents of any Acquired Company or (ii) any indemnification Contract between any Acquired Company and any such director or officer.

2.7 Litigation. There is no Legal Proceeding pending, or, to the Knowledge of the Company, threatened: (a) that involves any of the Acquired Companies or any of the assets owned or used by any of the Acquired Companies; (b) that involves any Liability (of any Person) that has been retained or assumed, indemnified against or guaranteed (either contractually or by operation of any Legal Requirement) by any Acquired Company; (c) that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, the Merger or any of the other Contemplated Transactions; (d) that relates to the ownership or alleged ownership of any equity interests or other securities of any of the Acquired Companies, or any option, warrant or other right to acquire equity interests or other securities of any of the Acquired Companies; or (e) that relates to any right or alleged right to receive any consideration as a result of or in connection with this Agreement or the Merger. Part 2.7 of the Disclosure Schedule lists: (x) each Legal Proceeding since May 23, 2016 that any Acquired Company has commenced against any other Person; (y) any Legal Proceeding since May 23, 2016 that any Acquired Company has threatened against any other Person; and (z) each Legal Proceeding since May 23, 2016 that has ever been pending against any of the Acquired Companies.

2.8 Taxes.

(a) (i) All income and other material Tax Returns required to be filed by or with respect to the Acquired Companies have been duly and timely filed; (ii) all items of income, gain, loss, deduction and credit or other items ("Tax Items") required to be included in each such Tax Return have been so included and all such Tax Items and any other information provided in each such Tax Return is accurate and complete in all material respects, including any election statements required or otherwise made with any Tax Return, which are complete and have been properly filed in accordance with applicable rules in the respective jurisdiction in which each Acquired Company operates; (iii) all Taxes owed by the Acquired Companies or for which the Acquired Companies are liable that are or have become due have been timely paid in full; (iv) all Tax withholding and deposit requirements imposed on or with respect to the Acquired Companies have been satisfied in full; (v) there are no Liens on any of the assets of the Acquired Companies that arose in connection with any failure (or alleged failure) to pay any Tax (other than Permitted Liens); (vi) all required estimated Tax payments sufficient to avoid any underpayment penalties or interest have been made by or on behalf of each Acquired Company; and (vii) the Acquired Companies have made full and adequate provision in their books and records and Financial Statements to the extent required by GAAP for all Taxes which are not yet due and payable.

(b) The Company has Made Available accurate and complete copies of all income Tax Returns and other material Tax Returns filed by the Acquired Companies during the past six years and all correspondence to the Acquired Companies from, or from the Acquired Companies to, a Taxing Authority relating thereto.

(c) There is no ongoing claim against any Acquired Company for any Taxes, and no assessment, deficiency or adjustment has been asserted, proposed or threatened in writing with respect to any Tax Return of or with respect to the Acquired Companies, other than those disclosed in Part 2.8(c) of the Disclosure Schedule. No Tax audits or administrative or judicial proceedings are being conducted, are pending or have been threatened in writing with respect to the Acquired Companies, other than those disclosed in Part 2.8(c) of the Disclosure Schedule. No claim has ever been made by a Taxing Authority in a jurisdiction where any Acquired Company does not file Tax Returns that such Acquired Company is or may be subject to taxation by, or required to file Tax Returns in, that jurisdiction.

(d) There is not in force any extension of time with respect to the due date for the filing of any Tax Return of or with respect to the Acquired Companies (other than any such extension that is automatically granted) or any waiver or agreement for any extension of time for the assessment or collection of any Tax of or with respect to the Acquired Companies.

(e) No Acquired Company is a party to or bound by any Tax allocation, Tax sharing or Tax indemnity agreements or arrangements or similar Contracts or any other obligation to indemnify any other Person with respect to Taxes (other than any such agreements, arrangements, or Contracts entered into in the ordinary course of business and the primary purpose of which does not relate to the allocation or sharing of or indemnification for Taxes).

(f) None of the property of the Acquired Companies (other than Equity Interests of the Company) is held in an arrangement that could be classified as a partnership for Tax purposes, and no Acquired Company owns any interest in any controlled foreign corporation (as defined in Section 957 of the Code), or passive foreign investment company (as defined in Section 1297 of the Code) or other Entity the income of which is or could be required to be included in the income of any Acquired Company.

(g) None of the outstanding Indebtedness of any Acquired Company constitutes Indebtedness with respect to which any interest deductions may be disallowed under Section 163(i), Section 163(l) or Section 279 of the Code (or under any other corresponding provision of applicable Legal Requirements).

(h) Neither Parent or any of its Affiliates nor any Acquired Company will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any of the following with respect to any Acquired Company: (i) change in method of accounting prior to the Closing for a taxable period ending on or prior to the Closing Date, including by reason of the application of Section 481 of the Code (or any analogous provision of state, local, or foreign Legal Requirements); (ii) "closing agreement" as described in Code Section 7121 (or any corresponding or similar provision of state, local or foreign Legal Requirements) executed prior to the Closing; (iii) intercompany transactions or any excess loss account described in Treasury Regulations under Code Section 1502

(or any corresponding or similar provision of state, local or foreign Legal Requirements) occurring or arising prior to the Closing; (iv) installment sale or open transaction disposition made prior to the Closing; (v) prepaid amount received or deferred revenue realized outside of the ordinary course of business prior to the Closing; (vi) adjustments pursuant to Code Section 263A (or any comparable provision under state, local, or foreign Tax laws) prior to the Closing or (vii) election pursuant to Section 965(h) of the Code.

(i) No Acquired Company has any Liability for the Taxes of any Person under Treasury Regulations Section 1.1502-6 (or any corresponding provisions of state, local or foreign Legal Requirements), or as a transferee, successor, or otherwise under applicable Legal Requirements. No Acquired Company is, and no Acquired Company has ever been, a member of an affiliated, consolidated, combined or unitary group filing for federal or state income Tax purposes, other than a group the common parent of which was or is an Acquired Company.

(j) No Acquired Company has entered into any Contract or arrangement with any Taxing Authority that requires any Acquired Company to take any action or to refrain from taking any action. No Acquired Company is a party to any Contract with any Taxing Authority that would be terminated or adversely affected as a result of the Contemplated Transactions.

(k) No Acquired Company has participated, within the meaning of Treasury Regulations Section 1.6011-4(c), in (i) any “reportable transaction” within the meaning of Section 6011 of the Code and the Treasury Regulations thereunder; (ii) any “tax shelter” or “confidential corporate tax shelter” within the meaning of Section 6111 of the Code and the Treasury Regulations thereunder; or (iii) any “potentially abusive tax shelter” within the meaning of Section 6112 of the Code and the Treasury Regulations thereunder. Each Acquired Company has disclosed on its Tax Returns all positions taken therein that would reasonably be expected to give rise to a substantial understatement of Tax within the meaning of Section 6662 of the Code (or any similar provision of state, local or foreign Legal Requirements).

(l) There is no material property or obligation of any Acquired Company, including uncashed checks to vendors, customers, or employees, non-refunded overpayments or unclaimed subscription balances, that has escheated to any state or municipality under any applicable escheatment laws, as of the date hereof.

(m) No Acquired Company is subject to Tax in any country, other than the country in which it is organized, by virtue of having a permanent establishment or fixed place of business in such country. All payments by, to, or among any of the Acquired Companies comply in all material respects with all applicable transfer pricing requirements imposed by any Taxing Authority, and the Company has Made Available accurate and complete copies of all transfer pricing documentation prepared pursuant to Treasury Regulation Section 1.6662-6 (or any similar foreign statutory, regulatory, or administrative provision) by or with respect to any of the Acquired Companies during the past five years.

(n) The provision for Taxes set forth on the balance sheets included in the Financial Statements has been made in accordance with GAAP, as of the dates thereof. Except in connection with the Contemplated Transactions, no Acquired Company has incurred any Liabilities for Taxes since the date of the Interim Financial Statements outside the ordinary course of business.

(o) No Acquired Company has constituted either a “distributing corporation” or a “controlled corporation” in a distribution of stock intended to qualify under Section 355 or 361 of the Code (i) in the two years prior to the date of this Agreement, or (ii) in a distribution that could otherwise constitute part of a “plan” or “series of related transactions” (within the meaning of Section 355(e) of the Code) in conjunction with the Contemplated Transactions.

(p) No Acquired Company is subject to any private letter ruling of the IRS or any comparable rulings of any taxing authority and no power of attorney that is currently in force has been granted with respect to any matter relating to Taxes that could bind any Acquired Company after the Closing Date.

(q) No Acquired Company has (i) agreed to or is required to make any adjustment pursuant to Section 481(a) of the Code or any similar provision of applicable Legal Requirements by reason of a change in accounting method and, to the Knowledge of the Company, no Governmental Entity has proposed any such adjustment, or any application pending with any Governmental Entity requesting permission for any changes in accounting methods that relate to its business or operations, (ii) executed or entered into a closing agreement pursuant to Section 7121 of the Code or any similar provision of applicable Legal Requirements.

(r) Each Acquired Company is in material compliance with all sales and use Tax requirements in the jurisdictions in which each Acquired Company does business. With respect to all sales Taxes ever collected by any Acquired Company (i) in states where any Acquired Company is registered for sales Tax purposes, each Acquired Company has properly remitted all sales Taxes collected in such states to the applicable state Taxing Authority and (ii) in states where no Acquired Company is registered for sales Tax purposes, each Acquired Company has returned all sales Taxes collected from Persons located in such state to such Person (or, if such Person cannot be located or is no longer in business, has remitted such sales Taxes to the unclaimed property office of such state).

(s) No Acquired Company has made an election under (i) Section 108(i) of the Code to defer the recognition of any cancellation of indebtedness income, or (ii) Section 1101 of the Bipartisan Budget Act of 2015 to apply the rules of the Bipartisan Budget Act of 2015 to taxable years beginning before January 1, 2018.

(t) Part 2.8(t) of the Disclosure Schedule sets forth the U.S. federal income tax classification of each Acquired Company.

(u) No Acquired Company is or has ever been a “United States real property holding corporation” within the meaning of Section 897 of the Code.

(v) For purposes of this Section 2.8, any reference to any Acquired Company shall be deemed to include any Person that merged with or was liquidated or converted into such Acquired Company.

(w) Notwithstanding anything contained in this Agreement to the contrary, the Company makes no representation or warranty with respect to the existence, availability, amount, usability or limitation (or lack thereof) of any net operating loss, net operating loss carryforward, capital

loss carryforward, basis amount, or other Tax attributes of any Acquired Company after the Closing Date.

2.9 Title to Property and Assets.

(a) Personal Property. Each Acquired Company has good, valid and marketable title to, or valid leasehold interests in, all Company Personal Property. The Company Personal Property constitutes all personal property necessary to conduct each of the businesses of the Acquired Companies as they are presently conducted and as they are currently planned by the Acquired Companies to be conducted. None of the Company Personal Property is owned by any other Person without a valid and enforceable right of the Acquired Companies to use and possess such Company Personal Property, which right will remain valid and enforceable immediately following the Effective Time. None of the Company Personal Property is subject to any Lien, other than Permitted Liens. All Company Personal Property: (i) is in good operating condition and repair (ordinary wear and tear excepted) and is adequate, in all material respects, for the conduct of each of the Acquired Companies' respective businesses as they are presently conducted and as they are currently planned by the Acquired Companies to be conducted, and (ii) is available for use, immediately following the Effective Time, in the business and operation of the Acquired Companies as currently conducted. Part 2.9(a) of the Disclosure Schedule identifies all assets that are material to the business of any Acquired Company being leased to any Acquired Company.

(b) Customer Information. The Acquired Companies collectively have sole and exclusive ownership, free and clear of any Liens, or have the valid right to use all customer lists, customer contact information, customer correspondence and customer licensing and purchasing histories relating to current and former customers of the Acquired Companies for which any Acquired Company has retained records. No Person other than the Acquired Companies possesses any licenses, claims or other rights with respect to the use of any such customer information owned or purported to be owned by any of the Acquired Companies.

(c) Leased Real Property. No Acquired Company owns, or has ever owned, any real property. Part 2.9(c)(x) of the Disclosure Schedule sets forth a list of all real property currently leased by any Acquired Company or otherwise used or occupied by each Acquired Company for the operation of its business (the "Leased Real Property"). The Leased Real Property is: (i) in good and safe operating condition and repair, and free from physical and mechanical defects, ordinary wear and tear excepted; (ii) maintained in a manner consistent with commercially reasonable standards that are generally followed with respect to similar properties; (iii) available for use in and sufficient for the purposes and current demands of the business and operation of the Acquired Companies as currently conducted and as currently planned by the Acquired Companies to be conducted; and (iv) is supplied with utilities and other services necessary for the current demands of the business and operation of the Acquired Companies as currently conducted and as currently planned by the Acquired Companies to be conducted. With respect to each Leased Real Property lease, the tenant thereunder enjoys peaceful, exclusive and undisturbed use and possession in all material respects of the demised premises thereunder. None of the Acquired Companies have subleased or otherwise granted to any person the right to use or occupy any Leased Real Property lease. The Company has Made Available to Parent true and complete copies of all leases with respect to the Leased Real Property.

2.10 Bank Accounts; Powers of Attorney.

(a) Part 2.10(a) of the Disclosure Schedule provides the following information with respect to each account maintained by or for the benefit of each Acquired Company at any bank or other financial institution: (i) the name of the bank or other financial institution at which such account is maintained; (ii) the account number; (iii) the type of account; and (iv) the names of all Persons who are authorized to sign checks or other documents with respect to such account.

(b) No Acquired Company has any obligation to act under any outstanding power of attorney or any obligation or liability, either accrued, accruing or contingent, as guarantor, surety, consignor, endorser (other than for purposes of collection in the ordinary course of business of the Acquired Companies), co-maker or indemnitor in respect of the obligation of any Person.

2.11 Intellectual Property and Related Matters.

(a) Part 2.11(a) of the Disclosure Schedule accurately identifies each (i) item of Registered Company IP and (ii) material unregistered Mark owned or purported to be owned by any Acquired Company. For each item of Registered Company IP, Part 2.11(a) of the Disclosure Schedule also accurately identifies (A) the record owner of such item, and, if different, the legal owner and beneficial owner of such item, (B) the jurisdiction in which such item is issued, registered or pending, (C) the issuance, registration or application date and number of such item, (D) for each Domain Name registration, the applicable Domain Name registrar and the name of the registrant and (E) each action, filing, and payment that must be taken or made on or before the date that is 120 days after the date of this Agreement in order to maintain each item of Registered Company IP in full force and effect.

(b) All documents and instruments necessary to establish, perfect and maintain the rights of any Acquired Company in any Registered Company IP have been validly executed and delivered and filed in a timely manner with the appropriate Governmental Entity. All necessary fees and other filings with respect to any Registered Company IP have been timely submitted to the relevant Governmental Entity and Domain Name registrars to maintain such Registered Company IP in full force and effect. No issuance or registration obtained and no application filed by or on behalf of any Acquired Company for any Intellectual Property Rights has been cancelled, abandoned, allowed to lapse or not renewed, except where the applicable Acquired Company has, in its reasonable business judgment, decided to cancel, abandon, allow to lapse or not renew such issuance, registration or application. Each item of Registered Company IP is subsisting and all issuances and registrations included in the Registered Company IP are valid and enforceable.

(c) No Acquired Company owns or purports to own any Patents.

(d) None of the Registered Company IP is subject to any cancellation or opposition proceeding.

(e) One of the Acquired Companies is the sole and exclusive owner of all right, title and interest in and to all Owned Company IP, free and clear of all Liens (other than Permitted Liens). All Licensed Company IP is validly licensed to the Acquired Companies pursuant to (i) Intellectual Property Licenses listed on Part 2.19(a) of the Disclosure Schedule, (ii) Open Source Code listed in Part 2.11(n) of the Disclosure

Schedule or (iii) Off-the-Shelf Software Licenses. The Acquired Companies have (and will continue to have immediately following the Closing) valid and continuing rights under such Contracts to use, sell, license and otherwise exploit, as the case may be, all Licensed Company IP as the same is currently used, sold, licensed and otherwise exploited by the Acquired Companies. All Owned Company IP is freely transferrable and assignable to Parent without restriction and without payment of any kind to any Person.

(f) The Owned Company IP and the Licensed Company IP constitute all of the Intellectual Property and Intellectual Property Rights necessary and sufficient to enable each of the Acquired Companies to conduct their business as it is now being conducted.

(g) No Acquired Company has made or entered into any Contract that grants any Person exclusive rights in, to or under any Owned Company IP or any Acquired Company IP licensed exclusively to any Acquired Company by any Person. No Person who has licensed any Intellectual Property or Intellectual Property Rights from any Acquired Company has ownership rights with respect to any modifications, improvements or derivative works of such Intellectual Property or Intellectual Property Rights.

(h) There are no royalties, honoraria, fees or other payments payable (and not yet paid) by any Acquired Company to any Person (in each case, other than salaries payable to employees and honoraria, fees or other payments made to consultants and independent contractors, in each case, that are not contingent on or related to use of their respective work product) as a result of the ownership, use, possession, license, sale, marketing, advertising, disposition or other exploitation of any Owned Company IP.

(i) During the six year period prior to the date of this Agreement, none of the following has infringed, misappropriated (or constituted or resulted from the misappropriation or other unauthorized use of), misused, diluted or otherwise violated, or currently infringes, misappropriates (or constitutes or results from the misappropriation or other unauthorized use of), misuses, dilutes or otherwise violates, any Intellectual Property or Intellectual Property Rights of any Person: (i) any Acquired Company, (ii) the conduct of the business of any Acquired Company, (iii) any Company Product, Company Software or the manufacture, use, offer for sale, sale, license, importation, exportation, reproduction, distribution, provision or other exploitation of any Company Product or Company Software or (iv) any Owned Company IP or, to the Knowledge of the Company, any Acquired Company Intellectual Property exclusively licensed to any Acquired Company.

(j) Since May 23, 2016, none of the Acquired Companies has received any written or, to the Knowledge of the Company, unwritten notice from any Person (i) alleging (A) any infringement, misappropriation, misuse, dilution, violation or unauthorized use or disclosure of any Intellectual Property or Intellectual Property Rights or (B) unfair competition, (ii) inviting any Acquired Company to take a license under any Intellectual Property or Intellectual Property Rights of any Person or to consider the applicability of any Person's Intellectual Property or Intellectual Property Rights to any Company Products or Company Software or to the conduct of the business of any Acquired Company or (iii) challenging the ownership, use, validity or enforceability of any Acquired Company IP.

(k) To the Knowledge of the Company, no Person is infringing, misappropriating, misusing, diluting or otherwise violating any (i) Owned Company IP, (ii) Acquired Company IP exclusively licensed to any Acquired Company or (iii) solely with respect to misuse, the Company Product or Company Software. No Acquired Company has made any written or unwritten claim against any Person alleging any infringement, misappropriation, misuse, dilution or violation of any (A) Owned Company IP, (B) Acquired Company IP exclusively licensed to any Acquired Company or (C) solely with respect to misuse, the Company Product or Company Software.

(l) Each Acquired Company has taken commercially reasonable measures to maintain and protect all Trade Secrets of each Acquired Company and all Trade Secrets of any Person with respect to which any Acquired Company has a confidentiality obligation. No such Trade Secrets have been authorized to be disclosed or, to the Knowledge of the Company, have been actually disclosed to any Person other than pursuant to a written confidentiality Contract restricting the disclosure and use of such Trade Secrets. To the Knowledge of the Company, no current or former employee, consultant or independent contractor of any Acquired Company has included in any publication or presentation, whether written or oral, any Company Software (including any algorithms or code) or any Trade Secrets. Each current or former employee, consultant and independent contractor of each Acquired Company that has been involved in the authorship, invention, creation, conception or other development of any Acquired Company IP has entered into an enforceable written non-disclosure and assignment Contract with one of the Acquired Companies that effectively and validly assigns to such Acquired Company all Intellectual Property and Intellectual Property Rights authored, invented, created, conceived, or otherwise developed by such employee, consultant or independent contractor in the scope of his or her employment or his, her or its engagement with any Acquired Company in a form that, if used after 2014, has been Made Available to Parent (an "IP Assignment Agreement"). To the Knowledge of the Company, no current or former employee, consultant or independent contractor that is a party to any such IP Assignment Agreement is in breach of or has failed to perform any of his, her or its obligations under such IP Assignment Agreement. No current or former employee, consultant or independent contractor of any Acquired Company has excluded any Intellectual Property or Intellectual Property Rights authored, invented, created, conceived, or otherwise developed prior to his, her or its employment or engagement with any Acquired Company from his, her or its assignment pursuant to such Person's IP Assignment Agreement. No current or former employee, consultant or independent contractor of any Acquired Company has any claim, right or interest in or to any Owned Company IP, and no Owned Company IP authored, invented, created, conceived, or developed by a current or former employee, consultant or independent contractor of any Acquired Company is subject to any Contract entered into by such current or former employee, consultant or independent contractor with any of his or her former or concurrent employers. To the Knowledge of the Company, no current employee, consultant or independent contractor of any Acquired Company is in breach of any Contract entered into by such current employee, consultant or independent contractor with any of (a) his or her former or concurrent employers or (b) any other Person that has engaged any such current employee, consultant or independent contractor to perform any work or provide any services to such other Person, in each case of clause "(a)" and "(b)," concerning Intellectual Property, Intellectual Property Rights, confidentiality or noncompetition. To the Knowledge of the Company, no current employees of any Acquired Company are obligated under any Contract or other agreement, or subject to any Order of any Governmental Entity, that would interfere with such employee using his or her best efforts to promote the interests of any Acquired Company or that would conflict with the conduct of the businesses of any Acquired Company.

(m) Part 2.11(m) of the Disclosure Schedule accurately identifies all third party Software (other than Open Source Software listed in Part 2.11(n) of the Disclosure Schedule) that is incorporated or embedded in or bundled with any Company Software or Company Product. None of the source code or related materials for any Company Software has been licensed or provided to, or used or accessed by, any Person other than employees, consultants or independent contractors of the Acquired Companies who have entered into written confidentiality Contracts with respect to such source code or related source materials. None of the Acquired Companies is a party to any source code escrow Contract or any other Contract (or a party to

any Contract obligating any Acquired Company to enter into a source code escrow Contract or other Contract) requiring the deposit of any source code or related source materials for any Company Software.

(n) Part 2.11(n) of the Disclosure Schedule accurately identifies all Open Source Software that is or has been included, incorporated or embedded in, linked to, combined or distributed with, or used in the delivery or provision of any Company Software or any Company Product. Each of the Acquired Companies has complied with and is currently in compliance with, all of the licenses, conditions and other requirements applicable to the Open Source Software identified (or required to be identified) in Part 2.11(n) of the Disclosure Schedule.

(o) No Open Source Software is or has been included, incorporated or embedded in, linked to, combined or distributed with, or used in the delivery or provision of any Company Software or Company Product, in each case, in a manner that subjects any Company Software or Company Product to any Copyleft License or that requires or purports to require the Company to grant any Intellectual Property License with respect to any Patents.

(p) The Company Software and Company Products are free from any defect, bug or programming, design or documentation error that would have a material effect on the operation or use of any Company Software or Company Products. None of the Company Software or Company Products contains any “back door,” “drop dead device,” “time bomb,” “Trojan horse,” “virus” or “worm” (as such terms are commonly understood in the Software industry), corruptant or any other code designed or intended to have, capable of performing or that without user intent will cause, any of the following functions: (i) disrupting, disabling, harming or otherwise impeding in any manner the operation of, or providing unauthorized access to, any Software, hardware or device (including any computer, tablet computer, handheld device, disk or storage device), (ii) damaging or destroying any data or file without the user’s consent or (iii) sending any information to any Acquired Company or any other Person without the user’s consent (collectively, “Technical Contaminants”). To the Knowledge of the Company, none of the Company Software or Company Products: (A) constitutes, contains or is considered “spyware” or “trackware” (as such terms are commonly understood in the software industry), (B) records a user’s actions without such user’s knowledge or (C) employs a user’s Internet connection without such user’s knowledge to gather or transmit information on such user or such user’s behavior. Each Acquired Company has implemented industry standard procedures to mitigate against the likelihood that any Company Software or Company Products contains any Technical Contaminants or hardware components designed to permit unauthorized access to or disable, erase or otherwise harm Software, hardware or data.

(q) Neither the execution, delivery or performance of this Agreement or any other Transaction Documents nor the consummation of the Merger or any of the other Contemplated Transactions will, with or without notice or lapse of time, result in: (i) the loss, forfeiture or impairment of any right of any Acquired Company to own, use, practice, offer, license, provide, sell, distribute or otherwise exploit any Acquired Company IP, (ii) the imposition of any Lien on any Acquired Company IP, (iii) the assignment, transfer or grant by any Acquired Company or Parent (or any Affiliate of any Acquired Company or Parent) to any Person of any ownership interest or Intellectual Property License with respect to any Acquired Company IP or any Intellectual Property Rights or Intellectual Property of Parent or any of its Affiliates, (iv) the disclosure or delivery of (or requirement to disclose or deliver) any Acquired Company IP by or to any escrow agent or other Person or (v) any obligation of any Acquired Company or Parent (or any Affiliate of any Acquired Company or Parent) to pay any royalties, fees, honoraria or other amounts to any other Person in excess of those payable by any Acquired Company prior to Closing.

(r) No government funding and no facilities of any university, college, other educational institution or research center were or are used in the development of any Owned Company IP, nor does any Governmental Entity or any university, college, other educational institution or research center own, purport to own, have any other rights in or to or have any option to obtain any rights in or to any Owned Company IP.

(s) The IT Systems are adequate and sufficient (including with respect to working condition and capacity) for the operations of each Acquired Company. Each Acquired Company (i) has taken reasonable measures to preserve and maintain the performance, security and integrity of the IT Systems (and all Software, information or data stored on any IT Systems) and (ii) maintains reasonable documentation regarding all IT Systems, their methods of operation and their support and maintenance. During the two year period prior to the date of this Agreement, (A) there has been no failure with respect to any IT Systems that has had a material effect on the operations of any Acquired Company and (B) to the Knowledge of the Company, there has been no unauthorized access to or use of any IT Systems (or any Software, information or data stored on any IT Systems).

(t) Each Acquired Company has since May 23, 2016 (i) implemented and maintained reasonable safeguards to protect Personal Information and other confidential data in its possession or under its control against loss and unauthorized access, use, modification, disclosure or other misuse and (ii) contractually obligated all third-party service providers, outsourcers, processors, or other third parties processing Personal Information for or on behalf of the Acquired Companies to (A) comply with applicable Privacy Laws in all material respects and (B) take reasonable steps to protect and secure Personal Information from loss, theft, unauthorized access, use, modification, disclosure or other misuse.

(u) Each Acquired Company is in material compliance with (i) all applicable Privacy Laws, (ii) all of the Acquired Companies’ (or any Subsidiary’s, as applicable) policies and procedures regarding Personal Information, including all publicly available privacy policies and notices (whether posted to an external-facing website of an Acquired Company or otherwise made available or communicated to third parties by an Acquired Company), and (iii) all contractual obligations that an Acquired Company has entered into with respect to the receipt, collection, compilation, use, storage, processing, sharing, safeguarding, security, disposal, destruction, disclosure, or transfer (including cross-border) of Personal Information. No Acquired Company has received any written notice of any claims of, or been charged with the violation of, any Privacy Laws, applicable privacy policies, or contractual commitments with respect to Personal Information.

(v) To the Knowledge of the Company, since May 23, 2016, there have been no data breaches, unauthorized access to or disclosure of, or other misuse or breach of any Personal Information under the possession or control of an Acquired Company. The Acquired Companies have implemented disaster recovery and business continuity plans, and taken actions consistent with such plans, to safeguard its data, the IT Systems, and Personal Information, and enable the ongoing conduct of the Acquired Companies’ businesses in the event of a disaster or IT Systems outage. Neither an Acquired Company nor any third party acting at the direction or authorization of an Acquired Company has (i) paid any perpetrator of any data breach incident or cyber-attack or (ii) paid any third party with actual or alleged information about a data breach incident or cyber-attack, pursuant to a request for payment from or on behalf of such perpetrator or other third party.

2.12 Government Contracting. No Acquired Company is, or since May 23, 2016 has been, a party to a Contract that would constitute a Company Government Contract. No Acquired Company has, or has ever had, any obligation under any Company Contract that would constitute a Company Government Contract.

2.13 Compliance; Permits.

(a) Compliance. Since May 23, 2016, (i) no Acquired Company has failed to comply with or has violated any applicable Legal Requirement and (ii) no investigation or review by any Governmental Entity is pending or, to the Knowledge of the Company, has been threatened against or with respect to any Acquired Company. Since May 23, 2016, none of the Acquired Companies has received any notice or other communication from any Person regarding any actual or possible violation of, or failure to comply with, any applicable Legal Requirement.

(b) Orders. There is no Order binding upon any Acquired Company or to which any assets owned or used by any Acquired Company is subject. No officer or, to the Knowledge of the Company, other employee of any of the Acquired Companies is subject to any Order that prohibits such officer or other employee from engaging in or continuing any conduct, activity or practice relating to the respective Acquired Company's business.

(c) Permits. Each Acquired Company holds, to the extent required by applicable Legal Requirements, all material Permits from, and has made all material declarations and filings with, all Governmental Entities for the operation of its business as presently conducted, including the sale, transport, export, import or shipment of any items or materials (whether in tangible form or otherwise) to any jurisdiction that is outside of the United States. No suspension or cancellation of any such Permit is pending or, to the Knowledge of the Company, has been threatened. Each such Permit is valid and in full force and effect, and each Acquired Company is, and since May 23, 2016 has been, in compliance, in all material respects, with the terms, conditions and requirements of each such Permit. Part 2.13(c) of the Disclosure Schedule provides an accurate and complete list of all material Permits held by each Acquired Company, and the Company has Made Available accurate and complete copies of each such Permit. Since May 23, 2016, no Acquired Company has received any written notice from any Governmental Entity regarding (i) any actual or possible violation of or failure to comply with any term, condition or requirement of any Permit, or (ii) any actual or possible revocation, withdrawal, suspension, cancellation, termination or modification of any material Permit.

(d) Export and Import Laws. Since May 23, 2016, no Acquired Company has violated any applicable U.S. Export and Import Laws or made a voluntary disclosure with respect to any violation of any of such laws. Each Acquired Company: (i) has been since May 23, 2016 and is in compliance with all applicable Foreign Export and Import Laws; (ii) has prepared and timely applied for all material import and export licenses required in accordance with U.S. Export and Import Laws and Foreign Export and Import Laws for the conduct of its business; and (iii) has been since May 23, 2016 in compliance with all applicable Legal Requirements relating to trade embargoes and sanctions. No product, service or financing provided by any Acquired Company has been directly or indirectly provided to, sold to or performed for or on behalf of Cuba, Iran, Libya, North Korea, Sudan, Syria or any other country or Person against which the U.S. maintains economic sanctions or an arms embargo in violation of any Legal Requirements.

(e) Export Proceedings. There is no export-related or import-related Legal Proceeding, and to the Knowledge of the Company, there is no investigation or inquiry, pending or, to the Knowledge of the Company, that has been threatened against any Acquired Company or any officer or director of any Acquired Company (in his or her capacity as an officer or director of any Acquired Company) by or before (or, in the case of a threatened matter, that would come before) any Governmental Entity.

(f) No Subsidies. None of the Acquired Companies possesses, or, since May 23, 2016, has possessed, or has any rights or interests, or has ever had any rights or interests with respect to, any grants, incentives or subsidies from any Governmental Entity.

(g) Foreign Corrupt Practices and Anti-Bribery. No Acquired Company, no director, officer or employee of any Acquired Company with respect to any matter relating to any Acquired Company and, to the Knowledge of the Company, no agent, attorney, accountant, advisor or other representative of any Acquired Company (other than a director, officer or employee of an Acquired Company) with respect to any matter relating to any Acquired Company, has: (i) made, offered or promised to make or offer any payment, loan or transfer of anything of value, including any reward, advantage or benefit of any kind, to or for the benefit of any foreign or domestic government official, candidate for public office, political party or political campaign, for the purpose of (A) influencing any act or decision of such foreign or domestic government official, candidate, party or campaign, (B) inducing such foreign or domestic government official, candidate, party or campaign to do or omit to do any act in violation of a lawful duty, (C) obtaining or retaining business for or with any person, (D) expediting or securing the performance of official acts of a routine nature, or (E) otherwise securing any improper advantage; (ii) paid, offered or promised to make or offer any bribe, payoff, influence payment, kickback, unlawful rebate, or other similar unlawful payment of any nature; (iii) made, offered or promised to make or offer any unlawful contributions, gifts, entertainment or other unlawful expenditures; (iv) established or maintained any unlawful fund of corporate monies or other properties; (v) created or caused the creation of any false or inaccurate books and records of the Company or any of its Subsidiaries related to any of the foregoing; or (vi) taken any action that would constitute a violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, 15 U.S.C. §§ 78dd 1 *et seq.* or any similar Legal Requirement in any jurisdiction where any Acquired Company conducts business, if such Acquired Company was subject thereto.

2.14 Brokers' and Finders' Fees. No Acquired Company has incurred, or will incur, directly or indirectly, any Liability for any brokerage or finder's fee or agent's commission or any similar charge in connection with this Agreement or any other Company Transaction Document or any of the Contemplated Transactions. Part 2.14 of the Disclosure Schedule identifies each Person that is or may become entitled to receive any fee or other amount from any of the Acquired Companies for professional services performed or to be performed in connection with the Merger and the Stock Purchase.

2.15 Restrictions on Business Activities. There is no Material Contract under which any Acquired Company is or may become, or under which Parent or any Affiliate of Parent will be or may become after the Effective Time, subject to any restrictions or purported restrictions on selling, licensing or otherwise distributing any of its technology or products or on providing services to customers or potential

customers or any class of customers, in any geographic area, during any period of time or in any segment of any market.

2.16 Employment Matters.

(a) Employee List. Part 2.16(a) of the Disclosure Schedule contains a list of all current employees of each Acquired Company as of the date of this Agreement, and correctly reflects: (i) their dates of hire; (ii) their positions and job functions; (iii) their current annual base salaries or hourly wages; (iv) any other cash compensation payable to them; and (v) full-time or part-time status and exempt or non-exempt status. Part 2.16(a) of the Disclosure Schedule designates each employee of any Acquired Company whose services for the Acquired Companies are performed exclusively or primarily in the United States (a “U.S. Employee”) and each employee of any Acquired Company whose services for the Acquired Companies are performed exclusively or primarily in a country other than the United States (a “Non-U.S. Employee”), and also designates the country in which each Non-U.S. Employee exclusively or primarily performs such services. The employment of each of the U.S. Employees is terminable by the Acquired Companies at-will, and the employment of each of the Non-U.S. Employees is terminable either at-will or at the expiration of a standard notice period as set forth in the applicable Legal Requirements or contained in a written Contract that has been disclosed in writing to Parent in Part 2.16(a) of the Disclosure Schedule. The Company has Made Available accurate and complete copies of (x) all current employee manuals and handbooks, and Company-wide written policy statements and (y) all compensation payable to each employee identified in Part 2.16(a) of the Disclosure Schedule (including housing allowances, compensation payable pursuant to a bonus, deferred compensation, commission arrangements or any other basis of compensation and each Company Benefit Plan in which they participate or are eligible to participate, in each case, that are Company-wide and in written form).

(b) No Termination. No executive officer or other individual identified on Schedule 2.16(b) (each such executive officer or other individual, a “Key Employee”) has provided written notice of or, to the Knowledge of the Company, expressed an intention to terminate his or her employment or service with any Acquired Company prior to the first anniversary of the Closing Date. No Acquired Company has a basis to terminate the employment or service of any Key Employee for cause.

(c) Employee Claims. No Person has claimed or, to the Knowledge of the Company, has reason to claim that any Company Employee or any primarily US-based current or former contractor or consultant of any Acquired Company: (i) is in violation of any term of any employment Contract, noncompetition agreement or any restrictive covenant agreement with such Person; (ii) has disclosed or utilized any Trade Secret or proprietary information or documentation of such Person; or (iii) has interfered in the employment relationship between such Person and any of its current or former employees. No Company Employee or any primarily US-based current or former contractor or consultant of any Acquired Company has used or proposed to use any Trade Secret, information or documentation proprietary to any former employer or violated any confidential relationship with any Person in connection with the development, manufacture or sale of any product or proposed product, or the development or sale of any service or proposed service, of any Acquired Company.

(d) Labor Unions. None of the employees of any Acquired Company is represented by a labor union, works council or any other collective bargaining representative, and no Acquired Company is subject to any collective bargaining agreement or any other similar agreement with respect to any of its employees. There is no labor dispute, strike, work stoppage, lockout or union organizing activity with regard to any Acquired Company’s employees or any other material labor-related issue pending or, to the Knowledge of the Company, threatened against any Acquired Company. No Acquired Company has agreed to recognize any labor union, works council or other collective bargaining representative, nor has any labor union, works council or other collective bargaining representative been certified as the exclusive bargaining representative of any employees of any Acquired Company. There is no challenge regarding representation as to any labor union, works council or other collective bargaining representative with respect to any employees of any Acquired Company, and no labor union, works council or other collective bargaining representative claims to or is seeking to represent any employees of any Acquired Company. No Acquired Company has entered into any Contract with any labor union, trade union, works council or any other employee representative body or any number or category of its employees that would prevent, restrict or impede the implementation of any lay off, redundancy, severance or similar program within its or their respective workforces (or any part of them).

(e) Legal Compliance. Since May 23, 2016, no Acquired Company and no employee or other Representative of any Acquired Company, has committed or engaged in any unfair labor practice in connection with the conduct of the business of any of the Acquired Companies. No Legal Proceeding, claim, charge or complaint against any Acquired Company is pending or, to the Knowledge of the Company, has been threatened or is reasonably anticipated relating to any labor, safety or discrimination matters involving any Company Employee, including charges of unfair labor practices or discrimination complaints. Each current Company Employee is lawfully authorized to work in the jurisdiction in which he or she is employed according to applicable immigration laws. Each Acquired Company is, and since May 23, 2016 has been, in compliance in all material respects with all Legal Requirements related to employment and employment practices, the terms and conditions of employment and wages and hours (including the classification of employees under applicable federal and state laws) and with any order, ruling, decree, judgment or arbitration award of any arbitrator or any court or other Governmental Entity, respecting employment, including Legal Requirements, orders, rulings, decrees, judgments and awards relating to discrimination, sexual harassment, worker classification (including the proper classification of workers as independent contractors and consultants under applicable federal and state laws), fair employment practices, affirmative action, tax withholding, wages and hours, overtime, wage payment, civil rights, labor relations, leave of absence requirements, occupational health and safety, privacy, harassment, retaliation, workers compensation, work authorization, immigration, and wrongful discharge.

(f) WARN Act, Notice and Consultation. Since May 23, 2016, no Acquired Company has had any plant closing, mass layoff or other termination of Company Employees that has imposed or would reasonably be expected to impose any obligation or other Liability upon any Acquired Company under the WARN Act. No Acquired Company has or will become subject to any obligation under applicable Legal Requirements or otherwise to notify or consult with, prior to the Effective Time, any Non-U.S. Employee, Governmental Entity or labor union, works council or other labor organization with respect to the impact of the Contemplated Transactions on the employment of any of the Company Employees or the compensation or benefits provided to any of the Company Employees. No Acquired Company is a party to any Contract that in any manner restricts any Acquired Company from relocating, consolidating, merging or closing any portion of the business of any of the Acquired Companies.

(g) Independent Contractor. Part 2.16(g) of the Disclosure Schedule accurately sets forth, with respect to each individual who is currently engaged as an independent contractor of any Acquired Company or has provided services as an independent contractor since May 23, 2016:

(i) the name of such independent contractor and the date as of which such independent contractor was originally engaged by the Acquired Company;

(ii) a description of such independent contractor's services or scope of duties and responsibilities;

(iii) the aggregate dollar amount of the compensation (including all payments or benefits of any type) received by such independent contractor from the Acquired Company with respect to services performed in the fiscal years ended December 31, 2017 and 2018; and

(iv) the terms of compensation of such independent contractor.

(h) Misclassification. Since May 23, 2016, except as would not reasonably be expected to result in material Liability, all individuals who perform or have performed services for any Acquired Company have been properly classified under the applicable Legal Requirements as employees or independent contractors, to the extent applicable. No independent contractor is eligible to participate in any Company Benefit Plan (other than the Stock Plan or any independent contractor or consulting agreement). Since May 23, 2016, except as would not reasonably be expected to result in material Liability, no Acquired Company has or has had any temporary or leased employees that were not treated and accounted for in all respects as temporary or leased employees of such Acquired Company. Except as would not reasonably be expected to result in material Liability, the current and former employees of the Acquired Companies have been properly classified since May 23, 2016 as either exempt or non-exempt employees under the applicable Legal Requirements of all jurisdictions in which the Acquired Companies maintain employment relationships. Except as would not reasonably be expected to result in material Liability, each Acquired Company maintains accurate and complete records of all overtime hours worked since May 23, 2016 by each employee eligible for overtime compensation and compensates all employees in accordance with the requirements of the Fair Labor Standards Act and the applicable Legal Requirements of all jurisdictions in which the Acquired Companies maintain employees.

(i) Certain Conduct. Since May 23, 2016, neither the Acquired Companies nor any Company Employee in their capacity as such have settled any material proceedings, complaints, or other grievances relating to sexual harassment, and there are no such proceedings, complaints, or other grievances currently pending or, to the Knowledge of the Company, threatened against any Company Employee or the Acquired Companies.

2.17 Employee Benefit Plans.

(a) Part 2.17(a) of the Disclosure Schedule lists each material Company Benefit Plan. A "Company Benefit Plan" is each Employee Benefit Plan that (A) provide benefits or compensation to any Company Employee or any primarily US-based current or former contractor or consultant of any Acquired Company, (B) are adopted, maintained, sponsored, contributed to, or required to be contributed to by any Acquired Company, or (C) with respect to which any Acquired Company is a party, participates in, or has or could reasonably be expected to have any Liability with respect thereto, whether actual or contingent, or direct or indirect. Part 2.17(a) of the Disclosure Schedule specifies with respect to each Company Benefit Plan whether it provides compensation or benefits exclusively or primarily to U.S. Employees (a "U.S. Benefit Plan") or exclusively or primarily to non-U.S. Employees (a "Non-U.S. Benefit Plan"). With respect to each material U.S. Benefit Plan, the Company has Made Available accurate and complete copies of the following documents, to the extent applicable, (1) all current plan documents (or a written summary of the material terms, if no such plan document exists), including all current related trust agreements, insurance contracts and funding agreements, and all amendments thereto, (2) copies of the three most recently filed Form 5500 Annual Reports and all schedules thereto, (3) the most recent determination letter (or opinion letter) received from the Internal Revenue Service, (4) the most recent audited financial statements, (5) the most recent summary plan descriptions, and (6) any non-routine correspondence with any Governmental Entity during the past three years.

(b) No Acquired Company has, since May 23, 2016, sponsored, maintained, contributed to, been obligated to contribute to, or had any Liability (including on account of an ERISA Affiliate) in respect of, (i) an "employee pension benefit plan" (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA, Section 412 of the Code or Section 302 of ERISA, including a "multiemployer plan" (as defined in Section 3(37) of ERISA), (ii) a "multiple employer plan" (as defined in Section 413(c) of the Code), or (iii) a "multiple employer welfare arrangement" (as defined in Section 3(40) of ERISA). No Acquired Company has incurred, or would reasonably be expected to incur, any Liability under Title IV of ERISA that has not been satisfied in full. None of the Company Benefit Plans provide for, and none of the Acquired Companies has any material Liability in respect of, any post-employment or post-retiree health, or life insurance benefits or coverage for any participant or any beneficiary of a participant, except as may be required under Section 4980B of the Code or any other similar state statute of a state of the United States, and at the sole premium expense of such individual.

(c) Each Company Benefit Plan (and each related trust, insurance contract or fund) has since May 23, 2016 been established, maintained, administered and operated in all material respects in accordance with the terms of the applicable controlling documents and in all material respects in accordance with the applicable provisions of ERISA, the Code and all other applicable Legal Requirements.

(d) Since May 23, 2016, all required reports, descriptions and disclosures have been filed or distributed appropriately in all material respects and in accordance in all material respects with applicable Legal Requirements with respect to each U.S. Benefit Plan. Since May 23, 2016, the requirements of Part 6 of Subtitle B of Title I of ERISA and of Section 4980B of the Code have been met in all material respects with respect to each Company Benefit Plan that is a group health plan subject to ERISA.

(e) All contributions (including all employer contributions and employee salary reduction contributions), premiums or other payments that are due and owing by an Acquired Company have been timely paid to each U.S. Benefit Plan (or related trust or held in the general assets of the Acquired Companies and accrued, as appropriate), and all contributions for any period ending on or before the Closing Date that are not yet due have been paid to each U.S. Benefit Plan (or related trust) or accrued in accordance with GAAP to the extent required to be so accrued. All premiums or other payments that are or were due and owing by an Acquired Company for all periods ending on or before the Closing Date have been timely paid with respect to each U.S. Benefit Plan, as applicable.

(f) Each U.S. Benefit Plan that is intended to meet the requirements of a "qualified plan" under Section 401(a) of the Code has either received or applied for (or has time remaining to apply for) a favorable determination letter (or, in the case of a prototype plan, an opinion letter) from

the Internal Revenue Service within the applicable remedial amendment periods, and, to the Knowledge of the Company, there are no facts or circumstances that would reasonably be likely to adversely affect the qualified status of any such U.S. Benefit Plan. No such determination letter or advisory letter has been revoked, and no Governmental Entity threatened to revoke any such determination letter or advisory letter.

(g) With respect to each Company Benefit Plan:

(i) since May 23, 2016, there have been no “*prohibited transactions*” with respect to any such U.S. Benefit Plan that would subject any Acquired Company to a material Tax or penalty imposed pursuant to Section 4975 of the Code or Section 502(c), (i) or (l) of ERISA;

(ii) since May 23, 2016, no Acquired Company (by way of indemnification, directly or otherwise) has and no fiduciary has, any material Liability for breach of fiduciary duty or any failure to act or comply in connection with the administration or investment of the assets of any U.S. Benefit Plan; and

(iii) no Legal Proceeding (other than routine claims for benefits) that would result in a material liability to an Acquired Company is pending or, to the Knowledge of the Company, threatened, and, to the Knowledge of the Company, no facts or circumstances exist that would reasonably be expected to give rise to any such Legal Proceeding.

(h) Neither the execution and delivery of this Agreement or any other Company Transaction Document nor the consummation of any of the Contemplated Transactions will (alone or in combination with any other event): (i) result in any payment or benefit becoming due to any Company Employee or to current or former contractor or consultant of any Acquired Company under any Company Benefit Plan; (ii) increase any amount of compensation or benefits otherwise payable to any Company Employee or to any current or former contractor or consultant of any Acquired Company under any Company Benefit Plan; (iii) result in the acceleration of the time of payment, funding or vesting of any compensation or benefits to any Company Employee or to any primarily current or former contractor or consultant of any Acquired Company under any Company Benefit Plan; or (iv) give rise to any payments or benefits that, separately or in the aggregate, would result in any excise tax on any recipient under Section 4999 of the Code or that would be non-deductible to the payor under Section 280G of the Code. This Section 2.17(h) shall not apply to any arrangements entered into at the direction of Parent or between Parent and its Affiliates, on the one hand, and a “disqualified individual” (as defined under Section 280G of the Code) on the other hand (“Parent Arrangements”). For the avoidance of doubt, compliance with this Section 2.17(h) shall be determined as if such Parent Arrangements had not been entered into.

(i) No Acquired Company has an obligation to gross-up or reimburse any individual for any Tax or related interest or penalties incurred by such individual, including under Section 409A or 4999 of the Code or otherwise.

(j) No Company Benefit Plan that is qualified under Section 401(a) of the Code is funded with or provides for payments, investments or distributions in any employer security as defined in Section 407(d)(1) of ERISA, or employer real property as defined in Section 407(d)(2) or ERISA.

(k) Each Company Benefit Plan that is a “nonqualified deferred compensation plan” (as defined in Section 409A(d)(1) of the Code) that is subject to Section 409A of the Code is in compliance in all material respects with Section 409A of the Code.

(l) Without limiting the generality of the other provisions of this Section 2.17, each Non-U.S. Benefit Plan that, under applicable Legal Requirements, is required to be registered or approved by a Governmental Entity, has been so registered or approved. All contributions to, and material payments from, each Non-U.S. Benefit Plan under the terms of such plan or applicable Legal Requirements have since May 23, 2016 been timely made, and all contributions for any period ending on or before the Closing Date that are not yet due have been accrued in accordance with country-specific accounting practices if required to be so accrued. Each Non-U.S. Benefit Plan that, under applicable Legal Requirements, is required to be funded, is either funded to an extent sufficient to provide for the accrued benefit obligations with respect to any Company Employees (including U.S. Employees) or is fully insured, in each case based upon generally accepted local accounting and actuarial practice and procedures. Each Non-U.S. Benefit Plan is in compliance in all material respects with all applicable Legal Requirements.

(m) The Incentive Units are intended to be “profits interests” within the meaning of Rev. Proc. 93-27, 1993-2 C.B. 343 (“Rev. Proc. 93-27”) and Rev. Proc. 2001-43, and neither the Company nor, to the Knowledge of the Company, any holder thereof have or taken any action, including any tax reporting position, that is inconsistent with the application of Rev. Proc. 93-27 or Rev. Proc. 2001-43. Each holder of Incentive Units has filed a valid and timely election under Section 83(b) with respect to each grant of such units, and (ii) has been issued a Schedule K-1 for any period that such holder held such units.

2.18 Environmental Matters.

(a) Each Acquired Company is, and since May 23, 2016 has been, in compliance in all material respects with all Environmental Laws, and no Legal Proceeding, complaint, demand or notice has been made, given, filed or commenced (or, to the Knowledge of the Company, has been threatened) by any Person against any Acquired Company alleging any failure to comply in all material respects with any Environmental Law or seeking contribution towards, or participation in, any remediation of any contamination of any property with Hazardous Materials. Each Acquired Company has obtained, and is and since May 23, 2016 has been in compliance in all material respects with all of the terms and conditions of, all Permits that are required under any Environmental Law and since May 23, 2016 has complied in all material respects with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables that are contained in any applicable Environmental Law. The Company has Made Available accurate and complete copies of all internal and external environmental audits and studies in its possession or reasonable control, if any, relating to any Acquired Company or its operations and all correspondence materially bearing on environmental liabilities relating to any Acquired Company or its operations.

(b) No release of Hazardous Materials exists on or under any property that has been caused by or impacted by the operations or activities of any Acquired Company and that could give rise to any material liability or material investigative, remedial or other obligation under any Environmental Law or that could result in any kind of material liability to any Person claiming damage to Person or property as a result of such

circumstance or physical condition.

(c) All properties and equipment used in the business of any Acquired Company are and, since May 23, 2016, have been free of Hazardous Materials, except for any Hazardous Materials in small quantities found in products used by the Company or for office or janitorial purposes in compliance with Environmental Law or as could not give rise to any material investigative, remedial or other obligation under any Environmental Law.

2.19 Contracts.

(a) List Part 2.19(a) of the Disclosure Schedule sets forth a list of all Material Contracts (other than any Company Contract with a customer pursuant to a standard form of the Company's customer Contract, which standard form is listed on Part 2.19(a)(r) of the Disclosure Schedule) as of the date of this Agreement, including the names of the parties thereto, the date of each such Material Contract and the date of each amendment thereto.

(b) Enforceability; No Breach. All Material Contracts are in full force and effect. All Material Contracts are valid and enforceable, subject only to the Enforceability Exception. No Acquired Company, and, to the Knowledge of the Company, no other party, is in default under or in breach of any Material Contract. No payments or other obligations of any Acquired Company are past due under any Material Contract. No event has occurred, and no circumstance or condition exists, that, with notice, the passage of time or both, could reasonably be expected to: (i) constitute a material default under or result in a violation or breach of any of the provisions of any Material Contract; (ii) give any Person the right to declare a default or exercise any remedy under any Material Contract; (iii) give any Person the right to accelerate the maturity or performance of any Material Contract; or (iv) give any Person the right to cancel, terminate or modify any Material Contract or cause the breach of any Material Contract by any Acquired Company. To the Knowledge of the Company, no party to any Material Contract has exercised or purported or threatened to exercise any termination rights with respect to such Material Contract. No Acquired Company has received any written notice of a default, alleged failure to perform or any offset or counterclaim with respect to any Material Contract that has not been fully remedied and withdrawn. The consummation of the Contemplated Transactions will not affect the enforceability against any party to any Material Contract immediately after the Effective Time.

(c) Delivery of Contracts. The Company has Made Available accurate and complete copies of all Material Contracts (other than any Company Contract with a customer pursuant to a standard form of the Company's customer Contract) as of the date of this Agreement, including all amendments and modifications thereof.

(d) Reseller Contracts. There is no Company Contract involving a third party reseller or distributor or a third party sales representative involved in the marketing, sale or solicitation of orders for any Company Product (a "Channel Partner") which, if terminated by an Acquired Company or not renewed, in each case in accordance with the terms of such Company Contract, would result in any Liability, penalty or payment to any Person in excess of such Acquired Company's obligations under the express terms of such Company Contract.

(e) Standard Form IP Contract. Part 2.19(e) of the Disclosure Schedule sets forth a list of each Standard Form IP Contract. The Company has Made Available accurate and complete copies of each Standard Form IP Contract, including all amendments and modifications thereof.

2.20 Insurance.

(a) Each Acquired Company has been covered since May 23, 2016 by insurance in scope and amount customary and reasonable for the business in which it has been engaged during such period.

(b) Part 2.20(b) of the Disclosure Schedule sets forth the following information with respect to each insurance policy (including policies providing property, casualty, directors and officers liability, professional liability insurance, errors and omissions insurance, or workers' compensation coverage and bond and surety arrangements) with respect to which any Acquired Company is a party, a named insured or otherwise the beneficiary of coverage: (i) the name, address and telephone number of the agent or broker; (ii) the name of the insurer, the name of the policyholder and the name of each covered insured; (iii) the policy number and the period of coverage; (iv) the scope and amount of coverage (including an indication of whether the coverage was on a claims made, occurrence or other basis and a description of how deductibles and ceilings are calculated and operate); (v) a description of any retroactive premium adjustments or other loss sharing arrangements; and (vi) a list of all losses or claims paid, either by the insurers or by any Acquired Company under a self-insurance arrangement, including any recoveries or subrogation recoveries, as well as all pending claims or losses. Each of such insurance policies is legal, valid, binding, enforceable and in full force and effect. No Acquired Company and, to the Knowledge of the Company, no other Person, is in breach or default under any such insurance policy (including with respect to the payment of premiums or the giving of notices). The Company has made available to Parent a copy of each insurance policy set forth in Part 2.20(b) of the Disclosure Schedule.

(c) There are no self-insurance arrangements affecting any Acquired Company.

2.21 Transactions with Related Parties. Except for employment relationships and compensation, benefits, and travel advances in the ordinary course of business to the extent such travel advances are not, individually or in the aggregate, material, no Related Party and, to the Knowledge of the Company, no immediate family member thereof (a) has, or since May 23, 2016 has had, any interest in any material asset used in or otherwise relating to the business of the Acquired Companies (excluding any portfolio companies of any related fund or related investment vehicle of any of the Unitholders or any Affiliate thereof that have an arm's length commercial relationship with the Acquired Companies), (b) is or has been indebted to any Acquired Company, and no Acquired Company is indebted (or has committed to make any loan or extend or guarantee credit) to any Related Party, other than under a Company Benefit Plan, the LLC Agreement or the Buildium Employee LLC Agreement, or (c) is, or has been since May 23, 2016, directly or indirectly, a party to or otherwise interested in any Company Contract (other than in its role as a securityholder of an Acquired Company or holder of Blocker Stock). No Related Party has any direct or indirect ownership interest in or relationship with (x) any Person with which any Acquired Company is affiliated or with which any Acquired Company has a business relationship (excluding any portfolio companies of any related fund or related investment vehicle of any of the

Unitholders or any Affiliate thereof that have an arm's length commercial relationship with the Acquired Companies), or (y) any Person that competes with any Acquired Company (other than the ownership of less than 5% of the outstanding publicly traded stock in publicly traded companies that may compete with the Acquired Companies).

2.22 Books and Records. Since May 23, 2016, the minute books of the Company contain complete and accurate records of all meetings and other corporate actions and proceedings of the Unitholders and board of managers (including committees thereof) in all material respects. Accurate and complete copies of the minute books of the Company have been Made Available.

2.23 Absence of Changes.

(a) Since the date of the Interim Financial Statements, there has not been any Material Adverse Effect, and no event has occurred or circumstance has arisen that, in combination with any other events or circumstances, will or would reasonably be expected to have or result in a Material Adverse Effect. Since the date of the Interim Financial Statements, each Acquired Company has conducted its business in the ordinary course and consistent with past practices, and each Acquired Company has:

(i) used commercially reasonable efforts to (A) preserve intact its present business organization, (B) to keep available the services of its present officers, managerial personnel and key employees and independent contractors, (C) preserve its relationships with customers, suppliers and others having business dealings with it, and (D) maintain its assets in their current condition (except for ordinary wear and tear), in each case, in the ordinary course of business;

(ii) repaired, maintained, or replaced its material equipment in accordance with the normal standards of maintenance applicable in the industry;

(iii) paid all Indebtedness and other accounts payable no later than 30 days after they became due.

(b) Since the date of the Interim Financial Statements through the date of this Agreement, no Acquired Company has:

(i) amended, accelerated or terminated any Material Contract or received any written notice that any other Person has or intends to take any such action with respect to a Material Contract;

(ii) entered into any Contract either that is a Material Contract, or outside the ordinary course of business;

(iii) acquired, assumed, sold, transferred, assigned, conveyed or otherwise disposed of, or granted any license, sublicense, covenant, non-assert, permission, consent, release, immunity, waiver or other right under or with respect to, any Intellectual Property or Intellectual Property Rights, other than non-exclusive licenses for the use of Company Products or Company Software granted to customers in the ordinary course of business consistent with past practice pursuant to an Acquired Company's unmodified form of standard customer agreement, the forms of which have been Made Available to Parent;

(iv) failed to maintain, cancelled (or permitted to become cancelled), abandoned or permitted to lapse or expire any Registered Company IP or failed to maintain any Trade Secret included in the Owned Company IP as a Trade Secret;

(v) entered into or modified any standstill or non-compete contracts under which any Acquired Company is the obligor, or modified or waived any rights under any existing standstill or non-compete contract under which an Acquired Company is the beneficiary;

(vi) made or pledged to make any charitable or other capital contribution;

(vii) adopted, terminated or amended any Employee Benefit Plan, made any contribution to any Employee Benefit Plan (other than regularly scheduled contributions), except as required to comply with applicable Legal Requirements, or increased the compensation or benefits of any Company Employee or any current or former contractor or consultant of any Acquired Company, in each case, outside the ordinary course of business;

(viii) made any material oral or written representation or commitment with respect to any aspect of any Employee Benefit Plan that is not in accordance with the existing written terms and provision of such Employee Benefit Plan;

(ix) terminated any Company Employee other than in the ordinary course of business consistent with past practice;

(x) acquired (including by merger, consolidation or the acquisition of any equity interests or assets) or sold (whether by merger, consolidation or the sale of an equity interests or assets), leased or disposed of any material assets (in each case, excluding any Intellectual Property or Intellectual Property Rights), except for fair consideration in the ordinary course of business and consistent with past practice;

(xi) acquired (including by merger, consolidation or the acquisition of any equity interests or assets) or sold (whether by merger, consolidation or the sale of an equity interests or assets), leased or disposed of any assets (in each case, excluding any Intellectual Property or Intellectual Property Rights and whether or not in the ordinary course of business or consistent with past practice) having an aggregate fair market value in excess of \$50,000;

(xii) mortgaged, pledged or subjected to any Lien (other than Permitted Liens) any of its material assets;

(xiii) made any loans, advances or capital contributions to, or investment in, any other Person, other than loans or investments by any Acquired Company to or in any other Acquired Company;

(xiv) entered into any joint venture, strategic partnership or alliance;

(xv) (A) changed its practices and procedures with respect to the collection of accounts receivable, (B) offered to discount the amount of any account receivable, or (C) extended any other incentive (whether to an account debtor or any employee or third party responsible for the collection of receivables) with respect to any account receivable or the collection thereof;

(xvi) (A) declared, paid or set aside assets for any dividend or otherwise, (B) declared or made any other distribution with respect to any of its equity interests, or (C) purchased, redeemed or acquired any equity interests or other securities of any Acquired Company, except repurchases of units in connection with the termination of the service relationship with any employee;

(xvii) incurred any Company Indebtedness outside the ordinary course of business;

(xviii) changed its existing practices and procedures for the payment of Company Indebtedness or other accounts payable;

(xix) cancelled, compromised, waived or released any right or claim other than immaterial rights or claims in the ordinary course of business;

(xx) (A) paid, discharged or satisfied any claim or Liability, other than immaterial Liabilities arising in the ordinary course of business, or (B) cancelled, compromised, waived or released any right or claim, other than immaterial rights or claims in the ordinary course of business;

(xxi) incurred or committed to incur any capital expenditures, capital additions or capital improvements, other than budgeted capital expenditures made in the ordinary course of business consistent with past practice;

(xxii) experienced any damage, destruction or loss to or of any of the material assets or properties owned or leased by any Acquired Company which is, individually or in the aggregate, material;

(xxiii) (A) made, changed or rescinded any material election relating to Taxes, (B) settled or compromised any claim, controversy or Legal Proceeding relating to Taxes, (C) except as required by applicable Legal Requirements, made any change to any of its methods, policies or practices of Tax accounting or methods of reporting income or deductions for Tax purposes, (D) amended, refiled or otherwise revised any previously filed Tax Return, or surrendered or forgone the right to any material refund or rebate of a previously paid Tax, (E) entered into or terminated any agreements with a Taxing Authority, (F) prepared any Tax Return in a manner inconsistent with past practices, or (G) incurred any liability for a material amount of Taxes outside the ordinary course of business (other than in connection with the Contemplated Transactions);

(xxiv) collected, compiled, used, stored, processed, shared, safeguarded, secured, disposed of, destroyed, disclosed, or transferred (including cross-border) Personal Information (or failed to do any of the foregoing, as applicable) in violation of any (A) applicable Privacy Laws, (B) publicly available privacy policies and notices of the Acquired Companies (whether posted to an external-facing website or otherwise made available or communicated to third parties by an Acquired Company), or (C) contractual obligations that the Acquired Companies have entered into with respect to Personal Information; or

(xxv) authorized, approved, agreed to or made any commitment, orally or in writing, to take any actions set forth in this Section 2.23(b).

2.24 Product and Service Warranties. Each product or service sold, licensed, distributed, provided, performed or delivered by any Acquired Company is and since May 23, 2016 has been in conformity in all material respects with all applicable specifications, contractual commitments (including service level requirements), express and implied warranties and Legal Requirements, and no Acquired Company has any Liability for any violation thereof or other damages in connection therewith (including any obligation to replace or repair any such product or re-perform any such service) subject only to the reserve set forth in the 2018 Balance Sheet. No Company Product is subject to any guaranty, warranty or indemnity beyond the applicable standard terms and conditions of sale, license or lease. The Company has Made Available to Parent copies of the standard terms and conditions of sale, license or lease for each Acquired Company (containing applicable guaranty, warranty and indemnity provisions).

2.25 Suppliers and Major Customers. Part 2.25 of the Disclosure Schedule sets forth an accurate and complete list of the top suppliers of the Acquired Companies representing at least 80% of the Acquired Companies' aggregate expenditure for suppliers for the period from January 1, 2017 to the date of the Interim Financial Statements (collectively, the "Major Suppliers"), together with the amount paid to each Major Supplier during such period. Part 2.25 of the Disclosure Schedule also sets forth an accurate and complete list of the top 25 customers of the Acquired Companies for the period from January 1, 2017 to the date of the Interim Financial Statements (the "Major Customers"), together with the amount of such collections generated by each Major Customer during such period. Since January 1, 2017, no Major Supplier or Major Customer has terminated its relationship with any Acquired Company or materially reduced or changed (x) the pricing or (y) other terms of its business with any Acquired Company. No Acquired Company is engaged in any material dispute with any Major Supplier or Major Customer and, to the Knowledge of the Company, no Major Supplier or Major Customer intends to terminate, limit or reduce its business relations with any Acquired Company, or materially reduce or change the pricing or other terms of its business with any Acquired Company.

2.26 Vote Required. The affirmative vote or written consent of a majority of the Common Units (collectively, the "Required Unitholder Vote") is the only vote or consents necessary (under the Company's Charter Documents, the LLC Act or otherwise) for the adoption and approval of this Agreement and the adoption and approval of the other Contemplated Transactions. All actions relating to the

solicitation and obtaining of written consents from Unitholders with respect to the Merger have been and will be taken in compliance with all applicable Legal Requirements and in accordance with the fiduciary duties of the Company's board of managers.

2.27 No Specified Party Technology; No Violation of Agreements with Specified Parties.

(a) No Company Software or Company Product incorporates or embeds any proprietary software or proprietary data from a scheduled party set forth on Part 2.27(a) of the Disclosure Schedule (each, a "Specified Party") (such software and data, collectively "Specified Party Software"); provided, however, that Specified Party Software shall not include software or data independently created by any Acquired Company.

(b) The Acquired Companies are not in possession of, in any electronic or hard copy form, any confidential or proprietary information owned by a Specified Party (such confidential or proprietary information "Specified Party Proprietary Information") (the Specified Party Software and Specified Party Proprietary Information are referred to collectively as "Specified Party Technology").

(c) No Acquired Company has breached any Contract between an Acquired Company, on the one hand, and any Specified Party, on the other hand.

(d) The Company Products interface with Specified Party software applications and databases only through standard interfaces, generally made available by such Specified Parties to their customers, and not through a custom-built interface.

(e) Since May 23, 2016, no Acquired Company has been engaged to provide, directly or indirectly, consulting or similar services to any third party in connection with such third party's use of Specified Party Technology.

2.28 Third Party Acquisition Proposals. Each Acquired Company has ceased any and all activities, discussions or negotiations with any Person (other than Parent) with respect to any Acquisition Transaction.

2.29 Non-Reliance. In connection with entering into this Agreement, (a) none of Parent, Merger Sub or any of their Representatives has made any representation, warranty or other inducement to the Company other than the representations and warranties made by Parent and Merger Sub set forth in Section 4 or in any other instruments or agreements to be delivered by Parent as contemplated hereby, and (b) the Company is not relying on any representation, warranty or other inducement to enter into this Agreement, other than as set forth in Section 4 or in any other instruments or agreements to be delivered by Parent or Merger Sub as contemplated hereby. The Company hereby acknowledges that Parent is relying on the accuracy and truth of this statement, and the other representations and warranties set forth in this Section 2.

3. REPRESENTATIONS AND WARRANTIES OF BLOCKER PARENTS

Each Blocker Parent, solely with respect to such Blocker Parent and the Blocker held by such Blocker Parent, represents and warrants, on a several and not joint basis, to and for the benefit of the Indemnitees (with the understanding and acknowledgement that Parent and Merger Sub would not have entered into this Agreement without being provided with the representations and warranties set forth in this Section 3 and that Parent and Merger Sub are relying on these representations and warranties), as follows:

3.1 Ownership. Such Blocker Parent is the lawful record and beneficial owner of all of the issued and outstanding equity interests of such Blocker, as applicable, and has good title to such equity interests free and clear of any Liens and with no restriction on the voting rights and other incidents of record and beneficial ownership pertaining thereto. Such Blocker Parent is not the subject of any bankruptcy, reorganization or similar proceeding.

3.2 Organizational Matters. Such Blocker: (a) has been duly organized, and is validly existing and in good standing (or equivalent status), under the laws of the jurisdiction of its formation; (b) has the requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted and as currently planned by such Blocker to be conducted and (c) is duly qualified, licensed and admitted to do business, and is in good standing, in each jurisdiction in which such qualification, license or admission is necessary. Part 3.2 of the Disclosure Schedule accurately sets forth each jurisdiction where such Blocker is qualified, licensed or admitted to do business.

3.3 Authority and Due Execution.

(a) Authority. Such Blocker Parent has all requisite limited partnership power and authority to enter into this Agreement and any other applicable Transaction Document to which it is party and to consummate the Contemplated Transactions. The execution, delivery and performance by such Blocker Parent of this Agreement and the other applicable Transaction Documents to which such Blocker Parent is a party, and the consummation of the Contemplated Transactions, have been duly authorized by all necessary action on the part of such Blocker Parent and its respective general partner, and no other proceedings on the part of such Blocker Parent is necessary to authorize the execution, delivery and performance of this Agreement and the other Transaction Documents to which such Blocker Parent is a party or to consummate the Contemplated Transactions.

(b) Due Execution. This Agreement has been, and each other Transaction Document to which such Blocker Parent has been or will be, duly executed and delivered by such Blocker Parent and, assuming due execution and delivery by the other parties hereto and thereto, constitutes or will constitute the legal, valid and binding obligation of such Blocker Parent, enforceable against such Blocker Parent in accordance with its terms, subject only to the Enforceability Exception.

3.4 Non-Contravention and Consents.

(a) Non-Contravention. The execution and delivery of this Agreement and each other Transaction Document to which such Blocker Parent is a party does not, and the consummation of the Stock Purchase and Merger and the performance of this Agreement and each other Transaction Document to which such Blocker Parent is a party will not: (i) conflict with or violate any of the Charter Documents of such Blocker Parent or Blocker or any resolution adopted by the general partner (or other similar body), (ii) conflict with or violate any applicable Legal Requirement to which such Blocker Parent or Blocker or any of the assets owned or used by such Blocker Parent or Blocker, is subject; or (iii) result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or impair the rights of such Blocker or alter the rights or obligations of any Person under, or give to any Person any rights of termination, amendment, acceleration or cancellation of, or result in the creation of a Lien (other than Permitted Liens) on any of the properties or assets of such Blocker, except in the cases of clauses “(ii)” or “(iii),” as would not, individually or in the aggregate, reasonably be expected to be material to such Blocker Parent or Blocker.

(b) Contractual Consents. Except for applicable premerger notifications under the HSR Act, no Consent under any Contract to which such Blocker Parent or Blocker is a party is required to be obtained, and such Blocker Parent and Blocker is not and will not be required to give any notice to, any Person in connection with the execution, delivery or performance of this Agreement or any other Transaction Document to which such Blocker Parent or Blocker is a party or the consummation of the Stock Purchase, the Merger or any of the other Contemplated Transactions. For purposes of this Agreement, including this Section 3.4(b) and Section 3.4(c), a Consent will be deemed “required to be obtained,” and a notice will be deemed “required to be given,” if the failure to obtain such Consent or give such notice could result in any Blocker Parent or Blocker becoming subject to any Liability, being required to make any payment or losing or forgoing any right or benefit.

(c) Governmental Consents. No Consent of any Governmental Entity is required to be obtained, and no filing is required to be made with any Governmental Entity, by any Blocker Parent or Blocker in connection with the execution, delivery and performance of this Agreement or any other Transaction Document to which such Blocker Parent or Blocker is a party, or the consummation of the Stock Purchase, the Merger or any of the other Contemplated Transactions, except for (i) applicable premerger notifications under the HSR Act and the expiration or termination of the applicable waiting period with respect to the HSR Act and (ii) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware.

3.5 Blocker Actions.

(a) No Other Business Activities. Such Blocker has not engaged in any business or other activities other than activities related to its ownership of membership interests of the Company, as applicable, and the exercise of its rights and the fulfillment of its obligations related thereto (the “Aggregator Investment Activities”).

(b) No Other Assets or Liabilities. Such Blocker has no assets other than the Blocker Equity Interests and such Blocker does not have any Liabilities, except for Liabilities incurred in connection with Aggregator Investment Activities. Other than the Blocker Equity Interests, such Blocker owns no capital stock or equity interests in any other Person.

(c) Issuance. Such Blocker Parent owns all of the outstanding Blocker Stock of such Blocker. Such Blocker Stock has been duly authorized and validly issued and is fully paid and non-assessable. Such Blocker Stock was issued in compliance in all material respects with all Legal Requirements. Such Blocker Stock was not issued in violation of such Blocker’s Charter Documents, arrangement or commitment to which such Blocker or its Blocker Parent is a party and is not subject to, and was not issued in violation of, any preemptive or similar rights of any Person. There are no outstanding or authorized options, warrants, convertible securities or other rights, agreements, arrangements or commitments of any character relating to any capital stock of such Blocker or obligating such Blocker to issue or sell any capital stock (including the Blocker Stock) of such Blocker. Such Blocker owns its share of the Equity Interests free and clear of any Liens (other than the Lien imposed by the LLC Agreement and any restrictions arising under the securities laws).

3.6 Taxes.

(a) (i) All income and other material Tax Returns required to be filed by or with respect to such Blocker Parent’s Blocker have been duly and timely filed; (ii) all Tax Items required to be included in each such Tax Return have been so included and all such Tax Items and any other information provided in each such Tax Return is accurate and complete in all material respects, including any election statements required or otherwise made with any Tax Return, which, except as would not be material to such Blocker, are complete and have been properly filed in accordance with applicable rules in the respective jurisdiction in which such Blocker operates; (iii) all Taxes owed by such Blocker or for which such Blocker is liable that are or have become due have been timely paid in full; (iv) all Tax withholding and deposit requirements imposed on or with respect to each Blocker have been satisfied in full; (v) there are no Liens on any of the assets of such Blocker that arose in connection with any failure (or alleged failure) to pay any Tax (other than Permitted Liens); (vi) all required estimated Tax payments sufficient to avoid any underpayment penalties or interest have been made by or on behalf of such Blocker; and (vii) such Blocker has made full and adequate provision in its books and records and financial statements to the extent required by GAAP for all Taxes which are not yet due and payable.

(b) There is no ongoing claim against such Blocker Parent’s Blocker for any Taxes, and no assessment, deficiency or adjustment has been asserted, proposed or threatened in writing with respect to any Tax Return of or with respect to such Blocker, other than those disclosed in Part 3.6(b) of the Disclosure Schedule. No Tax audits or administrative or judicial proceedings are being conducted, are pending or have been threatened in writing with respect to such Blocker Parent’s Blocker, other than those disclosed in Part 3.6(b) of the Disclosure Schedule. No claim has ever been made by an authority in a jurisdiction where such Blocker does not file Tax Returns that such Blocker is or may be subject to taxation by, or required to file Tax Returns in, that jurisdiction.

(c) There is not in force any extension of time with respect to the due date for the filing of any Tax Return of or with respect to such Blocker Parent’s Blocker (other than any such extension that is automatically granted) or any waiver or agreement for any extension of time for the

assessment or collection of any Tax of or with respect to such Blocker.

(d) Such Blocker Parent's Blocker is not a party to or bound by any Tax allocation, Tax sharing or Tax indemnity agreements or arrangements or similar Contracts or any other obligation to indemnify any other Person with respect to Taxes (other than any such agreements, arrangements, or Contracts entered into in the ordinary course of business and the primary purpose of which does not relate to the allocation or sharing of or indemnification for Taxes).

(e) None of the property of such Blocker Parent's Blocker is held in an arrangement that could be classified as a partnership for Tax purposes, and no Blocker owns any interest in any controlled foreign corporation (as defined in Section 957 of the Code), or passive foreign investment company (as defined in Section 1297 of the Code) or other Entity the income of which is or could be required to be included in the income of any Blocker.

(f) None of the outstanding Indebtedness of any Blocker constitutes Indebtedness with respect to which any interest deductions may be disallowed under Section 163(i), Section 163(l) or Section 279 of the Code (or under any other corresponding provision of applicable Legal Requirements).

(g) Such Blocker Parent's Blocker does not have any Liability for the Taxes of any Person under Treasury Regulations Section 1.1502-6 (or any corresponding provisions of state, local or foreign Legal Requirements), or as a transferee, successor, or otherwise under applicable Legal Requirements. Such Blocker Parent's Blocker is not, nor ever has been, a member of an affiliated, consolidated, combined or unitary group filing for federal or state income Tax purposes.

(h) Such Blocker Parent's Blocker has not entered into any Contract or arrangement with any Taxing Authority that requires such Blocker to take any action or to refrain from taking any action. Such Blocker Parent's Blocker is not a party to any Contract with any Taxing Authority that would be terminated or adversely affected as a result of the Contemplated Transactions.

(i) Such Blocker Parent's Blocker has not participated, within the meaning of Treasury Regulations Section 1.6011-4(c), in (i) any "reportable transaction" within the meaning of Section 6011 of the Code and the Treasury Regulations thereunder; (ii) any "tax shelter" or "confidential corporate tax shelter" within the meaning of Section 6111 of the Code and the Treasury Regulations thereunder; or (iii) any "potentially abusive tax shelter" within the meaning of Section 6112 of the Code and the Treasury Regulations thereunder. Such Blocker Parent's Blocker has disclosed on its Tax Returns all positions taken therein that would reasonably be expected to give rise to a substantial understatement of Tax within the meaning of Section 6662 of the Code (or any similar provision of state, local or foreign Legal Requirements).

(j) Such Blocker Parent's Blocker is not subject to Tax in any jurisdiction, other than the country in which it is organized, by virtue of having a permanent establishment, fixed place of business, or otherwise. All payments by such Blocker Parent's Blocker comply with all applicable transfer pricing requirements imposed by any Taxing Authority.

(k) Such Blocker Parent's Blocker is in compliance with all terms and conditions of any Tax exemption, Tax holiday or other Tax reduction agreement or Order of a Taxing Authority applicable to it, and the consummation of the Contemplated Transactions will not have any adverse effect on the continued validity and effectiveness of any such Tax exemption, Tax holiday or other Tax reduction agreement or Order.

(l) Such Blocker Parent's Blocker has not constituted either a "distributing corporation" or a "controlled corporation" in a distribution of stock intended to qualify under Section 355 or 361 of the Code (i) in the two years prior to the date of this Agreement, or (ii) in a distribution that could otherwise constitute part of a "plan" or "series of related transactions" (within the meaning of Section 355(e) of the Code) in conjunction with the Contemplated Transactions.

(m) Such Blocker Parent's Blocker is not subject to any private letter ruling of the IRS or any comparable rulings of any taxing authority and no power of attorney that is currently in force has been granted with respect to any matter relating to Taxes that could bind any such Blocker after the Closing Date.

(n) Such Blocker Parent's Blocker has not (i) agreed to or is required to make any adjustment pursuant to Section 481(a) of the Code or any similar provision of applicable Legal Requirements by reason of a change in accounting method and, to the Knowledge of its Blocker Parent, no Governmental Entity has proposed any such adjustment, or any application pending with any Governmental Entity requesting permission for any changes in accounting methods that relate to its business or operations, (ii) executed or entered into a closing agreement pursuant to Section 7121 of the Code or any similar provision of applicable Legal Requirements.

(o) Such Blocker Parent's Blocker has not made an election under Section 108(i) of the Code to defer the recognition of any cancellation of indebtedness income.

(p) Such Blocker Parent's Blocker is not nor has ever been a "United States real property holding corporation" within the meaning of Section 897 of the Code.

(q) For purposes of this Section 3.6, any reference to such Blocker Parent's Blocker shall be deemed to include any Person that merged with or was liquidated or converted into such Blocker.

(r) Notwithstanding anything contained in this Agreement to the contrary, such Blocker Parent makes no representation or warranty with respect to the existence availability, amount, usability or limitation (or lack thereof) of any net operating loss, net operating loss carryforward, capital loss carryforward, basis amount, or other Tax attributes of its Blocker after the Closing Date.

3.7 Non-Reliance. In connection with entering into this Agreement, (a) none of Parent, Merger Sub or any of their Representatives has made any representation, warranty or other inducement to any Blocker Parent other than the representations and warranties made by Parent and Merger Sub set forth in Section 4 or in any other instruments or agreements to be delivered by Parent or Merger Sub as

contemplated hereby, and (b) no Blocker Parent is relying on any representation, warranty or other inducement to enter into this Agreement, other than as set forth in Section 4 or in any other instruments or agreements to be delivered by Parent or Merger Sub as contemplated hereby. The Blocker Parents hereby acknowledge that Parent and Merger Sub are relying on the accuracy and truth of this statement, and the other representations and warranties set forth in this Section 3.

4. REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Parent and Merger Sub represent and warrant to the Company and the Blocker Parents (with the understanding and acknowledgement that the Company and Blocker Parents would not have entered into this Agreement without being provided with the representations and warranties set forth in this Section 4 and that the Company and Blocker Parents are relying on these representations and warranties) as follows:

4.1 Standing. Parent is a corporation, duly organized, validly existing and in good standing under the laws of the State of Delaware. Merger Sub is a limited liability company, validly existing and in good standing under the laws of the State of Delaware. Each of Parent and Merger Sub is duly qualified, licensed and admitted to do business in each jurisdiction in which such qualification, license or admission is necessary (except where the failure to be so qualified, licensed, or admitted or to be in good standing would not, individually or in the aggregate, have a material adverse effect on, or prevent, materially delay or materially impair the ability of, Parent and Merger Sub to consummate the Merger and the other Contemplated Transactions (a “Parent Material Adverse Effect”).

4.2 Authority and Due Execution.

(a) Authority. Each of Parent and Merger Sub has all requisite corporate and limited liability company power and authority, as applicable, to enter into this Agreement and any other Transaction Documents to which it is party and to consummate the Contemplated Transactions. The execution and delivery of this Agreement and the other Transaction Documents to which Parent or Merger Sub is a party and the consummation by Parent or Merger Sub of the Contemplated Transactions have been duly authorized by all necessary corporate or limited liability company action on the part of Parent and Merger Sub, as applicable, and no other corporate or limited liability company proceedings on the part of Parent and Merger Sub, as applicable, are necessary to authorize the execution, delivery and performance of this Agreement and such other Transaction Documents by Parent or Merger Sub or to consummate the Contemplated Transactions.

(b) Due Execution. This Agreement has been, and, upon execution and delivery, each other Transaction Document to which either Parent or Merger Sub is a party will be, duly executed and delivered by Parent or Merger Sub and constitutes, or upon execution and delivery will constitute, the legal, valid and binding obligation of Parent or Merger Sub enforceable against Parent or Merger Sub in accordance with its terms, subject only to the Enforceability Exception.

4.3 Governmental Consents. No Consent of any Governmental Entity is required to be obtained, and no filing is required to be made with any Governmental Entity, by Parent or Merger Sub in connection with the execution, delivery and performance of this Agreement or any other Transaction Document to which it is party, or the consummation of the Stock Purchase, the Merger or any of the other Contemplated Transactions, except for (a) applicable premerger notifications under the HSR Act and the expiration or termination of the applicable waiting period with respect to, or as applicable any consent or approval required pursuant to the HSR Act and (b) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware.

4.4 Non-Contravention. The execution and delivery by Parent and Merger Sub of this Agreement and each other Transaction Document to which Parent or Merger Sub is a party do not, and the consummation of the Merger by Merger Sub will not (a) conflict with or violate Parent’s or Merger Sub’s Charter Documents, or (b) conflict with or violate any laws applicable to Parent or Merger Sub except, in each case, as would not, individually or in the aggregate, have a Parent Material Adverse Effect.

4.5 Available Funds. Parent has on the date hereof, and will on the Closing Date have, sufficient unrestricted cash on hand or available credit facilities to pay all amounts required to be paid by Parent at the Closing pursuant to the terms of this Agreement and the other Transaction Documents to which it is party.

4.6 R&W Policy. As of the date hereof, Parent has caused the R&W Policy to be bound.

4.7 Investment Intent. Parent is acquiring the Blocker Stock and the Equity Interests for its own account with the present intention of holding such securities for investment purposes and not with a view to, or for sale in connection with, any distribution of such securities in violation of any federal or state securities laws. Parent is an “accredited investor” as defined in Regulation D promulgated by the SEC under the Securities Act. Parent acknowledges that the Blocker Stock and Equity Interests have not been registered under the Securities Act, or any state or foreign securities laws and that the Blocker Stock and the Equity Interests may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of unless such transfer, sale, assignment, pledge, hypothecation or other disposition is pursuant to the terms of an effective registration statement under the Securities Act and the Blocker Stock and Equity Interests are registered under any applicable state or foreign securities laws or sold pursuant to an exemption from registration under the Securities Act and any applicable state or foreign securities laws.

4.8 Merger Sub. Merger Sub is a newly organized limited liability company, formed solely for the purpose of engaging in the Contemplated Transactions. Merger Sub has not engaged in any business activities or conducted any operations other than in connection with the Contemplated Transactions.

4.9 Non-Reliance. In connection with entering into this Agreement, (a) none of the Company, any Blocker Parent or any of their Representatives has made any representation, warranty or other inducement to Parent other than the representations and warranties made by the Company or the Blocker Parents set forth in Section 2 and Section 3 (as qualified by the Disclosure Schedule attached hereto), respectively, or in any other instruments or agreements to be delivered by the Company or the Blocker Parent as contemplated hereby, and (b) Parent is not relying on any representation, warranty or other inducement to enter into this Agreement, other than as set forth in Section 2 and Section 3 or in any other instruments or agreements to be delivered by the Company or the Blocker Parent as contemplated hereby. Parent hereby acknowledges that the Company and the Blocker Parents are relying on the accuracy and truth of this Section 4.9, and the other representations and warranties set forth in this Section 4.

5. CERTAIN COVENANTS OF THE COMPANY

5.1 Access and Investigation.

(a) During the period commencing on the date of this Agreement and continuing until the earlier of the termination of this Agreement pursuant to Section 9 and the Effective Time (the “Pre-Closing Period”), the Company shall, and shall cause its Representatives and each of the Acquired Companies and their respective Representatives to (i) upon reasonable advance notice, provide Parent and Parent’s Representatives with reasonable access during normal business hours to the Acquired Companies’ Representatives, personnel and assets and to all books, records, Tax Returns, work papers and other documents and information relating to the Acquired Companies and (ii) provide Parent and Parent’s Representatives with copies of such books, records, Tax Returns, work papers and other documents and information relating to the Acquired Companies, and with such additional financial, operating and other data and other information regarding the Acquired Companies, as Parent may reasonably request. Any such access and disclosure shall at all times be managed by and conducted through Representatives of the Company, and Parent shall reasonably cooperate with its and the Company’s Representatives and shall use commercially reasonable efforts to minimize the disruption of the business and operations of the Acquired Companies. Notwithstanding anything to the contrary in this Agreement, the Company shall not be required to provide specific information to Parent or any of its Representatives to the extent that it requires any Acquired Company to (x) disclose information subject to attorney-client or other legal privilege or (y) disclose information in violation of any applicable Legal Requirement or in violation of any confidentiality obligation to which any of them are bound, *provided, however*, that the Company shall use its reasonable best efforts to negotiate in good faith agreements or arrangements that permit providing such information or copies thereof or otherwise complying with this Section 5.1(a) in the circumstances where clause “(x)” or “(y)” of this sentence applies.

(b) During the Pre-Closing Period, Parent and its Representatives shall not make inquiries of Persons having material business relationships with the Acquired Companies (including suppliers, licensors and customers) without the Company’s prior written consent (such consent shall not be unreasonably withheld, conditioned, or delayed), it being understood and agreed that any requests by Parent or its Representatives with respect to such inquires or contact shall be presented to the Company’s Representatives at William Blair & Company L.L.C. engaged by the Company in connection with the Contemplated Transactions; *provided, further*, for any such inquiry to which the Company provides prior written consent, the Company shall use commercially reasonable efforts, and direct each Acquired Company and its Representatives to use commercially reasonable efforts, to reasonably facilitate and cooperate with Parent and its Representatives in connection with such inquiries.

(c) The Company shall deliver to Parent, as soon as practicable and in any event within 30 days after the end of each monthly accounting period that ends during the Pre-Closing Period, unaudited consolidated financial statements of the Acquired Companies (consisting of a consolidated balance sheet, a consolidated statement of operations and a consolidated statement of cash flows) as of the end of and for such monthly accounting period, prepared in accordance with GAAP (the “Pre-Closing Financial Statements”).

5.2 Operation of the Business of the Company. During the Pre-Closing Period, except as set forth on Part 5.2 of the Disclosure Schedule the Company shall ensure that:

(a) each Acquired Company uses its commercially reasonable efforts to conduct its business and operations in the ordinary course and in substantially the same manner as such business and operations have been conducted prior to the date of this Agreement;

(b) each Acquired Company uses its commercially reasonable efforts to preserve intact its current business organization, keep available the services of its current officers and employees and maintain its relations and good will with all suppliers, customers, landlords, creditors, employees and other Persons having business relationships with the Acquired Companies;

(c) upon reasonable request from Parent in writing, the Company shall report to Parent regarding matters set forth on Schedule 5.2 concerning the Acquired Companies; *provided* that no report shall consist of competitively sensitive information;

(d) no Acquired Company shall cancel any of its insurance policies identified in Part 2.20(b) of the Disclosure Schedule or reduce the amount of any insurance coverage provided by such insurance policies;

(e) no Acquired Company shall declare, accrue, set aside or pay any dividend or make any other distribution in respect of any equity interests or other securities of the Acquired Companies, or repurchase, redeem or otherwise reacquire any equity interests or other securities of the Acquired Companies, except repurchases of units in connection with the termination of the service relationship with any employee;

(f) no Acquired Company shall sell, issue or authorize the issuance or grant of (i) any Equity Interests or equity-based interests or other security, (ii) any option, warrant or right to acquire any Equity Interests or equity-based interests (or cash based on the value of Equity Interests) or other security, or (iii) any instrument convertible into or exchangeable for any Equity Interests or equity-based interests (or cash based on the value of Equity Interests) or other security;

(g) no Acquired Company shall amend or waive any of its rights under, or permit the acceleration of vesting under (i) any provision of the Stock Plan, (ii) any other equity or equity-based incentive plan or any award agreement, or (iii) any other compensation-related Contract or arrangement, in each case, other than as required by the terms of any such plan or agreement as in effect on the date of this Agreement;

(h) no Acquired Company shall amend or permit the adoption of any amendment to any of its Charter Documents (other than the Amended and Restated LLC Agreement), or effect or become a party to any Acquisition Transaction, recapitalization, reclassification of units, stock split, reverse stock split or similar transaction;

(i) no Acquired Company shall form any Subsidiary or acquire any equity interest or other interest in any other Entity;

(j) no Acquired Company shall make any capital expenditures in excess of \$30,000 in the aggregate;

(k) no Acquired Company shall enter into or materially amend or prematurely terminate, or waive any material right or remedy under, any Contract that is or would constitute a Material Contract, outside of the ordinary course of business;

(l) no Acquired Company shall (i) acquire, assume, lease or license any right or other asset material to any Acquired Company from any other Person, (ii) sell, transfer, assign, convey or otherwise dispose of, or lease or license, any right or other asset material to any Acquired Company (excluding any Intellectual Property or Intellectual Property Rights) to any other Person, or (iii) waive or relinquish any right, in each case, except in the ordinary course of business consistent with past practices;

(m) no Acquired Company shall grant any license, sublicense, covenant, non-assert, permission, consent, release, immunity, waiver or other right under or with respect to, any Intellectual Property or Intellectual Property Rights, other than non-exclusive licenses for the use of Company Products or Company Software granted to customers in the ordinary course of business consistent with past practice pursuant to an Acquired Company's unmodified form of standard customer agreement, the forms of which have been Made Available to Parent;

(n) no Acquired Company shall (i) cancel (or permit to become cancelled), abandon or permit to lapse or expire, or otherwise fail to maintain, any Registered Company IP (unless the applicable Acquired Company determines, in its reasonable business judgement, that such Registered Company IP is (A) not material and (B) longer economically practicable or commercially desirable to maintain) or (ii) fail to maintain any Trade Secret included in the Owned Company IP as a Trade Secret;

(o) except as otherwise required by any applicable Legal Requirement or by a Company Benefit Plan in effect on the date of this Agreement, no Acquired Company shall (i) enter into, amend or terminate any collective bargaining agreement, (ii) approve, establish, adopt, amend or terminate any Company Benefit Plan, (iii) grant, increase, pay, or make any new commitment to pay, any severance, retention, change in control, termination, bonus, profit-sharing, cash incentive payment or similar payment, other than cash incentive payments, bonuses, and commissions paid in the ordinary course of business and consistent with past practices pursuant to Company Benefit Plans in effect on the date of this Agreement based on actual performance achievement under such Company Benefit Plans, (iv) increase, or make any commitment to increase, the compensation or benefits of any Company Employees or current or former contractor or consultant of any Acquired Company, including wages, salary, commissions, fringe benefits, employee benefits or any other compensation (including equity-based compensation, whether payable in cash or otherwise), (v) take any action to accelerate the vesting or payment, or fund, make any commitment to fund, or in any other way secure the payment of (whether by grantor trust or otherwise), any compensation or benefits under any Company Benefit Plan, (vi) hire or make an offer to hire any new employee whose base salary exceeds \$150,000, other than to replace any departing employee, or (vii) terminate the employment of any Company Employee (other than for cause or poor performance) whose base salary exceeds \$150,000;

(p) no Acquired Company shall change any of its methods of accounting or accounting practices in any material respect;

(q) no Acquired Company shall (i) make, change or rescind any material election relating to Taxes, (ii) settle or compromise any claim, controversy or Legal Proceeding relating to Taxes, (iii) except as required by applicable Legal Requirements, make any change to any of its methods, policies or practices of Tax accounting or methods of reporting income or deductions for Tax purposes, (iv) amend, refile or otherwise revise any previously filed Tax Return, or surrender or forgo the right to any refund or rebate of a previously paid Tax, (v) enter into or terminate any agreements with a Taxing Authority, (vi) prepare any Tax Return in a manner inconsistent with past practices, (vii) consent to an extension or waiver of the statutory limitation period applicable to a claim or assessment in respect of Taxes, (viii) enter into a Tax allocation agreement, Tax sharing agreement, or Tax indemnity agreement, (ix) grant any power of attorney relating to Tax matters, (x) request a ruling with respect to Taxes, or (xi) incur any liability for a material amount of Taxes outside the ordinary course of business (other than in connection with the Contemplated Transactions);

(r) no Acquired Company shall commence or settle any Legal Proceeding for an amount in excess of \$50,000; *provided, however*, no Acquired Company shall commence or settle any Legal Proceeding relating to or involving any injunctive relief;

(s) no Acquired Company shall implement any employee layoffs that would result in an obligation to give notice at or before the Closing Date under the WARN Act; and

(t) no Acquired Company shall agree or commit to take any of the actions described in clauses "(d)" through "(s)" above.

Notwithstanding anything to the contrary contained in this Agreement, any Acquired Company may take any action described in clauses "(d)" through "(t)" above if Parent gives its prior written consent to the taking of such action by the Company. None of the restrictions set forth in this [Section 5.2](#) shall be deemed to directly or indirectly give Parent or Merger Sub the right to control or direct the operations of the Acquired Companies prior to the Closing.

5.3 Notification; Updates to Disclosure Schedule. During the Pre-Closing Period, the Company shall promptly notify Parent in writing of: (i) the discovery by any Acquired Company of any event, condition, fact or circumstance that occurred or existed on or prior to

the date of this Agreement and that caused or constitutes a breach of or an inaccuracy in any representation or warranty made by the Company in this Agreement that would reasonably be expected to cause the conditions set forth in Section 7.1 not to be satisfied; (ii) any event, condition, fact or circumstance that occurs, arises or exists after the date of this Agreement and that would cause or constitute a material breach of or an inaccuracy in any representation or warranty made by the Company in this Agreement that would reasonably be expected to cause the conditions set forth in Section 7.1 not to be satisfied; and (iii) any material breach of any covenant or obligation of the Company that would reasonably be expected to cause the conditions in Section 7.2 not to be satisfied. No such notification shall be deemed to supplement or amend the Disclosure Schedule for the purpose of: (x) determining the accuracy of any of the representations and warranties made by the Company in this Agreement; or (y) determining whether any of the conditions set forth in Section 7 has been satisfied.

5.4 **No Negotiation.** During the Pre-Closing Period, the Company shall not, and shall ensure that no other Acquired Company, director, officer, employee of any Acquired Company or William Blair shall, and shall direct each of the attorneys, accountants, advisors and other representatives or agents of the Acquired Companies not to: (a) solicit or encourage or facilitate the initiation or submission of any expression of interest, inquiry, proposal or offer from any Person (other than Parent) relating to a possible Acquisition Transaction; (b) participate in any discussions or negotiations or enter into any agreement, understanding or arrangement with, or provide any non-public information to, any Person (other than Parent or its Representatives) relating to or in connection with a possible Acquisition Transaction; or (c) entertain or accept any proposal or offer from any Person (other than Parent) relating to a possible Acquisition Transaction. The Company shall promptly (and in any event within 24 hours after receipt thereof) give Parent notice in writing of any indication of interest, proposal, offer, bona fide inquiry from a potential acquiror or request for non-public information, in each case, relating to a possible Acquisition Transaction that is received by any Acquired Company during the Pre-Closing Period. Such notice shall include (x) the identity of the Person making or submitting such inquiry, indication of interest, proposal, offer or request, and the terms and conditions thereof, and (y) an accurate and complete copy of (i) all written materials provided in connection with such inquiry, indication of interest, proposal, offer or request, and (ii) a summary of all oral communications provided in connection with such inquiry, indication of interest, proposal, offer or request.

5.5 **Letter of Credits.** At or prior to the Closing, Parent shall deliver or cause to be delivered, to Wells Fargo Bank, National Association (“Wells Fargo”) for each of the Franklin Letter of Credit and the SHIGO Letter of Credit either (a) a guarantee, backup letter of credit, cash collateral or other security or payment assurance sufficient to satisfy the obligations of the Company to Wells Fargo such that Wells Fargo is willing to execute and deliver a Pay Off Letter with respect to the Repaid Indebtedness owed to them as of the Closing Date notwithstanding the fact that the Franklin Letter of Credit and SHIGO Letter of Credit will remain outstanding or (b) a letter of credit, together with Franklin Owner’s and SHIGO Owner’s executed, dated letter directed to Wells Fargo, referencing such Franklin Letter of Credit and such SHIGO Letter of Credit by number and giving Wells Fargo unconditional authorization to cancel the Franklin Letter of Credit and SHIGO Letter of Credit, as applicable, together with such other documents as may be reasonably required by Wells Fargo in order for Wells Fargo to cancel such Franklin Letter of Credit and such SHIGO Letter of Credit on the Closing Date.

5.6 **Termination/Amendment of Agreements.** The Company shall use its commercially reasonable efforts to (a) cause the agreements identified in Part 1 of Schedule 5.6 to be terminated effective as of the Effective Time, and (b) cause the agreements identified in Part 2 of Schedule 5.6 to be amended, effective as of the Effective Time, in a manner satisfactory to Parent as set forth on Schedule 5.6.

5.7 **FIRPTA Matters.** At the Closing, (a) the Company shall deliver to Parent a certificate in such form as reasonably requested by Parent and reasonably acceptable to the Company conforming to the requirements of Treasury Regulations Section 1.1445-2(b) certifying that each Unitholder (or, if such Unitholder is disregarded as separate from its owner, such owner) is not a foreign person within the meaning of Sections 1445 and 1446(f) of the Code (the “FIRPTA Certificate”), and (b) each Blocker shall deliver to Parent (i) a statement in such form as reasonably requested by Parent conforming to the requirements of Section 1.897-2(h)(1)(i) and 1.1445-2(c)(3)(i) of the Treasury Regulations (the “FIRPTA Statement”), and (ii) the notification required under Section 1.897-2(h)(2) of the Treasury Regulations (the “FIRPTA Notification”) together with authorization for Parent to deliver the FIRPTA Notification to the IRS.

5.8 [RESERVED].

5.1 **Repayment of Insider Receivables.** Prior to the Closing, the Company shall cause all outstanding Insider Receivables to be paid in full.

5.2 **Pay Off Letters.** The Company shall request and use commercially reasonable efforts to obtain, no later than two Business Days prior to the Closing Date, customary pay off letters with respect to the Indebtedness owing to each creditor under the Contracts identified on Schedule 5.10 (to the extent not paid by the Acquired Company prior to Closing) (such aggregate amount of Indebtedness, the “Repaid Indebtedness”). Each such pay off letter (a “Pay Off Letter”) shall: (a) set forth the amount required to pay off in full, on the anticipated Closing Date (and the daily accrual thereafter), the Company Indebtedness (including the outstanding principal, accrued and unpaid interest and prepayment and other penalties) owing to the creditor and wire transfer information for such payment; (b) instructions (including wire and routing information) with respect to the payment of the amount described in clause “(a)” of this Section 5.10; (c) confirm that upon receipt of the amount described in clause “(a)” of this Section 5.10 there will be a complete release of each Acquired Company, Parent and the Surviving Company and the Contract evidencing such Company Indebtedness and all related instruments will be terminated; and (d) contain the commitment of the creditor to release any Liens that the creditor may hold on any of the assets of any Acquired Company within a designated time period after the Closing Date. The Company shall cause the Pay Off Letters to be updated, as necessary, on the Closing Date.

5.3 **D&O Indemnification.**

(a) Prior to the Effective Time, the Company shall purchase an endorsement under the Company's existing directors' and officers' liability insurance coverage (the "D&O Tail Policy") for the Acquired Companies' directors and officers in a form acceptable to Parent, which shall provide such directors and officers with coverage for six years following the Effective Time and shall have a scope substantially similar to the existing coverage under, and have other terms not materially less favorable to the insured persons than the terms of, the directors' and officers' liability insurance coverage currently maintained by the Company. From and after the Closing, Parent shall cause the Surviving Company to continue to honor its obligations under any such D&O Tail Policy procured pursuant to this Section 5.11, and shall cause the Surviving Company to not cancel (or permit to be canceled) or take (or cause to be taken) any action or omission that would reasonably be expected to result in the cancellation thereof.

(b) Parent hereby acknowledges, and shall cause the Surviving Company to comply with, the Surviving Company's obligations pursuant to (i) the LLC Agreement, the Buildium Employee LLC Agreement and the Buildium Agency LLC Agreement, respectively, to indemnify and hold harmless each present and former director, manager and officer of the Acquired Companies as of the Effective Time arising out of their activities on behalf of the Acquired Companies or in furtherance of the interests of the Acquired Companies in accordance with the terms of the LLC Agreement, the Buildium Employee LLC Agreement, and the Buildium Agency LLC Agreement, respectively, and (ii) the LLC Act (the "D&O Indemnification Obligations"). Parent acknowledges that the D&O Indemnification Obligations shall continue from and after the Effective Time with respect to actions existing or occurring at or prior to the Effective Time to the fullest extent under applicable Legal Requirements.

5.4 E&O Indemnification. Prior to the Effective Time, the Company shall purchase a three-year run-off or tail coverage under the Company's existing errors and omissions insurance policy (the "E&O Tail Policy"), 50% of which shall be added back to Cash on the Closing Balance Sheet as Parent's share of the cost of the E&O Tail Policy which the Company and Parent have agreed to share equally.

5.5 Tax Matters.

(a) Tax Returns.

(i) Each Acquired Company and each Blocker shall prepare and file or cause to be prepared and filed, in a manner consistent with past practice (except as required by applicable Legal Requirements), any Tax Returns that are required to be filed prior to the Effective Time and shall pay all Taxes due with respect to such Tax Returns within the time and in the manner required by applicable Legal Requirements. The applicable Acquired Company or Blocker shall provide Parent with a copy of any income or other material Tax Return described in this Section 5.13(a) as soon as reasonably practicable (which, in the case of income Tax Returns, shall be not less than 20 days) prior to the applicable due date of such Tax Return (taking into account any applicable extensions) for Parent's review and comment. Within 10 days following Parent's receipt of any such Tax Return, Parent shall notify Securityholders' Agent in writing with any comments to such Tax Return. The applicable Acquired Company or Blocker shall revise such Tax Returns to reflect any reasonable comments made by Parent prior to the filing of such Tax Returns.

(ii) Parent shall timely prepare and file, or shall cause to be prepared and filed all Tax Returns of the Blockers and the Acquired Companies required to be filed after the Effective Time that relate to any Pre-Closing Tax Period (or portion thereof), including Tax Returns for any Straddle Periods, in a manner consistent with past practice (except as required by applicable Legal Requirements). Parent shall deliver a draft of any income or other material Tax Returns to the Securityholders' Agent for its review and comment not less than 20 days prior to the date on which such Tax Returns are due to be filed (taking into account any applicable extensions). Within 10 days following the Securityholders' Agent's receipt of any such Tax Return, the Securityholders' Agent shall notify Parent in writing with any comments to such Tax Return. To the extent such comments relate to any Pre-Closing Tax Period or the pre-Closing portion of any Straddle Period, Parent shall revise such Tax Returns to reflect any reasonable comments made by the Securityholders' Agent prior to the filing of such Tax Returns. Tax Returns (including amended Tax Returns) of the Acquired Companies or Blockers filed by Parent after the Closing Date shall not be determinative of the amount of Taxes for which Parent is entitled to be indemnified, held harmless, compensated or reimbursed pursuant to Section 10.

(iii) The Transaction Deductions shall be reported in the Pre-Closing Tax Periods (including the pre-Closing portion of any Straddle Period) of the Acquired Companies and the Blockers to the extent the Transaction Deductions are "more likely than not" to be deductible in such Pre-Closing Tax Periods. The parties hereto agree not to take any position in connection with any Tax Return or Tax Claim that is inconsistent with this Section 5.13(a).

(b) Transfer Taxes. All transfer, documentary, sales, use, stamp, registration, and other such Taxes and fees (including any penalties and interest) (collectively, "Transfer Taxes") incurred by any party in connection with this Agreement will be paid when due and will be borne solely by the Unitholders and the Blocker Parents, and the Unitholders and the Blocker Parents shall pay (or cause to be paid) such Taxes when due and shall file all necessary Tax Returns and other documentation with respect to all such Transfer Taxes, and, if required by applicable Legal Requirements, the Unitholders and the Blocker Parents shall join in the execution of any such Tax Returns and other documentation. Parent and the Securityholders' Agent shall reasonably cooperate in timely making all filings, returns, reports and forms as necessary or appropriate to comply with the provisions of all applicable Legal Requirements in connection with the payment of such Taxes, and shall cooperate in good faith to minimize the amount of any such Taxes payable in connection herewith.

(c) Termination of Powers of Attorney. The Company or the Blocker Parents, as applicable, shall or shall cause each power of attorney with respect to any Tax matters granted by or on behalf of any of the Acquired Companies or Blockers to be terminated as of the Closing unless Parent requests in writing that, or grants its written consent for, such power of attorney to remain in effect thereafter.

(d) Termination of Certain Tax Sharing Agreements. The Company or the Blocker Parents, as applicable, shall cause any Tax allocation, Tax sharing or Tax indemnity agreement or arrangement, whether or not written, that may have been entered into by any Person other than the Acquired Companies or the Blockers, on the one hand, and any of the Acquired Companies or the Blockers, on the other hand, to be terminated as to the Acquired Companies or the Blockers as of the Closing Date, and the Company or the Blocker Parents, as applicable, shall ensure that no payments which are owed by the Acquired Companies or the Blockers pursuant thereto shall be payable thereafter.

(e) Assistance and Cooperation. After the Closing Date, the Unitholders, the Blocker Parents and the Securityholders' Agent, on the one hand, and Parent, on the other, shall (and shall cause their respective Affiliates to): (i) assist the other party or parties in preparing any Tax Returns that such other party or parties is responsible for preparing and filing in accordance with Section 5.13(a) and Section 5.13(b); (ii) cooperate fully in responding to any inquiries from or preparing for any audits of, or any disputes with a Governmental Entity regarding, any Taxes or Tax Returns of the Acquired Companies or the Blockers, as applicable, including any Tax Claim pursuant to Section 10.7(g); and (iii) make available to the other party or parties as reasonably requested, all information in its possession relating to the Acquired Companies or the Blockers, as applicable that may be relevant to any Tax Return, audit or examination, proceeding or determination and to any Governmental Entity, including any Tax Claim pursuant to Section 10.7(g)(i), as reasonably requested by the Unitholders, the Blocker Parents, the Securityholders' Agent or Parent, all information, records, and documents relating to Taxes of the Acquired Companies or the Blockers, as applicable.

(f) Tax Audits. The Securityholders' Agent shall use commercially reasonable efforts to prevent any Acquired Company from having any liability for an "imputed underpayment" (within the meaning of Section 6225 of the Code) or any interest or penalty related thereto that is attributable to any adjustment of an item of income, gain, loss, deduction or credit of such Acquired Company for any taxable period or portion thereof ending on the Closing Date, including by causing such Acquired Company to make a "push out" election pursuant to Section 6226 of the Code with respect to any such taxable period or portion thereof.

(g) Tax Elections. The parties shall cause each Acquired Company that is a partnership for U.S. federal income tax purposes to have a valid election in effect under Section 754 of the Code for any Tax period (or portion thereof) which includes the Closing Date and shall not revoke or seek to revoke such election without the prior written consent of Parent, which consent shall not be unreasonably withheld, conditioned or delayed. For purposes of this Agreement, any Tax Item recognized on the Closing Date resulting from any transaction that is outside the ordinary course of business that is effected by or at the direction of Parent following the Closing shall be ignored.

(h) Refunds. The Unitholders and the Blocker Parents shall be entitled to (x) any Tax refunds that are realized by Parent, the Acquired Companies, the Blockers or any of their Affiliates after the Closing, and (y) any amounts credited against a cash Tax liability of Parent, the Acquired Companies, the Blockers or any of their Affiliates to which Parent, the Acquired Companies, the Blockers or any of their Affiliates become entitled after the Closing, in each case, that relate to Taxes for which the Unitholders and the Blocker Parents would otherwise be required to indemnify any Indemnitees hereunder. Parent shall pay over to the Unitholders and the Blocker Parents any such refund or the amount of any such credit (together with any interest received thereon from a Taxing Authority and net of any Taxes or other costs incurred in connection with securing such refund or credit) within five Business Days after such Tax refund is received or credit against Taxes is actually realized as a reduction in cash Taxes; *provided* that, Parent, the Acquired Companies, the Blockers, or any of their Affiliates shall not be required to pay such refund or credit to the Unitholders or Blocker Parents to the extent such amount (i) was included in the Actual Adjustment Amount and resulted in an increase to the Adjusted Transaction Value or (ii) arises as a result of a carryback of a loss or other Tax benefit from a Tax period (or portion thereof) beginning after the Closing Date. If any such Tax refunds are required to be repaid by Parent, the Acquired Companies, the Blockers or any of their Affiliates to the relevant Taxing Authority, or any such amounts credited are reversed by the relevant taxing authority, the Sellers shall pay over to Parent the full amount due to the relevant Taxing Authority (including any penalties, interests, and additional amounts assessed with respect thereto) within five Business Days after such refund is required to be repaid or such amounts credited are reversed.

(i) Certain Restrictions. Except as required by applicable Legal Requirements, and subject to Section 5.13(g), Parent shall not, and shall cause the Surviving Company not to, without the prior written consent of the Securityholders' Agent (which consent shall not be unreasonably withheld, conditioned or delayed), (i) file any amendment of any Tax Return of any Acquired Company or Blocker to the extent such Tax Return relates to or includes any Pre-Closing Tax Period or the pre-Closing portion of any Straddle Period, (ii) make any election that has retroactive effect to any Pre-Closing Tax Period or the portion of any Straddle Period ending on and including the Closing Date (including, for the avoidance of doubt, any election under Section 336 or Section 338 of the Code or any comparable election under state, local or non-U.S. law), or (iii) except as otherwise provided in this Section 5.13(i), voluntarily approach any Taxing Authority regarding any Taxes or Tax Returns of any Acquired Company or Blocker that were originally due on or before the Closing Date; *provided*, that, subject to the remainder of this Section 5.13(i), Parent shall be permitted to take any action described in the foregoing clause "(iii)" with respect to those Taxes listed on Schedule 5.13(i). The Securityholders' Agent shall be permitted, at its own cost and expense, to control the content and, if requested by the Securityholders' Agent, conduct of or preparation of filings in connection with any voluntary disclosures or communications with Taxing Authorities (including, for the avoidance of doubt, in connection with any "VDA" or similar proceeding) regarding any Taxes or Tax Returns of any Acquired Company or Blocker that were originally due on or before the Closing Date; *provided*, that (a) the Securityholders' Agent shall pursue any such filings and proceedings diligently and in good faith, (b) the Securityholders' Agent shall permit Parent to reasonably participate therein with equivalent rights to those afforded Securityholders' Agent in respect of any Tax Claim as described in Section 10.7(g)(i) and (c) Parent shall reasonably cooperate with the Securityholders' Agent in connection with the defense and settlement of any disputes related thereto.

5.6 Resignation of Officers and Directors. The Company shall obtain and deliver to Parent, at or prior to the Closing, the resignation (in form and substance reasonably satisfactory to Parent) of each officer and manager of each Acquired Company from his or her corporate offices (but not his or her employment) with such Acquired Company, effective as of the Effective Time (or, at the option of Parent, a later time). Each such resignation shall state and acknowledge that no Acquired Company, solely as a result of the delivery of such resignation by such officer or manager, is or will be in any way indebted or obligated to the resigning party for termination pay, for loans, for advances or otherwise.

5.7 R&W Policy. Parent and Merger Sub acknowledge and agree that Parent shall be responsible for all fees, expenses and premiums relating to the R&W Policy other than such fees, expense and premiums that constitute a Company Transaction Expense. The R&W Policy shall contain a waiver of subrogation by the insurer in favor of the Acquired Companies, the Unitholders, the Blocker Parent and any of the Affiliates of the foregoing (including any past, present or future director, manager, officer, employee or advisor of any of the foregoing) in connection with this Agreement and the transactions contemplated hereunder except solely in the case of Fraud. Prior to the Closing, Parent shall not amend, modify, or waive any provision of the R&W Policy, including the applicable binder agreement, without the express written consent of the Company and the Blocker Parents (which consent shall not be unreasonably withheld conditioned or delayed). In connection with the Closing, Parent shall take all actions reasonably necessary to cause the conditions to the issuance of the R&W Policy to

be satisfied, and to cause the R&W Policy to be issued, including with respect to Parent paying all fees, costs, and expenses due with respect thereto (including premium, due diligence fees, surplus line fees and insurance broker fees owing in respect of the R&W Policy), delivering all documents, instruments, certificates and other information required to be delivered thereunder, and participating in “bring down” due diligence conferences. Parent shall provide the Securityholders’ Agent and Blocker Parents a true and complete copy of the final R&W Policy as soon as reasonably practicable following the Closing. From and after the issuance of the R&W Policy, Parent shall not amend, modify, or otherwise waive such subrogation provisions of the R&W Policy in a manner adverse to Unitholders, the Blocker Parents or any of Affiliates of the foregoing without the prior written consent of the Securityholders’ Agent.

6. CERTAIN COVENANTS OF THE PARTIES

6.1 Filings and Consents.

(a) Filings. Each party shall use commercially reasonable efforts to file, as soon as practicable after the date of this Agreement, all notices, reports and other documents required to be filed by such party with any Governmental Entity with respect to the Merger and the other Contemplated Transactions, and to submit promptly as reasonably practical and advisable any additional information requested by any such Governmental Entity. Subject to the confidentiality provisions of the Confidentiality Agreement, Parent and the Company each shall promptly supply the other with any information which may be required in order to effectuate any filings (including applications) pursuant to (and to otherwise comply with its obligations set forth in) this Section 6.1(a). Except where prohibited by applicable Legal Requirements or any Governmental Entity, and subject to the confidentiality provisions of the Confidentiality Agreement, each party shall: (i) cooperate with the other with respect to any filings made by the other and, where applicable, any filings made by Parent and the Company, in connection with the Merger, (ii) permit the other to review (and consider in good faith the views of the other in connection with) any documents before submitting such documents to any Governmental Entity in connection with the Merger and (iii) promptly provide the other with copies of all filings, notices and other documents (and a summary of any oral presentations) made or submitted with or to any Governmental Entity in connection with the Merger. No party shall participate in any meeting or substantive communication with any Governmental Entity in connection with this Agreement or the Merger without consulting with the other party in advance and, to the extent not prohibited by such Governmental Entity, giving the other party the opportunity to attend and participate; *provided, however*, that Parent shall be entitled to direct and control all aspects of each parties’ efforts to obtain approval under the HSR Act but will give due consideration to the Company’s views and will act reasonably and in good faith. Parent shall not extend any waiting period under the HSR Act or enter into any agreement with any Governmental Entities not to consummate or to delay the consummation of the Contemplated Transactions without obtaining the written consent of the other parties (which consent shall not be unreasonably withheld, conditioned or delayed).

(b) Efforts. Subject to Section 6.1(c), Parent and the Company shall use commercially reasonable efforts to take, or cause to be taken, all actions necessary to consummate the Merger and make effective the other Contemplated Transactions on a timely basis. Without limiting the generality of the foregoing, but subject to Section 6.1(c), each party to this Agreement (i) shall make all filings (under the HSR Act) as promptly as reasonably practical and advisable, and with respect to filings under the HSR Act (which filings shall specifically request early termination) as soon as reasonably practicable, but in any event no later than 10 Business Days following the date of this Agreement, and give all notices (if any) required to be made and given by such party in connection with the Merger and the other Contemplated Transactions, and (ii) shall use commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things reasonably necessary, proper or advisable to obtain each Consent required to be obtained (pursuant to any applicable Legal Requirement or Contract, and including the expiration or termination of the waiting period under the HSR Act and the expiration or termination of any applicable waiting periods, or obtaining of Consents or otherwise) as promptly as practicable, by such party in connection with the Merger or any of the other Contemplated Transactions; *provided, however*, that, under no circumstances may any Acquired Company pay a fee to any third party in order to obtain any Consent pursuant to this Section 6.1(b) without Parent’s prior written consent.

(c) Limitations. Notwithstanding anything to the contrary contained in Section 6.1(b) or elsewhere in this Agreement, neither Parent nor Merger Sub shall have any obligation under this Agreement (i) to divest or agree to divest (or cause any of its Subsidiaries or any Acquired Company to divest or agree to divest) any of its businesses, product lines or assets, or to agree (or cause any of its Subsidiaries or any Acquired Company to agree) to any limitation or restriction on any of its businesses, product lines or assets, or (ii) to contest any Legal Proceeding relating to the Merger or any of the other Contemplated Transactions.

6.2 Unitholder Consent.

(a) Written Consents. The Company shall ensure that, within two hours after the execution and delivery of this Agreement, written consents in favor of the adoption and approval of this Agreement are executed and delivered to Parent on behalf of Unitholders that hold sufficient Equity Interests to provide the Required Unitholder Vote. The Company shall ensure that all such written consents are solicited and obtained in full compliance with all applicable Legal Requirements and with the fiduciary duties of the Company’s board of managers.

(b) Parachute Payments. To the extent necessary to avoid the application of Section 280G of the Code, the Company shall (i) no later than five Business Days prior to the Closing, use commercially reasonable efforts to obtain waivers from each Person who has a right to any payments and/or benefits as a result of or in connection with the Contemplated Transactions that would be deemed to constitute “parachute payments” (within the meaning of Section 280G of the Code) (such waived amounts, the “Waived 280G Benefits”) so that all remaining payments and benefits applicable to such Person shall not be deemed to be “excess parachute payments” (within the meaning of Section 280G of the Code), and (ii) following the execution of the waivers described in clause “(i)”, if any, solicit approval by the applicable Unitholders of the Waived 280G Benefits by a vote that satisfies the requirements of Section 280G(b)(5)(B) of the Code and the regulations thereunder. Prior to, and in no event later than five Business Days prior to soliciting such waivers and approval, the Company shall provide drafts of such waivers and approval materials, including the calculations and related documentation required to determine whether and to what extent the vote described in this Section 6.2(b) is necessary to avoid the imposition of Taxes under Section 4999 of the Code, to Parent for its reasonable review and comment and the Company shall consider any changes reasonably requested by Parent in good faith. Prior to the Closing Date, the Company shall deliver to Parent evidence that a vote of the Company Unitholders was solicited in accordance with the foregoing and whether the requisite number of votes of Company Unitholders was obtained with respect to the Waived 280G

Benefits or that the vote did not pass and the Waived 280G Benefits will not be paid or retained. With respect to any Parent Arrangements to be entered into prior to or in connection with the Closing that, in the good faith discretion of Parent, would be reasonably likely to provide for “parachute payments” (within the meaning of Section 280G of the Code), Parent shall provide a copy of such contract, agreement or plan to the Company at least 10 Business Days before the Closing Date and shall cooperate with the Company in good faith in order to calculate or determine the value (for the purposes of Section 280G of the Code) of any payments or benefits granted or contemplated therein, which may be paid or granted in connection with the transactions contemplated by this Agreement that would reasonably be expected to constitute a “parachute payment” under Section 280G of the Code; *provided* that, to the extent that such Parent Arrangements are not provided by Parent, the Company’s failure to include the Parent Arrangements in the stockholder voting materials described herein will not result in a breach of the covenants set forth in this Section 6.2.

6.3 Public Announcements.

(a) The Blocker Parents and the Company. From and after the date of this Agreement until the Effective Time, the Blocker Parents, the directors and officers of the Acquired Companies and the Company shall not (and shall instruct each employee of any Acquired Company not to, and shall direct the attorneys, accountants, advisors and other representatives or agents of the Acquired Companies not to) disclose, issue or make any press release or public statement regarding this Agreement or the Merger or any of the other Contemplated Transactions without the prior written consent of Parent (which consent shall not be unreasonably withheld, conditioned or delayed), *provided, however*, without the consent of Parent, the Unitholders of the Company that are institutional investors or Affiliates of investment funds may provide general information about the subject matter of this Agreement and other customary information to investors or potential investors or to their respective Affiliates in connection with the operation of their respective investment and management businesses in the ordinary course of business or in connection with their respective fund raising, marketing, informational or reporting activities subject to customary confidentiality obligations. Following the Effective Time, the Blocker Parents and the Company may, without the consent of Parent, issue any press release or make any public statement relating to this Agreement and the Contemplated Transactions; *provided, that*, such statements or announcements are not inconsistent with the information previously disclosed by Parent to the public with respect to the Company, this Agreement and the Contemplated Transactions.

(b) Parent. Parent shall not (and shall ensure that each director, officer or employee of Parent and its Subsidiaries shall not, and shall direct the attorneys, accountants, advisors and other representatives or agents of Parent and its Subsidiaries not to) issue or make any press release or public statement regarding any Unitholder of the Company (other than any Company Employee), any of the Blockers or Blocker Parents without the Securityholders’ Agent’s prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed). Parent may, without the consent of the Securityholders’ Agent, issue any press release or make any such public statement relating to this Agreement and the Contemplated Transactions (whether or not required by Legal Requirements); *provided, however*, Parent shall consider in good faith the Securityholders’ Agent’s views on such press release or public statement prior to such release. Parent may, without the consent of the Company, make any public statement relating to this Agreement and the Contemplated Transactions in response to questions from the press, analysts, investors or those attending industry conferences and make internal announcements to employees, so long as such statements or announcements are without reference to any former Unitholder of the Company (other than any Company Employee), any of the Blocker or Blocker Parents and is consistent with (and not materially expansive of) previous press releases, public statements or other public statements made by Parent in adherence with this Section 6.3.

6.4 Pre-Closing Restructuring. Prior to the Effective Time, SEP shall consummate the SEP Redemption.

6.5 Commercially Reasonable Efforts. Prior to the Closing (a) the Company shall use commercially reasonable efforts to cause the conditions set forth in Section 7 to be satisfied on a timely basis, and (b) subject to Section 6.1(c), Parent and Merger Sub shall use commercially reasonable efforts to cause the conditions set forth in Section 8 to be satisfied on a timely basis.

6.6 Employee Compensation. As of the Effective Time, Parent shall implement the compensation arrangements with respect to the Company Employees employed by the Company at the Effective Time as set forth on Schedule 6.6. Nothing on Schedule 6.6, express or implied, will confer upon any other Person other than the parties to this Agreement any rights or remedies of any nature whatsoever (including third-party beneficiary rights). Nothing in this Agreement, including on Schedule 6.6, express or implied, will be construed to establish, amend or modify any Company Benefit Plan or any other benefit plan, program, agreement or arrangement. The parties hereto acknowledge and agree that the terms set forth on Schedule 6.6 will not create any right in any employee or any other Person to any continued employment with the Company, Parent or any of their respective Affiliates.

6.7 Escrow Agreement. Prior to the Effective Time, Parent and the Securityholders’ Agent shall enter into the Escrow Agreement with Escrow Agent, such Escrow Agreement to be in a form mutually and reasonably acceptable to Parent and the Securityholders’ Agent.

6.8 Domain Names. The Company shall (a) use commercially reasonable efforts to cause each Domain Name included in the Registered Company IP to be registered in the name of an Acquired Company and without identification of a named individual as the registrant and (b) provide Parent with evidence of each such change in registrant.

7. CONDITIONS PRECEDENT TO OBLIGATIONS OF PARENT AND MERGER SUB

The obligations of Parent and Merger Sub to cause the Merger to be effected and otherwise cause the Contemplated Transactions to be consummated are subject to the satisfaction (or waiver by Parent), at or prior to the Closing, of each of the following conditions:

7.1 Accuracy of Representations.

(a) Each of (i) the first sentence of Section 2.23(a) and (ii) the Fundamental Representations made by the Company or a Blocker

Parent in this Agreement shall have been accurate in all but de minimis respects as of the date of this Agreement and as of the Closing Date as though made on and as of such date, other than such Fundamental Representations which by their terms are made as of a specific earlier date, which shall have been accurate in all but de minimis respects as of such earlier date; *provided, however*, that, for purposes of determining the accuracy of such representations and warranties any update or modification to the Disclosure Schedule purported to have been made after the execution of this Agreement shall be disregarded.

(b) Each of the Specified Representations shall have been accurate in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of such date, other than such Specified Representations which by their terms are made as of a specific earlier date, which shall have been accurate in all material respects as of such earlier date, it being acknowledged and agreed by the parties hereto that “material” shall mean, with respect to the Specified Representations set forth in Section 2.6(a) and Section 2.13, any inaccuracy or inaccuracies which, individually or in the aggregate, would reasonably be expected to result in Damages to Parent in excess of the amounts set forth on Schedule 7.1(b); *provided, however*, that, for purposes of determining the accuracy of such representations and warranties (i) all materiality, Material Adverse Effect, and similar qualifications limiting the scope of such representations and warranties shall be disregarded, and (ii) any update of or modification to the Disclosure Schedule purported to have been made after the execution of this Agreement shall be disregarded.

(c) Each representation and warranty made by the Company or a Blocker Parent in this Agreement, other than (i) the first sentence of Section 2.23(a), (ii) the Specified Representations and (iii) the Fundamental Representations, shall have been accurate in all respects as of the date of this Agreement and as of the Closing Date as though made on and as of such date, other than any such representations and warranties which by their terms are made as of a specific earlier date, which shall have been accurate in all respects as of such earlier date, except where the failure of such representations and warranties to be true and correct has not had, and would not reasonably be expected to have, a Material Adverse Effect, *provided, however*, that, for purposes of determining the accuracy of such representations and warranties, (i) all materiality, Material Adverse Effect, and similar qualifications limiting the scope of such representations and warranties shall be disregarded and (ii) any update of or modification to the Disclosure Schedule purported to have been made after the execution of this Agreement shall be disregarded.

7.2 Performance of Covenants. Each of the covenants and obligations that the Company is required to comply with or to perform at or prior to the Closing under this Agreement shall have been complied with and performed in all material respects.

7.3 Governmental and Other Consents; Expiration of Notice Periods.

(a) Governmental Consents. Any waiting period applicable to the Merger or any of the other Contemplated Transactions under the HSR Act and any extensions thereof (including any agreements or commitments by the parties not to consummate the transactions, including any timing agreements) shall have expired or been terminated.

(b) Other Consents. All Consents identified in Schedule 7.3(b) shall have been obtained and shall be in full force and effect.

7.4 No Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any Material Adverse Effect.

7.5 Unitholder Approval. This Agreement shall have been duly adopted by the Required Unitholder Vote.

7.6 Agreements and Documents. Parent shall have received the following agreements and documents:

(a) agreements, in form and substance reasonably satisfactory to Parent, terminating or amending the agreements identified on Schedule 5.6 in accordance with Section 5.6;

(b) a certificate duly executed on behalf of the Company by the chief executive officer of the Company and containing the representation and warranty of the Company that the conditions set forth in Sections 7.1, 7.2 and 7.4 have been duly satisfied (the “Company Closing Certificate”);

(c) the Certificate of Merger, duly executed by the Company;

(d) the Sale and Merger Consideration Spreadsheet;

(e) all of the items required to be delivered pursuant to Section 1.10(a);

(f) the Significant Owner Agreement executed by Chris Litster (“Litster”) shall, assuming due execution and delivery of Parent’s signature thereto and no repudiation by Parent thereof, be in full force and effect as of the Effective Time;

(g) (i) the Employment Documents executed by Litster as of the date of this Agreement shall, assuming due execution and delivery of Parent’s signature thereto and no repudiation by Parent thereof, be in full force and effect as of the Effective Time and (ii) Litster shall not have died or have suffered a Disability;

(h) the Management Deferral Agreements executed by Litster shall, assuming due execution and delivery of Parent’s signature thereto and no repudiation thereof, be in full force and effect as of the Effective Time;

(i) the Escrow Agreement, duly executed by the Securityholders’ Agent;

(j) the FIRPTA Certificate executed by the Company and the FIRPTA Statement executed by each Blocker;

(k) the Pay Off Letters, duly executed by each of the creditors under the Contracts identified on Schedule 5.10; and

(l) certificates of good standing (or equivalents thereof) for each of the Acquired Companies from the Secretary of State of the State of Delaware.

7.7 No Restraints. No temporary restraining order, preliminary or permanent injunction or other Order preventing or otherwise impeding the consummation of the Merger shall have been issued by any court of competent jurisdiction or other Governmental Entity and remain in effect, and there shall not be any applicable Legal Requirement enacted or deemed applicable to the Merger that makes consummation of the Merger illegal.

7.8 Tail Insurance. The Company shall have provided Parent with evidence reasonably satisfactory to Parent of the purchase of the D&O Tail Policy in accordance with Section 5.11 and the E&O Tail Policy in accordance with Section 5.12.

7.9 No Governmental Legal Proceedings. No Governmental Entity shall have commenced any Legal Proceeding that remains pending that would reasonably be expected to result in the imposition of criminal liability on any Acquired Company or any officer or director of any Acquired Company with respect to the business of the Acquired Companies (a "Criminal Action"), and no individual with authority to bind a Governmental Entity shall have threatened to commence (except where the threat shall have been withdrawn in writing) any Criminal Action.

7.10 Development Operations in India and Portugal. The Company shall have taken the actions set forth on Schedule 7.10 with respect to the operations of the Company in India and Portugal.

7.11 Pre-Closing Restructuring. SEP shall have consummated the SEP Redemption.

8. CONDITIONS PRECEDENT TO OBLIGATIONS OF THE COMPANY AND THE BLOCKER PARENTS

The obligations of the Company and the Blocker Parents to consummate the Contemplated Transactions are subject to the satisfaction (or waiver), at or prior to the Closing, of the following conditions:

8.1 Accuracy of Representations. Each of the representations and warranties made by Parent and Merger Sub in this Agreement shall have been accurate in all material respects as of the date of this Agreement and as of the Closing Date as if made on and as of the Closing Date, except where the failure of the representations and warranties of Parent and Merger Sub to be accurate in all material respects would not reasonably be expected to have a Parent Material Adverse Effect; *provided, however*, that for purposes of determining the accuracy of such representations and warranties, all materiality and similar qualifications limiting the scope of such representations and warranties shall be disregarded.

8.2 Performance of Covenants. The covenants and obligations that Parent and Merger Sub are required to comply with or to perform at or prior to the Closing under the Agreement shall have been complied with and performed in all material respects.

8.3 Governmental Consents. Any waiting period applicable to the Merger or any of the other Contemplated Transactions under the HSR Act and any extensions thereof (including any agreements or commitments by the parties not to consummate the transactions, including any timing agreements) shall have expired or been terminated.

8.4 No Restraints. No temporary restraining Order, preliminary or permanent injunction or other order preventing the consummation of the Merger by the Company shall have been issued by any court of competent jurisdiction in the United States or other federal or state Governmental Entity in the United States and remain in effect, and there shall not be any applicable Legal Requirement enacted or deemed applicable to the Merger by any federal or state Governmental Entity in the United States that makes consummation of the Merger by the Company illegal.

8.5 Certificate. The Company shall have received a certificate duly executed on behalf of Parent by an officer of Parent and containing the representation and warranty of Parent that the conditions set forth in Sections 8.1 and 8.2 have been satisfied (the "Parent Closing Certificate").

8.6 Payment Agent Agreement; Escrow Agreement. Parent shall have delivered to the Company, (a) the Payment Agent Agreement, duly executed by Parent and (b) the Escrow Agreement, duly executed by Parent.

9. TERMINATION

9.1 Termination Events. This Agreement may be terminated prior to the Closing (whether before or after the adoption of this Agreement by the Unitholders):

(a) by the mutual written consent of Parent, the Company, and the Blocker Parents;

(b) by Parent if the Closing has not taken place on or before 11:59 p.m. (Dallas, Texas time) on March 5, 2020 (the “End Date”) and any condition set forth in Section 7 has not been satisfied or waived as of the time of termination (other than as a result of any failure on the part of Parent to comply with or perform any covenant or obligation of Parent or Merger Sub set forth in this Agreement); *provided, however*, if, as of the End Date, the only conditions to the Closing that have not been satisfied or waived (other than those conditions that by their nature are to be satisfied at or immediately prior to the Closing) are Sections 7.3(a), 7.7 (in connection with a temporary restraining order, preliminary injunction or other Order issued solely in connection with the Antitrust Laws in the United States), 8.3 and 8.4 (in connection with a temporary restraining order, preliminary injunction or other Order issued solely in connection with the Antitrust Laws in the United States), then, upon written request by Parent, the End Date shall automatically be extended until March 19, 2020; *provided, further*, if Parent extends the End Date pursuant to the immediately preceding proviso, all references in this Agreement to the “End Date” will be the End Date as extended;

(c) by the Company if the Closing has not taken place on or before 11:59 p.m. (Dallas, Texas time) on the End Date and any condition set forth in Section 8 has not been satisfied or waived as of the time of termination (other than as a result of any failure on the part of the Company to comply with or perform any covenant or obligation set forth in this Agreement); *provided, however*, if, as of the End Date, the only conditions to the Closing that have not been satisfied or waived (other than those conditions that by their nature are to be satisfied at or immediately prior to the Closing) are Sections 7.3(a), 7.7 (in connection with a temporary restraining order, preliminary injunction or other Order issued solely in connection with the Antitrust Laws in the United States), 8.3 and 8.4 (in connection with a temporary restraining order, preliminary injunction or other Order issued solely in connection with the Antitrust Laws in the United States), then, upon written request by the Company, the End Date shall automatically be extended until March 19, 2020; *provided, further*, if the Company extends the End Date pursuant to the immediately preceding proviso, all references in this Agreement to the “End Date” will be the End Date as extended;

(d) by Parent, the Company, or any Blocker Parent, if (i) a court of competent jurisdiction or other Governmental Entity shall have issued a final and nonappealable Order, or shall have taken any other action, having the effect of permanently restraining, enjoining or otherwise prohibiting the Merger, or (ii) there shall be any applicable Legal Requirement enacted, promulgated, issued or deemed applicable to the Merger by any Governmental Entity that would make consummation of the Merger illegal;

(e) by Parent if (i) any representation or warranty of the Company or a Blocker Parent contained in this Agreement shall be inaccurate as of the date of this Agreement, or shall have become inaccurate as of a date subsequent to the date of this Agreement, such that the condition set forth in Section 7.1 would not be satisfied, (ii) any of the covenants of the Company contained in this Agreement shall have been breached such that the conditions set forth in Section 7.2 would not be satisfied, or (iii) any Material Adverse Effect shall have occurred or would reasonably be expected to occur; *provided, however*, that, in the case of any of the clauses “(i)”, “(ii)” or “(iii)”, if an inaccuracy in any of the representations and warranties of the Company or a Blocker Parent, or a breach of a covenant by the Company, or such Material Adverse Effect is curable by the Company or a Blocker Parent, as applicable, through the use of reasonable efforts within 10 days after Parent notifies the Company or a Blocker Parent, as applicable, in writing of the existence of such inaccuracy or breach (the “Company Cure Period”), then Parent may not terminate this Agreement under this Section 9.1(e) as a result of such inaccuracy, breach or Material Adverse Effect prior to the expiration of the Company Cure Period, provided the Company or a Blocker Parent, as applicable, during the Company Cure Period, continues to exercise reasonable efforts to cure such inaccuracy or breach (it being understood that Parent may not terminate this Agreement pursuant to this Section 9.1(e) if such inaccuracy, breach or Material Adverse Effect is cured prior to the expiration of the Company Cure Period); *provided, however*, Parent may not exercise its right to terminate this Agreement pursuant to this Section 9.1(e) if Parent is in default of any of its obligations under this Agreement such that the conditions to Closing set forth in Section 8.1 and Section 8.2 would not (in the absence of a waiver) be satisfied as of the Closing Date;

(f) by the Company if (i) any of Parent’s representations and warranties contained in this Agreement shall be inaccurate as of the date of this Agreement, or shall have become inaccurate as of a date subsequent to the date of this Agreement, such that the condition set forth in Section 8.1 would not be satisfied, or (ii) if any of Parent’s covenants contained in this Agreement shall have been breached such that the condition set forth in Section 8.2 would not be satisfied; *provided, however*, that if an inaccuracy in any of Parent’s representations and warranties or a breach of a covenant by Parent is curable by Parent through the use of reasonable efforts within 10 days after the Company notifies Parent in writing of the existence of such inaccuracy or breach (the “Parent Cure Period”), then the Company may not terminate this Agreement under this Section 9.1(f) as a result of such inaccuracy or breach prior to the expiration of the Parent Cure Period, provided Parent, during the Parent Cure Period, continues to exercise reasonable efforts to cure such inaccuracy or breach (it being understood that the Company may not terminate this Agreement pursuant to this Section 9.1(f) with respect to such inaccuracy or breach if such inaccuracy or breach is cured prior to the expiration of the Parent Cure Period); *provided, however*, the Company may not exercise its right to terminate this Agreement pursuant to this Section 9.1(f) if the Company is in default of any of its obligations under this Agreement such that the conditions to Closing set forth in Section 7.1 and Section 7.2 would not (in the absence of a waiver) be satisfied as of the Closing Date; and

(g) by Parent if written consents adopting this Agreement and approving the Merger by the Required Unitholder Vote shall not have been duly executed and delivered within two hours after the execution and delivery of this Agreement.

9.2 Termination Procedures. If Parent wishes to terminate this Agreement pursuant to Section 9.1, Parent shall deliver to the other parties hereto a written notice stating that Parent is terminating this Agreement and setting forth a brief description of the basis on which Parent is terminating this Agreement. If the Company or the Blocker Parents wish to terminate this Agreement pursuant to Section 9.1, the Company or Blocker Parents, as applicable, shall deliver to the other parties hereto a written notice stating that the Company or Blocker Parents, as applicable, is terminating this Agreement and setting forth a brief description of the basis on which the Company or Blocker Parents, as applicable, is terminating this Agreement.

9.3 Effect of Termination. If this Agreement is terminated pursuant to Section 9.1, all further obligations of the parties under this Agreement shall terminate; *provided, however*, that: (a) neither the Company, nor Parent shall be relieved of any obligation or liability arising from any willful and material breach by such party of any representation and warranty, if (and only if) such breach gives the other party the

right to terminate this Agreement pursuant to Section 9.1(e) or Section 9.1(f), or any willful breach by such party of any covenant or obligation contained in this Agreement; (b) the parties shall, in all events, remain bound by and continue to be subject to the provisions set forth in Section 11; and (c) the parties shall, in all events, remain bound by and continue to be subject to Section 6.3 and the Confidentiality Agreement. Notwithstanding anything herein to the contrary, the provisions of this Section 9.3 shall not modify, waive, or diminish the rights of any party to specific performance pursuant to Section 11.11, it being understood and agreed that no party shall be entitled to be granted both specific performance and Damages with respect to such breach.

10. INDEMNIFICATION, ETC.

10.1 Survival of Representations, Etc.

(a) General. Subject to Sections 10.1(b) and 10.1(d), the representations and warranties made by the Company and the Blocker Parents in this Agreement and the representations and warranties set forth in the Company Closing Certificate, in each case other than the Fundamental Representations and the Sale and Merger Consideration Spreadsheet, shall survive the Effective Time until 11:59 p.m. Dallas, Texas time on the date that is 12 months after the Closing Date (the "General Representation Survival Time"); *provided, however*, that if, at any time prior to the General Representation Survival Time, any Indemnitee delivers to the Securityholders' Agent a written notice alleging the existence of an inaccuracy in or a breach of any of such representations and warranties and asserting a claim for recovery under Section 10.2 based on such alleged inaccuracy or breach, then the claim asserted in such notice shall survive the General Representation Survival Time until such time as such claim is fully and finally resolved. All covenants and agreements of the Company and the Blocker Parents contained in this Agreement shall survive the Closing until fully performed in accordance with their terms.

(b) Fundamental Representations. Notwithstanding anything to the contrary contained in Section 10.1(a), but subject to Section 10.1(d), (i) each Fundamental Representation and the representations and warranties set forth in the Company Closing Certificate with respect to the Fundamental Representations, and (ii) the Sale and Merger Consideration Spreadsheet, shall survive the Effective Time until the expiration of the longest statute of limitations (as it may be and is actually extended) applicable to the subject matter of the representation and warranty with respect to any inaccuracy in or breach of such Fundamental Representation, the representations and warranties in the Company Closing Certificate with respect to the Fundamental Representations or the Sale and Merger Consideration Spreadsheet; *provided, however*, that if, at any time on or prior to the applicable expiration date referred to in this sentence, any Indemnitee delivers to the Securityholders' Agent a written notice alleging the existence of an inaccuracy in or a breach of any of such Fundamental Representations and asserting a claim for recovery under Section 10.2 based on such alleged inaccuracy or breach, then the claim asserted in such notice shall survive such expiration date until such time as such claim is fully and finally resolved.

(c) Parent Representations and Covenants. All representations, warranties and covenants (except for those covenants which by their terms are to be performed after the Effective Time, which shall survive the Effective Time until fully performed in accordance with their terms) made by Parent and Merger Sub in this Agreement or in any certificate referred to in this Agreement shall terminate and expire as of the Effective Time, and any liability of Parent or Merger Sub with respect to such representations, warranties and covenants shall thereupon cease.

(d) Fraud. Notwithstanding anything to the contrary contained in Section 10.1(a) or Section 10.1(b), the limitations set forth in Sections 10.1(a) and 10.1(b) shall not apply in the event of any Fraud.

(e) Representations Not Limited by Knowledge. The Company, the Blocker Parents and the Securityholders' Agent (on behalf of the Indemnitors) hereby agree that (i) the Indemnitees' rights to indemnification, compensation and reimbursement contained in this Section 10 relating to the representations or warranties of the Company, the Blockers or the Securityholders' Agent set forth in this Agreement are part of the basis of the bargain contemplated by this Agreement, and (ii) such representations or warranties set forth in this Agreement, and the rights and remedies that may be exercised by the Indemnitees with respect thereto, shall not be waived, limited or otherwise affected by or as a result of (and the Parent and Merger Sub shall be deemed to have relied upon such representations or warranties set forth in this Agreement notwithstanding) any knowledge on the part of any of the Indemnitees or any of their Representatives, regardless of whether obtained through any investigation by any Indemnitee or any Representative of any Indemnitee or through disclosure by the Company, the Blocker Parent or any other Person, and regardless of whether such knowledge was obtained before or after the execution and delivery of this Agreement.

(f) Disclosure Schedule. For purposes of this Agreement, each specific statement or other specific item of information set forth in the Disclosure Schedule (each, a "Disclosed Item") shall be deemed to be a part of, and an exception to, the applicable representation and warranty (giving effect to Section 11.19) made by the Company or the Blocker Parent, as applicable, in this Agreement. In furtherance of the foregoing, no Indemnitee shall have any claim for breach of any representation and warranty made by the Company or the Blocker Parent, as applicable, in this Agreement based on any Disclosed Item disclosed against such representation and warranty or for which such disclosure would apply pursuant to Section 11.19, it being acknowledged and agreed by the Company, the Blocker Parents and the Securityholders' Agent (on behalf of the Indemnitors) that separate indemnification is being provided for certain Disclosed Items under Section 10.2(a)(xii) as expressly set forth on Schedule 10.2(a)(xii).

10.2 Indemnification.

(a) Indemnification. From and after the Effective Time (but subject to Section 10.1), each Indemnitor shall, severally and not jointly, hold harmless and indemnify each of the Indemnitees from and against, and shall compensate and reimburse each of the Indemnitees for, such Indemnitor's Pro Rata Share of any Damages which are suffered or incurred at any time by any of the Indemnitees or to which any of the Indemnitees may otherwise become subject at any time (regardless of whether or not such Damages relate to any Third Party Claim) and which arise from or as a result of:

(i) any inaccuracy in or breach of any representation or warranty made by the Company or a Blocker Parent in this Agreement as of the date of this Agreement (without giving effect to (A) any materiality, Material Adverse Effect or similar qualifications limiting the scope of such representation or warranty, or (B) any update of or modification to the Disclosure Schedule made or purported to have been made on or after the date of this Agreement);

(ii) any inaccuracy in or breach of any representation or warranty made by the Company or a Blocker Parent (A) in this Agreement as if such representation or warranty was made on and as of the Closing, or (B) in the Company Closing Certificate (in each case, without giving effect to any (x) materiality, Material Adverse Effect or similar qualifications limiting the scope of such representation or warranty, or (y) any update of or modification to the Disclosure Schedule made or purported to have been made on or after the date of this Agreement);

(iii) any breach of any covenant or obligation of the Company or a Blocker Parent in this Agreement;

(iv) without duplication of any Damages indemnifiable under Section 10.2(a)(i) through (iii) or Section 10.2(a)(v) through (xii), any Tax (A) imposed on any Acquired Company or Blocker, or for which any Acquired Company or Blocker is otherwise liable, or imposed on or with respect to any Seller with respect to any Acquired Company or Blocker for any Pre-Closing Tax Period or for the portion of any Straddle Period ending on the Closing Date (as determined as set forth in the definition of “Straddle Period” in Exhibit A), (B) resulting from the transactions described in Section 6.4, (C) of or imposed on any member of an affiliated, consolidated, combined or unitary group of which any Acquired Company or Blocker (or any predecessor to any Acquired Company or Blocker) was a member prior to the Closing by reason of Treasury Regulation Section 1.1502-6(a) or any analogous or similar Legal Requirement, (D) of or imposed on any other Person (other than any Acquired Company or Blocker) for which any Acquired Company or Blocker is or has been liable as a transferee or successor, or otherwise under applicable Legal Requirements, or (E) that is a transfer, documentary, sales, use, registration or other similar Tax (including all applicable real estate transfer or gains Taxes and stock transfer Taxes) incurred in connection with this Agreement or any of the Contemplated Transactions;

(v) any claim asserted by any current, former or alleged unitholder or securityholder of the Company (A) relating to this Agreement, the Merger or the Stock Purchase, or (B) alleging any ownership of, interest in or right to acquire any Equity Interests or other securities of any Acquired Company;

(vi) regardless of the disclosure of any matter set forth in the Disclosure Schedule, (A) any Section 280G Payments made or required to be made by any Acquired Company in connection with the Contemplated Transactions and (B) any damages for the failure of any Acquired Company to make such Section 280G Payments;

(vii) any inaccuracy in the Sale and Merger Consideration Spreadsheet;

(viii) any Company Indebtedness outstanding as of immediately prior to the Effective Time or any unpaid Company Transaction Expenses, in each case to the extent not taken into account in the calculation of the Actual Adjustment Amount;

(ix) any Fraud on the part of any Blocker, Blocker Parent or any Acquired Company with respect to the making of the representations in Section 2 or Section 3;

(x) any Damages with respect to, and any payments made in respect of, claims of appraisal or dissenters’ rights with respect to any of the Equity Interests that are issued and outstanding as of immediately prior to the Effective Time;

(xi) any claim or right asserted by any person who is or at any time prior to the Effective Time was an officer, director, employee or agent of any Acquired Company (against the Surviving Company, against any other Acquired Company, against Parent or against any of Parent’s other Subsidiaries) asserting a right or entitlement or an alleged right or entitlement to employment, indemnification, reimbursement of expenses or any other relief or remedy (under the Charter Documents of any Acquired Company, under any director and officer indemnification agreement or similar Contract or under any Legal Requirement) with respect to any act or omission on the part of such person in his or her capacity as an officer, director, employee or agent of any of the Acquired Companies at or prior to the Effective Time; and

(xii) any matter set forth in Schedule 10.2(a)(xii) in accordance with the provisions of Schedule 10.2(a)(xii) and without duplication of any Damages indemnifiable pursuant to another clause under this Section 10.2(a).

(b) Damage to Parent. The parties acknowledge and agree that, if the Surviving Company suffers, incurs or otherwise becomes subject to any Damages as a result of or in connection with any inaccuracy in or breach of any representation, warranty, covenant or obligation, then (without limiting any of the rights of the Surviving Company as an Indemnitee) Parent shall be deemed, by virtue of its ownership of the membership interests of the Surviving Company and of the stock of the Blockers, to have incurred Damages as a result of and in connection with such inaccuracy or breach, it being understood and agreed that in no event shall this sentence entitle both Parent and the Surviving Company to recovery in respect of the same Damages arising from such inaccuracy or breach.

10.3 Limitations.

(a) Threshold. Subject to Section 10.3(b), the Indemnitors shall not be required to make any indemnification payment pursuant to Section 10.2(a)(i) or Section 10.2(a)(ii) for any inaccuracy in or breach of any representation or warranty in this Agreement until such time as the total amount of all Damages (including the Damages arising from such inaccuracy or breach and all other Damages arising from any other inaccuracies or breaches of any representations or warranties) that have been directly or indirectly suffered or incurred by any one or more of the Indemnitees, or to which any one or more of the Indemnitees has or have otherwise directly or indirectly become subject, exceeds \$1,000,000 (the “Threshold Amount”) in the aggregate. Subject to Section 10.3(c), if the total amount of such Damages exceeds the Threshold Amount, then the Indemnitees shall be entitled to be indemnified against and compensated and reimbursed for the entire amount of such Damages, and not merely the portion of such Damages exceeding the Threshold Amount.

(b) Applicability of Threshold. The limitation set forth in Section 10.3(a) shall not apply (and shall not limit the indemnification or other obligations of any Indemnitor) to inaccuracies in or breaches of any of the Fundamental Representations.

(c) Liability Cap.

(i) Subject to Section 10.4(c) and Section 11.3, the total amount of indemnification to the Indemnitees that the Indemnitors (other than any Indemnitor having committed Fraud) shall be responsible for pursuant to Section 10.2(a)(i) through Section 10.2(a)(xii) (other than (A) Section 10.2(a)(iii), (B) Section 10.2(a)(xii) and (C) with respect to claims made pursuant to Section 10.2(a)(i) or Section 10.2(a)(ii) for breaches of the representations and warranties set forth in Section 2.8 (Taxes) and Section 2.11 (Intellectual Property and Related Matters) which have been specifically excluded from coverage under the R&W Policy as of the Effective Time as a result of a known breach or an actual or contingent liability as of the Closing Date (such claims, the “Excluded Claims”), shall be an amount equal to, and shall not exceed, the Indemnification Holdback.

(ii) Subject to Section 11.3, the total amount of indemnification to the Indemnitees that each Indemnitor that did not commit Fraud shall be responsible for pursuant to Section 10.2(a)(iii), Section 10.2(a)(ix) or with respect to an Excluded Claim shall be an amount equal to, and shall not exceed, the amount of Merger Consideration or Blocker Consideration, as applicable, paid to such Indemnitor.

(iii) Subject to Section 11.3, the total amount of indemnification to the Indemnitees that the Indemnitors (other than any Indemnitor having committed Fraud) shall be responsible for pursuant to Section 10.2(a)(xii) shall be an amount equal to, and shall not exceed, the Specified Escrow Amount.

(d) Tax Limitations. Notwithstanding anything to the contrary in this Agreement, the Indemnitees shall not have any right to indemnification under this Agreement with respect to, or based on, Taxes to the extent such Taxes (i) are attributable to Tax periods (or portions thereof) beginning after the Closing Date (other than with respect to a breach of the representations and warranties in Sections 2.8(c), 2.8(d), 2.8(e), 2.8(f), 2.8(h), 2.8(i), 2.8(t), 3.6(b), 3.6(c), 3.6(d), 3.6(e), 3.6(g), 3.6(n), and 3.6(o)), (ii) are due to the unavailability in any Tax period (or portion thereof) beginning after the Closing Date of any net operating losses, credits or other Tax attributes from a Tax period (or portion thereof) ending on or prior to the Closing Date, (iii) do not arise from a claim or Legal Proceeding initiated by any Governmental Entity, or (iv) result from any Parent financing transaction.

(e) Special Damages. Other than with respect to Fraud against any Indemnitor who has committed such Fraud, in no event will any Indemnitee be entitled to recover or make a claim for, and in no event will “Damages” be deemed to include, punitive, special or exemplary damages (except to the extent actually paid to a third party).

(f) Effect of Indemnification Payments. To the extent permitted by applicable Legal Requirements, indemnification payments made pursuant to this Section 10 shall be treated by all parties as adjustments to the aggregate consideration paid in the Stock Purchase and Merger.

10.4 Payment Source.

(a) Sequence of Indemnitee Recourse. All claims by any Indemnitee for Damages that such Indemnitee is entitled to pursuant to Section 10.2(a) other than for claims for Damages pursuant to Section 10.2(a)(xii) shall be recovered (i) *first*, from the Indemnification Holdback in accordance with the procedures, and subject to the terms, conditions and limitations set forth in this Section 10, (ii) *second*, subject to Section 10.6, from the R&W Policy (except for those claims that constitute Excluded Claims or that are not covered by the R&W Policy), (iii) *third*, to the extent coverage for such Damages with respect to such claims is available under the D&O Tail Policy or the E&O Tail Policy, against the D&O Tail Policy and the E&O Tail Policy, as applicable (such policies collectively, the “Available Policies”) and (iv) *fourth*, directly from the Indemnitors, subject to the limitations set forth in Section 10.3.

(b) Specified Indemnification. All claims by an Indemnitee for Damages that such Indemnitee is entitled to pursuant to Section 10.2(a)(xii) shall be recovered from the Specified Escrow Amount, subject to the terms, conditions and limitations set forth in this Section 10.

(c) Parent Rights to Indemnification Holdback; Several Liability. The parties acknowledge that the Indemnitees shall be entitled to recover all Damages arising from claims under Section 10.2(a) directly against the Indemnification Holdback, regardless of any Indemnitors’ Pro Rata Share of such Damages. The parties hereto further acknowledge that an Indemnitee may recover Damages incurred by such Indemnitee as a result of a breach by any Indemnitor who is a party to a Significant Owner Agreement of such Indemnitor’s breach thereunder from the Indemnification Holdback, such recovery in no event to exceed such Indemnitor’s Pro Rata Share of the Indemnification Holdback, which any such recovery reducing the amount, if any, such Indemnitor is entitled to receive under the Payment Agent Agreement on a dollar-for-dollar basis. Parent acknowledges that any claims that any Indemnitee is entitled to make, and any Damages that such Indemnitee is entitled to recover in respect of such claims, directly against the Indemnitors under Section 10.4(a)(iv) shall be on a several, and not joint and several, basis, in accordance with each Indemnitors’ Pro Rata Share.

10.5 No Contribution. Each Indemnitor waives, and acknowledges and agrees that such Indemnitor shall not have and shall not exercise or assert (or attempt to exercise or assert), any right of contribution, right of indemnity or advancement of expenses or other right or remedy against the Surviving Company or any Acquired Company with respect to any matter for which such Indemnitor has indemnification obligations or other liability under Section 10 (“Barred D&O Claims”). Effective as of the Closing, the Securityholders’ Agent, on behalf of itself and each Indemnitor, expressly waives and releases any and all rights of subrogation, contribution, advancement, indemnification or other claim against Parent, the Surviving Company or any Acquired Company with respect to the Barred D&O Claims.

10.6 Insurance. Subject to Section 10.4, if any claim for any Damages sustained or incurred by an Indemnitee are covered under any Available Policy (such Damages, the “Insurance Covered Damages”), as reasonably determined by Parent based on a good faith reading of such Available Policy, and the Indemnification Holdback has been exhausted to satisfy such Insurance Covered Damages or other Damages of the Indemnitees arising under Section 10, such Indemnitee shall use commercially reasonable efforts to recover such Insurance Covered Damages from such Available Policy, as applicable, including concurrently with recovery from one or more of such Available Policy, and shall use commercially reasonable efforts to collect such Insurance Covered Damages from such Available. The amount of any Damages for which any Indemnitor is liable

under Section 10 shall be reduced, dollar-for-dollar (in case of the D&O Tail Policy and the E&O Tail Policy, net of cost of collection and any increase in premium as a result of such collection) by the amount of insurance proceeds recovered by any Indemnitee under any of the Available Policies.

10.7 Indemnification Claim Procedure. With respect to any claim for indemnification, compensation or reimbursement pursuant to this Section 10, such claims shall be brought and resolved exclusively as follows (other than with respect to claims pursuant to Section 10.2(a)(xii), which shall be brought and resolved as set forth on Schedule 10.2(a)(xii)):

(a) If any Indemnitee has or claims in good faith to have incurred or suffered, or believes in good faith that it may incur or suffer, Damages for which it is or may be entitled to be held harmless, indemnified, compensated or reimbursed under Section 10 (other than with respect to claims pursuant to Section 10.2(a)(xii)) or for which it is or may be entitled to a monetary remedy under Section 10 (including in the case of a claim based on Fraud) (other than with respect to claims pursuant to Section 10.2(a)(xii)), such Indemnitee shall deliver a notice of claim in writing (a “Notice of Claim”) to the Securityholders’ Agent as promptly as reasonably possible after becoming aware of the basis of such claim. Each Notice of Claim shall: (i) state that such Indemnitee believes in good faith that such Indemnitee is or may be entitled to indemnification, compensation or reimbursement under Section 10; (ii) contain a reasonably detailed description of the basis of such claim and the facts and circumstances supporting such Indemnitee’s claim; and (iii) if practicable, contain a good faith, non-binding, preliminary estimate of the aggregate amount of the actual and potential Damages that the Indemnitee believes have arisen and may arise as a result of such facts and circumstances (the aggregate amount of such estimate, as it may be modified by such Indemnitee from time to time, being referred to as the “Claimed Amount”).

(b) During the 20-day period commencing upon delivery by an Indemnitee to the Securityholders’ Agent of a Notice of Claim (or, in the event that an Indemnitee delivers an updated Notice of Claim, the 20-day period commencing upon delivery by an Indemnitee after the last updated Notice of Claim) (the “Dispute Period”), the Securityholders’ Agent shall deliver to the Indemnitee who delivered the Notice of Claim a written response (the “Response Notice”) in which the Securityholders’ Agent: (i) agrees that the full Claimed Amount is owed to such Indemnitee; (ii) agrees that part, but not all, of the Claimed Amount (the “Agreed Amount”) is owed to the Indemnitee; or (iii) indicates that no part of the Claimed Amount is owed to such Indemnitee. If the Response Notice is delivered in accordance with clause “(ii)” or “(iii)” of the preceding sentence, such Response Notice shall also contain a reasonably detailed description of the facts and circumstances supporting the Securityholders’ Agent’s claim that only a portion or no part of the Claimed Amount is owed to the Indemnitee, as the case may be. Any part of the Claimed Amount that is not agreed to be owed to the Indemnitee pursuant to the Response Notice (or the entire Claimed Amount, if the Securityholders’ Agent asserts in the Response Notice that no part of the Claimed Amount is owed to the Indemnitee) is referred to in this Agreement as the “Contested Amount” (it being understood that the Contested Amount may be modified from time to time to reflect any modifications by the Indemnitee to the Claimed Amount). If a Response Notice is not delivered to the Indemnitee prior to the expiration of the Dispute Period, then the Securityholders’ Agent shall be conclusively deemed to have agreed that the full Claimed Amount is owed to the Indemnitee.

(c) If (i) the Securityholders’ Agent delivers a Response Notice to the Indemnitee agreeing that the full Claimed Amount is owed to the Indemnitee, or (ii) the Securityholders’ Agent does not deliver a Response Notice to the Indemnitee during the Dispute Period, then Parent shall have the right to deduct such Claimed Amount from the Indemnification Holdback, to the extent available.

(d) If the Securityholders’ Agent delivers a Response Notice to the Indemnitee during the Dispute Period agreeing that less than the full Claimed Amount is owed to the Indemnitee, then Parent shall have the right to deduct such agreed upon amount from the Indemnification Holdback.

(e) If the Securityholders’ Agent delivers a Response Notice to the Indemnitee during the Dispute Period indicating that there is a Contested Amount, the Securityholders’ Agent and the Indemnitee shall attempt in good faith to resolve the dispute related to the Contested Amount within 30 days after the date on which the Securityholders’ Agent delivers such Response Notice (or such longer period as the Indemnitee and the Securityholders’ Agent may mutually agree in writing). If the Indemnitee and the Securityholders’ Agent resolve such dispute during such period, then their resolution of such dispute shall be binding on the Securityholders’ Agent, the Indemnitors and such Indemnitee and a settlement agreement stipulating the amount owed to the Indemnitee (the “Stipulated Amount”) shall be signed by the Indemnitee and the Securityholders’ Agent. Parent shall, following the execution of such settlement agreement, deduct the Stipulated Amount from the Indemnification Holdback.

(f) Other than with respect to any claim for indemnification relating primarily to Tax matters (which shall be governed by Section 10.7(g)), in the event that the Indemnitee and the Securityholders’ Agent fail to reach a resolution on a Notice of Claim or Contested Amount that is the subject of a Response Notice, within 30 days after the date on which the Securityholders’ Agent delivers such Response Notice (or such longer period as the Indemnitee and the Securityholders’ Agent may mutually agree in writing), to the extent that (i) the claim subject to such Notice of Claim is between the Indemnitee, on the one hand, and the Indemnitors, on the other hand, and not a matter that is subject to a claim or Legal Proceeding asserted or commenced by a third party brought against the Indemnitee, such dispute shall be settled pursuant to Section 11.9 and (iii) the claim subject to such Notice of Claim is a Third Party Claim, such dispute shall be settled pursuant to this Section 10.7.

(g) Tax Claims and Tax Disputes.

(i) In the event any of the Indemnitees become aware of the assertion or commencement by any Person of any claim or Legal Proceeding (whether against the Surviving Company, any Acquired Company, any Blocker, Parent, or any other Person) which may result in Taxes for which any Unitholder would be responsible (including any Taxes for which any Seller may become obligated to hold harmless, indemnify, compensate, or reimburse any Indemnitee pursuant to Section 10.2(a) (an “Indemnified Tax”) (a “Tax Claim”), Parent shall inform the Securityholders’ Agent of such Tax Claim as soon as possible but in any event within 10 Business Days after Parent or such Affiliate of Parent becomes aware of such Tax Claim. Parent shall control the contest or resolution of any such Tax Claim; *provided*, that Parent shall obtain the prior written consent of the Securityholders’ Agent (which consent shall not be unreasonably withheld, conditioned or delayed) before entering into any settlement of a Tax Claim or ceasing to defend such Tax Claim if such settlement or cessation would reasonably be expected to give rise to any Tax for which any Unitholder would be responsible (including, for the avoidance of doubt, any Indemnified Tax); and, *provided* further, that the Securityholders’ Agent shall be entitled to participate in the defense of such Tax Claim and to employ counsel of its choice for such purpose (the fees and expenses of which separate counsel shall be borne solely by the Securityholders’ Agent (for the benefit of the

Unitholders and Blocker Parents)) if such Tax Claim would reasonably be expected to give rise to any Tax for which any Unitholder would be responsible (including, for the avoidance of doubt, any Indemnified Tax). Parent shall keep the Securityholders' Agent informed of all material developments and events relating to any Tax Claim (including promptly forwarding copies to the Securityholders' Agent of any related correspondence), and shall consult in good faith with the Securityholders' Agent or the Securityholders' Agent's counsel in connection with the defense or prosecution of any such Tax Claim, in each case, if such Tax Claim would reasonably be expected to give rise to any Tax for which any Unitholder would be responsible (including, for the avoidance of doubt, any Indemnified Tax).

(ii) In the event of a dispute with respect to the matters governed by Section 5.13, Section 10.2(a) or this Section 10.7(g) (a "Tax Dispute"), such Tax Dispute shall be submitted to a public accounting firm mutually agreeable to Parent and the Securityholders' Agent (the "Tax Referee") for binding resolution.

(A) The Tax Referee shall be instructed to resolve any Tax Dispute within 30 days of having been engaged with respect to such Tax Dispute.

(B) The Indemnitees and the Indemnitors will, and will cause their respective Affiliates to, provide each other with such cooperation and information as any of them reasonably may request of the other in connection with such Tax Dispute. Such cooperation will include providing copies of relevant Tax Returns or portions thereof and any relevant documentation relating to any settlement or other resolution of any dispute with a Taxing Authority with respect to such Tax Returns.

(C) The final decision of the Tax Referee with respect to the Tax Dispute shall be furnished to the Indemnitee and the Securityholders' Agent in writing, shall include the amount of the award to the Indemnitee (the "Tax Award Amount") and shall constitute a conclusive, final and non-appealable determination of the issue in question, binding upon the Indemnitees, the Securityholders' Agent and each Indemnitor, and their successors and assigns. The Tax Referee shall determine whether there is a prevailing party in any Tax Dispute submitted to the Tax Referee and, if there is a prevailing party, who the prevailing party is. The prevailing party shall be entitled to recover such prevailing party's reasonable costs and attorneys' fees incurred in connection with such Tax Dispute, and, if the Indemnitee is the prevailing party, such amounts shall be included within the Tax Award Amount.

(D) Any such Tax Dispute shall be kept confidential by the Indemnitee, the Securityholders' Agent and the Indemnitors; *provided, however*, that such parties may discuss the Tax Dispute with their respective advisors, attorneys, directors, officers, members and Affiliates.

(E) The fees and expenses of the Tax Referee shall be borne 50% by the Indemnitee and 50% by the Indemnitors (based on their respective Pro Rata Share); *provided, however*, that if the Tax Referee determines that there is a prevailing party, such fees and expenses shall be borne exclusively by the losing party.

(F) Upon resolution of the Tax Dispute in accordance with this Section 10.7(g), Parent shall have the right to deduct the Tax Award Amount from the Indemnification Holdback, to the extent available.

(h) Promptly after the General Representation Survival Time, if and only if any amounts remain outstanding under the Indemnification Holdback, Parent shall notify the Securityholders' Agent in writing of the amount that Parent determines in good faith to be necessary to satisfy all claims made by an Indemnitee pursuant to Section 10.2(a) that have been asserted, but not resolved prior to the General Representation Survival Time (each such claim an "Unresolved Claim"). Within 15 Business Days after the General Representation Survival Time, Parent shall release from the Indemnification Holdback to the Payment Agent for distribution to each Indemnitor, an amount equal to such Indemnitor's Pro Rata Share multiplied by the remaining amount of the Indemnification Holdback (other than such amounts in respect of Unresolved Claims).

(i) Following the General Representation Survival Time, if an Unresolved Claim is finally resolved, then Parent shall within five Business Days after the final resolution of such Unresolved Claim and the delivery to the Indemnitee of the amount to be delivered to the Indemnitee from the Indemnification Holdback pursuant to Section 10, release from the Indemnification Holdback to the Payment Agent for distribution to each Indemnitor, an amount equal to (i) such Indemnitor's Pro Rata Share, *multiplied by* (ii) the amount, if any, by which the aggregate amount held in the Indemnification Holdback as of the time of such disbursement exceeds the amounts that Parent determines in good faith to be necessary to satisfy all remaining Unresolved Claims (which amounts will continue to be held in the Indemnification Holdback). Following the final resolution of any remaining Unresolved Claims, if any, Parent shall within five Business Days after the final resolution of such Unresolved Claim, release from the Indemnification Holdback to the Payment Agent for distribution to each Indemnitor, an amount equal to such Indemnitor's Pro Rata Share *multiplied* by the remaining amount of the Indemnification Holdback.

10.8 Third Party Claims.

(a) Defense of Third Party Claims, Generally. In the event of the assertion or commencement by any Person (other than the parties hereto or any Seller) of any claim or Legal Proceeding (whether against the Surviving Company, any Acquired Company, Parent or any other Person) (such claim, a "Third Party Claim") with respect to which any Indemnitor may become obligated to hold harmless, indemnify, compensate or reimburse any Indemnitee pursuant to this Section 10, Parent shall have the right, at its election, to proceed with the defense of such Third Party Claim on its own with counsel reasonably satisfactory to the Securityholders' Agent. If Parent so proceeds with the defense of any such claim or Legal Proceeding:

(i) subject to the other provisions of this Section 10, all reasonable and documented expenses relating to the defense of such Third Party Claim shall be borne and paid exclusively by the Indemnitors;

(ii) each Indemnitor shall make available to Parent any documents and materials in such Indemnitor's possession or control that may be necessary to the defense of such Third Party Claim; *provided, however*, no Indemnitor shall be required to provide any information that would (x) disclose information subject to attorney-client or other legal privilege or (y) disclose information in violation of any Legal Requirement or in violation of any confidentiality obligation to which any of them are bound; *provided, however*, that each Indemnitor shall use

its commercially reasonable efforts to negotiate in good faith agreements or arrangements that permit providing such information or copies thereof or otherwise complying with this Section 10.8(a)(ii) in the circumstances where clause “(x)” or “(y)” of this sentence applies; and

(iii) No Indemnitee shall settle, adjust or compromise any Third Party Claim without the consent of Securityholders’ Agent (which such consent shall not be unreasonably withheld, conditioned or delayed); *provided, however*, Parent shall have the right to settle, adjust or compromise a Third Party Claim that does not constitute a Specified Claim if (A) such settlement, adjustment, or compromise does not involve any finding or admission of any violation of any Legal Requirement or admission of any wrongdoing by any Indemnitors, (B) such settlement, adjustment, or compromise does not require any payment by, or obligation of, any Indemnitor (including, without limitation, from the Indemnification Holdback), and (C) Parent obtains, as a condition of any settlement or resolution, a complete and unconditional release of each Indemnitor from any and all liability in respect of such Third Party Claim.

If Parent does not elect to proceed with the defense of any such Third Party Claim, the Securityholders’ Agent may proceed with the defense of such Third Party Claim with counsel reasonably satisfactory to Parent; *provided, however*, that the Securityholders’ Agent may not settle, adjust or compromise any such Third Party Claim without the prior written consent of Parent (which consent may not be unreasonably withheld, conditioned or delayed). Parent shall give the Securityholders’ Agent prompt notice of the commencement of any such Third Party Claim against Parent, Merger Sub or the Company; *provided, however*, that any failure on the part of Parent to so notify the Securityholders’ Agent shall not limit any of the obligations of the Indemnitors under this Section 10 (except to the extent such failure materially prejudices the defense of against Third Party Claim).

(b) Specified Third Party Claims. Notwithstanding Section 10.8(a), if a Third Party Claim constitutes a Specified Claim, the Securityholders’ Agent will be entitled to assume the defense thereof, by notice to Parent, with counsel selected by the Securityholders’ Agent and reasonably satisfactory to the Indemnitee; *provided, however*, if such Third Party Claim is a claim (i) that seeks injunctive relief that would reasonably be expected to restrict the operations of the business of Parent or any of its Subsidiaries or (ii) involves a material customer, supplier or licensor of Parent or its Subsidiaries, the Indemnitee shall have the right to assume the defense of such Third Party Claim with counsel selected by the Indemnitee and reasonably satisfactory to the Securityholders’ Agent (and in no event more than one counsel without prior written approval of the Securityholders’ Agent). If the Securityholders’ Agent assumes such defense, the Indemnitee and its counsel will have the right to participate in the defense thereof and to employ counsel separate from the counsel employed by the Securityholders’ Agent at the Indemnitee’s expense, it being understood, however, that the Securityholders’ Agent will direct such defense but will reasonably cooperate with the Indemnitee and its counsel. If the Securityholders’ Agent chooses to defend any Third Party Claim, Parent and its Subsidiaries will reasonably cooperate in the defense or prosecution of such Third Party Claim. Such cooperation will include the reasonable retention and (upon the Securityholders’ Agent’s request) the provision to the Securityholders’ Agent of records and information reasonably relevant to such Third Party Claim and making employees of Parent and its Subsidiaries available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder; *provided, however*, Parent and its Subsidiaries shall not be required to provide any information that would (x) disclose information subject to attorney-client or other legal privilege or (y) disclose information in violation of any Legal Requirement or in violation of any confidentiality obligation to which any of them are bound; *provided, however*, that Parent shall use its commercially reasonable efforts to negotiate in good faith agreements or arrangements that permit providing such information or copies thereof or otherwise complying with this Section 10.8(b) in the circumstances where clause “(x)” or “(y)” of this sentence applies. The Securityholders’ Agent shall not settle, adjust or compromise any Specified Claim without the consent of Parent (which such consent shall not be unreasonably withheld, conditioned or delayed).

10.9 Election of Claims. In the event that any Indemnitee alleges that they are entitled to indemnification hereunder, and such Indemnitee’s claim is covered under more than one provision of this Agreement, such Indemnitee shall be entitled to elect the provision or provisions under which it may bring a claim for indemnification. For the avoidance of doubt, in no event shall the existence of multiple provisions of this Agreement permit an Indemnitee to recover the amount of any Damages suffered by such Indemnitee more than once.

10.10 Exercise of Remedies Other Than by Parent. No Indemnitee (other than Parent or any successor thereto or assign thereof) shall be permitted to assert any indemnification claim or exercise any other remedy under this Agreement unless Parent (or any successor thereto or assign thereof) shall have consented to the assertion of such indemnification claim or the exercise of such other remedy.

10.11 Exclusive Remedy. The parties hereto acknowledge and agree that following the Closing, (a) the indemnification provisions of this Section 10 shall be the sole and exclusive remedies of the Indemnitees for any breach by the other parties of the representations and warranties in this Agreement and for any failure by the other party to perform or comply with the covenants or agreements contemplated by this Agreement, except that if any of the covenants or agreements contemplated by this Agreement are not performed in accordance with their terms, the parties shall be entitled to specific performance of the terms thereof and (b) no breach of any representation, warranty, covenant or agreement contained herein shall give rise to any right on the part of any party to rescind this Agreement or any of the Contemplated Transactions. The parties acknowledge that this Section 10.11 shall not limit Parent’s or any other party’s remedies under any other agreement to which any of the other parties are also a party (including the Significant Owner Agreement, the Management Deferral Agreements, the New Incentive Grant Agreements, and the Employment Documents).

11. MISCELLANEOUS PROVISIONS

11.1 Securityholders’ Agent.

(a) Appointment; Authority. By virtue of the adoption and approval of this Agreement pursuant to this Agreement and receiving the benefits hereof, including the right to receive the consideration payable in connection with the Merger and the Stock Purchase, each of the Sellers irrevocably nominates, constitutes and appoints SEP as his, her or its agent and true and lawful attorney in fact (the “Securityholders’ Agent”), with full power of substitution, to act in the name, place and stead of the Sellers for purposes of executing any documents and taking any actions that the Securityholders’ Agent may, in the Securityholders’ Agent’s sole discretion, determine to be necessary, desirable or appropriate in connection with any

claim for purchase price adjustment, indemnification, compensation or reimbursement under this Agreement. SEP hereby accepts its appointment as Securityholders' Agent.

(b) **Authority.** The Sellers grant to the Securityholders' Agent full authority to (i) execute, deliver, acknowledge, certify and file on behalf of such Sellers (in the name of any or all of the Sellers) any and all documents that the Securityholders' Agent may, in its reasonable discretion, determine to be necessary, desirable or appropriate, in such forms and containing such provisions as the Securityholders' Agent may, in its sole discretion, determine to be appropriate, in performing his duties as contemplated by Section 11.1(a), and (ii) to take such other actions on behalf of the Sellers in connection with this Agreement as the Securityholders' Agent may, in its sole discretion, determine to be appropriate, in performing his duties as contemplated by Section 11.1(a). Notwithstanding anything to the contrary contained in this Agreement or in any other agreement executed in connection with the Contemplated Transactions, (x) each Indemnitee shall be entitled to deal exclusively with the Securityholders' Agent on all matters relating to any claim for purchase price adjustment, indemnification, compensation or reimbursement under Section 10, and (y) each Indemnitee shall be entitled to rely conclusively (without further evidence of any kind whatsoever) on any document executed or purported to be executed on behalf of any Seller, by the Securityholders' Agent, and on any other action taken or purported to be taken on behalf of any Seller, by the Securityholders' Agent, as fully binding upon such Seller.

(c) **Securityholders' Agent Expense Fund.** At the Closing, Parent shall deliver an amount equal to \$400,000 (the "Securityholders' Agent Expense Fund") to the Securityholders' Agent to be held in trust and used by the Securityholders' Agent solely for the purposes of paying directly, or reimbursing the Securityholders' Agent for, any costs or expenses incurred by the Securityholders' Agent in connection with the Securityholders' Agent's execution and performance of this Agreement and the Contemplated Transactions. The Securityholders' Agent Expense Fund shall be held by the Securityholders' Agent in a segregated non-interest bearing bank account. Promptly after the General Representation Survival Time or the date of the resolution of the last Unresolved Claim, whichever is later, any balance of the Securityholders' Agent Expense Fund not incurred for the purposes set forth in this Section 11.1(c) shall be distributed by the Securityholders' Agent to the Payment Agent for distribution to the Unitholders and the Blocker Parents in accordance with Section 1.1 and Section 1.7(a)(iv), respectively, as applicable.

(d) **Power of Attorney.** The Sellers recognize and intend that the power of attorney granted in Section 11.1(a): (i) is coupled with an interest and is irrevocable and (ii) shall survive the death, incapacity, dissolution, liquidation or winding up of each of the Sellers.

(e) **Replacement.** If the Securityholders' Agent shall die, resign, become disabled or otherwise be unable to fulfill his responsibilities hereunder, the Sellers shall (by consent of those Persons entitled to at least a majority of the sum of the Merger Consideration and the Blocker Consideration), within 10 days after such death, resignation, disability or inability, appoint a successor to the Securityholders' Agent (who shall be reasonably satisfactory to Parent) and immediately thereafter notify Parent of the identity of such successor. Any such successor shall succeed the Securityholders' Agent as Securityholders' Agent hereunder. If for any reason there is no Securityholders' Agent at any time, all references herein to the Securityholders' Agent shall be deemed to refer to the Sellers.

11.2 Further Assurances. Each party hereto shall execute and cause to be delivered to each other party hereto such instruments and other documents, and shall take such other actions, as such other party may reasonably request (prior to, at or after the Closing) for the purpose of carrying out or evidencing any of the Contemplated Transactions.

11.3 No Waiver Relating to Claims for Fraud. The liability of any Person under Section 10 who has committed Fraud will be in addition to, and not exclusive of, any other liability that such Person may have at law or in equity based on or arising from such Person's Fraud. Notwithstanding anything to the contrary contained in this Agreement, none of the provisions set forth in this Agreement, including the provisions set forth in Section 10, shall be deemed a waiver by Parent of any right or remedy which Parent may have at law or in equity against a Person who has committed Fraud based on or arising from such Person's Fraud, nor will any such provisions limit, or be deemed to limit: (a) the amounts of recovery sought or awarded in any such claim for Fraud against such Person who committed such Fraud, (b) the time period during which a claim for Fraud may be brought or (c) the recourse which Parent may seek against such Person who committed such Fraud with respect to such Person's Fraud.

11.4 Fees and Expenses. Subject to Sections 1.11(g), 5.11, 5.12, 5.15, 10 and 11.5, each party to this Agreement shall bear and pay all fees, costs and expenses that have been incurred or that are incurred in the future by such party in connection with the Contemplated Transactions, including all fees, costs and expenses incurred by such party in connection with or by virtue of: (a) the negotiation, preparation and review of this Agreement (including the Disclosure Schedule) and all agreements, certificates, opinions and other instruments and documents delivered or to be delivered in connection with the Contemplated Transactions, (b) the preparation and submission of any filing or notice required to be made or given in connection with any of the Contemplated Transactions, and the obtaining of any Consent required to be obtained in connection with any of such transactions and (c) the consummation of the Stock Purchase and the Merger. Notwithstanding the foregoing, Parent shall pay all the fees, costs, premiums and expenses, as applicable, (i) of the Payment Agent, (ii) that relate to the R&W Policy (other than the portion such fees, expenses and premiums that constitute a Company Transaction Expense) and (iii) all fees in connection with any notices, reports and other documents required to be filed by any party hereto with any Governmental Entity with respect to the Merger and the other Contemplated Transactions (other than the portion of such fees that that constitute a Company Transaction Expense).

11.5 Attorneys' Fees. If any action, suit or other legal proceeding arising under Agreement, including such any such action, suit or other legal proceeding seeking the enforcement of any provision of this Agreement, is brought by a party hereto against any other party hereto, the prevailing party shall be entitled to recover reasonable and documented attorneys' fees, costs and disbursements (in addition to any other relief to which the prevailing party may be entitled).

11.6 Notices. Any notice or other communication required or permitted to be delivered to any party under this Agreement shall be in writing and shall be deemed properly delivered, given and received: (a) if delivered by hand, when delivered; (b) if delivered by email, when

received; (c) if sent by registered, certified or first class mail, the third Business Day after being sent; and (d) if sent by overnight delivery via a national courier service, two Business Days after being delivered to such courier, in each case to the address or email set forth beneath the name of such party below (or to such other address or email as such party shall have specified in a written notice given to the other parties hereto):

If to Parent or Merger Sub:

RealPage, Inc.
2201 Lakeside Boulevard
Richardson, Texas 75082
Attention: Chief Executive Officer
Email: #

with a copy (which shall not constitute notice) to:

RealPage, Inc.
2201 Lakeside Boulevard
Richardson, Texas 75082
Attention: Chief Legal Officer
Email: #

and

Weil, Gotshal & Manges LLP
200 Crescent Court, Suite 300
Dallas, Texas 75201
Attention: James R. Griffin
Email: #

If to the Company:

Buildium, LLC
3 Center Plaza, Suite 400
Boston, MA 02108
Attention: Chris Litster, Chief Executive Officer
Facsimile: #
Email: #

with a copy (which shall not constitute notice) to:

Kirkland & Ellis LLP
3330 Hillview Avenue
Palo Alto, California 94303
Facsimile: #
Attention: Adam D. Phillips, P.C. and Lilit Voskanyan
Email: #

If to the Securityholders' Agent:

Sumeru Equity Partners Fund L.P.
950 Tower Lane, Suite 1788
Foster City, CA 94404
Attention: Jason Babcoke
Facsimile: #
Email: #

11.7 Headings. The headings contained in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

11.8 Counterparts and Exchanges by Electronic Transmission or Facsimile. This Agreement may be executed in several counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement. The exchange of a fully executed Agreement (in counterparts or otherwise) by electronic transmission in .PDF format or by facsimile shall be sufficient to bind the parties to the terms and conditions of this Agreement.

11.9 Governing Law; Dispute Resolution.

(a) Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Delaware irrespective of the choice of laws principles of the state of Delaware, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

(b) Venue. Any action, suit or other Legal Proceeding relating to this Agreement or the enforcement of any provision of this Agreement (including an action, suit or other Legal Proceeding claiming Fraud) shall be brought or otherwise commenced exclusively in any state or federal court located in the State of Delaware. Each party to this Agreement: (i) expressly and irrevocably consents and submits to the exclusive jurisdiction of each state and federal court located in the State of Delaware (and each appellate court located in the State of Delaware) in connection with any such action, suit or legal proceeding; (ii) agrees that each state and federal court located in the State of Delaware shall be deemed to be a convenient forum; and (iii) agrees not to assert (by way of motion, as a defense or otherwise), in any such action, suit or legal proceeding commenced in any state or federal court located in the State of Delaware, any claim that such party is not subject personally to the jurisdiction of such court, that such action, suit or legal proceeding has been brought in an inconvenient forum, that the venue of such action, suit or legal proceeding is improper or that this Agreement or the subject matter of this Agreement may not be enforced in or by such court.

11.10 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of (a) the Company and its successors and permitted assigns (if any); (b) Parent and its successors and permitted assigns (if any); (c) Merger Sub and its successors and permitted assigns (if any); and (d) the Securityholders' Agent and its successors and permitted assigns (if any). This Agreement may not be assigned without the prior written consent of the parties hereto; *except that*, after the Closing Date, Parent may assign any or all of its rights under this Agreement, including with respect to its indemnification rights under Section 10, in whole or in part, to any purchaser of all or substantially all of the equity or assets of Parent or any of its Subsidiaries (including the Company following the Closing) without obtaining the consent or approval of, any other party hereto. No assignment hereunder by a party hereto shall release such party from its obligations under this Agreement, and any assignment not in accordance with this Agreement shall be null and void.

11.11 Remedies Cumulative; Specific Performance. The rights and remedies of the parties hereto shall be cumulative (and not alternative). The parties to this Agreement agree that, any breach or threatened breach by the Company, Parent, Merger Sub, the Blocker Parents or the Securityholders' Agent, as applicable, of any covenant, obligation or other provision set forth in this Agreement would give rise to irreparable harm for which money damages would not be an adequate remedy. Accordingly, each of the Company, Parent, Merger Sub, the Blocker Parents and the Securityholders' Agent hereby agree that each party hereto (a) shall be entitled (in addition to any other remedy that may be available to it) to (i) a decree or order of specific performance or mandamus to enforce the observance and performance of such covenant, obligation or other provision, and (ii) an injunction restraining such breach or threatened breach and (b) shall not be required to provide any bond or other security in connection with any such decree, order or injunction or in connection with any related action or Legal Proceeding.

11.12 Non-Recourse. Each party hereto agrees, on behalf of itself and its controlled Affiliates, that, except in the event of Fraud by any Indemnitor (in which case the Indemnitee shall be entitled to pursue recourse against such Indemnitor with respect to such Fraud to the fullest extent allowed under this Agreement and the applicable Legal Requirements), all Legal Proceedings, claims, obligations, Liabilities or causes of action (whether in contract or in tort, in law or in equity or otherwise, or granted by statute or otherwise, whether by or through attempted piercing of the corporate, limited partnership or limited liability company veil or any other theory or doctrine, including alter ego or otherwise) that may be based upon, in respect of, arise under: (a) this Agreement, (b) the negotiation, execution or performance this Agreement, or (c) any breach or violation of this Agreement, in each case, may be made only against (and are those solely of) the Persons that are expressly identified herein as parties to this Agreement and, in accordance with, and subject to the terms and conditions of this Agreement. In furtherance and not in limitation of the foregoing, and notwithstanding anything contained in this Agreement or any other agreement referenced herein or otherwise to the contrary, each party hereto covenants, agrees and acknowledges, on behalf of itself and its respective controlled Affiliates, that, except in the event of Fraud by any Indemnitor (in which case the Indemnitee shall be entitled to pursue recourse against such Indemnitor with respect to such Fraud to the fullest extent allowed under this Agreement and the applicable Legal Requirements), no recourse under this Agreement shall be sought or had against any other Person and no other Person shall have any Liabilities or obligations (whether in contract or in tort, in law or in equity or otherwise, or granted by statute or otherwise, whether by or through attempted piercing of the corporate, limited partnership or limited liability company veil or any other theory or doctrine, including alter ego or otherwise) for any claims, causes of action, obligations or Liabilities arising under, out of, in connection with or related to the items in the immediately preceding clauses "(a)" through "(c)."

11.13 Waiver. No failure on the part of any Person to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any Person in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy under this Agreement shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy under this Agreement. No Person shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such Person; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

11.14 Waiver of Jury Trial. Each of the parties hereto hereby irrevocably waives any and all right to trial by jury in any action, suit or other Legal Proceeding arising out of or related to this Agreement or the Contemplated Transactions.

11.15 Amendments. This Agreement may not be amended, modified, altered or supplemented other than by means of a written instrument duly executed and delivered (a) prior to the Closing Date, on behalf of the Company, Parent, Merger Sub and the Securityholders' Agent, and (b) after the Closing Date, on behalf of Parent and the Securityholders' Agent (acting exclusively for and on behalf of all of the Sellers).

11.16 Severability. In the event that any provision of this Agreement, or the application of any such provision to any Person or set of

circumstances, shall be determined to be invalid, unlawful, void or unenforceable to any extent, the remainder of this Agreement, and the application of such provision to Persons or circumstances other than those as to which it is determined to be invalid, unlawful, void or unenforceable, shall not be impaired or otherwise affected and shall continue to be valid and enforceable to the fullest extent permitted by Legal Requirements.

11.17 Parties in Interest. Except for the provisions of Section 5.11, Section 10, Section 11.12 and Section 11.20, none of the provisions of this Agreement is intended to provide any rights or remedies to any employee, creditor or other Person other than Parent, Merger Sub, the Company, the Blocker Parents, the Sellers, and the Securityholders' Agent and their respective successors and assigns (if any).

11.18 Entire Agreement. This Agreement and the other agreements referred to herein set forth the entire understanding of the parties hereto relating to the subject matter hereof and thereof and supersede all prior agreements and understandings among or between any of the parties relating to the subject matter hereof and thereof; *provided, however*, that the Confidentiality Agreement shall not be superseded by this Agreement and shall remain in effect in accordance with its terms until the earlier of (a) the Effective Time, or (b) the date on which such Confidentiality Agreement is terminated or expires in accordance with its terms.

11.19 Disclosure Schedule. The Disclosure Schedule shall be arranged in separate parts corresponding to the numbered and lettered sections and subsections contained in this Agreement, and the information disclosed in any numbered or lettered part shall be deemed to relate to and to qualify the particular representation or warranty set forth in the corresponding numbered or lettered section or subsection of this Agreement. Any matter disclosed in any section or subsection of the Disclosure Schedule shall be deemed disclosed and incorporated by reference with respect to any representation or warranty set forth in this Agreement to which the matter relates to the extent that (a) such information is cross-referenced in another part of the Disclosure Schedule, or (b) it is reasonably apparent on the face of the disclosure that such information qualifies another representation or warranty of the Company or the Blocker Parents in this Agreement. No information contained in the Disclosure Schedule shall be deemed to be an admission by any of the Acquired Companies, the Unitholders, the Blocker Parents, the Blockers or Parent to any third party of any matter whatsoever, including of any violation of Legal Requirement or breach of any agreement.

11.20 Waiver of Conflicts. Recognizing that Kirkland & Ellis LLP ("Kirkland") has acted as legal counsel to the Acquired Companies, certain of the Unitholders, the Blocker Parents and the Blockers and their respective Affiliates prior to the Closing, and that Kirkland intends to act as legal counsel to certain of the Unitholders, the Blocker Parents and the Blockers and their respective Affiliates after the Closing, each of Parent and the Surviving Company (including on behalf of the Acquired Companies) hereby waives, on its own behalf and agrees to cause its Affiliates to waive, any conflicts that may arise in connection with Kirkland representing any of the Unitholders, the Blocker Parents or the Blockers and their respective Affiliates after the Closing solely in connection with the representation directly relating to the Contemplated Transactions. In addition, all communications involving attorney-client confidences between the Acquired Companies, the Unitholders, the Blocker Parents and the Blockers and their respective Affiliates directly relating to the Contemplated Transactions (and not with respect to the ordinary course of business of the Acquired Companies) shall be deemed to be attorney-client confidences that belong solely to such Unitholders, Blocker Parents and Blockers and their respective Affiliates (and not the Acquired Companies or the Surviving Company). Accordingly, the Acquired Companies and the Surviving Company shall not have access to any such communications, or to the files of Kirkland directly relating to the Contemplated Transactions, whether or not the Closing shall have occurred. Without limiting the generality of the foregoing, upon and after the Closing, (a) the applicable Unitholders, Blocker Parents and Blockers and their respective Affiliates (and not the Acquired Companies or the Surviving Company) shall be the sole holders of the attorney-client privilege with respect to the Contemplated Transactions (but not with respect to the ordinary course of business of the Acquired Companies which shall be vested with the Acquired Companies), and none of the Acquired Companies or the Surviving Company shall be a holder thereof, (b) to the extent that files of Kirkland in respect of the Contemplated Transactions (but not with respect to the ordinary course of business of the Acquired Companies) constitute property of the client, only the applicable Unitholders, Blocker Parents and Blockers and their respective Affiliates (and not the Acquired Companies or the Surviving Company) shall hold such property rights and (c) Kirkland shall have no duty whatsoever to reveal or disclose any such attorney-client communications or files to any of the Acquired Companies or the Surviving Company by reason of any attorney-client relationship between Kirkland and any of the Acquired Companies or otherwise. Notwithstanding the foregoing, in the event that a dispute arises between Parent, the Surviving Company or any of the Acquired Companies and a third party (other than a party to this Agreement or any of their respective Affiliates) after the Closing, solely as it directly relates to the Contemplated Transactions, the Surviving Company (including on behalf of the Acquired Companies) may assert the attorney-client privilege to prevent disclosure of confidential communications by Kirkland to such third party; *provided, however*, that neither the Surviving Company nor any of the Acquired Companies may waive such privilege without the prior written consent of the Securityholders' Agent, on behalf of the Unitholders, Blocker Parents and Blockers and their respective Affiliates.

11.21 Construction.

(a) Gender; Etc. For purposes of this Agreement, whenever the context requires: the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; the feminine gender shall include the masculine and neuter genders; and the neuter gender shall include the masculine and feminine genders.

(b) Ambiguities. The parties hereto agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement.

(c) Including. As used in this Agreement, the words “include” and “including,” and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words “without limitation.”

(d) References. Except as otherwise indicated, all references in this Agreement to “Sections,” “Schedules” and “Exhibits” are intended to refer to Sections of this Agreement and Schedules and Exhibits to this Agreement.

(e) Hereof. The terms “hereof,” “herein,” “hereunder,” “hereby” and “herewith” and words of similar import will, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement.

(f) Dollar. Any references in this Agreement to “dollars” or “\$” shall be to U.S. dollars.

(g) Or. Where the context permits, the use of the term “or” shall be equivalent to the use of the term “and/or.”

(h) Representations and Warranties. Any references in this Agreement to “representations” or “warranties” that are made by the Company pursuant to Section 2, by a Blocker Parent pursuant to Section 3, or by Parent and Merger Sub pursuant to Section 4, shall mean such representation or warranty as qualified by the Disclosure Schedule delivered concurrently with the execution and delivery of this Agreement.

The parties hereto have caused this Agreement to be executed and delivered as of the date first written above.

PARENT:
REALPAGE, INC.,
a Delaware corporation

By: /s/ Thomas C. Ernst Jr.
Name: Thomas C. Ernst, Jr.
Title: Executive Vice President, Chief Financial
Officer, and Treasurer

MERGER SUB:

RP NEWCO XXIX, LLC,
a Delaware limited liability company

By: /s/ Thomas C. Ernst, Jr.
Name: Thomas C. Ernst, Jr.
Title: Executive Vice President, Chief Financial
Officer, and Treasurer

[AGREEMENT AND PLAN OF MERGER AND STOCK PURCHASE AGREEMENT SIGNATURE PAGE]

COMPANY:

BUILDUM, LLC,
a Delaware limited liability company

By: /s/ Chris Litster
Name: Chris Litster
Title: Chief Executive Officer

[AGREEMENT AND PLAN OF MERGER AND STOCK PURCHASE AGREEMENT SIGNATURE PAGE]

BLOCKER PARENT:

SUMERU EQUITY PARTNERS FUND L.P.,
a Delaware limited partnership

By: SEP General Partner, L.P.
Its: General Partner

By: Sumeru Equity Partners LLC
Its: General Partner

By: /s/ Kyle Ryland
Name: Kyle Ryland
Its: Authorized Signatory

BLOCKER PARENT:

K1 PRIVATE INVESTORS, L.P.,
a Delaware limited partnership

By K1 Capital Advisors, LLC
Its: General Partner

By: /s/Neil Malik
Name: Neil Malik
Title: Managing Member

BLOCKER PARENT:

K1 PRIVATE INVESTORS (A), L.P.,
a Delaware limited partnership

By K1 Capital Advisors, LLC
Its: General Partner

By: /s/Neil Malik
Name: Neil Malik
Title: Managing Member

SECURITYHOLDERS' AGENT:

SUMERU EQUITY PARTNERS FUND L.P.,
a Delaware limited partnership

By: SEP General Partner, L.P.
Its: General Partner

By: Sumeru Equity Partners LLC
Its: General Partner

By: /s/ Kyle Ryland
Name: Kyle Ryland
Title: Authorized Signatory

EXHIBIT A

CERTAIN DEFINITIONS

For purposes of the Agreement (including this Exhibit A):

“2018 Balance Sheet” means the audited consolidated balance sheet of the Company for the fiscal year ended December 31, 2018.

“Accounting Firm” has the meaning assigned to such term in Section 1.11(e) of the Agreement.

“Accounting Policies” has the meaning assigned to such term in Section 1.10(a) of the Agreement.

“Acquired Company” means: (a) the Company; (b) each Subsidiary of the Company; and (c) for purposes of Section 2 of the Agreement, each corporation or other Entity that has been merged into, that has been consolidated with, or that otherwise is a predecessor to, any of the Entities identified in clauses “(a)” through “(b)” above (each such corporation or Entity set forth in this clause (c), a “Predecessor”) except with respect to any of the representations and warranties which would apply to any Predecessor solely because information regarding such Predecessor would be required to be listed in the Disclosure Schedule under such representation and warranty for informational purposes only and not because of any actual or contingent liability related thereto unless such corporation or Entity has become a Predecessor after May 23, 2016.

“Acquired Company IP” means all Intellectual Property and Intellectual Property Rights owned, purported to be owned, used, held for use or licensed-in by any of the Acquired Companies.

“Acquisition Transaction” means, other than the Contemplated Transactions, any transaction or series of transactions involving:

(a) the sale, license, sublicense or disposition of all or a material portion of the business or assets, including Intellectual Property or Intellectual Property Rights, of any Acquired Company (other than sale, license, sublicense or disposition of assets in the ordinary course of business);

(b) the grant, issuance, disposition or acquisition of (i) any equity interests of any Acquired Company, (ii) any option, call, warrant or right (whether or not immediately exercisable) to acquire any equity interests of any Acquired Company, or (iii) any security, instrument or obligation that is or may become convertible into or exchangeable for any equity interests of any Acquired Company; or

(c) any merger, consolidation, business combination, reorganization or similar transaction involving any Acquired Company.

“Actual Adjustment Amount” has the meaning assigned to such term in Section 1.12(a) of the Agreement.

“Adjusted Transaction Value” shall be: (a) \$580,000,000; *minus* (b) the Adjustment Amount; *minus* (c) the Adjustment Holdback; *minus* (d) the Indemnification Holdback; *minus* (e) the Specified Escrow Amount; *minus* (f) the Securityholders’ Agent Expense Fund.

“Adjustment Amount” means, without duplication, the amount equal to the *sum of*: (a) the aggregate dollar amount of Company Indebtedness; *plus* (b) the amount, if any, by which the Closing Working Capital is less than the Working Capital Peg (unless such shortfall is less than \$250,000 in which case there shall be

no adjustment under this clause “(b)”; *minus* (c) the amount, if any, by which the Closing Working Capital exceeds the Working Capital Peg (unless such excess is less than \$250,000, in which case there shall be no adjustment under this clause “(c)”; *plus* (d) the aggregate dollar amount of Company Transaction Expenses; *plus* (e) the Aggregate COC Amount; *plus* (f) the Employment Tax Amount; *minus* (g) Cash.

“Adjustment Deficit” has the meaning assigned to such term in Section 1.12(a) of the Agreement.

“Adjustment Gap” has the meaning assigned to such term in Section 1.12(a) of the Agreement.

“Adjustment Holdback” means \$500,000.

“Adjustment Surplus” has the meaning assigned to such term in Section 1.12(b) of the Agreement.

“Affiliate” means, with respect to any Person, any other Person controlling, controlled by or under common control with such Person. For purposes of this definition and the Agreement, the term “control” (and correlative terms) means the power, whether by contract, equity ownership or otherwise, to direct the policies or management of a Person; *provided*, that in no event shall the Company or any of the Company’s Subsidiaries be considered an Affiliate of any “portfolio company” (as such term is customarily understood among institutional private equity investors) of any investment fund affiliated with SEP or K1 nor shall any portfolio company of any investment fund affiliated with SEP or K1 be considered to be an Affiliate of the Company or any of the Company’s Subsidiaries.

“Aggregate COC Amount” means the aggregate dollar amount payable or to become payable, and the aggregate dollar value of all benefits provided or to be provided, by the Acquired Companies under all bonus, severance, retention, change of control or other plans, agreements or arrangements as a result of the Merger or any of the other Contemplated Transactions, either alone or in combination with another event, excluding any action taken by Parent or any of its Subsidiaries (including the Surviving Company) after the Effective Time and any plans, agreements or arrangements entered into at the direction of Parent.

“Aggregate Participation Threshold” means the *sum* of the Participation Thresholds of all Vested Incentive Units.

“Aggregator Investment Activities” has the meaning assigned to such term in Section 3.5(a) of the Agreement.

“Agreed Amount” has the meaning assigned to such term in Section 10.7(b) of the Agreement.

“Agreement” means the Agreement and Plan of Merger and Stock Purchase Agreement to which this Exhibit A is attached (including the Disclosure Schedule), as it may be amended from time to time.

“Amended and Restated LLC Agreement” has the meaning assigned to such term in Section 1.6(a) of the Agreement.

“Antitrust Laws” means any federal, state or foreign Legal Requirements, regulation or decree designed to prohibit, restrict or regulate actions for the purpose or effect of monopolization or restraint of trade or the significant impediment of effective competition.

“Available Policies” has the meaning assigned to such term in Section 10.4(a) of the Agreement.

“Barred D&O Claims” has the meaning assigned to such term in Section 10.5 of the Agreement.

“Blocker Consideration” has the meaning assigned to such term in Section 1.1(b) of the Agreement.

“Blocker Parents” means K1 and SEP.

“Blocker Percentage” means, with respect to each Blocker Parent, a fraction (expressed as a percentage), the numerator of which is the total number of Fully Diluted Units held by the Blocker owned by such Blocker Parent and the denominator of which is the total number of Fully Diluted Units outstanding, in each case, issued and outstanding as of immediately prior to the Stock Purchase.

“Blocker Stock” has the meaning assigned to such term in Recitals of the Agreement.

“Blockers” has the meaning assigned to such term in the Recitals of the Agreement.

“Buildium Agency LLC Agreement” means the Amended and Restated Limited Liability Company Agreement of Buildium Agency LLC, dated as of January 19, 2017, as such agreement may be amended or modified from time to time in accordance with its terms.

“Buildium Employee LLC Agreement” means the Limited Liability Company Agreement of Buildium Employee LLC, dated as of September 21, 2016, as such agreement may be amended or modified from time to time in accordance with its terms.

“Business Day” means any day other than (a) a Saturday, Sunday or a federal holiday, or (b) a day on which commercial banks in New York, New York are authorized or required to be closed.

“Cash” means cash and cash equivalents in accordance with GAAP, and for the avoidance of doubt, including checks received but not cleared and deposits in transit of the Acquired Companies, less any outstanding checks, in each case, as of the Reference Time.

“Certificate of Merger” has the meaning assigned to such term in Section 1.4 of the Agreement.

“Channel Partner” has the meaning assigned to such term in Section 2.19(d) of the Agreement.

“Charter Documents” means the certificate of incorporation, bylaws, memorandum of association, certificate of association, limited partnership agreement, operating agreement, or equivalent governing documents of an Entity, in each case as in effect as of the date hereof.

“Claimed Amount” has the meaning assigned to such term in Section 10.7(a) of the Agreement.

“Claimed Escrow Amount” has the meaning assigned to such term in Schedule 10.2(a)(xii) of the Agreement.

“Closing” has the meaning assigned to such term in Section 1.4.

“Closing Balance Sheet” has the meaning assigned to such term in Section 1.10(a)(i) of the Agreement.

“Closing Blocker Consideration” has the meaning assigned to such term in Section 1.1(a) of the Agreement.

“Closing Date” has the meaning assigned to such term in Section 1.4 of the Agreement.

“Closing Working Capital” means the Company’s Working Capital as of the Reference Time.

“Code” means the Internal Revenue Code of 1986, as amended. All references to the Code, the Treasury Regulations or other governmental pronouncements shall be deemed to include references to any applicable successor regulations or amending pronouncement.

“Common Unit” means the common units of the Company, no par value.

“Company” has the meaning assigned to such term in the introductory paragraph of the Agreement.

“Company Benefit Plans” has the meaning assigned to such term in Section 2.17(a) of the Agreement.

“Company Closing Certificate” has the meaning assigned to such term in Section 7.6(b) of the Agreement.

“Company Contract” means any Contract: (a) to which any Acquired Company is a party or (b) by which any Acquired Company or any of its assets are bound or under which any Acquired Company has, or may become subject to, any obligation.

“Company Cure Period” has the meaning assigned to such term in Section 9.1(e) of the Agreement.

“Company Employee” means any current or former employee, officer or director of any Acquired Company.

“Company Government Contract” means a Company Contract that is a Government Contract.

“Company Governmental Consent” has the meaning assigned to such term in Section 2.4(c) of the Agreement.

“Company Indebtedness” means all Indebtedness of the Acquired Companies with respect to which any Acquired Company is or may become subject to any obligation or other Liability.

“Company Personal Property” means all of the machinery, equipment, machinery, fixtures, hardware, tools, motor vehicles, furniture, furnishings, leasehold improvements, office equipment, inventory, supplies, plant, spare parts and other tangible personal property owned or leased by any Acquired Company.

“Company Products” means all Software, products and services that have been, or are currently being, designed, distributed, developed, offered, provided, licensed, sold or otherwise exploited by or on behalf of any Acquired Company in any manner (including through a hosted service or similar arrangement), and all versions, releases and models of any of the foregoing and all related documentation, materials or information.

“Company Software” means all Software owned or purported to be owned by, or developed by or for, any Acquired Company.

“Company Transaction Documents” means this Agreement and each other Transaction Document to which the Company is or will be a party prior to or at the Effective Time.

“Company Transaction Expenses” means all fees, costs, expenses, payments, expenditures or Liabilities (collectively, “Expenses”), whether incurred prior to the date of the Agreement or during the Pre-

Closing Period or at the Effective Time (and whether or not invoiced prior to the Effective Time), incurred by or on behalf of any Acquired Company, or to or for which any Acquired Company is or becomes subject or liable, in connection with any of the Contemplated Transactions, including: (a) Expenses described in [Section 11.4](#) of the Agreement, (b) expenses payable to legal counsel or to any financial advisor, broker, accountant or other Person who performed services for or provided advice to any Acquired Company, or who is otherwise entitled to any compensation or payment from any Acquired Company, in connection with any of the Contemplated Transactions; (c) the cost of the D&O Tail Policy; (d) 50% of the cost of the E&O Tail Policy, (e) 50% of the premium, Taxes, fees, commissions and other expenses incurred associated with the R&W Policy, not to exceed \$2,000,000; (f) 50% of the filing fees contemplated by [Section 6.1](#), not to exceed \$250,000; and (g) Expenses incurred by or on behalf of any unitholder of any Acquired Company or any Company Employee or any current or former contractor or consultant of any Acquired Company in connection with any of the Contemplated Transactions that any Acquired Company is or will be obligated to pay or reimburse; *provided, however*, “Company Transaction Expenses” shall not include (i) any Company Indebtedness or any Liabilities that are included in the calculation of Working Capital and (ii) any action taken by Parent or any of its Subsidiaries (including the Surviving Company) after the Effective Time and any compensation, fees and expenses under any plans, agreements or arrangement entered into at the direction of Parent.

“[Confidentiality Agreement](#)” means that certain Mutual Confidentiality Agreement, dated April 22, 2019, by and among Parent, the Company and Sumeru Equity Partners L.P.

“[Consent](#)” means any approval, consent, ratification, permission, waiver, order or authorization (including any Permit).

“[Contemplated Transactions](#)” means all transactions and actions contemplated by this Agreement (including the Stock Purchase and the Merger).

“[Contested Amount](#)” has the meaning assigned to such term in [Section 10.7\(b\)](#) of the Agreement.

“[Contested Escrow Amount](#)” has the meaning assigned to such term in [Schedule 10.2\(a\)\(xii\)](#) of the Agreement.

“[Contract](#)” means any written, oral or other agreement, contract, license, sublicense, subcontract, settlement agreement, lease, power of attorney, understanding, arrangement, instrument, note, purchase order, warranty, insurance policy, benefit plan or legally binding commitment or undertaking of any nature.

“[Copyleft License](#)” means any license of Intellectual Property or Intellectual Property Rights that provides that, as a condition to the use, modification, or distribution of such licensed Intellectual Property or Intellectual Property Rights, that any Intellectual Property or Intellectual Property Rights incorporated into, derived from, based on, linked to, or used or distributed with such licensed Intellectual Property or Intellectual Property Rights (other than such licensed Intellectual Property or Intellectual Property Rights itself), be licensed, distributed, or otherwise made available: (a) in a form other than binary or object code (e.g., in source code form); (b) under terms that permit redistribution, reverse engineering, or creation of derivative works or other modification of any of the foregoing; or (c) without a license fee.

“[Criminal Action](#)” has the meaning assigned to such term in [Section 7.9](#) of the Agreement.

“[D&O Indemnification Obligations](#)” has the meaning assigned to such term in [Section 5.11\(b\)](#) of the Agreement.

“D&O Tail Policy” has the meaning assigned to such term in Section 5.11(a) of the Agreement.

“Damages” means any loss, damage, injury, Liability, claim, demand, settlement, judgment, award, fine, penalty, fee (including reasonable attorneys’ fees), charge, cost (including costs of investigation) or expense of any nature.

“Disability” means the medically determinable physical or mental impairment that can reasonably be expected to result in death or can reasonably be expected to last for a continuous period of at least 120 days following the Effective Time and that renders Litster unable to perform the essential functions of his position with reasonable accommodation.

“Disclosure Schedule” means the schedule (dated as of the date of the Agreement) delivered to Parent on behalf of the Company.

“Dispute Period” has the meaning assigned to such term in Section 10.7(b) of the Agreement.

“Dispute Resolution Period” has the meaning assigned to such term in Section 1.11(d) of the Agreement.

“Dispute Resolution Procedure” has the meaning assigned to such term in Section 1.11(e) of the Agreement.

“E&O Tail Policy” has the meaning assigned to such term in Section 5.12 of the Agreement.

“Effect” has the meaning assigned to such term in the definition of Material Adverse Effect.

“Effective Time” has the meaning assigned to such term in Section 1.4 of the Agreement.

“Employee Benefit Plan” means each “employee benefit plan” (within the meaning of Section 3(3) of ERISA) and each other employment, individual consulting, severance, change in control, retention, transaction, retirement, supplemental retirement, pension, Tax gross-up, bonus, incentive equity or equity-based, profit sharing, deferred compensation, profit sharing, vacation, paid time off, relocation, fringe benefit and any other employee benefit policy, program, agreement, arrangement or plan, whether or not subject to ERISA, whether formal or informal, oral or written, other than any such policy, program, agreement, arrangement or plan operated pursuant to the Legal Requirements of any Governmental Entity other than the United States or with respect to Non-U.S. Employees.

“Employment Documents” has the meaning assigned to such term in the Recitals of the Agreement.

“Employment Tax Amount” means the aggregate dollar amount of the employer portion of any social security, Medicare, unemployment, payroll or employment Taxes relating to or resulting from the payment (in whole or in part) of any Merger Consideration, the Aggregate COC Amount or any payments that are contingent upon or payable as a result of the Closing, which for the avoidance of doubt, excludes any Taxes relating to or resulting from any action taken by Parent or any of its Subsidiaries (including the Surviving Company) after the Effective Time and any plans, agreements or arrangement entered into at the direction of Parent.

“End Date” has the meaning assigned to such term in Section 9.1(b) of the Agreement.

“Enforceability Exception” means the effect, if any, of (a) applicable bankruptcy, insolvency, moratorium or other similar laws affecting the rights of creditors generally, and (b) rules of law governing specific performance, injunctive relief and other equitable remedies.

“Entity” means any corporation (including any non-profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including any limited liability company or joint stock company), firm or other enterprise, association, organization or entity.

“Environmental Law” means any applicable Legal Requirement relating or pertaining to the public health or safety, including workplace health and safety, (to the extent related to exposure to Hazardous Materials) or the environment or otherwise governing the generation, use, handling, collection, treatment, storage, transportation, recovery, recycling, removal, discharge or disposal of Hazardous Materials, including: (a) the Solid Waste Disposal Act, 42 U.S.C. § 6901 *et seq.*, as amended; (b) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 *et seq.*, as amended; (c) the Clean Water Act, 33 U.S.C. § 1251 *et seq.*, as amended; (d) the Clean Air Act, 42 U.S.C. § 7401 *et seq.*, as amended; (e) the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*, as amended; (f) the Emergency Planning and Community Right To Know Act, 42 U.S.C. § 11001 *et seq.*, as amended; (g) the Occupational Safety and Health Act, 29 U.S.C. § 651 *et seq.*, as amended; and (h) any analogous Legal Requirement implemented in the European Union or its member states or in any other country or other jurisdiction in which any Acquired Company conducts business.

“Equity Interests” means the Common Units and Incentive Units.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” means any Subsidiary or any other entity, trade or business that would be treated as a single employer with any Acquired Company within the meaning of Section 414 of the Code.

“Escrow Account” means an account or accounts established and maintained by Escrow Agent to hold the Specified Escrow Amount.

“Escrow Agreement” has the meaning assigned to such term in Section 1.5(c) of the Agreement.

“Escrow Agent” means Well Fargo Bank, National Association.

“Escrow Claim” has the meaning assigned to such term in Schedule 10.2(a)(xii) of the Agreement.

“Escrow Claim Dispute Period” has the meaning assigned to such term in Schedule 10.2(a)(xii) of the Agreement.

“Escrow Funds” has to meaning assigned to such term in Schedule 1.5(c) of the Agreement.

“Escrow Release Date” has to meaning assigned to such term in Schedule 1.5(c) of the Agreement.

“Escrow Response Notice” has the meaning assigned to such term in Schedule 10.2(a)(xii) of the Agreement.

“Estimated Adjusted Amount” has the meaning assigned to such term in Section 1.10(a)(ii) of the Agreement.

“Estimated Closing Statement” has the meaning assigned to such term in Section 1.10(a)(ii) of the Agreement.

“Excluded Claims” has the meaning assigned to such term in Section 10.3(c) of the Agreement.

“Fair Labor Standards Act” means the Fair Labor Standards Act of 1938, as amended.

“Final Closing Statement” has the meaning assigned to such term in Section 1.11(f) of the Agreement.

“Final Determination Date” has the meaning assigned to such term in Section 1.11(f) of the Agreement.

“Financial Statements” has the meaning assigned to such term in Section 2.5(a) of the Agreement.

“FIRPTA Certificate” has the meaning assigned to such term in Section 5.7(a) of the Agreement.

“FIRPTA Notification” has the meaning assigned to such term in Section 5.7(b)(ii) of the Agreement.

“FIRPTA Statement” has the meaning assigned to such term in Section 5.7(b)(i) of the Agreement.

“Foreign Export and Import Laws” means the Legal Requirements of a foreign Governmental Entity regulating exports, imports or re-exports to or from such foreign country, including the export or re-export of any goods, services or technical data.

“Franklin Letter of Credit” means that certain Irrevocable Standby Letter of Credit, dated and effective March 22, 2017, by and between the Company and Wells Fargo.

“Franklin Owner” means 255 Franklin Owner (DE) LLC.

“Fraud” means (a) with respect to the Company, actual (and not constructive) common law fraud under the laws of the State of Delaware with respect to the making of the representations and warranties made in Section 2 and (b) with respect to any Blocker Parent, actual (and not constructive) common law fraud under the laws of the State of Delaware with respect to the making of the representations and warranties made in Section 3 by such Blocker Parent.

“Fully Diluted Units” means the sum of (without duplication) the (a) aggregate number of Common Units outstanding as of the Effective Time and (b) the aggregate number of Vested Incentive Units.

“Fundamental Representation” means (a) with respect to the Company, the representations and warranties set forth in Sections 2.1 (Organizational Matters), 2.2 (Capital Structure), 2.3 (Authority and Due Execution), 2.4(a)(i) (Non-Contravention), 2.8 (Taxes), 2.11 (Intellectual Property), and 2.14 (Brokers’ and Finders’ Fees) and (b) with respect to the Blocker Parents, Sections 3.1 (Ownership), 3.2 (Organizational Matters), 3.3 (Authority and Due Execution), 3.4(a)(i) (Non-Contravention), 3.5 (Blocker Actions) and 3.6 (Taxes) and (c) the representations and warranties set forth in the Company Closing Certificate, to the extent such representations and warranties relate to any of the matters addressed in any of the representations and warranties specified in clause “(a)” or clause “(b)” of this sentence.

“GAAP” means generally accepted accounting principles in the United States, applied on a basis consistent with the basis on which the Financial Statements were prepared.

“General Representation Survival Time” has the meaning assigned to such term in Section 10.1(a) of the Agreement.

“Government Contract” means any (a) prime contract, grant agreement, cooperative agreement or other type of Contract with a Governmental Entity, or (b) subcontract under any such Contract.

“Governmental Entity” means any: (a) nation, multinational, supranational, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, provincial, local, municipal, foreign or other government; (c) instrumentality, subdivision, department, ministry, board, court, administrative agency or commission, or other governmental entity, authority or instrumentality or political subdivision thereof; or (d) any quasi-governmental exercising any executive, legislative, judicial, regulatory, taxing, importing or other governmental functions.

“Hazardous Material” means: (a) any hazardous waste, hazardous substance, toxic pollutant, hazardous air pollutant or hazardous chemical (as any of such terms may be defined under, or for the purpose of, any Environmental Law); (b) asbestos; (c) polychlorinated biphenyls; (d) petroleum or petroleum products; (e) any substance the presence of which on the property in question is prohibited under any Environmental Law; or (f) any other substance that under any Environmental Law requires special handling or notification of or reporting to any Governmental Entity in its generation, use, handling, collection, treatment, storage, recycling, treatment, transportation, recovery, removal, discharge or disposal due to its dangerous or deleterious properties or characteristics.

“HSR Act” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

“Incentive Units” means an incentive unit of the Company, no par value.

“Indebtedness” means, without duplication: (a) all obligations (including the principal amount thereof and, if applicable, the accreted amount thereof and the amount of accrued and unpaid interest thereon) of a Person, whether or not represented by bonds, debentures, notes or other securities (and whether or not convertible into any other security), for the repayment of money borrowed, whether owing to banks, to financial institutions, on equipment leases or otherwise; (b) all deferred indebtedness of such Person for the payment of the purchase price of property or assets purchased (other than accounts payable incurred in the ordinary course of business); (c) all obligations of such Person to pay rent or other amounts under a lease which is required to be classified as a capital lease on a balance sheet prepared in accordance with generally accepted accounting principles in the United States, consistently applied; (d) all outstanding reimbursement obligations of such Person with respect to letters of credit, bankers’ acceptances or similar facilities issued for the account of such Person, in each case only to the extent drawn and not paid; (e) all obligations of such Person under any interest rate swap agreement, forward rate agreement, interest rate cap or collar agreement or other financial agreement or arrangement entered into for the purpose of limiting or managing interest rate risks; (f) all obligations secured by any Lien (other than Permitted Liens) existing on property or assets owned by such Person, whether or not indebtedness secured thereby has been assumed; (g) all guaranties, endorsements, assumptions and other contingent obligations of such Person in respect of, or to purchase or to otherwise acquire, indebtedness of others; (h) Tax Liability Amounts; (i) all premiums, penalties, fees, expenses, and breakage costs required to be paid or offered in respect of any of the foregoing on prepayment as a result of the consummation of the Contemplated Transactions or any action in connection with any lender Consent; and (j) the aggregate amount of accrued but unpaid severance amounts in respect of terminations of service occurring prior to the Closing, and, the employer’s portion of any employment, payroll or social security taxes with respect thereto. Notwithstanding anything herein to the contrary, Indebtedness shall not include (1) any Indebtedness due to or from the Company or any Subsidiary to the

Company or any other Subsidiary, (2) any Indebtedness incurred by Parent, Merger Sub or any of their respective Affiliates, or (3) any Liabilities that (x) constitute Company Transaction Expenses or (y) are included in the calculation of the Working Capital.

“Indemnification Holdback” means \$2,850,000.

“Indemnified Tax” has the meaning assigned to such term in Section 10.7(g)(i) of the Agreement.

“Indemnitees” means the following Persons: (a) Parent; (b) Parent’s current and future Affiliates (including Merger Sub and, following the Merger, the Surviving Company); (c) the respective Representatives of the Persons referred to in clauses “(a)” and “(b)” above; and (d) the respective successors and assigns of the Persons referred to in clauses “(a)”, “(b)” and “(c)” above; *provided, however*, that the Indemnitors shall not be deemed to be “Indemnitees.”

“Indemnitors” means the Sellers.

“Insider Receivables” has the meaning assigned to such term in Section 2.5(e) of the Agreement.

“Insurance Covered Damages” has the meaning assigned to such term in Section 10.6 of the Agreement.

“Intellectual Property” means all: (a) technology, formulae, algorithms, procedures, processes, methods, techniques, ideas, know-how, creations, inventions, discoveries and improvements (whether patentable or unpatentable and whether or not reduced to practice), (b) technical, engineering, manufacturing, product, marketing, servicing, business, financial, supplier, personnel and other information and materials, (c) customer lists, customer contact and registration information, customer correspondence and customer purchasing histories, (d) specifications, designs, models, devices, prototypes, schematics and development tools, (e) Software, websites, content, images, logos, graphics, text, photographs, artwork, audiovisual works, sound recordings, graphs, drawings, reports, analyses, writings, and other works of authorship and copyrightable subject matter (collectively, “Works of Authorship”), (f) databases and other compilations and collections of data or information (collectively, “Databases”), (g) trademarks, service marks, logos, trade dress, trade names, fictitious and other business names, and brand names, together with all goodwill associated with any of the foregoing (“Marks”), (h) domain names, uniform resource locators and other names and locators associated with the Internet (collectively, “Domain Names”) and (i) tangible embodiments of any of the foregoing in any form or media.

“Intellectual Property License” means any license, sublicense, right, covenant, non-assertion, permission, immunity, consent, release or waiver under or with respect to any Intellectual Property or Intellectual Property Rights.

“Intellectual Property Rights” means all rights in Intellectual Property or industrial property (anywhere in the world, whether statutory, common law or otherwise), including: (a) patents, patent applications, patent disclosures, together with all provisionals, continuations, continuations-in-part, divisionals and substitutions of any of the foregoing (collectively, “Patents”), (b) copyrights and similar or equivalent rights with respect to Works of Authorship and all registrations of any of the foregoing and applications for any of the foregoing and moral rights (collectively, “Copyrights”), (c) other rights with respect to Software, including registrations of such rights and applications to register such rights, (d) industrial design rights and registrations of such rights and applications to register such rights, (e) rights with respect to Marks, and all registrations for Marks and applications to register Marks, (f) rights with respect to Domain Names, including registrations for Domain Names, (g) rights with respect to proprietary information,

including rights to limit the use or disclosure of proprietary information by any person, (h) rights with respect to Databases, registrations of such rights and applications to register such rights, (i) renewals, reissues, reversions, reexaminations, or extensions of any of the foregoing and (j) any rights equivalent or similar to any of the foregoing.

“Interim Financial Statements” has the meaning assigned to such term in Section 2.5(a) of the Agreement.

“IP Assignment Agreement” has the meaning assigned to such term in Section 2.11(l) of the Agreement.

“IRS” means the U.S. Internal Revenue Service.

“IT Systems” means all computer systems, servers, network equipment and other computer hardware owned, leased or licensed by any of the Acquired Companies’ or otherwise used for the business of any of the Acquired Companies.

“Joint Written Instruction” has to meaning assigned to such term in Schedule 1.5(c) of the Agreement.

“K1” has the meaning assigned to such term in the introductory paragraph of Agreement.

“K1 Blocker” has the meaning assigned to such term in the Recitals of the Agreement.

“K1 PI” has the meaning assigned to such term in the introductory paragraph of Agreement.

“K1 PI(A)” has the meaning assigned to such term in the introductory paragraph of Agreement.

“Key Employee” has the meaning assigned to such term in Section 2.16(b) of the Agreement.

“Kirkland” has the meaning assigned to such term in Section 11.20 of the Agreement.

“Knowledge” means the actual knowledge of Chris Litster, Deirdre O’Driscoll, Jeff Belanger, Patrick Rubeski, Piyum Samaraweera, Ben Nadol, Kim Rose, Anil Mangalampalli, Michelle Burtchell, Michael Monteiro and Dimitris Georgakopoulos, after due inquiry of such Person’s direct reports.

“Leased Real Property” has the meaning assigned to such term in Section 2.9(c) of the Agreement.

“Legal Proceeding” means any action, suit, litigation, arbitration, claim, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other Governmental Entity or any arbitrator or arbitration panel.

“Legal Requirement” means any federal, state, local, municipal, foreign, supranational or other law, statute, constitution, treaty, principle of common law, directive, resolution, ordinance, code, edict, Order, rule, regulation, judgment, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Entity.

“Letter of Transmittal” has the meaning assigned to such term in Section 1.8(b) of the Agreement.

“Liability” means any debt, obligation, duty or liability of any nature (including any unknown, undisclosed, unmatured, unaccrued, unasserted, contingent, indirect, conditional or vicarious liability), regardless of whether such debt, obligation, duty or liability would be required to be disclosed on a balance sheet prepared in accordance with GAAP and regardless of whether such debt, obligation, duty or liability is immediately due and payable.

“Licensed Company IP” means all Intellectual Property and Intellectual Property Rights (excluding any Owned Company IP) used, held for use, practiced or licensed by any of the Acquired Companies.

“Lien” means any lien, pledge, hypothecation, charge, mortgage, security interest, encumbrance, other possessory interest, conditional sale or other title retention agreement, claim, option, right of first refusal, preemptive right or community property interest (including any restriction on the voting of any security or restriction on the transfer, use or ownership of any security or other asset).

“Litster” has the meaning assigned to such term in Section 7.6(f) of the Agreement.

“LLC Act” has the meaning assigned to such term in the Recitals to the Agreement.

“LLC Agreement” means the Third Amended and Restated Limited Liability Company Agreement of Buildium, LLC, dated as of May 23, 2016, as such agreement may be amended or modified from time to time in accordance with its terms.

A document or other item of information shall be deemed to have been “Made Available” only if (a) such document or other item of information was, at all times during the period from November 4, 2019 through the date of this Agreement, included (in the appropriate location) in, and properly categorized and indexed in, the Merrill virtual data room established by the Company in connection with the Contemplated Transactions, and (b) the Parent’s Representatives had full access to such document or other item throughout such period, subject to any applicable “clean room” and similar restrictions.

“Major Customers” has the meaning assigned to such term in Section 2.25 of the Agreement.

“Major Suppliers” has the meaning assigned to such term in Section 2.25 of the Agreement.

“Management Deferral Agreement” has the meaning assigned to such term in the Recitals of the Agreement.

“Management Team” means Chris Litster, Deirdre O’Driscoll, Jeff Belanger, Patrick Rubeski, Piyum Samaraweera, Kim Rose, Michelle Burtchell and Ben Nadol.

“Material Adverse Effect” means any change, event, effect, claim, circumstance or occurrence (each, an “Effect”) that (considered together with all other Effects) is, or would reasonably be expected to be or to become, material and adverse to the business, condition, assets, properties or financial condition of the Acquired Companies, taken as a whole; *provided, however*, that none of following shall be deemed to constitute, either alone or in combination, a Material Adverse Effect: (i) general economic conditions, including changes in tariffs or the credit, debt or financial, capital markets (including changes in interest or exchange rates), in each case, in the United States or anywhere else in the world; (ii) conditions in the financial markets in the United States or any other country or region in the world or operating, business, regulatory or other conditions in the industry in which the Acquired Companies operate; (iii) any stoppage or shutdown of any Governmental Entity (including any default by a Governmental Entity or delays in payments or delays or failures to act by any Governmental Entity); (iv) changes in GAAP or any changes in applicable Legal

Requirements or the enforcement or interpretation thereof, solely to the extent occurring after the date hereof; (v) the failure of any Acquired Company to meet or achieve the results set forth in any internal budget, plan, projection or forecast (*provided* that the cause or basis for failure of the Acquired Companies to meet such budget, plan, project or forecast may be taken into account in determining whether a Material Adverse Effect has occurred or would reasonably be expected to occur); (vi) global, national or regional political conditions, including hostilities, acts of war, sabotage or terrorism or military actions or any escalation, worsening or diminution of any such hostilities, acts of war, sabotage or terrorism or military actions existing or underway; (vii) hurricanes, earthquakes, floods, tsunamis, tornadoes, mudslides, wild fires or other natural disasters and other force majeure events in the United States or any other country or region in the world; and (viii) the execution, announcement or pendency of the transactions contemplated by this Agreement (including the identity of Parent), which the Company can demonstrate were caused by the execution, announcement or pendency of the transactions contemplated by this Agreement; *provided* that in the case of clauses “(i)” through “(vii)”, if such Effect disproportionately affects the Acquired Companies as compared to other Persons or businesses that operate in the industry in which the Company and its Subsidiaries operate, then the disproportionate aspect of such Effect may be taken into account in determining whether a Material Adverse Effect has or would reasonably be expected to occur.

“Material Contract” means each of the following:

- (a) each Company Contract relating to the supply of any products or services to the Acquired Companies and providing for payments by any one or more Acquired Companies, individually or in the aggregate, in excess of \$100,000 in any fiscal year;
 - (b) each lease, lease guaranty, sublease or other Company Contract for the leasing, use or occupancy of the Leased Real Property and each Company Contract or other right pursuant to which any Acquired Company uses or possesses any Company Personal Property (other than Company Personal Property owned by the Acquired Companies);
 - (c) any Company Contract with, or for the material benefit of, any unitholder, director, Key Employee, officer or management level employee of any Acquired Company or, to the Knowledge of the Company, any member of his or her immediate family or any Affiliate of any of such Persons, including any Contract providing for the furnishing of services by, rental of real or personal property from or otherwise requiring payments to or for the benefit of any such Person, but excluding any Contract that terminates or expires in its entirety as of the Effective Time without liability on the part of any Acquired Company and any ordinary course employment and incentive equity arrangements relating to the employment or engagement of any Company Employee;
 - (d) any Company Contract imposing any restriction on any Acquired Company (i) to engage in any line of business, (ii) to develop, distribute or otherwise exploit any Intellectual Property or Intellectual Property Rights, (iii) to make use of any Owned Company IP, (iv) to compete with any Person in any line of business, or (v) to acquire any product or other asset or any services from any other Person, sell any product or other asset to or perform any services for any other Person, including any Company Contract that contains any “most favored nation” or “most favored customer” or similar provision;
 - (e) any Company Contract (i) granting exclusive rights to license, market, distribute, sell or deliver any Company Product, or (ii) otherwise contemplating an exclusive relationship between any Acquired Company and any other Person;
 - (f) each Company Contract creating or involving any agency relationship, Channel Partner arrangement or franchise relationship;
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(g) any Company Contract relating to any joint venture, strategic alliance, general or limited partnership or sharing of profits, revenue or proprietary information (except for non-disclosure agreements in the ordinary course of business) or similar arrangement;

(h) any Company Contract that gives another Person the right to purchase or license an unlimited quantity of Company Products or Company Software (or licenses to Company Products or Company Software) for a fixed aggregate price at no additional charge;

(i) any Company Contract entered into since May 23, 2016 relating to any transaction in which any Acquired Company (or any Subsidiary of an Acquired Company) merged with any other Person, acquired any securities or material assets of another Person;

(j) any Company Contract that: (i) provides for the authorship, invention, creation, conception or other development of any Intellectual Property or Intellectual Property Rights (A) by any Acquired Company for any Person or (B) for any Acquired Company by any Person (other than, with respect to this subsection “(B)” only, any IP Assignment Agreements), including, in each of cases “(A)” and “(B)”, any joint development, (ii) provides for the assignment or other transfer of any ownership interest in any Intellectual Property or Intellectual Property Rights (A) to any Acquired Company from any Person (other than, with respect to this subsection “(A)” only, any IP Assignment Agreements) or (B) by any Acquired Company to any Person, (iii) includes any grant of an Intellectual Property License to any Person by any Acquired Company (other than non-exclusive licenses for the use of Company Products or Company Software granted to customers in the ordinary course of business consistent with past practice pursuant to an Acquired Company’s unmodified form of standard customer agreement, the forms of which have been Made Available to Parent) or (iv) includes any grant of an Intellectual Property License to any Acquired Company by any Person (other than, with respect to this subsection “(iv)” only, licenses for Open Source Software listed in Part 2.11(m) of the Disclosure Schedule or Off-the-Shelf Software Licenses);

(k) any Company Contract between any Acquired Company and any Company Employee or any primarily non-US-based current or former contractor or consultant of any Acquired Company pursuant to which (i) such Company Employee receives an annual base salary in excess of \$50,000, (ii) benefits would vest or amounts would become payable or the terms of which would otherwise be altered by virtue of the consummation of any of the Contemplated Transactions (whether alone or upon the occurrence of any additional or subsequent events), or (iii) any Acquired Company is or may become obligated to make any severance, termination, retention, gross-up or similar payment to any Company Employee or any primarily non-US-based current or former contractor or consultant of any Acquired Company;

(l) any Company Contract with any labor union, works council or association or similar body representing or purporting to represent any employee of any Acquired Company;

(m) any Company Contract providing (i) for or otherwise contemplating the sale or other disposition of any of the assets of any Acquired Company or (ii) for the grant to any Person of any rights to purchase any of the assets of any Acquired Company, in each case, other than the non-exclusive licensing of any Company Product or Company Software to customers in the ordinary course of business consistent with past practice pursuant to an Acquired Company’s unmodified form of standard customer agreement, the forms of which have been Made Available to Parent;

(n) any outstanding power of attorney executed by or on behalf of any Acquired Company;

(o) any Company Contract that provides for indemnification of any current, former or future officer, director, employee or agent of any Acquired Company;

(p) any Company Contract involving any loan, guaranty, pledge, performance or completion bond or indemnity or surety arrangement or otherwise relating to the incurrence, assumption or guarantee of any Indebtedness by any Acquired Company or imposing a Lien (other than Permitted Liens) on any of the assets of any Acquired Company;

(q) any Company Government Contract;

(r) any Company Contract with a customer, including the terms of use; and

(s) any Company Contract regarding the acquisition, issuance or transfer of any securities of any of the Acquired Companies, including any restricted unit agreement or escrow agreement and any underwriting or other agreement relating to any actual or potential offering of securities.

“Merger” has the meaning assigned to such term in the Recitals to the Agreement.

“Merger Consideration” has the meaning assigned to such term in Section 1.7(a)(iv)(B) of the Agreement.

“Merger Sub” has the meaning assigned to such term in the introductory paragraph of the Agreement.

“New Incentive Grant Agreement” means the agreement pursuant to which Parent will grant to each Specified Employee such Specified Employee’s portion of the New Incentive Package in accordance with the New Incentive Schedule.

“New Incentive Package” means the aggregate amount of incentive equity interests in Parent or cash that Parent is required to grant to Specified Employees pursuant to the New Incentive Grant Agreements.

“New Incentive Schedule” means that certain Equity Terms Exhibit attached to each Specified Employees Employee Transition Letter, as contemplated by Schedule A.

“Non-Blocker Per Unit Amount” means the amount obtained by (a) multiplying (i) the Adjusted Transaction Value *plus* (ii) the Aggregate Participation Threshold of the Vested Incentive Units, *by* (b) Non-Blocker Unitholders Percentage, *divided by* (c) the Fully Diluted Units held by Non-Blocker Unitholders as of immediately prior to the Effective Time.

“Non-Blocker Unitholders” means each Unitholder whose Equity Interests are not held by the Blockers immediately prior to the Effective Time.

“Non-Blocker Unitholders Percentage” means a fraction (expressed as a percentage), the numerator of which is the total number of Fully Diluted Units held by the Non-Blocker Unitholders as of immediately prior to the Effective Time and the denominator of which is the total number of Fully Diluted Units as of immediately prior to the Effective Time.

“Non-U.S. Benefit Plan” has the meaning assigned to such term in Section 2.17(a) of the Agreement.

“Non-U.S. Employee” has the meaning assigned to such term in Section 2.16(a) of the Agreement.

“Notice of Claim” has the meaning assigned to such term in Section 10.7(a) of the Agreement.

“Notice of Disagreement” has the meaning assigned to such term in Section 1.11(c) of the Agreement.

“Notice of Escrow Claim” has the meaning assigned to such term in Schedule 10.2(a)(xii) of the Agreement.

“Off-the-Shelf Software License” means any “click-through” or similar end-user license for software that is generally available to the public through retail store or commercial distribution channels and non-exclusively licensed pursuant to standard and non-negotiable terms and conditions for an aggregate fee less than \$100,000.

“Open Source Software” means any Software that is subject to or licensed, provided or distributed under any open source license (including any Copyleft License), including any license meeting the Open Source Definition (as promulgated by the Open Source Initiative) or the Free Software Definition (as promulgated by the Free Software Foundation), or any substantially similar license.

“Order” means any order, writ, injunction, judgment, edict, decree, ruling or award of any arbitrator or any court or other Governmental Entity.

“Outstanding Equity Interests” means all units of Equity Interests issued and outstanding immediately prior to the Effective Time.

“Owned Company IP” means all Registered Company IP and all other Intellectual Property and Intellectual Property Rights owned or purported to be owned by, or subject to an obligation to be assigned to, any Acquired Company.

“Parent” has the meaning assigned to such term in the introductory paragraph of the Agreement.

“Parent Arrangements” has the meaning assigned to such term in Section 2.17(h) of the Agreement.

“Parent Closing Certificate” has the meaning assigned to such term in Section 8.5 of the Agreement.

“Parent Cure Period” has the meaning assigned to such term in Section 9.1(f) of the Agreement.

“Parent Material Adverse Effect” has the meaning assigned to such term in Section 4.1 of the Agreement.

“Participation Threshold” has the meaning set forth in the LLC Agreement.

“Pay Off Letter” has the meaning assigned to such term in Section 5.10 of the Agreement.

“Payment Agent” has the meaning assigned to such term in Section 1.8(a) of the Agreement.

“Payment Agent Agreement” has the meaning assigned to such term in Section 1.8(a) of the Agreement.

“Payment Fund” has the meaning assigned to such term in Section 1.8(a) of the Agreement.

“Pending Claim” has to meaning assigned to such term in Schedule 1.5(c) of the Agreement.

“Permit” means any permit, license, approval, certificate, franchise, permission, clearance, Consent, registration, exemption, qualification or authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Entity or pursuant to any applicable Legal Requirement.

“Permitted Liens” means: (a) statutory liens to secure obligations to landlords, lessors or renters under leases or rental agreements, (b) deposits or pledges made in connection with, or to secure payment of, workers’ compensation, unemployment insurance or similar programs mandated by Legal Requirements, (c) statutory liens in favor of carriers, warehousemen, mechanics and materialmen, to secure claims for labor, materials or supplies and other like liens, (d) Liens for Taxes, assessments or governmental charges or levies that are not yet due and payable or, if due and payable, that are being contested in good faith by appropriate Legal Proceedings and for which adequate reserves have been established in the Financial Statements, (e) other than with respect to any Intellectual Property or Intellectual Property Rights, any minor imperfections of title or similar liens, charges or encumbrances, which individually or in the aggregate with other such imperfections, liens, charges and encumbrances, do not materially impair the value of the property subject to such imperfections, liens, charges or encumbrances or the use of such property in the conduct of the business of any of the Acquired Companies and (f) non-exclusive licenses for the use of Company Products or Company Software granted to customers in the ordinary course of business consistent with past practice pursuant to an Acquired Company’s unmodified form of standard customer agreement, the forms of which has been Made Available to Parent.

“Person” means any individual, Entity or Governmental Entity.

“Personal Information” means, with respect to any individual, name, home address, personal telephone number, personal e-mail address, photograph, targeted location data, social security number or tax identification number, driver’s license number, passport number, payment card number, or bank account information.

“Pre-Closing Period” has the meaning assigned to such term in Section 5.1(a) of the Agreement.

“Pre-Closing Financial Statements” has the meaning assigned to such term in Section 5.1(c) of the Agreement.

“Pre-Closing Tax Period” means any Tax period ending on or before the Closing Date. Notwithstanding anything to the contrary in the Agreement, any franchise Tax shall be allocated to the period during which the income, operations, assets or capital comprising the base of such Tax is measured, regardless of whether the right to do business for another period is obtained by the payment of such franchise Tax.

“Post-Closing Consideration” means the sum, if any, of the following amounts: (a) the aggregate amount, if any, released from the Adjustment Holdback for payment to the Unitholders in accordance with the terms of this Agreement; (b) the aggregate amount, if any, released from the Indemnification Holdback for payment to the Sellers in accordance with the terms of this Agreement; (c) the aggregate amount, if any, released from the Securityholders’ Agent Expense Fund for payment to the Sellers in accordance with the terms of this Agreement, (d) the aggregate amount, if any, released from the Specified Escrow for payment to the Sellers in accordance with the terms of this Agreement and (e) any Adjustment Surplus payable to the Sellers pursuant to Section 1.12 in accordance with the terms of this Agreement.

“Privacy Laws” means any and all applicable laws (including of any applicable foreign jurisdiction) relating to privacy, data security, and Personal Information, including with respect to the receipt, collection, compilation, use, storage, processing, sharing, safeguarding, security, disposal, destruction, disclosure or transfer (including cross-border) of Personal Information, including the Federal Trade Commission Act,

Payment Card Industry Data Security Standard (PCI-DSS), Controlling the Assault of Non-Solicited Pornography and Marketing (CAN-SPAM) Act, Telephone Consumer Protection Act (TCPA), General Data Protection Regulation, Regulation 2016/679/EU on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (GDPR) and any and all applicable laws or legal requirements governing breach notification in connection with Personal Information.

“Pro Rata Share” means for any particular Seller, the fraction having a numerator equal to the aggregate amount of the consideration that such Seller is entitled to receive pursuant to Sections 1.1 and 1.7(a)(iv) of the Agreement, as applicable, and having a denominator equal to the aggregate amount of the consideration that all Sellers are entitled to receive pursuant to Sections 1.1 and 1.7(a)(iv) of the Agreement, as applicable.

“Proposed Adjusted Amount” has the meaning assigned to such term in Section 1.11(a)(i) of the Agreement.

“Proposed Closing Statement” has the meaning assigned to such term in Section 1.11(a) of the Agreement.

“R&W Policy” means that certain Representations and Warranties Insurance Policy, dated as of the date hereof, for the benefit of Parent with respect to the representations and warranties set forth in Sections 2 and 3 and other customary matters in connection with the Contemplated Transactions, substantially in the form attached hereto as Schedule C.

“Reference Time” means 12:01 a.m., Eastern Standard Time, on the Closing Date; *provided, however*, solely in respect of Indebtedness, “Reference Time” means immediately prior to the Closing.

“Registered Company IP” means all issued Patents, pending Patent applications, Mark registrations, applications for Mark registrations, Copyright registrations, applications for Copyright registrations and Domain Name registrations, in each case, owned or purported to be owned by or filed or applied for by or on behalf of any of the Acquired Companies.

“Related Party” means any: (a) unitholder of the Company; (b) Company Employee; or (c) any Affiliate of any Person referred to in clause “(a)” or “(b)” of this sentence.

“Repaid Indebtedness” has the meaning assigned to such term in Section 5.10 of the Agreement.

“Representatives” means officers, directors, employees, agents, attorneys, accountants, advisors and representatives.

“Required Unitholder Vote” has the meaning assigned to such term in Section 2.26 of the Agreement.

“Response Notice” has the meaning assigned to such term in Section 10.7(b) of the Agreement.

“Sale and Merger Consideration Spreadsheet” has the meaning assigned to such term in Section 1.10(a) of the Agreement.

“Section 280G Payments” means an amount and/or the provision of any benefit that would not be deductible by reason of Section 280G or that would be subject to an excise Tax under Section 4999 of the Code (determined without regard to the exceptions contained in Section 280G(b)(4)) or any corresponding provision of any state, local or foreign Legal Requirement.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Securityholders’ Agent” has the meaning assigned to such term in Section 11.1(a) of the Agreement.

“Securityholders’ Agent Expense Fund” has the meaning assigned to such term in Section 11.1(c) of the Agreement.

“Sellers” means (a) the holders of Equity Interests immediately prior to the Effective Time (other than the Blockers) and (b) the Blocker Parents.

“SEP” has the meaning assigned to such term in the introductory paragraph of the Agreement.

“SEP Blocker” has the meaning assigned to such term in the Recitals of the Agreement.

“SEP Blocker Units” has the meaning assigned to such term in the Recitals of the Agreement.

“SEP Redemption” has the meaning assigned to such term in the Recitals of the Agreement.

“SEP Vehicle” has the meaning assigned to such term in the Recitals of the Agreement.

“SHIGO Letter of Credit” means that certain Irrevocable Standby Letter of Credit, dated and effective September 18, 2018, by and between the Company and Wells Fargo.

“SHIGO Owner” means SHIGO Center Plaza Owner, LLC.

“Significant Owner Agreement” has the meaning assigned to such term in the Recitals of the Agreement.

“Software” means all (a) computer programs, including all software implementations of algorithms, models and methodologies, whether in source code or object code, (b) Databases, (c) descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing, screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons and (d) documentation, including user manuals and other training documentation related to any of the foregoing.

“Specified Claim” means a Third Party Claim (i) that is an Excluded Claim or otherwise not covered under the R&W Policy or (ii) for which the Indemnitors are responsible for pursuant to Section 10.2(a) which could reasonably be expected to result in Damages payable by the Indemnitors to such third party in excess of \$15,000,000, net of any available insurance (including the Available Policies).

“Specified Employee” means each of Chris Litster, Jeff Belanger, Michelle Burtchell, Ben Nadol, Deirdre O’Driscoll, Kim Rose, Patrick Rubeski and Piyum Samaraweera.

“Specified Escrow Amount” means \$2,403,000.

“Specified Representations” means the representations and warranties of the Company contained in Section 2.5(a) (Financial Statements), Section 2.6(a) (Absence of Liabilities), Section 2.13(a) (Compliance) and Section 2.13(b) (Orders).

“Specified Party” has the meaning assigned to such term in Section 2.27(a) of the Agreement.

“Specified Party Proprietary Information” has the meaning assigned to such term in Section 2.27(b) of the Agreement.

“Specified Party Software” has the meaning assigned to such term in Section 2.27(a) of the Agreement.

“Specified Party Technology” has the meaning assigned to such term in Section 2.27(b) of the Agreement.

“Standard Form IP Contract” means each standard form Company Contract used by any Acquired Company since May 23, 2016, that is (a) terms of use of material Company Products; (b) an IP Assignment Agreement; or (c) a confidentiality or nondisclosure agreement.

“Stipulated Amount” has the meaning assigned to such term in Section 10.7(c) of the Agreement.

“Stock Plan” means the Buildium, LLC 2016 Profits Interest Plan.

“Stock Purchase” has the meaning assigned to such term in Section 1.1 of the Agreement.

“Straddle Period” means any Tax period beginning on or before the Closing Date and ending after the Closing Date. Notwithstanding anything to the contrary contained in the Agreement, any franchise Tax shall be allocated to the period during which the income, operations, assets or capital comprising the base of such tax is measured, regardless of whether the right to do business for another period is obtained by the payment of such franchise Tax. In the case of Taxes that are payable with respect to any Straddle Period, the portion of any such Taxes that is attributable to the portion of the period ending on the Closing Date shall be (a) in the case of Taxes that are either (i) based upon or related to income or receipts, or (ii) imposed in connection with any sale or other transfer or assignment of property (real or personal, tangible or intangible), deemed equal to the amount that would be payable if the Tax period of the Acquired Companies (and each partnership in which any Acquired Company is a partner) ended with (and included) the Closing Date; *provided*, that exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions) shall be allocated between the period ending on and including the Closing Date and the period beginning after the Closing Date in proportion to the number of days in each period, and (b) in the case of Taxes that are imposed on a periodic basis with respect to the assets or capital of any Acquired Company, deemed to be the amount of such Taxes for the entire Straddle Period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding period), multiplied by a fraction the numerator of which is the number of calendar days in the portion of the period ending on and including the Closing Date and the denominator of which is the number of calendar days in the entire period.

An entity shall be deemed to be a “Subsidiary” of another Person if such Person directly or indirectly owns or purports to own, beneficially or of record (a) an amount of voting securities of or other interests in such Entity that is sufficient to enable such Person to elect at least a majority of the members of such Entity’s board of directors or other governing body, or (b) greater than 50% of the outstanding equity, voting, beneficial or ownership interests in such Entity. Notwithstanding the foregoing, Buildium Employee LLC shall not be deemed a Subsidiary of the Company.

“Surviving Company” has the meaning assigned to such term in Section 1.2 of the Agreement.

“Tax” includes all forms of taxation and statutory, governmental, supra-governmental, supranational, state, principal, local government or municipal impositions, duties, contributions, charges and levies,

whenever imposed, and all penalties, charges, surcharges, costs, expenses and interest relating thereto, including any income, franchise, profits, gross receipts, capital gains, inventory, capital stock, license, value-added, sales, use, real or personal property, transfer, payroll, employment, social security (or similar), unemployment, excise, severance, surplus lines, premiums, occupation, environmental, customs duties, stamp, registration, alternative and add-on minimum tax, escheat and unclaimed property obligations, ad valorem, net worth and any deductions or withholdings of any sort regardless of whether any such taxes, impositions, duties, contributions, charges and levies are chargeable directly or primarily against or attributable directly or primarily to an Acquired Company (including Taxes imposed on an Acquired Company under Treasury Regulation Section 1.1502-6(a), or as a transferee, successor, by Contract or otherwise under any applicable Legal Requirements) or any other Person and regardless of whether any amount in respect of any of them is recoverable from any other Person.

“Tax Award Amount” shall have the meaning assigned to such term in Section 10.7(g)(ii)(C).

“Tax Claim” has the meaning assigned to such term in Section 10.7(g)(i) of the Agreement.

“Tax Dispute” shall have the meaning assigned to such term in Section 10.7(g)(ii).

“Tax Items” has the meaning assigned to such term in Section 2.8(a) of the Agreement.

“Tax Liability Amount” means, with respect to any jurisdiction, an amount (not less than \$0) equal to any amounts that would be properly accrued as income Taxes payable on the consolidated balance sheet of the Acquired Companies or Blockers (net of any estimated payments or deposits with respect to such Taxes) in accordance with GAAP, calculated (a) as of the end of the Closing Date as if the taxable year of the Acquired Companies or Blockers ended at the close of the Closing Date, (b) by excluding all deferred Tax liabilities and deferred Tax assets, (c) by including in taxable income all adjustments pursuant to Section 481 of the Code (or any analogous or similar provision of applicable Legal Requirements) that will not previously have been included in income by the Acquired Companies or Blockers, (d) by excluding any amount included in the definition of Working Capital, and (e) by taking into account the Transaction Deductions in a manner consistent with Section 5.13(a)(iii).

“Tax Referee” shall have the meaning assigned to such term in Section 10.7(g)(ii).

“Tax Return” means any return (including any information return), report, statement, declaration, estimate, schedule, notice, notification, form, election, certificate or other document or information filed with or submitted to, or required to be filed with or submitted to, any Taxing Authority in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any applicable Legal Requirement relating to any Tax.

“Taxing Authority” means, with respect to any Tax, the Governmental Entity or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such Governmental Entity or subdivision, including any governmental or quasi-Governmental Entity or agency that imposes, or is charged with collecting, social security or similar charges or premiums.

“Technical Contaminants” has the meaning assigned to such term in Section 2.11(p) of the Agreement.

“Third Party Claim” has the meaning assigned to such term in Section 10.8(a) of the Agreement.

“Threshold Amount” has the meaning assigned to such term in Section 10.3(a) of the Agreement.

“Trade Secrets” means trade secrets and any other confidential information or proprietary information not generally known to the public.

“Transaction Deductions” means all Tax deductions available to any Acquired Company or any Blocker as a result of or in connection with (a) the Contemplated Transactions, (b) the repayment of Indebtedness as of the Closing, (c) the payment of Company Transaction Expenses and payments of amounts that would have been Company Transaction Expenses but for the fact that they were paid prior to the Closing, or (d) the payment of any fees or other costs and expenses associated with the Contemplated Transactions.

“Transaction Documents” means, collectively, this Agreement, the Letters of Transmittal, the Sale and Merger Consideration Spreadsheet, the certificates described in Sections 7.6(b) and 8.5 of the Agreement, the New Incentive Grant Agreements, the Employment Documents, the Escrow Agreement, the Payment Agent Agreement, and each other agreement or document contemplated by this Agreement or to be executed in connection with any of the Contemplated Transactions.

“Transfer Taxes” shall have the meaning assigned to such term in Section 5.13(b) of the Agreement.

“Treasury Regulations” means the United States Treasury Regulations promulgated under the Code.

“Unitholder” means each Person who is a record holder of Equity Interests immediately prior to the Effective Time.

“Unresolved Claim” has the meaning assigned to such term in Section 10.7(h) of the Agreement.

“Unvested Incentive Units” means all Incentive Units that are not Vested Incentive Units.

“U.S. Benefit Plan” has the meaning assigned to such term in Section 2.17(a) of the Agreement.

“U.S. Employee” has the meaning assigned to such term in Section 2.16(a).

“U.S. Export and Import Laws” means the Arms Export Control Act (22 U.S.C. 2778), the International Traffic in Arms Regulations (ITAR) (22 CFR 120 130), the Export Administration Act of 1979, as amended (50 U.S.C. 2401 2420), the Export Administration Regulations (EAR) (15 CFR 730 774), the Foreign Assets Control Regulations (31 CFR Parts 500 598), the laws and regulations administered by Customs and Border Protection (19 CFR Parts 1 199) and all other United States laws and regulations regulating exports, imports or re-exports to or from the United States, including the export or re-export of goods, services or technical data from the United States of America.

“Vested Incentive Units” means all Incentive Units that are vested as of the Effective Time (including all Incentive Units which vest subject to the occurrence of the Effective Time).

“Waived 280G Benefits” has the meaning assigned to such term in Section 6.2(b) of the Agreement.

“WARN Act” means the Worker Adjustment and Retraining Notification Act of 1988, as amended, and any successor Legal Requirement, and the rules and regulations thereunder and under any successor Legal Requirement, and any comparable law under the laws of any state.

“Wells Fargo” has the meaning assigned to such term in Section 5.5 of the Agreement.

“William Blair” means William Blair & Company and its respective Affiliates and Representatives.

“Working Capital” means, as of the Reference Time, (a) the current assets of the Acquired Companies (including accounts receivable, prepaid expenses and other receivables that are current in nature but excluding Cash (including, for this purpose, any Cash in respect of any sales Taxes collected but not yet remitted to the applicable Taxing Authority) and deferred Tax assets) minus (b) the current liabilities of the Acquired Companies (including accounts payable, credit card payables, accrued payroll liabilities, accrued commissions, accrued bonuses, accrued 401(k) liabilities, deferred revenue and other accrued liabilities that are current in nature but excluding Taxes, deferred Tax Liabilities or any items that constitute Company Transaction Expenses or Indebtedness) not repaid and settled from the Merger Consideration on the Closing, as shown on the Acquired Companies’ balance sheet for the applicable measurement date, as determined in accordance with the Accounting Policies and calculated using the same line items set forth in the illustrative calculations of Working Capital attached hereto as Schedule 1 to this Exhibit A.

“Working Capital Peg” means negative \$6,300,000.

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12
OF THE SECURITIES EXCHANGE ACT OF 1934**

General

The following description of registered securities of RealPage, Inc. (“us,” “our,” “we” or the “Company”) is intended as a summary only and therefore is not a complete description. This description is based upon, and is qualified by reference to, our amended and restated certificate of incorporation, our amended and restated bylaws and applicable provisions of Delaware General Corporation Law. You should read our amended and restated certificate of incorporation and amended and restated bylaws, which are incorporated by reference as Exhibit 3.1 and Exhibit 3.2, respectively, to the Annual Report on Form 10-K of which this Exhibit 4.8 is a part, for the provisions that are important to you.

Our authorized capital stock consists of 260,000,000 shares, with a par value of \$0.001 per share, of which:

- 250,000,000 shares are designated as common stock; and
- 10,000,000 shares are designated as preferred stock.

Our common stock is registered under Section 12(b) of the Securities Exchange Act of 1934, as amended.

Description of Common Stock*Voting Rights*

The holders of our common stock are entitled to one vote per share on all matters to be voted on by the stockholders. Holders of shares of our common stock do not have cumulative voting rights.

Dividends

Subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of common stock are entitled to receive ratably such dividends as may be declared by our board of directors out of funds legally available therefor.

Liquidation

In the event we liquidate, dissolve or wind up, holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preferences of any outstanding shares of preferred stock.

Rights and Preferences

Holders of common stock have no preemptive, conversion or subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock are, and all shares of common stock to be outstanding upon completion of this offering will be, fully paid and nonassessable.

Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws

Our amended and restated certificate of incorporation and our amended and restated bylaws contain certain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions, which are summarized below, are designed, in part, to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us.

Undesignated preferred stock. As discussed above, our board of directors has the ability to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management of our company.

Limits on ability of stockholders to act by written consent or call a special meeting Our amended and restated certificate of incorporation provides that our stockholders may not act by written consent. This limit on the ability of our stockholders to act by written consent may lengthen the amount of time required to take stockholder actions. As a result, a holder controlling a majority of our capital stock would not be able to amend our bylaws or remove directors without holding a meeting of our stockholders called in accordance with our amended and restated bylaws.

In addition, our amended and restated bylaws provide that special meetings of the stockholders may be called only by the chairperson of our board of directors, our Chief Executive Officer, our president (in the absence of our Chief Executive Officer) or our board of directors. Our amended and restated bylaws prohibit a stockholder from calling a special meeting, which may delay the ability of our stockholders to force consideration of a proposal or for holders controlling a majority of our capital stock to take any action, including the removal of directors.

Requirements for advance notification of stockholder nominations and proposals Our amended and restated bylaws include advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors or a committee of our board of directors. However, our amended and restated bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed. These provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

Board Classification. Our board of directors is divided into three classes, one class of which is elected each year by our stockholders. The directors in each class will serve for a three-year term. A third party may be discouraged from making a tender offer or otherwise attempting to obtain control of us as it is more difficult and time consuming for stockholders to replace a majority of the directors on a classified board.

Board vacancies filled only by majority of directors then in office. Vacancies and newly created seats on our board of directors may be filled only by our board of directors. Only our board of directors may determine the number of directors on our board of directors. The inability of stockholders to determine the number of directors or to fill vacancies or newly created seats on our board of directors makes it more difficult to change the composition of our board of directors, but these provisions promote a continuity of existing management.

Directors removed only for cause. Our amended and restated certificate of incorporation provides that directors may be removed by stockholders only for cause.

Delaware anti-takeover statute. We are subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. In general, Section 203 prohibits a publicly held Delaware corporation from engaging, under certain circumstances, in a business combination with an interested stockholder for a period of three years following the date on which the person became an interested stockholder unless:

- Prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
 - Upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, (1) shares owned by persons who are directors and also officers and (2) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
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- At or subsequent to the date of the transaction, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 $\frac{2}{3}$ % of the outstanding voting stock that is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, beneficially owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting stock.

The provisions of Delaware law and our amended and restated certificate of incorporation and our amended and restated bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

The NASDAQ Global Select Market Listing

Our common stock is listed on the Nasdaq Global Select Market under the symbol "RP."

TRANSITION AGREEMENT

This Transition Agreement ("Agreement"), dated as of January 13, 2020 ("Effective Date"), is made and entered into by William Chaney, a resident of the State of Texas ("Executive"), and RealPage, Inc., a Delaware corporation ("Company").

RECITALS

- A. Executive entered into an Employment Agreement with Company effective March 1, 2015 ("Employment Agreement").¹
- B. Executive currently serves as Executive Vice President and President, Emerging Markets & Shared Services of Company.
- C. Executive and Company have agreed that Executive will transition out of Company and resign his position as Executive Vice President and President, Emerging Markets & Shared Services and from any position he holds with any subsidiaries or other affiliates of Company.
- D. In order to assist with the transition of Executive's duties and responsibilities as part of a mutually agreed separation, Company and Executive have agreed that Executive will resign his position as Executive Vice President and President, Emerging Markets & Shared Services and from any position he holds with any subsidiaries or other affiliates of Company, effective as of January 13, 2020 (the "Employment Resignation Date"), and thereafter Executive will provide consulting services to Company as reasonably requested pursuant to the terms and conditions of this Agreement through April 2, 2020 (as may be accelerated pursuant to Paragraph 2(d) or extended pursuant to Paragraph 2(e), the "Termination Date").
- E. From and after the Termination Date, Company and Executive will have no further obligations to each other, except as specifically provided herein or in the Employment Agreement.

NOW, THEREFORE, in consideration of the promises, covenants and undertakings set forth herein, Company and Executive agree as follows:

1. Separation of Employment Company and Executive agree to the termination of Executive's employment with the Company as set forth herein.
- (a) Executive and Company agree that as of the Employment Resignation Date, Executive will cease to perform services for Company in the capacity as an employee and as Executive Vice President and President, Emerging Markets & Shared Services and from any position he holds with any subsidiaries or other affiliates of Company, and Executive's employment with the Company shall be terminated. Executive's Employment Resignation Date is the date of Executive's "separation from service" for purposes of Section 409A.
- (b) Notwithstanding Executive's resignation and the mutually agreed Employment Resignation Date, Section 9(a) of the Employment Agreement shall apply to any payments owed by Company to Executive.²

¹ Unless otherwise defined in this Agreement, capitalized terms have the meanings set forth in the Employment Agreement.

² As stated in the Employment Agreement, the amounts set forth in Section 9(a)(i)-(ii) of the Employment Agreement 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 A of the Employment Agreement (the "Release Agreement"). The proposed Release Agreement will be timely provided to Executive before, on, or after the Employment Resignation Date.

(c) Company will reimburse Executive for any outstanding business expenses in accordance with Company's expense reimbursement policy and nothing contained herein shall be deemed to affect Executive'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. Consulting Services.

(a) The provisions of this Paragraph 2, together with the other provisions of this Agreement relating to the performance of the Consulting Services (as defined below) and the consideration therefor (including the relevant portions of Paragraph 3(b)), shall be binding and effective during the period beginning on the Employment Resignation Date and ending on the Termination Date (the "Consulting Period").

(b) During the Consulting Period, Executive shall perform such services as are reasonably requested by Company pursuant to this Agreement, which services shall not exceed 8 hours per week. The services may include transition of Executive's responsibilities, assistance with any matters that relate to areas of responsibility that Executive held on behalf of Company prior to the Employment Resignation Date, and attention to such other projects as are from time to time designated by Company's Chief Executive Officer (the "Consulting Services"). During the Consulting Period, the Consulting Services will be performed by Executive under the oversight and supervision of Company's Chief Executive Officer. Executive will conduct himself in a professional and ethical manner at all times during the Consulting Period and will take no action that might cause injury to the business or goodwill of Company or any of its affiliates.

(c) All Consulting Services shall be performed in accordance with such guidelines and instructions, consistent with the terms of this Agreement, as may be provided from time to time by or on behalf of Company's Chief Executive Officer. The Consulting Services shall be performed at the Company or Executive's home or at such other locations as the Chief Executive Officer of Company and Executive may mutually agree. During the Consulting Period, Company shall permit Executive to continue the use of the Company email account and address that was assigned to Executive during Executive's employment; provided, however, that emails sent, forwarded or replied to by Executive from the Company email account after the Employment Resignation Date shall include a statement approved by Company (including as to font and location) that indicates that Executive is a consultant of Company.

(d) If Company reasonably determines that Executive has willfully and materially breached this Agreement by refusing to perform the Consulting Services, or has materially breached any of the continuing obligations described in Paragraphs 7 or 8, Company may require that Executive cease providing Consulting Services hereunder until such breach has been cured or until further notice from the Company, or may accelerate the Termination Date hereunder, by written notice to Executive. In performing Consulting Services pursuant to this Agreement, Executive will have no authority to assume or create any obligation or liability in the name of or on behalf of Company or subject Company to any obligation or liability, unless expressly requested by Company in writing.

(e) On or prior to March 31, 2020, Company, in its sole and absolute discretion, may elect to extend the Termination Date to July 2, 2020, by providing Executive written notice of such extension.

(f) It is the intent and purpose of this Agreement to create a legal relationship of independent contractor, and not employment, between Executive and Company during the Consulting Period. Following the Employment Resignation Date, except as otherwise required by law, Executive will not be treated as an employee of Company for purposes of the Federal Insurance Contribution Act, the Social Security Act, the Federal Unemployment Tax Act, income tax withholding at source, or workers compensation laws, and will not be eligible for any employee benefits whatsoever, other than those set forth herein. Executive shall be responsible for the payment of self-employment taxes (including without limitation Medicare taxes, Social Security taxes and unemployment taxes related thereto) and federal income taxes due on the payments made pursuant to Paragraph 3 of this Agreement.

3. Consideration for Consulting Services

(a) In consideration of Executive's agreement to serve as a consultant and provide Consulting Services under the terms of this Agreement, and so long as Company does not accelerate the Termination Date prior to April 1, 2020 pursuant to Paragraph 2(d) of this Agreement, Company agrees that Executive's equity awards under the Stock Plans which are outstanding as of the Employment Resignation Date and due to vest on April 1, 2020 will vest on April 1, 2020 in accordance with Paragraph 6 and **Schedule A**. If and only if Company elects to extend the Termination Date to July 2, 2020 in accordance with Paragraph 2(e), then Company agrees that Executive's equity awards under the Stock Plans which are outstanding as of the Employment Resignation Date and due to vest on July 1, 2020 will vest on July 1, 2020 in accordance with Paragraph 6 and **Schedule A**.

(b) During the Consulting Period, except as expressly provided herein, Executive shall not be eligible to participate or be covered by any employee benefit plan, program or arrangement of Company or any of its affiliates (collectively, the "**Benefit Plans**"), including, but not limited to, group health insurance, disability insurance, and life insurance. Executive also will not participate in Company's vacation or paid time off programs during the Consulting Period. Notwithstanding the foregoing, after the Employment Resignation Date, Executive shall continue to have such rights in respect of vested benefits under Benefit Plans as are provided for in accordance with the terms and conditions of such Benefit Plans.

4. Exclusivity of Consideration Except as provided in (a) as applicable, the Stock Plan (as defined below in Paragraph 6), the Option Agreement(s) (as defined below in Paragraph 6), or the Restricted Stock Agreement(s) (as defined below in Paragraph 6), and (b) Paragraphs 1, 2, 3, 6 and 9 of this Agreement, neither Company nor any of the other Released Parties (as defined below in Paragraph 4) shall have any further obligation to provide Executive with compensation, bonuses, expenses, or benefits under any plan, policy, agreement or arrangement of Company by reason of Executive's termination of employment or in consideration of this Agreement.

5. Release. Executive agrees, upon and as a condition to the vesting of equity awards as described in Paragraph 6, to execute a final release of claims on behalf of Executive and his spouse, heirs, descendants, administrators, representatives and assigns, by which each of them releases, waives, forever discharges and covenants not to sue Company, its past, present and future parents, subsidiaries, divisions and affiliates ("**Affiliates**"), and each of its and their respective predecessors, successors and assigns, and each of their respective 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**") from all claims against the Released Parties, pursuant to release agreement substantially in the form of the Release Agreement attached as Exhibit A to the Employment Agreement, except that consideration for such release will be the compensation as described herein.

6. Equity Rights Executive has outstanding equity awards under Company's 2010 Equity Incentive Plan, as amended, or Company's 1998 Stock Incentive Plan, as amended (each, a "**Stock Plan**"). A list of awards made to Executive is attached to this Agreement as **Schedule A**. Executive's status as a "Service Provider" pursuant to the Stock Plans will continue uninterrupted from the Employment Resignation Date through the end of the Consulting Period and, as a result, Executive's equity awards under the Stock Plans which are outstanding as of the Employment Resignation Date and due to vest on April 1, 2020, will vest on April 1, 2020, in accordance with the terms of the applicable restricted stock and stock option agreements as more fully set forth in **Schedule A** of this Agreement. Executive specifically acknowledges and agrees that, subject to the terms and conditions of each applicable Stock Option Award Agreement or Restricted Stock Award Agreement between Executive and Company governing the equity awards previously granted to Executive under the Stock Plan(s) as forth on **Schedule A**, which is attached and incorporated herein by reference, (a) Executive may exercise Executive's vested and exercisable options as designated on **Schedule A** in accordance with the terms and conditions of the respective Stock Option Award Agreements; and (b) any options underlying the Stock Option Award Agreements and any restricted shares underlying the Restricted Stock Award Agreements that are unvested as of the Termination Date shall be terminated and forfeited in accordance with the terms and conditions of the Stock Plan and the applicable Stock Option Award Agreements and Restricted Stock Award Agreements. Executive's options and restricted shares outstanding as of the close of business on the Termination Date (as set forth in **Schedule A**) shall be governed by the terms and conditions of the applicable Stock Plan and the applicable Stock Option Award Agreements and Restricted Stock Award Agreements; and Executive

acknowledges and agrees that, except as specifically set forth in **Schedule A**, Executive does not own, and has no other contractual right to receive or acquire, any security, derivative security, stock option or other form of equity in Company or any other Released Party.

7. Confidentiality and Intellectual Property Matters

(a) **Definition.** For purposes of this Agreement, "Confidential Information" includes, in whatever form or format, all non-public information, including without limitation, trade secrets, disclosed to or known to Executive as a direct or indirect consequence of or through Executive's employment with Company, about Company, its parents or subsidiaries, its technology, finances, business methods, plans, operations, services, products and processes (whether existing or contemplated), or any of its directors, employees, clients, prospective clients, agents or suppliers, including all information relating to software programs, source codes or object codes; computer systems; computer systems analyses, testing results; flow charts and designs; product specifications and documentation; user documentation; sales plans; sales records; sales literature; customer lists, prospect list and files; research and development projects or plans; marketing and merchandising plans and strategies; pricing strategies; price lists; sales or licensing terms and conditions; consulting sources; supply and service sources; procedure or policy manuals; legal matters; financial statements; financing methods; financial projections; and the terms and conditions of business arrangements with its parent, clients, suppliers, banks, or other financial institutions. Company Confidential Information shall not include information that is in Executive's possession legally and without restriction as of the Effective Date of this Agreement.

(b) **Ownership of Confidential Information & Work Product** All Confidential Information shall remain the exclusive property of Company. All work product, regardless of whether copyrightable or patentable and regardless of whether tangible or intangible, developed for Company by Executive (collectively, the "Work Product") in the course of performing any Consulting Services pursuant to this Agreement, shall be deemed to be the sole and exclusive property of Company, 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 Company as part of any final report or finished product. All Work Product shall be considered confidential, trade secret property of Company and shall not be copied (except in the course of performing Consulting Services hereunder), removed from Company's premises, or disclosed to third parties by Executive without Company's prior written approval. Executive agrees that Company shall own all copyright, patent rights and trade secret rights with respect to any Work Product discovered, created or developed under this Agreement without regard to the origin of the Work Product. If and to the extent that Executive may, under applicable law, be entitled to claim any ownership interest or moral rights in the Work Product, Executive hereby sells, transfers, grants, conveys, assigns, and relinquishes exclusively to Company 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 Company, Executive shall, without any additional charge, promptly execute, acknowledge and deliver to Company 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 Company deems necessary or desirable to enable Company 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. On the Termination Date, Company shall be placed in possession of all Work Product and Confidential Information, and Executive shall not maintain any copies unless (i) Executive has requested in writing permission to retain in Executive's work papers certain specifically identified Confidential Information and Company has approved such request in writing, or (ii) Executive is required by law to retain Confidential Information and then only to the extent and for the time so required by law.

(c) **Obligation to Company.** Except as permitted or directed by Company, Executive shall not divulge, furnish or make accessible to anyone or use directly or indirectly to the detriment of Company in any way any Confidential Information of Company that Executive has acquired or become acquainted with during the term of Executive's employment by Company or any time thereafter, whether developed by Executive or by others, whether or not patented or patentable, directly or indirectly useful in any aspect of the business of Company. Executive acknowledges that the Confidential Information above-described is knowledge or information that constitutes a unique and valuable asset of Company and represents a substantial investment of time and expense by Company, and that any disclosure or other use of such Confidential Information contrary to the provisions of this Paragraph 7 would be wrongful and would cause irreparable

harm to Company, and Company shall be entitled to immediate injunctive relief restraining Executive from the breach or threatened breach, in addition to any other remedies available to it in law or in equity. The foregoing obligations of confidentiality shall not apply to any Confidential Information which is lawfully published in any manner, which is currently or subsequently becomes generally publicly known other than as a direct or indirect result of the breach of this Agreement by Executive. Executive's obligations pursuant to this Paragraph 7 are on-going and shall survive the termination or expiration of this Agreement or the Consulting Period.

(d) **Obligations to Third Parties** Company respects the right of every employer to protect its confidential and proprietary information. Company specifically wishes to prevent Executive from disclosing to Company at any time after Executive's Termination Date any confidential or proprietary information belonging to any other employer. Executive represents to Company that Executive will not use or otherwise exploit any confidential or proprietary information of Company's clients, vendors or other third parties to whom Company owes an obligation of confidentiality after the Termination Date.

8. Continuing Obligations Contained in Other Documents and Return of Company Property

(a) **Continuing Obligations.** Executive hereby represents, warrants and agrees that Executive has complied with, and at all times hereafter will comply with, Executive's obligations under any agreements and documents that Executive executed for Company's benefit at the commencement of or during the Executive's employment (including, without limitation, the Employment Agreement, and any confidentiality, non-compete, non-disclosure, or proprietary information agreements) and the agreements and plans referenced in Paragraph 6 of this Agreement.

(b) **Return of Company Property.** In addition, Executive shall return to Company all Company property, including without limitation, all Confidential Information, in Executive's possession, custody or control on or before the Executive's Employment Resignation Date. Company will issue any property necessary for Executive to perform the Consulting Services.

9. Cooperation Covenant Executive agrees to cooperate fully, truthfully and in good faith upon the reasonable request of Company, in assisting Company with (a) investigating, prosecuting or defending any claim that arises out of or relates in any manner to Executive's employment with Company; (b) responding to or preparing for any government audit, investigation or inquiry that arises out of or relates in any manner to Executive's employment with Company; and (c) assisting in the preparation or audit of Company's financial statements for any period of time when Executive was employed by Company. Executive understands that such full, truthful and good faith cooperation includes being physically present and available to work with Company and its attorneys and auditors to investigate and prepare for claims and to testify truthfully. Company will reimburse Executive for any reasonable out-of-pocket expenses that Executive may incur in connection with such cooperation and, after the Termination Date, Company will compensate Executive at a per diem rate of \$2,000 per day for such services.

10. Indemnification. Nothing in this Agreement shall affect or alter Company's duty to indemnify Executive pursuant to Section 14 of Executive's Employment Agreement.

11. Waiver of Breach A waiver by Executive 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.

12. Notices. Any notice or other communication required or permitted by this Agreement to be given to a party shall be in writing and shall be deemed given if delivered personally or by commercial messenger or courier service, or mailed by U.S. registered or certified mail (return receipt requested), to the party at the party's address set forth below or at such other address as the party may have previously specified by like notice, or by Company e-mail as prescribed in the Employment Agreement. If by mail, delivery shall be deemed effective three (3) business days after mailing in accordance with this Paragraph.

(a) If to Company, to:

Attn: Chief People Officer
RealPage, Inc.
2201 Lakeside Boulevard
Richardson, TX 75082

With a copy to:

Attn: Chief Legal Officer
RealPage, Inc.
2201 Lakeside Boulevard
Richardson, TX 75082

(b) If to Executive, to the address of Executive on the signature page to this Agreement.

13. Applicable Law, Venue, Jurisdiction, and Arbitration This Agreement shall be governed, construed, and enforced in accordance with the laws of the State of Texas (without regard to the principles of conflicts of law). This Agreement has been entered into in Dallas County, Texas and it shall be performable for all purposes in Dallas County, Texas. Any action or proceeding concerning, related to, regarding, or commenced in connection with the Agreement must be brought in accordance with the arbitration procedure described in Section 22 of the Employment Agreement.

14. Successors. Because the obligations of this Agreement are personal in nature to Executive, Executive is not entitled to assign, sell, transfer, delegate, or otherwise dispose of, whether voluntarily or involuntarily, or by operation of law, any rights or obligations under this Agreement. This Agreement shall inure to the benefit of and be binding upon Executive's heirs, spouse, descendants, administrators and executors. Company may assign the rights hereunder to an entity controlled, directly or indirectly, by Company or to a purchaser of Company's business as then operated by Company (or a successor of Company). The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors of Company. In the event that Company's business is sold, reorganized or otherwise transferred (in whole or in part) to another business or entity, it is intended that the limitations of Paragraphs 7 - 13 shall continue in effect with respect to any portion of Company's business that is retained by Company as well as any portion that is so transferred and, to that end, the term "Company" in this Agreement shall include any successor to all or any portion of Company's business (as applicable).

15. Section 409A This Agreement shall be interpreted so that the payments and benefits provided for under this Agreement shall either comply with, or be exempt from, the requirements of Section 409A of the Internal Revenue Code ("Section 409A") so that Executive is not subject to any taxes, penalties or interest under Section 409A. Executive represents and warrants that the release provided for in this Agreement includes any Claims against the Released Parties for any taxes, penalties or interest that may be imposed on Executive pursuant to Section 409A as a result of the payments and benefits provided for under this Agreement. Company and Executive agree that Executive's Employment Resignation Date will be the date of Executive's "separation from service" for purposes of Section 409A.

16. Construction of Agreement The language of this Agreement shall not be construed for or against any particular party. The headings used herein are for reference only and shall not affect the construction of this Agreement.

17. Severability; Enforceability. If any provision of this Agreement, or the application thereof to any person, place, or circumstance, shall be held to be invalid, unenforceable, or void by the final determination of an arbitrator or court of competent jurisdiction, and all appeals therefrom shall have failed or the time for such appeals shall have expired, such clause or provision shall be deemed eliminated from this Agreement but the remaining provisions shall nevertheless be given full force and effect. In the event this Agreement or any portion hereof is more restrictive than permitted by the law of the jurisdiction in which enforcement is sought, this Agreement or such portion shall be limited in that jurisdiction only, and shall be enforced in that jurisdiction as so limited to the maximum extent permitted by the law of that jurisdiction.

18. Entire Agreement This Agreement, along with (to the extent applicable) the Stock Plans, the Stock Option Agreements, the Restricted Stock Agreements, the Employment Agreement, and the agreements referenced in Paragraph 8 above (each of which is hereby ratified and confirmed), sets forth the entire agreement between the parties with respect

to the termination of Executive's employment with Company and Company's obligations to Executive prior to such time, as well as following the termination of said employment; and, except as otherwise provided herein, supersedes all prior plans, policies, agreements and arrangements between the parties, oral or written, or which have covered Executive during Executive's period of employment with Company.

19. Amendment to Agreement Any amendment to this Agreement must be in a writing signed by duly authorized representatives of the parties hereto and stating the intent of the parties to amend this Agreement.

20. Assumption of Risk The parties hereto fully understand that if any fact with respect to any matter covered by this Agreement is found hereafter to be other than, or different from, the facts now believed to be true, they expressly accept and assume the risk of such possible difference in fact and agree that the release provisions hereof shall be and remain effective notwithstanding any such difference in fact.

21. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Photographic copies of such signed counterparts may be used in lieu of the originals for any purpose.

Signature Page Follows

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates indicated below.

COMPANY:

RealPage, Inc.

By: /s/ Kurt Twining
Kurt Twining
Chief People Officer

Date: 01/13/2020

EXECUTIVE:

Signed: /s/ William Chaney
Name: William Chaney

Date: 01/13/2020

Address: 1901 Deepdale Drive
Ft. Worth, TX 76107

SCHEDULE A
TO TRANSITION AGREEMENT
FOR
WILLIAM CHANEY
(AS OF 1/10/2020)

Grant Name	Grant Price	Granted	Vested	Unvested	Exercisable	Outstanding	Restricted Shares Scheduled to Vest on 04/01/2020	Restricted Shares Scheduled to Vest on 07/01/2020
08/07/2012 NQ Option D&D \$24.64	\$24.64	40,000	40,000	0	40,000	40,000		
02/25/2013 NQ Option D&D \$21.60	\$21.60	14,712	14,712	0	14,712	14,712		
11/12/2013 NQ Option D&D \$25.70	\$25.70	30,000	30,000	0	30,000	30,000		
02 27 2014 NQ Option D&D \$17.75	\$17.75	15,000	15,000	0	6,250	6,250		
03/03/2015 NQ Option CIC-D&D \$19.76	\$19.76	64,585	64,585	0	8,439	8,439		
05/08/2015 NQ Option \$19.84 (CIC-D&D)	\$19.84	15,000	15,000	0	12,500	12,500		
03/02/2017 RS CIC-D&D		29,565	27,093	2,472	0	2,472	2,472	
03/02/2018 RS CIC D&D		18,475	10,773	7,702	0	7,702	1,539	1,539
03/02/2018 RS (Market Based) CIC-D&D		36,952	9,236	27,716	0	27,716		
02/28/2019 (RS) CIC D&D		16,187	4,044	12,143	0	12,143	1,348	1,348
02/28/2019 RS (Market Based) CIC-D&D		32,374	0	32,374	0	32,374		

TRANSITION AGREEMENT

This Transition Agreement ("Agreement"), dated as of December 31, 2019 ("Effective Date"), is made and entered into by Andrew Blount, a resident of the State of Texas ("Executive"), and RealPage, Inc., a Delaware corporation ("Company").

RECITALS

- A. Executive entered into an Employment Agreement with Company on December 11, 2015, and on January 4, 2016, Executive entered into an Amendment to Employment Agreement (collectively, the "Employment Agreement").¹
- B. Executive currently serves as Senior Vice President, Business Development Officer of Company.
- C. Executive and Company have agreed that Executive will transition out of the Company and resign his position as Senior Vice President, Business Development Officer and from any position he holds with any subsidiaries or other affiliates of Company.
- D. In order to assist with the transition of Executive's duties and responsibilities as part of a mutually agreed separation, Company and Executive have agreed that Executive will resign his position as Senior Vice President, Business Development Officer of the Company, and from any position he holds with any subsidiaries or other affiliates of Company, effective as of December 31, 2019 (the "Employment Resignation Date"), and thereafter Executive will provide consulting services to the Company as requested and mutually agreed pursuant to the terms and conditions of this Agreement through April 30, 2020 ("Termination Date").
- E. From and after the Termination Date, Company and Executive will have no further obligations to each other, except as specifically provided herein or in the Employment Agreement.

NOW, THEREFORE, in consideration of the promises, covenants and undertakings set forth herein, Company and Executive agree as follows:

1. Separation of Employment Company and Executive agree to the termination of Executive's employment with the Company as set forth herein.
- (a) Executive and Company agree that as of the Employment Resignation Date, Executive will cease to perform services for Company in the capacity as an employee and Senior Vice President, Business Development Officer, and Executive's employment with the Company shall be terminated.
- (b) Notwithstanding Executive's resignation and the mutually agreed Employment Resignation Date, Section 9(a) of the Employment Agreement shall apply to any payments owed by Company to Executive.²
- (c) Company will reimburse Executive for any outstanding business expenses in accordance with Company's expense reimbursement policy and nothing contained herein shall be deemed to affect Executive'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.

¹ Unless otherwise defined in this Agreement, capitalized terms have the meanings set forth in the Employment Agreement.

² As stated in the Employment Agreement, the amounts set forth in Section 9(a)(i)-(ii) of the Employment Agreement 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 IV of the Employment Agreement (the "Release Agreement"). The proposed Release Agreement will be timely provided to Executive before, on, or after the Employment Resignation Date.

2. Consulting Services.

(a) The provisions of this Paragraph 2, together with the other provisions of this Agreement relating to the performance of the Consulting Services (as defined below) and the payment of compensation therefor (including the relevant portions of Paragraph 3(b)), shall be binding and effective during the period beginning on the Employment Resignation Date and ending on the Termination Date (the "Consulting Period").

(b) From time to time during the Consulting Period, Company may request that Executive perform certain services as needed with respect to the transition of Executive's responsibilities and to provide advice regarding certain business development initiatives. As a consultant, Executive shall perform such services during the Consulting Period as are reasonably requested by Company pursuant to this Agreement. The services may include transition of Executive's responsibilities and assistance with any matters that relate to areas of responsibility that Executive held on behalf of Company prior to the Employment Resignation Date (the "Consulting Services"). During the Consulting Period, the Consulting Services will be performed by Executive under the oversight and supervision of Company's Chief Executive Officer. Executive will conduct himself in a professional and ethical manner at all times during the Consulting Period and will take no action that might cause injury to the business or goodwill of Company or any of its affiliates.

(c) All Consulting Services shall be performed in accordance with such guidelines and instructions, consistent with the terms of this Agreement, as may be provided from time to time by or on behalf of Company's Chief Executive Officer. The Consulting Services shall be performed at the Company or Executive's home or at such other locations as the Chief Executive Officer of Company and Executive may mutually agree. During the Consulting Period, Company shall permit Executive to continue the use of the Company email account and address that was assigned to Executive during Executive's employment; provided, however, that emails sent, forwarded or replied to by Executive from the Company email account after the Employment Resignation Date shall include a statement approved by Company (including as to font and location) that indicates that Executive is a consultant of Company.

(d) If Company reasonably determines that Executive has breached this Agreement or any of the continuing obligations described in Paragraphs 7 or 8, whether due to Executive's refusal to perform the Consulting Services or otherwise, Company may require that Executive cease providing Consulting Services hereunder until such breach has been cured or until further notice from the Company, or may accelerate the Termination Date hereunder to any date on or after April 2, 2020 by written notice to Executive. In performing Consulting Services pursuant to this Agreement, Executive will have no authority to assume or create any obligation or liability in the name of or on behalf of Company or subject Company to any obligation or liability, unless expressly requested by Company in writing.

(e) It is the intent and purpose of this Agreement to create a legal relationship of independent contractor, and not employment, between Executive and Company during the Consulting Period. Following the Employment Resignation Date, except as otherwise required by law, Executive will not be treated as an employee of Company for purposes of the Federal Insurance Contribution Act, the Social Security Act, the Federal Unemployment Tax Act, income tax withholding at source, or workers compensation laws, and will not be eligible for any employee benefits whatsoever, other than those set forth herein. Executive shall be responsible for the payment of self-employment taxes (including without limitation Medicare taxes, Social Security taxes and unemployment taxes related thereto) and federal income taxes due on the payments made pursuant to Paragraph 3 of this Agreement.

3. Consulting Fees.

(a) In consideration of Employee's agreement to serve as a consultant on mutually agreed Consulting Services projects under the terms of this Agreement, Company agrees that Company will pay Executive at a rate of \$1,000.00 per month during the Consulting Period paid on a monthly basis on or before the last day of the month beginning January 2020, and prorated for any partial month if necessary. In addition, Executive will be permitted to vest shares in January and April assuming all other conditions of this Consulting Agreement are met.

(b) During the Consulting Period, except as expressly provided herein, Executive shall not be eligible to participate or be covered by any employee benefit plan, program or arrangement of Company or any of its affiliates (collectively, the "Benefit Plans"), including, but not limited to, group health insurance, disability insurance, and life

insurance. Executive also will not participate in Company's vacation or paid time off programs during the Consulting Period. Notwithstanding the foregoing, after the Employment Resignation Date, Employee shall continue to have such rights in respect of vested benefits under Benefit Plans as are provided for in accordance with the terms and conditions of such Benefit Plans.

4. Exclusivity of Consideration Except as provided in (a) as applicable, the Stock Plan (as defined below in Paragraph 6), the Option Agreement(s) (as defined below in Paragraph 6), or the Restricted Stock Agreement(s) (as defined below in Paragraph 6), and (b) Paragraphs 1, 2, 3, 6 and 9 of this Agreement, neither Company nor any of the other Released Parties (as defined below in Paragraph 4) shall have any further obligation to provide Executive with compensation, bonuses, expenses, or benefits under any plan, policy, agreement or arrangement of Company by reason of Executive's termination of employment or in consideration of this Agreement.

5. Release. Executive agrees, upon and as a condition to the vesting of equity awards as described in Paragraph 6, to execute a final release of claims on behalf of Executive and his spouse, heirs, descendants, administrators, representatives and assigns, by which each of them releases, waives, forever discharges and covenants not to sue Company, its past, present and future parents, subsidiaries, divisions and affiliates ("Affiliates"), and each of its and their respective predecessors, successors and assigns, and each of their respective 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") from all claims against the Released Parties, pursuant to release agreement substantially in the form of the Release Agreement attached as Exhibit IV to the Employment Agreement, except that consideration for such release will be the compensation as described herein. Executive represents that he is not aware of any information that would give rise to a potential claim against the company.

6. Equity Rights Executive has outstanding equity awards under Company's 2010 Equity Incentive Plan, as amended, or Company's 1998 Stock Incentive Plan, as amended (each, a "Stock Plan"). A list of awards made to Executive is attached to this Agreement as **Schedule A**. Executive's status as a "Service Provider" pursuant to the Stock Plans will continue uninterrupted from the Employment Resignation Date through the end of the Consulting Period and, as a result, Executive's equity awards under the Stock Plans which are outstanding as of the Employment Resignation Date and due to vest on January 1, 2020, and April 1, 2020, will vest on January 1, 2020, and April 1, 2020, respectively, in accordance with the terms of the applicable restricted stock and stock option agreements as more fully set forth in **Schedule A** of this Agreement. Executive specifically acknowledges and agrees that, subject to the terms and conditions of each applicable Stock Option Award Agreement or Restricted Stock Award Agreement between Executive and Company governing the equity awards previously granted to Executive under the Stock Plan(s) as forth on **Schedule A**, which is attached and incorporated herein by reference, (a) Executive may exercise Executive's vested and exercisable options as designated on **Schedule A** in accordance with the terms and conditions of the respective Stock Option Award Agreements; and (b) any options underlying the Stock Option Award Agreements and any restricted shares underlying the Restricted Stock Award Agreements that are unvested as of the Termination Date shall be terminated and forfeited in accordance with the terms and conditions of the Stock Plan and the applicable Stock Option Award Agreements and Restricted Stock Award Agreements. Executive's options and restricted shares outstanding as of the close of business on the Termination Date (as set forth in **Schedule A**) shall be governed by the terms and conditions of the applicable Stock Plan and the applicable Stock Option Award Agreements and Restricted Stock Award Agreements; and Executive acknowledges and agrees that, except as specifically set forth in **Schedule A**, Executive does not own, and has no other contractual right to receive or acquire, any security, derivative security, stock option or other form of equity in Company or any other Released Party.

7. Confidentiality.

(a) **Definition**. For purposes of this Agreement, "Confidential Information" includes, in whatever form or format, all non-public information, including without limitation, trade secrets, disclosed to or known to Executive as a direct or indirect consequence of or through Executive's employment with Company, about Company, its parents or subsidiaries, its technology, finances, business methods, plans, operations, services, products and processes (whether existing or contemplated), or any of its directors, employees, clients, prospective clients, agents or suppliers, including all information relating to software programs, source codes or object codes; computer systems; computer systems analyses, testing results; flow charts and designs; product specifications and documentation; user documentation; sales plans; sales records; sales

literature; customer lists, prospect list and files; research and development projects or plans; marketing and merchandising plans and strategies; pricing strategies; price lists; sales or licensing terms and conditions; consulting sources; supply and service sources; procedure or policy manuals; legal matters; financial statements; financing methods; financial projections; and the terms and conditions of business arrangements with its parent, clients, suppliers, banks, or other financial institutions. Company Confidential Information shall not include information that is in Executive's possession legally and without restriction as of the Effective Date of this Agreement.

(b) **Obligation to Company.** Except as permitted or directed by Company, Executive shall not divulge, furnish or make accessible to anyone or use directly or indirectly to the detriment of Company in any way any Confidential Information of Company that Executive has acquired or become acquainted with during the term of Executive's employment by Company or any time thereafter, whether developed by Executive or by others, whether or not patented or patentable, directly or indirectly useful in any aspect of the business of Company. Executive acknowledges that the Confidential Information above-described is knowledge or information that constitutes a unique and valuable asset of Company and represents a substantial investment of time and expense by Company, and that any disclosure or other use of such Confidential Information contrary to the provisions of this Paragraph 7 would be wrongful and would cause irreparable harm to Company. The foregoing obligations of confidentiality shall not apply to any Confidential Information which is lawfully published in any manner, which is currently or subsequently becomes generally publicly known other than as a direct or indirect result of the breach of this Agreement by Executive.

(c) **Obligations to Third Parties** Company respects the right of every employer to protect its confidential and proprietary information. Company specifically wishes to prevent Executive from disclosing to Company at any time after Executive's Termination Date any confidential or proprietary information belonging to any other employer. Executive represents to Company that Executive will not use or otherwise exploit any confidential or proprietary information of Company's clients, vendors or other third parties to whom Company owes an obligation of confidentiality after the Termination Date.

8. Continuing Obligations Contained in Other Documents and Return of Company Property

(a) **Continuing Obligations.** Executive hereby represents, warrants and agrees that Executive has complied with, and at all times hereafter will comply with, Executive's obligations under any agreements and documents that Executive executed for Company's benefit at the commencement of or during the Executive's employment (including, without limitation, the Employment Agreement, and any confidentiality, non-compete, non-disclosure, or proprietary information agreements) and the agreements and plans referenced in Paragraph 6 of this Agreement.

(b) **Return of Company Property.** In addition, Executive shall return to Company all Company property, including without limitation, all Confidential Information, in Executive's possession, custody or control on or before the Executive's Employment Resignation Date. Company will issue any property necessary for Executive to perform the Consulting Services.

9. Cooperation Covenant. Executive agrees to cooperate fully, truthfully and in good faith upon the reasonable request of Company, in assisting Company with (a) investigating, prosecuting or defending any claim that arises out of or relates in any manner to Executive's employment with Company; (b) responding to or preparing for any government audit, investigation or inquiry that arises out of or relates in any manner to Executive's employment with Company; and (c) assisting in the preparation or audit of Company's financial statements for any period of time when Executive was employed by Company. Executive understands that such full, truthful and good faith cooperation includes being physically present and available to work with Company and its attorneys and auditors to investigate and prepare for claims and to testify truthfully. Company will reimburse Executive for any reasonable out-of-pocket expenses that Executive may incur in connection with such cooperation.

10. Indemnification. Nothing in this Agreement shall affect or alter Company's duty to indemnify Executive pursuant to Section 14 of Executive's Employment Agreement.

11. Waiver of Breach A waiver by Executive 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.

12. Notices. Any notice or other communication required or permitted by this Agreement to be given to a party shall be in writing and shall be deemed given if delivered personally or by commercial messenger or courier service, or mailed by U.S. registered or certified mail (return receipt requested), to the party at the party's address set forth below or at such other address as the party may have previously specified by like notice, or by Company e-mail as prescribed in the Employment Agreement. If by mail, delivery shall be deemed effective three (3) business days after mailing in accordance with this Paragraph.

(a) If to Company, to:

Attn: Chief People Officer
RealPage, Inc.
2201 Lakeside Boulevard
Richardson, TX 75082

With a copy to:

Attn: Chief Legal Officer
RealPage, Inc.
2201 Lakeside Boulevard
Richardson, TX 75082

(b) If to Executive, to the last address of Executive provided by Executive to Company.

13. Applicable Law, Venue, Jurisdiction, and Arbitration This Agreement shall be governed, construed, and enforced in accordance with the laws of the State of Texas (without regard to the principles of conflicts of law). This Agreement has been entered into in Dallas County, Texas and it shall be performable for all purposes in Dallas County, Texas. Any action or proceeding concerning, related to, regarding, or commenced in connection with the Agreement must be brought in accordance with the arbitration procedure described in Section 22 of the Employment Agreement.

14. Successors. Because the obligations of this Agreement are personal in nature to Executive, Executive is not entitled to assign, sell, transfer, delegate, or otherwise dispose of, whether voluntarily or involuntarily, or by operation of law, any rights or obligations under this Agreement. This Agreement shall inure to the benefit of and be binding upon Executive's heirs, spouse, descendants, administrators and executors. Company may assign the rights hereunder to an entity controlled, directly or indirectly, by Company or to a purchaser of Company's business as then operated by Company (or a successor of Company). The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors of Company. In the event that Company's business is sold, reorganized or otherwise transferred (in whole or in part) to another business or entity, it is intended that the limitations of Paragraphs 7 - 13 shall continue in effect with respect to any portion of Company's business that is retained by Company as well as any portion that is so transferred and, to that end, the term "Company" in this Agreement shall include any successor to all or any portion of Company's business (as applicable).

15. Section 409A This Agreement shall be interpreted so that the payments and benefits provided for under this Agreement shall either comply with, or be exempt from, the requirements of Section 409A of the Internal Revenue Code ("Section 409A") so that Executive is not subject to any taxes, penalties or interest under Section 409A. Executive represents and warrants that the release provided for in this Agreement includes any Claims against the Released Parties for any taxes, penalties or interest that may be imposed on Executive pursuant to Section 409A as a result of the payments and benefits provided for under this Agreement. Company and Executive agree that Executive's Employment Resignation Date will be the date of Executive's "separation from service" for purposes of Section 409A.

16. Construction of Agreement The language of this Agreement shall not be construed for or against any particular party. The headings used herein are for reference only and shall not affect the construction of this Agreement.

17. Severability; Enforceability. If any provision of this Agreement, or the application thereof to any person, place, or circumstance, shall be held to be invalid, unenforceable, or void by the final determination of an arbitrator or court of

competent jurisdiction, and all appeals therefrom shall have failed or the time for such appeals shall have expired, such clause or provision shall be deemed eliminated from this Agreement but the remaining provisions shall nevertheless be given full force and effect. In the event this Agreement or any portion hereof is more restrictive than permitted by the law of the jurisdiction in which enforcement is sought, this Agreement or such portion shall be limited in that jurisdiction only, and shall be enforced in that jurisdiction as so limited to the maximum extent permitted by the law of that jurisdiction.

18. Entire Agreement This Agreement, along with (to the extent applicable) the Stock Plans, the Stock Option Agreements, the Restricted Stock Agreements, the Employment Agreement, and the agreements referenced in Paragraph 8 above, sets forth the entire agreement between the parties with respect to the termination of Executive's employment with Company and Company's obligations to Executive prior to such time, as well as following the termination of said employment; and, except as otherwise provided herein, supersedes all prior plans, policies, agreements and arrangements between the parties, oral or written, or which have covered Executive during Executive's period of employment with Company.

19. Amendment to Agreement Any amendment to this Agreement must be in a writing signed by duly authorized representatives of the parties hereto and stating the intent of the parties to amend this Agreement.

20. Assumption of Risk The parties hereto fully understand that if any fact with respect to any matter covered by this Agreement is found hereafter to be other than, or different from, the facts now believed to be true, they expressly accept and assume the risk of such possible difference in fact and agree that the release provisions hereof shall be and remain effective notwithstanding any such difference in fact.

21. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Photographic copies of such signed counterparts may be used in lieu of the originals for any purpose.

Signature Page Follows

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates indicated below.

COMPANY:

RealPage, Inc.

By: /s/ Kurt Twining
Kurt Twining
Chief People Officer

Date: 01/06/2020

EXECUTIVE:

Signed: /s/ Andrew Blount
Name: Andrew Blount

Date: 12/25/2019

SCHEDULE A
TO TRANSITION AGREEMENT AS OF 12/20/2019
FOR
ANDREW BLOUNT

Grant Name	Grant Price	Granted	Vested	Unvested	Exercisable	Outstanding	Shares of Restricted Stock Scheduled to Vest on 1/1/2020	Shares of Restricted Stock Scheduled to Vest on 4/1/2020
12/10/2015 NQ Option \$23.10	\$23.10	75,000	75,000	0	6,250	6,250		
03/02/2017 RS CIC-D&D	\$0.00	29,565	24,630	4,935	0	4,935	2,463	2,472
03/02/2018 RS CIC D&D	\$0.00	15,395	7,692	7,703	0	7,703	1,282	1,282
03/02/2018 RS (Market Based) CIC-D&D	\$0.00	30,792	7,696	23,096	0	23,096		
02/28/2019 (RS)	\$0.00	4,047	674	3,373	0	3,373	337	337
02/28/2019 RS (Market Based) CIC-D&D	\$0.00	8,094	0	8,094	0	8,094		

TRANSITION AGREEMENT

This Transition Agreement ("Agreement"), dated as of December 29, 2019 ("Effective Date"), is made and entered into by Kandis Tate Thompson, a resident of the State of Texas ("Executive"), and RealPage, Inc., a Delaware corporation ("Company").

RECITALS

A. Executive currently serves as Senior Vice President, Chief Accounting Officer of Company pursuant to Executive's Employment Agreement, dated January 7, 2019 (the "Employment Agreement").¹

B. Executive has expressed a desire to transition out of the Company and resign from her position as Senior Vice President, Chief Accounting Officer and from any position she holds with any subsidiaries or other affiliates of Company.

C. In order to assist with the transition of Executive's duties and responsibilities as part of a mutually agreed separation, Company and Executive have agreed that Executive will resign her position as Senior Vice President, Chief Accounting Officer of the Company, and from any position she holds with any subsidiaries or other affiliates of Company, effective as of January 2, 2020 ("Employment Separation Date"), and thereafter Executive will provide consulting services to the Company as requested and mutually agreed pursuant to the terms and conditions of this Agreement through March 1, 2020 ("Termination Date").

D. From and after the Termination Date, Company and Executive desire to have no further obligations to each other, except as specifically provided herein or in the Employment Agreement.

NOW, THEREFORE, in consideration of the promises, covenants and undertakings set forth herein, Company and Executive agree as follows:

1. Separation of Employment Company and Executive agree to the termination of Executive's employment with the Company as set forth herein.

(a) Executive and Company agree that as of the Employment Separation Date, Executive will cease to perform services for Company in the capacity as its Senior Vice President, Chief Accounting Officer, and will no longer be an employee of Company.

(b) Notwithstanding Executive's resignation and the mutually agreed Employment Separation Date, Section 9(a) of the Employment Agreement shall apply to any payments owed by Company to Executive as if the separation were a termination without Cause in Section 9(a) of the Employment Agreement.²

(c) Company will reimburse Executive for any outstanding business expenses in accordance with Company's expense reimbursement policy and Company will reimburse Executive for any medical expenses incurred in 2019 in accordance with Company policy; Company will pay on Executive's behalf the tuition and related fees incurred by Executive in connection with Executive's enrollment in the Program pursuant to the Employment Agreement through the Executive's Employment Separation Date (including \$39,630.00 for completed coursework for which the invoice is not yet due, subject to the Company's receipt of support for such amount reasonably acceptable to the Company); and nothing contained herein shall be deemed to affect Executive'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.

¹ Unless otherwise defined in this Agreement, capitalized terms have the meanings set forth in the Employment Agreement.

² As stated in the Employment Agreement, the amounts set forth in Section 9(a)(i)-(ii) of the Employment Agreement shall be payable if and only if Executive shall have executed on or before the 50th day following the Date of Termination (Employment Separation Date), and not subsequently revoked, a mutual release and covenant agreement substantially in the form set forth as Exhibit I of the Employment Agreement (the "Release Agreement"). The proposed Release Agreement will be timely provided to Executive before, on, or after the Employment Separation Date.

2. Consulting Services.

(a) The provisions of this Paragraph 2, together with the other provisions of this Agreement relating to the performance of the Consulting Services (as defined below) and the payment of compensation therefor (including the relevant portions of Paragraph 3(b)), shall be binding and effective during the period beginning on the Employment Separation Date and ending on the Termination Date (the "Consulting Period").

(b) From time to time during the Consulting Period, Company may request that Executive perform certain services as needed with respect to the transition of responsibilities of the office of Senior Vice President, Chief Accounting Officer. As a consultant, Executive shall perform such services during the Consulting Period as are reasonably requested by Company pursuant to this Agreement. The services may include transition of Executive's responsibilities and assistance with any matters that relate to areas of responsibility that Executive held on behalf of Company prior to the Employment Separation Date (the "Consulting Services"). During the Consulting Period, the Consulting Services will be performed by Executive under the oversight and supervision of Company's Chief Financial Officer. Executive will perform the Consulting Services in a good and professional manner, consistent with all Company policies.

(c) All Consulting Services shall be performed in accordance with such guidelines and instructions, consistent with the terms of this Agreement, as may be provided from time to time by or on behalf of Company's Chief Financial Officer. The Consulting Services shall be performed at Executive's home or at such other locations as the Chief Financial Officer of Company and Executive may mutually agree. During the Consulting Period, Company shall permit Executive to continue the use of the Company email account and address that was assigned to Executive during Executive's employment; provided, however, that emails sent, forwarded or replied to by Executive from the Company email account after the Employment Separation Date shall include a statement approved by Company (including as to font and location) that indicates that Executive is a consultant of Company.

(d) If Company reasonably determines that Executive has breached this Agreement or any of the continuing obligations described in Paragraphs 7 or 8, whether due to Executive's refusal to perform the Consulting Services or otherwise, Company may require that Executive cease providing Consulting Services hereunder until such breach has been cured or until further notice from the Company, or may accelerate the Termination Date hereunder to any date on or after January 3, 2020 by written notice to Executive. In performing Consulting Services pursuant to this Agreement, Executive will have no authority to assume or create any obligation or liability in the name of or on behalf of Company or subject Company to any obligation or liability, unless expressly requested by Company in writing.

(e) It is the intent and purpose of this Agreement to create a legal relationship of independent contractor, and not employment, between Executive and Company during the Consulting Period. Following the Employment Separation Date, except as otherwise required by law, Executive will not be treated as an employee of Company for purposes of the Federal Insurance Contribution Act, the Social Security Act, the Federal Unemployment Tax Act, income tax withholding at source, or workers compensation laws, and will not be eligible for any employee benefits whatsoever, other than those set forth herein. Executive shall be responsible for the payment of self-employment taxes (including without limitation Medicare taxes, Social Security taxes and unemployment taxes related thereto) and federal income taxes due on the payments made pursuant to Paragraph 3 of this Agreement.

3. Consulting Fees.

(a) In consideration of Employee's agreement to serve as a consultant on mutually agreed Consulting Services projects under the terms of this Agreement, Company agrees that Company will pay Executive at a rate of \$300.00 per hour for any Consulting Services.

(b) During the Consulting Period, except as expressly provided herein, Executive shall not be eligible to participate or be covered by any employee benefit plan, program or arrangement of Company or any of its affiliates (collectively, the "Benefit Plans"), including, but not limited to, group health insurance, disability insurance, and life insurance. Executive also will not participate in Company's vacation or paid time off programs during the Consulting Period.

Notwithstanding the foregoing, after the Employment Separation Date, Employee shall continue to have such rights in respect of vested benefits under Benefit Plans as are provided for in accordance with the terms and conditions of such Benefit Plans.

4. Exclusivity of Consideration Except as provided in (a) as applicable, the Stock Plan (as defined below in Paragraph 6), the Option Agreement(s) (as defined below in Paragraph 6), or the Restricted Stock Agreement(s) (as defined below in Paragraph 6), and (b) Paragraphs 1, 2, 3, 6 and 9 of this Agreement, neither Company nor any of the other Released Parties (as defined below in Paragraph 4) shall have any further obligation to provide Executive with compensation, bonuses, tuition and fees payments, expenses, or benefits under any plan, policy, agreement or arrangement of Company by reason of Executive's termination of employment or in consideration of this Agreement.

5. Release. Executive agrees to execute a final release of claims on behalf of Executive and her spouse, heirs, descendants, administrators, representatives and assigns, by which each of them releases, waives, forever discharges and covenants not to sue Company, its past, present and future parents, subsidiaries, divisions and affiliates ("Affiliates"), and each of its and their respective predecessors, successors and assigns, and each of their respective 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") from all claims against the Released Parties, pursuant to release agreement substantially in the form of the Release Agreement attached as Exhibit I to the Employment Agreement.

6. Equity Rights Executive has outstanding equity awards under Company's 2010 Equity Incentive Plan, as amended, or Company's 1998 Stock Incentive Plan, as amended (each, a "Stock Plan"). A list of awards made to Executive is attached to this Agreement as **Schedule A**. Executive's status as a "Service Provider" pursuant to the Stock Plans will continue uninterrupted from the Employment Separation Date through the end of the Consulting Period. Executive specifically acknowledges and agrees that, subject to the terms and conditions of each applicable Stock Option Award Agreement or Restricted Stock Award Agreement between Executive and Company governing the equity awards previously granted to Executive under the Stock Plan(s) as forth on **Schedule A**, which is attached and incorporated herein by reference, (a) Executive may exercise Executive's vested and exercisable options as designated on **Schedule A** in accordance with the terms and conditions of the respective Stock Option Award Agreements; and (b) any options underlying the Stock Option Award Agreements and any restricted shares underlying the Restricted Stock Award Agreements that are unvested as of the Termination Date shall be terminated and forfeited in accordance with the terms and conditions of the Stock Plan and the applicable Stock Option Award Agreements and Restricted Stock Award Agreements. Executive's options and restricted shares outstanding as of the close of business on the Termination Date (as set forth in **Schedule A**) shall be governed by the terms and conditions of the applicable Stock Plan and the applicable Stock Option Award Agreements and Restricted Stock Award Agreements; and Executive acknowledges and agrees that, except as specifically set forth in **Schedule A**, Executive does not own, and has no other contractual right to receive or acquire, any security, derivative security, stock option or other form of equity in Company or any other Released Party.

7. Confidentiality.

(a) **Definition**. For purposes of this Agreement, "Confidential Information" includes, in whatever form or format, all non-public information, including without limitation, trade secrets, disclosed to or known to Executive as a direct or indirect consequence of or through Executive's employment with Company, about Company, its parents or subsidiaries, its technology, finances, business methods, plans, operations, services, products and processes (whether existing or contemplated), or any of its directors, employees, clients, prospective clients, agents or suppliers, including all information relating to software programs, source codes or object codes; computer systems; computer systems analyses, testing results; flow charts and designs; product specifications and documentation; user documentation; sales plans; sales records; sales literature; customer lists, prospect list and files; research and development projects or plans; marketing and merchandising plans and strategies; pricing strategies; price lists; sales or licensing terms and conditions; consulting sources; supply and service sources; procedure or policy manuals; legal matters; financial statements; financing methods; financial projections; and the terms and conditions of business arrangements with its parent, clients, suppliers, banks, or other financial institutions. Company Confidential Information shall not include information that is in Executive's possession legally and without restriction as of the Effective Date of this Agreement.

(b) **Obligation to Company.** Except as permitted or directed by Company, Executive shall not divulge, furnish or make accessible to anyone or use directly or indirectly to the detriment of Company in any way any Confidential Information of Company that Executive has acquired or become acquainted with during the term of Executive's employment by Company or any time thereafter, whether developed by Executive or by others, whether or not patented or patentable, directly or indirectly useful in any aspect of the business of Company. Executive acknowledges that the Confidential Information above-described is knowledge or information that constitutes a unique and valuable asset of Company and represents a substantial investment of time and expense by Company, and that any disclosure or other use of such Confidential Information contrary to the provisions of this Paragraph 7 would be wrongful and would cause irreparable harm to Company. The foregoing obligations of confidentiality shall not apply (i) to any Confidential Information which is lawfully published in any manner, which is currently or subsequently becomes generally publicly known other than as a direct or indirect result of the breach of this Agreement by Executive, or (ii) to the extent such restrictions are not legally permissible in connection with communications by Executive with any government agencies.

(c) **Obligations to Third Parties** Company respects the right of every employer to protect its confidential and proprietary information. Company specifically wishes to prevent Executive from disclosing to Company at any time after Executive's Termination Date any confidential or proprietary information belonging to any other employer. Executive represents to Company that Executive will not use or otherwise exploit any confidential or proprietary information of Company's clients, vendors or other third parties to whom Company owes an obligation of confidentiality after the Termination Date.

8. Continuing Obligations Contained in Other Documents and Return of Company Property

(a) **Continuing Obligations.** Executive hereby represents, warrants and agrees that Executive has complied with, and at all times hereafter will comply with, Executive's obligations under any agreements and documents that Executive executed for Company's benefit at the commencement of or during the Executive's employment (including, without limitation, the Employment Agreement, and any confidentiality, non-compete, non-disclosure, or proprietary information agreements) and the agreements and plans referenced in Paragraph 6 of this Agreement.

(b) **Return of Company Property.** In addition, Executive shall return to Company all Company property, including without limitation, all Confidential Information, in Executive's possession, custody or control on or before the Executive's Employment Separation Date. Company will issue any property necessary for Executive to perform the Consulting Services.

9. Cooperation Covenant. Executive agrees to cooperate fully, truthfully and in good faith upon the reasonable request of Company, in assisting Company with (a) investigating, prosecuting or defending any claim that arises out of or relates in any manner to Executive's employment with Company; (b) responding to or preparing for any government audit, investigation or inquiry that arises out of or relates in any manner to Executive's employment with Company; and (c) assisting in the preparation or audit of Company's financial statements for any period of time when Executive was employed by Company. Executive understands that such full, truthful and good faith cooperation includes being physically present and available to work with Company and its attorneys and auditors to investigate and prepare for claims and to testify truthfully. Company will reimburse Executive for any reasonable out-of-pocket expenses that Executive may incur in connection with such cooperation, including any reasonable attorneys' fees that Executive incurs in connection with such cooperation.

10. Indemnification. Nothing in this Agreement shall affect or alter Company's duty to indemnify Executive pursuant to Section 14 of Executive's Employment Agreement.

11. Waiver of Breach A waiver by Executive 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.

12. Notices. Any notice or other communication required or permitted by this Agreement to be given to a party shall be in writing and shall be deemed given if delivered personally or by commercial messenger or courier service, or mailed by U.S. registered or certified mail (return receipt requested), to the party at the party's address set forth below or at such other address as the party may have previously specified by like notice, or by Company e-mail as prescribed in the

Employment Agreement. If by mail, delivery shall be deemed effective three (3) business days after mailing in accordance with this Paragraph.

(a) If to Company, to:

Attn: Chief People Officer
RealPage, Inc.
2201 Lakeside Boulevard
Richardson, TX 75082

With a copy to:

Attn: Chief Legal Officer
RealPage, Inc.
2201 Lakeside Boulevard
Richardson, TX 75082

(b) If to Executive, to the last address of Executive provided by Executive to Company.

13. Applicable Law, Venue, Jurisdiction, and Arbitration This Agreement shall be governed, construed, and enforced in accordance with the laws of the State of Texas (without regard to the principles of conflicts of law). This Agreement has been entered into in Dallas County, Texas and it shall be performable for all purposes in Dallas County, Texas. Any action or proceeding concerning, related to, regarding, or commenced in connection with the Agreement must be brought in accordance with the arbitration procedure described in Section 22 of the Employment Agreement.

14. Successors. Because the obligations of this Agreement are personal in nature to Executive, Executive is not entitled to assign, sell, transfer, delegate, or otherwise dispose of, whether voluntarily or involuntarily, or by operation of law, any rights or obligations under this Agreement. This Agreement shall inure to the benefit of and be binding upon Executive's heirs, spouse, descendants, administrators and executors. Company may assign the rights hereunder to an entity controlled, directly or indirectly, by Company or to a purchaser of Company's business as then operated by Company (or a successor of Company). The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors of Company. In the event that Company's business is sold, reorganized or otherwise transferred (in whole or in part) to another business or entity, it is intended that the limitations of Paragraphs 7 - 13 shall continue in effect with respect to any portion of Company's business that is retained by Company as well as any portion that is so transferred and, to that end, the term "Company" in this Agreement shall include any successor to all or any portion of Company's business (as applicable).

15. Section 409A This Agreement shall be interpreted so that the payments and benefits provided for under this Agreement shall either comply with, or be exempt from, the requirements of Section 409A of the Internal Revenue Code ("Section 409A") so that Executive is not subject to any taxes, penalties or interest under Section 409A. Executive represents and warrants that the release provided for in this Agreement includes any Claims against the Released Parties for any taxes, penalties or interest that may be imposed on Executive pursuant to Section 409A as a result of the payments and benefits provided for under this Agreement. Company and Executive agree that Executive's Employment Separation Date will be the date of Executive's "separation from service" for purposes of Section 409A.

16. Construction of Agreement The language of this Agreement shall not be construed for or against any particular party. The headings used herein are for reference only and shall not affect the construction of this Agreement.

17. Severability; Enforceability. If any provision of this Agreement, or the application thereof to any person, place, or circumstance, shall be held to be invalid, unenforceable, or void by the final determination of an arbitrator or court of competent jurisdiction, and all appeals therefrom shall have failed or the time for such appeals shall have expired, such clause or provision shall be deemed eliminated from this Agreement but the remaining provisions shall nevertheless be given full force and effect. In the event this Agreement or any portion hereof is more restrictive than permitted by the law

of the jurisdiction in which enforcement is sought, this Agreement or such portion shall be limited in that jurisdiction only, and shall be enforced in that jurisdiction as so limited to the maximum extent permitted by the law of that jurisdiction.

18. Entire Agreement This Agreement, along with (to the extent applicable) the Stock Plans, the Stock Option Agreements, the Restricted Stock Agreements, the Employment Agreement, and the agreements referenced in Paragraph 8 above, sets forth the entire agreement between the parties with respect to the termination of Executive's employment with Company and Company's obligations to Executive prior to such time, as well as following the termination of said employment; and, except as otherwise provided herein, supersedes all prior plans, policies, agreements and arrangements between the parties, oral or written, or which have covered Executive during Executive's period of employment with Company.

19. Amendment to Agreement Any amendment to this Agreement must be in a writing signed by duly authorized representatives of the parties hereto and stating the intent of the parties to amend this Agreement.

20. Assumption of Risk The parties hereto fully understand that if any fact with respect to any matter covered by this Agreement is found hereafter to be other than, or different from, the facts now believed to be true, they expressly accept and assume the risk of such possible difference in fact and agree that the release provisions hereof shall be and remain effective notwithstanding any such difference in fact.

21. Counterparts This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Photographic copies of such signed counterparts may be used in lieu of the originals for any purpose.

Signature Page Follows

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates indicated below.

COMPANY:

RealPage, Inc.

By: /s/ Tom Ernst

Tom Ernst

EVP, Chief Financial Officer & Treasurer

Date: 12/29/2019

EXECUTIVE:

Signed: /s/ Kandis Thompson

Name: Kandis Tate Thompson

Date: 12/28/2019

SCHEDULE A
TO TRANSITION AGREEMENT AS OF 12/27/2019
FOR
KANDIS THOMPSON

Grant Name	Granted	Vested	Unvested	Outstanding	Shares of Restricted Stock Scheduled to Vest on 1/1/2020
08/07/2018 RS (THOMPSON 1 YR)	1,500	1,500	0	0	0
08/07/2018 RS (THOMPSON)	6,970	2,900	4,070	4,070	580
02/28/2019 (RS) CIC D&D	2,023	336	1,687	1,687	168
05/09/2019 RS CIC D&D	1,793	149	1,644	1,644	149

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "*Agreement*"), is made as of the 2nd day of January, 2020 (the "*Effective Date*") by and between Brian Shelton ("*Executive*"), and RealPage, Inc., a Delaware company ("*Employer*"), located at 2201 Lakeside Blvd., Richardson, TX 75082.

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 senior executive positions and new senior executive employees.

3. **Employment Period.** Executive shall furnish services to Employer hereunder during the period (the "*Employment Period*") commencing on the Effective Date and ending 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 Senior Vice President and Chief Accounting Officer of Employer or such other designation as approved by the Chief Executive Officer or Chief Financial Officer. Executive shall report directly to the Chief Financial 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 his 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 Blvd., Richardson, TX 75082 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).

6. Compensation and Related Matters.

(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 \$25,000.00 per month, or \$300,000.00 on an annualized basis (the base salary, at the rate in effect from time to time, is hereinafter referred to as the "*Base Salary*"). Base Salary shall be paid in approximately equal installments in accordance with Employer's customary payroll practices and legal requirements regarding withholding and deductions. During the Employment Period, the Base Salary shall be reviewed no less frequently than annually 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 45% 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.

In addition, subject to approval by the Compensation Committee of the RealPage Board of Directors (the "*Committee*"), at the next regularly scheduled Committee meeting following the Effective Date, Executive will be eligible to receive a special award of market-based restricted stock based on a value of \$100,000.00 (as determined by the Committee in its sole discretion) with performance targets and vesting terms as determined by the 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 (determined based upon Executive's initial employment date with Company), 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).

9. Compensation Upon Termination.

(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 be 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 I** (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 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. Nothing herein prohibits Executive from communicating, without notice to or approval by the Company, with any federal government agency about a potential violation of a federal law or regulation or as provided for, protected under or warranted by applicable law.

(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 designs; product specifications and documentation; user documentation; sales plans; sales records; sales literature; customer lists and files; research and development projects or plans; marketing and merchandising plans and strategies; pricing strategies; price lists; sales or licensing terms and conditions; consulting sources; supply and service sources; procedure or policy manuals; legal matters; financial statements; financing methods; financial projections; and the terms and conditions of business arrangements with its parent, clients, suppliers, banks, or other financial institutions.

(c) Covenant Not To Compete. 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.

(h) 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(h) 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 hereinbefore defined and any successor to the business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 13 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) Executive’s Successors. This Agreement shall not be assignable by Executive. This Agreement and all rights of Executive hereunder shall inure to the benefit of and be enforceable by Executive’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive should die while any amounts would still be payable to 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 deprive either party of a material part of what it bargained for in entering in this Agreement.

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

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

19. Confidential Information and Invention Assignment. Executive shall execute and deliver a Confidential Information, Invention Assignment and Arbitration Agreement in the form attached as **Exhibit II** 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 hereto at any time of any breach by the other parties hereto of, or compliance with, any condition or provision of this Agreement to be performed by any such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Any termination of Executive's employment or of this Agreement shall have no effect on any continuing obligations arising under this Agreement, including without limitation, the right of Executive to receive payments pursuant to Section 9 hereof and the obligations of Executive described in Section 11 hereof.

22. Applicable Law, Venue, Jurisdiction and Arbitration. This Agreement shall be governed, construed, and enforced in accordance with the laws of the State of Texas, or U.S. federal law when applicable and supreme (without regard to the principles of conflicts of law). Any action or proceeding concerning, related to, regarding, or commenced in connection with the Agreement must be brought in a state or federal court located in 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 Dallas 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.

(h) 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.**

[Signature Page Follows]

IN WITNESS WHEREOF, the parties, intending to be legally bound, have executed this Agreement as of the Effective Date.

REALPAGE, INC.

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

EXECUTIVE:

/s/ Brian Shelton
Brian Shelton

[Signature Page – Brian Shelton Employment Agreement]

EXHIBIT I

FORM OF GENERAL RELEASE AND SEPARATION 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 _____, 201__, 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.

3. General Release.

(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 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;
 - 42 U.S.C. Sections 1981 - 1988;
 - 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;
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- 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") or to make a complaint to any other governmental agency as protected under or warranted by applicable law; provided, however, that Employee agrees to waive the right to receive any future monetary recovery directly from Company that results from any complaints or charges that Executive files with the Texas Workforce Commission or EEOC or that are filed on Executive'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;
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(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 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;

(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.

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.

8. Miscellaneous. Sections 13 ("Successors, Binding Agreement"), 15 ("Notice"), 16 ("Severability"), 17 ("Counterparts"), 21 ("Miscellaneous"), 22 ("Applicable Law, Venue, Jurisdiction and Arbitration"), 23 ("Section 409A"), and 24 ("Entire Agreement") of the Employment Agreement shall apply to this Agreement.

[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:

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:

EXHIBIT II

REALPAGE, INC.

FORM OF CONFIDENTIAL INFORMATION, INVENTION ASSIGNMENT, AND ARBITRATION AGREEMENT

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 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 conflict with my obligations to the Company under this Agreement or my ability to become employed and perform the services for which I am being hired by the Company. I further agree that if I have signed a confidentiality agreement or similar type of agreement with any former employer or other entity, I will comply with the terms of any such agreement to the extent that its terms are lawful under applicable law. I represent and warrant that after undertaking a careful search (including searches of my computers, cell phones, electronic devices, and documents), I have returned all property and confidential information belonging to all prior employers. Moreover, I agree to fully indemnify the Company, its directors, officers, agents, employees, investors, shareholders, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations, and assigns for all verdicts, judgments, settlements, and other losses incurred by any of them resulting from my breach of my obligations under any agreement to which I am a party or obligation to which I am bound, as well as any reasonable attorneys' fees and costs if the plaintiff is the prevailing party in such an action, except as prohibited by law.

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**

Title

Date

Identifying Number or Brief Description

No inventions or improvements
 Additional Sheets Attached

Signature of Employee: ___

Print Name of Employee: ___

Date: ___

Exhibit B

REALPAGE, INC.

TERMINATION CERTIFICATION

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

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

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

I also agree that 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: _____

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.

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "*Agreement*"), is made as of the 13th day of January, 2020 (the "*Effective Date*") by and between Mike Britti ("*Executive*"), and RealPage, Inc., a Delaware company ("*Employer*"), located at 2201 Lakeside Blvd., Richardson, TX 75082 (Executive and Employer are collectively referred to as the "*Parties*").

WHEREAS, Executive is employed by Employer and party to an Employment Agreement, dated September 1, 2009 with Employer, as amended as of August 19, 2009, and again as of November 28, 2018 (the "*Prior Agreement*"), there has been no disruption in the employment relationship, and the Parties desire to enter into this Agreement setting forth the terms and conditions of the employment relationship between Executive and Employer and superseding the Prior Agreement; and

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

1. **Employment and Consideration.** Employer hereby agrees to employ Executive, and Executive hereby accepts such employment, on the terms and conditions hereinafter set forth. In consideration of the promises of Executive contained in this Agreement, 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 senior executive positions and new senior executive employees.

3. **Employment Period.** Executive shall furnish services to Employer hereunder during the period (the "*Employment Period*") commencing on the Effective Date and ending 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 Group Vice President of Mergers & Acquisitions and Emerging Markets 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 his 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 Blvd., Richardson, TX 75082 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.

6. Compensation and Related Matters.

(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 \$30,914.58 per month, or \$370,975.00 on an annualized basis (the base salary, at the rate in effect from time to time, is hereinafter referred to as the "*Base Salary*"). Base Salary shall be paid in approximately equal installments in accordance with Employer's customary payroll practices and legal requirements regarding withholding and deductions. During the Employment Period, the Base Salary shall be reviewed no less frequently than annually 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 60% 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.

(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 (determined based upon Executive's initial employment date with Company), 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).

9. Compensation Upon Termination.

(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 be 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 I** (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 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. Nothing herein prohibits Executive from communicating, without notice to or approval by the Company, with any federal government agency about a potential violation of a federal law or regulation or as provided for, protected under or warranted by applicable law.

(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 designs; product specifications and documentation; user documentation; sales plans; sales records; sales literature; customer lists and files; research and development projects or plans; marketing and merchandising plans and strategies; pricing strategies; price lists; sales or licensing terms and conditions; consulting sources; supply and service sources; procedure or policy manuals; legal matters; financial statements; financing methods; financial projections; and the terms and conditions of business arrangements with its parent, clients, suppliers, banks, or other financial institutions.

(c) Covenant Not To Compete. 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.

(h) **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(h) 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 hereinbefore defined and any successor to the business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 13 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) **Executive’s Successors**. This Agreement shall not be assignable by Executive. This Agreement and all rights of Executive hereunder shall inure to the benefit of and be enforceable by Executive’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive should die while any amounts would still be payable to 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 deprive either party of a material part of what it bargained for in entering in this Agreement.

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

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

19. **Confidential Information and Invention Assignment.** Executive shall execute and deliver a Confidential Information, Invention Assignment and Arbitration Agreement in the form attached as **Exhibit II** 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 hereto at any time of any breach by the other parties hereto of, or compliance with, any condition or provision of this Agreement to be performed by any such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Any termination of Executive's employment or of this Agreement shall have no effect on any continuing obligations arising under this Agreement, including without limitation, the right of Executive to receive payments pursuant to Section 9 hereof and the obligations of Executive described in Section 11 hereof.

22. **Applicable Law, Venue, Jurisdiction and Arbitration .** This Agreement shall be governed, construed, and enforced in accordance with the laws of the State of Texas, or U.S. federal law when applicable and supreme (without regard to the principles of conflicts of law). Any action or proceeding concerning, related to, regarding, or commenced in connection with the Agreement must be brought in a state or federal court located in 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 Dallas 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.

(h) 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.**

[Signature Page Follows]

IN WITNESS WHEREOF, the parties, intending to be legally bound, have executed this Agreement as of the Effective Date.

REALPAGE, INC.

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

EXECUTIVE:

/s/ Mike Britti
Mike Britti

[Signature Page – Mike Britti Employment Agreement]

EXHIBIT I

FORM OF GENERAL RELEASE AND SEPARATION 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 _____, 202_, 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.

3. General Release.

(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 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;
 - 42 U.S.C. Sections 1981 - 1988;
 - 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") or to make a complaint to any other governmental agency as protected under or warranted by applicable law; provided, however, that Employee agrees to waive the right to receive any future monetary recovery directly from Company that results from any complaints or charges that Executive files with the Texas Workforce Commission or EEOC or that are filed on Executive'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 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;

(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.

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.

8. Miscellaneous. Sections 13 ("Successors, Binding Agreement"), 15 ("Notice"), 16 ("Severability"), 17 ("Counterparts"), 21 ("Miscellaneous"), 22 ("Applicable Law, Venue, Jurisdiction and Arbitration"), 23 ("Section 409A"), and 24 ("Entire Agreement") of the Employment Agreement shall apply to this Agreement.

[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:

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: Mike Britti

EXHIBIT II

REALPAGE, INC.

FORM OF CONFIDENTIAL INFORMATION, INVENTION ASSIGNMENT, AND ARBITRATION AGREEMENT

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 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 conflict with my obligations to the Company under this Agreement or my ability to become employed and perform the services for which I am being hired by the Company. I further agree that if I have signed a confidentiality agreement or similar type of agreement with any former employer or other entity, I will comply with the terms of any such agreement to the extent that its terms are lawful under applicable law. I represent and warrant that after undertaking a careful search (including searches of my computers, cell phones, electronic devices, and documents), I have returned all property and confidential information belonging to all prior employers. Moreover, I agree to fully indemnify the Company, its directors, officers, agents, employees, investors, shareholders, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations, and assigns for all verdicts, judgments, settlements, and other losses incurred by any of them resulting from my breach of my obligations under any agreement to which I am a party or obligation to which I am bound, as well as any reasonable attorneys' fees and costs if the plaintiff is the prevailing party in such an action, except as prohibited by law.

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 22 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**

Title

Date

Identifying Number or Brief Description

No inventions or improvements
 Additional Sheets Attached

Signature of Employee: ___

Print Name of Employee: ___

Date: ___

Exhibit B

REALPAGE, INC.

TERMINATION CERTIFICATION

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

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

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

I also agree that 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: _____

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.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "*Agreement*"), is made as of the 13th day of January, 2020 (the "*Effective Date*") by and between Barry Carter ("*Executive*"), and RealPage, Inc., a Delaware company ("*Employer*"), located at 2201 Lakeside Blvd., Richardson, TX 75082 (Executive and Employer are collectively referred to as the "*Parties*").

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

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

1. Employment and Consideration. Employer hereby agrees to employ Executive, and Executive hereby accepts such employment, on the terms and conditions hereinafter set forth. In consideration of the promises of Executive contained in this Agreement, 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 senior executive positions and new senior executive employees.

3. Employment Period. Executive shall furnish services to Employer hereunder during the period (the "*Employment Period*") commencing on the Effective Date and ending 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 Group Vice President, Chief Information 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 his 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 Blvd., Richardson, TX 75082 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).

6. Compensation and Related Matters.

(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 \$24,994.66 per month, or \$299,936.00 on an annualized basis (the base salary, at the rate in effect from time to time, is hereinafter referred to as the "*Base Salary*"). Base Salary shall be paid in approximately equal installments in accordance with Employer's customary payroll practices and legal requirements regarding withholding and deductions. During the Employment Period, the Base Salary shall be reviewed no less frequently than annually 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.

(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 (determined based upon Executive's initial employment date with Company), 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).

9. Compensation Upon Termination.

(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 be 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 I** (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 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. Nothing herein prohibits Executive from communicating, without notice to or approval by the Company, with any federal government agency about a potential violation of a federal law or regulation or as provided for, protected under or warranted by applicable law.

(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 designs; product specifications and documentation; user documentation; sales plans; sales records; sales literature; customer lists and files; research and development projects or plans; marketing and merchandising plans and strategies; pricing strategies; price lists; sales or licensing terms and conditions; consulting sources; supply and service sources; procedure or policy manuals; legal matters; financial statements; financing methods; financial projections; and the terms and conditions of business arrangements with its parent, clients, suppliers, banks, or other financial institutions.

(c) Covenant Not To Compete. 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.

(h) **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(h) 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 hereinbefore defined and any successor to the business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 13 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) **Executive’s Successors**. This Agreement shall not be assignable by Executive. This Agreement and all rights of Executive hereunder shall inure to the benefit of and be enforceable by Executive’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive should die while any amounts would still be payable to 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 deprive either party of a material part of what it bargained for in entering in this Agreement.

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

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

19. **Confidential Information and Invention Assignment.** Executive shall execute and deliver a Confidential Information, Invention Assignment and Arbitration Agreement in the form attached as **Exhibit II** 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 hereto at any time of any breach by the other parties hereto of, or compliance with, any condition or provision of this Agreement to be performed by any such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Any termination of Executive's employment or of this Agreement shall have no effect on any continuing obligations arising under this Agreement, including without limitation, the right of Executive to receive payments pursuant to Section 9 hereof and the obligations of Executive described in Section 11 hereof.

22. **Applicable Law, Venue, Jurisdiction and Arbitration .** This Agreement shall be governed, construed, and enforced in accordance with the laws of the State of Texas, or U.S. federal law when applicable and supreme (without regard to the principles of conflicts of law). Any action or proceeding concerning, related to, regarding, or commenced in connection with the Agreement must be brought in a state or federal court located in 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 Dallas 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.

(h) 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. **Executive acknowledges and agrees that no officer, executive or representative of Employer is authorized to offer any term or condition of employment which is in addition to or different than those set forth in this Agreement.**

[Signature Page Follows]

IN WITNESS WHEREOF, the parties, intending to be legally bound, have executed this Agreement as of the Effective Date.

REALPAGE, INC.

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

EXECUTIVE:

/s/ Barry Carter
Barry Carter

[Signature Page – Barry Carter Employment Agreement]

EXHIBIT I

FORM OF GENERAL RELEASE AND SEPARATION 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 _____, 202_, 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.

3. General Release.

(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 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;
 - 42 U.S.C. Sections 1981 - 1988;
 - 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") or to make a complaint to any other governmental agency as protected under or warranted by applicable law; provided, however, that Employee agrees to waive the right to receive any future monetary recovery directly from Company that results from any complaints or charges that Executive files with the Texas Workforce Commission or EEOC or that are filed on Executive'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;
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(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 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;

(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.

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.

8. Miscellaneous. Sections 13 ("Successors, Binding Agreement"), 15 ("Notice"), 16 ("Severability"), 17 ("Counterparts"), 21 ("Miscellaneous"), 22 ("Applicable Law, Venue, Jurisdiction and Arbitration"), 23 ("Section 409A"), and 24 ("Entire Agreement") of the Employment Agreement shall apply to this Agreement.

[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:

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: Barry Carter

EXHIBIT II

REALPAGE, INC.

FORM OF CONFIDENTIAL INFORMATION, INVENTION ASSIGNMENT, AND ARBITRATION AGREEMENT

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 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 conflict with my obligations to the Company under this Agreement or my ability to become employed and perform the services for which I am being hired by the Company. I further agree that if I have signed a confidentiality agreement or similar type of agreement with any former employer or other entity, I will comply with the terms of any such agreement to the extent that its terms are lawful under applicable law. I represent and warrant that after undertaking a careful search (including searches of my computers, cell phones, electronic devices, and documents), I have returned all property and confidential information belonging to all prior employers. Moreover, I agree to fully indemnify the Company, its directors, officers, agents, employees, investors, shareholders, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations, and assigns for all verdicts, judgments, settlements, and other losses incurred by any of them resulting from my breach of my obligations under any agreement to which I am a party or obligation to which I am bound, as well as any reasonable attorneys' fees and costs if the plaintiff is the prevailing party in such an action, except as prohibited by law.

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 22 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**

Title

Date

Identifying Number or Brief Description

No inventions or improvements
 Additional Sheets Attached

Signature of Employee: ___

Print Name of Employee: ___

Date: ___

Exhibit B

REALPAGE, INC.

TERMINATION CERTIFICATION

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

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

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

I also agree that 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: _____

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.

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this “*Agreement*”), is made as of the 1st day of March, 2015 (the “*Effective Date*”) by and between Kurt Twining (the “*Executive*”), and RealPage, Inc., a Delaware company (the “*Employer*”), located at 4000 International Parkway, Carrollton, TX 75007.

WHEREAS, Executive is employed by Employer and party to an Employment Agreement, dated July 5, 2011 with Employer, as amended (the “*Prior Agreement*”), there has been no disruption in the employment relationship, and the Parties desire to enter into this Agreement setting forth the terms and conditions of the employment relationship between Executive and Employer and superseding the Prior Agreement; and

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

1. Employment and Consideration. Employer hereby agrees to employ Executive, and Executive hereby accepts such employment, on the terms and conditions hereinafter set forth. In consideration of the promises of Executive contained in this Agreement, Employer agrees to employ Executive, and to provide Executive with 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 the Effective Date 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 Chief People Officer of Employer. 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 his or 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

[Signature Page – Twining Employment Agreement]

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 4000 International Parkway, Carrollton, Texas 75007 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).

6. Compensation and Related Matters.

(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 \$25,833.33 per month, or \$310,000 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. Amended and Restated 2010 Equity Incentive Plan (the "*Plan*") or any successor thereto.

(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 \$3500 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 of 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).

9. Compensation Upon Termination.

(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 be 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 A (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 prior 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
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(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
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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 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
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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 designs; product specifications and documentation; user documentation; sales plans; sales records; sales literature; customer lists and files; research and development projects or plans; marketing and merchandising plans and strategies; pricing strategies; price lists; sales or licensing terms and conditions; consulting sources; supply and service sources; procedure or policy manuals; legal matters; financial statements; financing methods; financial projections; and the terms and conditions of business arrangements with its parent, clients, suppliers, banks, or other financial institutions.

(c) **Covenant Not To Compete.** In exchange for 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 Agreement so long as Executive otherwise complies with the terms of this provision.

"*Restricted Area*" shall mean each and every current market throughout the United States in which Employer conducts business. The term "Restricted Area" shall also include any potential markets that Executive is directly or indirectly involved in helping develop on behalf of Employer during the 12 months immediately preceding 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.

(h) **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(h) 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 hereinbefore defined and any successor to the business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 13 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) **Executive's Successors.** This Agreement shall not be assignable by Executive. This Agreement and all rights of Executive hereunder shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive should die while any amounts would still be payable to 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 deprive either party of a material part of what it bargained for in entering in this Agreement.

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

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

19. Confidential Information and Invention Assignment. Executive acknowledges that the Confidential Information, Invention Assignment and Arbitration Agreement that Executive has

previously executed in Employer's favor is not superseded hereby and remains in full force and effect.

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 hereto at any time of any breach by the other parties hereto of, or compliance with, any condition or provision of this Agreement to be performed by any such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Any termination of Executive's employment or of this Agreement shall have no effect on any continuing obligations arising under this Agreement, including without limitation, the right of Executive to receive payments pursuant to Section 9 hereof and the obligations of Executive described in Section 11 hereof.

22. Applicable Law, Venue, Jurisdiction and Arbitration. This Agreement shall be governed, construed, and enforced in accordance with the laws of the State of Texas, or U.S. federal law when applicable and supreme (without regard to the principles of conflicts of law). Any action or proceeding concerning, related to, regarding, or commenced in connection with the Agreement must be brought in a state or federal court located in 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 Denton 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.
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(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.

(h) **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 sets forth the entire agreement of the parties hereinafter in respect of the subject matter contained herein and supersedes all prior agreements, letters of intent, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by an officer, executive or representative of any party hereto; and any prior agreement of the parties hereto in respect to the subject matter contained herein, 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.**

[Signature Page Follows]

IN WITNESS WHEREOF, the parties, intending to be legally bound, have executed this Agreement as of the Effective Date.

REALPAGE, INC.

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

EXECUTIVE:

/s/ Kurt Twining
Kurt Twining

Exhibit A

[See attached form of General Release and Separation Agreement.]

FORM OF GENERAL RELEASE AND SEPARATION 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 Amended and Restated Employment Agreement, dated as of January 1, 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 payments and benefits described in Sections 9(a)(i)-(ii) of the Employment Agreement.

3. General Release.

(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 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;
 - 42 U.S.C. Sections 1981 - 1988;
 - 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;
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- (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.

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.

8 . Miscellaneous. Sections 13 (“Successors, Binding Agreement”), 15 (“Notice”), 16 (“Severability”), 17 (“Counterparts”), 21 (“Miscellaneous”), 22 (“Applicable Law, Venue, Jurisdiction and Arbitration”), 23 (“Section 409A”), and 24 (“Entire Agreement”) of the Employment Agreement shall apply to this Agreement.

[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:

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 _____ 2014, at _____ County, _____.

Name:

List of Subsidiaries of the Registrant

<u>Subsidiary</u>	<u>Jurisdiction</u>
Active Building, LLC	Washington
A.L. Wizard LLC	Delaware
AssetEye Inc.	Delaware
Buildium, LLC	Delaware
Buildium Agency, LLC	Delaware
ClickPay Services, Inc.	Delaware
DepositIQ and RentersIQ Insurance Agency LLC	Delaware
eReal Estate Integration, Inc.	California
Hipercept Canada Inc.	Ontario, Canada
Hipercept Columbia SAS	Medellin, Columbia
Hipercept Europe Ltd.	United Kingdom
Investor Management Services, LLC	Delaware
K1 Buildium Holdings, Inc.	Delaware
Kigo, Inc.	Delaware
Kigo Rental Systems, S.L.	Spain
LeaseStar LLC	Delaware
Level One LLC	Delaware
Modern Message, Inc.	Delaware
MTS Connecticut, Inc.	Delaware
MTS Minnesota, Inc.	Delaware
MTS New Jersey, Inc.	Delaware
Multifamily Internet Ventures, LLC	California
MyBuilding LLC	Delaware
NovelPay LLC	Delaware
On-Site Labs, Inc.	California
Open-C Solutions, Inc.	Delaware
PEX Software Limited	United Kingdom
PEX Software Australia Pty Ltd.	Australia
Propertyware LLC	California
PropertyPhotos.com LLC	Delaware
RealPage Canada Inc.	Yukon Territory, Canada
RealPage Equipment Services LLC	Delaware
RealPage India Holdings, Inc.	Delaware
RealPage India Private Limited	India
RealPage Middle East Holdings LLC	Delaware
RealPage ME DMCC	Dubai
RealPage Payment Processing Services, Inc.	Nevada
RealPage Payments Services LLC	Texas
RealPage Payments UK Ltd.	United Kingdom
RealPage Philippines Holdings LLC	Delaware
RealPage (Philippines) Inc.	Philippines
RealPage UK Ltd.	United Kingdom
RealPage UK Holdings Ltd.	United Kingdom
RealPage Utility Management Inc.	Delaware
RealPage Vendor Compliance LLC	Delaware
Rentlytics, Inc.	Delaware
RP ABC LLC	Delaware
RP Axiometrics LLC	Delaware
RP LeaseLabs LLC	Delaware
RP Newco V LLC	Delaware
RP Newco VIII LLC	Texas
RP Newco XIII LLC	Texas
RP Newco XV LLC	Texas
RP Newco XXVII LLC	Delaware
RP On-Site LLC	Delaware

RP Rainmaker Multifamily LLC

Delaware

SEPBI, Inc.

Delaware

SP PE VII-B QSF Holdings Blocker Corp.

Delaware

SV VI-B QSF Holdings Blocker Corp.

Delaware

Starfire Media, Inc.

Delaware

Windsor Compliance LLC

Texas

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-168878), Registration Statement on Form S-8 (No. 333-172573), Registration Statement on Form S-8 (No. 333-179773), Registration Statement on Form S-8 (No. 333-186964), Registration Statement on Form S-8 (No. 333-202462), and Registration Statement on Form S-8 (No. 333-210189) each pertaining to the RealPage, Inc., 2010 Equity Incentive Plan, and the Registration Statement on Form S-8 (No. 333-176742) pertaining to Multifamily Technology Solutions, Inc. 2005 Equity Incentive Plan, and the Registration Statement on Form S-3 (No. 333-225074) of our report dated March 2, 2020, with respect to the consolidated financial statements and schedule of RealPage, Inc. and the effectiveness of internal control over financial reporting of RealPage, Inc. included in this Form 10-K for the year ended December 31, 2019.

/s/ Ernst & Young LLP

Dallas, Texas
March 2, 2020

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Stephen T. Winn, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2019 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.
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: March 2, 2020

/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, Thomas C. Ernst, Jr., certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2019 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.
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: March 2, 2020

/s/ Thomas C. Ernst, Jr.

Thomas C. Ernst, Jr.

Executive Vice President, Chief Financial Officer and Treasurer

**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 Annual Report of RealPage, Inc. (the "Company") on Form 10-K for the period ending December 31, 2019 (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: March 2, 2020

/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 Annual Report of RealPage, Inc. (the "Company") on Form 10-K for the period ending December 31, 2019 (the "Report"), I, Thomas C. Ernst, Jr., 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: March 2, 2020

/s/ Thomas C. Ernst, Jr.

Thomas C. Ernst, Jr.

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.