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

FORM 10-K

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

For the fiscal year ended December 31, 2021

☐ **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 001-37468

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

Delaware	**26-0359894**
(State of incorporation or organization)	***(I.R.S. Employer Identification No.)***
50 Castilian Drive **Santa Barbara, California**	***93117***
(Address of principal executive offices)	***(Zip Code)***

(805) 364-6093
Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Class A common stock, par value $0.0001 per share	**APPF**	**The NASDAQ Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Exchange 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. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, based on the closing price of the registrant's Class A common stock on June 30, 2021 (the last business day of the registrant's mostly recently completed second fiscal quarter), as reported on the NASDAQ Global Market on such date, was approximately $2.963 billion. Shares of the registrant's Class A common stock and Class B common stock held by each executive officer, director and holder of 10% or more of the registrant's outstanding Class A common stock and Class B common stock have been excluded from this calculation as such persons may be deemed to be affiliates. The determination of affiliate status for this purpose does not reflect a determination that any of such persons shall be deemed to be an affiliate of the registrant for any other purpose.

At February 14, 2022, the number of shares of the registrant's Class A common stock outstanding was 20,003,719 and the number of shares of the registrant's Class B common stock outstanding was 14,836,256.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the 2022 Annual Meeting of Stockholders (the "Proxy Statement"), to be filed with the Securities and Exchange Commission (the "SEC") pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K (this "Annual Report"), are incorporated by reference in Part III, Items 10-14 of this Annual Report. Except for the portions of the Proxy Statement specifically incorporated by reference in this Annual Report, the Proxy Statement shall not be deemed to be filed as part hereof.

APPFOLIO, INC.
ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

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PART I

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this "Annual Report") contains forward-looking statements within the meaning of federal securities laws, which statements involve substantial risks and uncertainties. The forward-looking statements made in this Annual Report are based primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, operating results, and prospects and relate only to events as of the date on which the statements are made. In some cases, you can identify forward-looking statements because they contain words such as “may,” “will,” “should,” “might,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential,” or “continue,” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans, or intentions. We cannot assure you that the results, events, and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments we may make. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors described in the section titled “Risk Factors” and elsewhere in this Annual Report. As such, you should not rely upon forward-looking statements as predictions of future events. Examples of forward-looking statements include, among others, statements made regarding changes in the competitive environment, responding to customer needs, research and product development plans, future products and services, growth in the size of our business and number of customers, strategic plans and objectives, business forecasts and plans, our future or assumed financial condition, results of operations and liquidity, trends affecting our business and industry, capital needs and financing plans, capital resource allocation plans, share repurchase plans, and commitments and contingencies, including with respect to the outcome of legal proceedings or regulatory matters. Any forward-looking statement made by us in this Annual Report is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to update any forward-looking statements made in this Annual Report to reflect events or circumstances after the date of this Annual Report or to reflect new information or the occurrence of unanticipated events, except as required by law.

ITEM 1. BUSINESS

Unless otherwise stated in this Annual Report, references to "AppFolio," "we," "us," and "our" refer to AppFolio, Inc. and its consolidated subsidiaries.

Overview

AppFolio is a leading provider of cloud business management solutions for the real estate industry. Our solutions enable our customers to digitally transform their businesses, automate and streamline critical business operations and deliver a better customer experience.

We were founded in 2006 with the vision to revolutionize vertical industry businesses by providing great software and services. Our mission is even more relevant today, as digital transformation is effectively a requirement for business success in the modern world, and the way we work and live today requires powerful software solutions.

AppFolio solutions are designed to meet that need in the real estate industry, and assist an increasingly interconnected and growing ecosystem of users, including property managers, property owners, real estate investment managers, rental prospects, residents, and service providers, with critical transactions across the real estate lifecycle, including screening potential tenants, sending and receiving payments and even providing insurance-related risk mitigation services. AppFolio’s intuitive interface, coupled with streamlined and automated workflows, make it easier for our customers to eliminate redundant and manual processes so they can deliver a great experience for their users while improving financial and operational performance.

Our platform and mobile-optimized solutions are designed for use across multiple devices and operating systems, and to be a system of record to centralize and automate these essential business processes, a system of engagement to enhance business interactions between our customers and their business ecosystems, and a system of intelligence to leverage data to predict and optimize business workflows in order to enable exceptional customer experiences and increase efficiency across our customers' businesses. Our solutions are offered as a service, and are hosted using a modern cloud-based architecture.

We rely on strategic partners and third-party service providers to deliver certain aspects of our solutions, and we strive to provide a seamlessly integrated experience for our customers. We believe our customer-centric culture empowers a focus on customer satisfaction that leads to long-term retention and, ultimately, to our long-term success. Our commitment to building innovative products, delivering exceptional customer experiences, and nurturing our company culture has led AppFolio to be listed as a 2020 and 2021 Fortune 100 Fastest Growing Company.

Our Core Solutions

Our Platform

AppFolio's platform addresses important aspects of workflows common to property management and is frequently updated in response to market trends and customer needs. Further, we believe that partnering and integrating with curated third party solutions to enable important functionality for our customers while maintaining an elevated customer experience will benefit our customer base over time. Core functionality of our services addresses key operational issues, including accounting, business analytics and management, marketing and leasing functionality, maintenance and operational efficiency, as well as communications with key stakeholders.

Core Platform

AppFolio Property Manager

AppFolio Property Manager provides the platform upon which property managers can run their business operations. Property management companies choose AppFolio Property Manager to leverage the benefits of process automation, an easy-to-use interface, and the optimization of common workflows. Customers include third-party property managers and owner-operators, who typically manage single- and multi-family residential properties, and others who manage community association, and commercial properties.

AppFolio Property Manager serves as our customers' system of record with accounting functionality at the core. All critical transactions are completed and recorded in the system and give our customers access to the data they need to run their business. AppFolio Property Manager is also the system of engagement that customers use to interact with the residents living at their properties, the owners and investors owning those properties, and vendors providing products and services to the properties. Both aspects of the system are inherently interconnected so that the day-to-day interactions, such as residents paying rent through the AppFolio Property Manager mobile app, are instantly reflected in the system of record. For our customers, AppFolio Property Manager's mobile capabilities enable their teams to be productive regardless of their location, responding to leasing inquiries, addressing work orders, or completing inspections on the go. Due to their distributed nature, this is especially relevant for our property management customers with a significant portion of single-family or small multi-family properties.

AppFolio Property Manager Plus

We continue to serve customers with larger and more complex portfolios with AppFolio Property Manager Plus, recognizing the evolving needs these customers have for deeper business insights, automation, and more advanced customer experiences. These customers typically have a more diverse mix of property types, a wider geographical dispersion of their properties, and the larger teams necessary to manage those types of portfolios. AppFolio Property Manager Plus is designed to solve these challenges in multiple ways: through customizable workflows that allow customers to digitize their existing processes; by providing performance insights; through intelligent revenue management; through integrations with a set of carefully selected partners; and through dedicated strategic account managers that help customers realize the full benefit of our solution.

Value Added Services

AppFolio Property Manager's optional but often mission-critical Value Added Services are designed to enhance, automate and streamline business-critical processes and workflows. These services build on functionality and workflows in our solutions and generally fall into the categories of marketing and leasing, electronic payment services, business optimization, and risk mitigation (e.g., insurance-related services). Although many of our Value Added Services are enabled by third-party partners, we strive for a seamless experience for our customers that increases their efficiency while not sacrificing ease of use of AppFolio Property Manager and AppFolio Property Manager Plus. Utilization and adoption of our Value Added Services is typically higher for residential properties than community association or commercial properties because of the unique and complex needs of the residential rental lifecycle.

We empower our customers and users with a wide variety of Value Added Services, primarily:

- ***Electronic Payment Services.*** Our electronic payment services allow property managers to streamline their receivables and payables through a variety of online payment options. Customers can collect funds through our secure online portal, our mobile application and/or via electronic cash payments from various users, including applicants, residents and property owners. Types of funds that may be collected include rental application fees, security deposits, rent payments, and other tenant charges; contributions from property owners; and periodic dues from those living in community associations. Customers can also electronically send funds to various users, including distributions to property owners; payments to service providers; and payment to their own management company.
- ***Tenant Screening Services.*** Our tenant screening services include background screening, credit checks, income verification, and a streamlined rental history verification process for use in connection with the rental application process.
- ***Insurance.*** Through partnerships and wholly-owned subsidiaries, we make available certain risk mitigation services. Our liability to landlord insurance product allows our property management customers to enforce insurance coverage requirements within their leases by tracking coverage of their units and adding uncovered units to a qualifying liability to landlord insurance policy via a licensed insurance broker, while renters insurance protects the personal belongings of renters, as well as the property itself, from certain unexpected damages.

We experience some seasonality in our Value Added Services revenue. See Item 7, "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" for additional details regarding seasonality of revenue.

Our Growth Strategy

Our growth strategy in the near term is to provide increasingly valuable business management solutions to new and existing customers in the real estate industry. We are leveraging this growing footprint to expand both within the property management market as well as into adjacent markets. We define adjacent markets as markets that have both real estate and non-real estate characteristics. Key components of our near and extended term growth strategy include:

Maintain Product and Technology Leadership. We have made and will continue to make significant investments in research and new product development to expand our platform capabilities. We intend to continue using our market validation techniques and close relationships with our customers and users as a key source of feedback to inform and direct our product strategy. We may also choose to acquire rather than build certain technology capabilities, or to partner and integrate with curated third parties to deliver key functionality to serve the needs of our customers and their business ecosystems, all while maintaining a superior customer experience.

Keep Our Existing Customers and Users Happy. We believe customer success is essential to our long-term success, and we strive to have loyal and engaged long-term customer relationships. We place significant emphasis on customer experience to differentiate our solutions from competing products. This emphasis will continue to be a critical component of our growth strategy in the future. We believe that maintaining our focus on customer success will lead to new product innovation, the referral of new customers from existing satisfied customers, and greater adoption and utilization of our solutions.

Acquire New Customers. We believe new customer acquisition is essential to our long-term success. We expect to continue to grow our base of customers, and thus the number of units managed on our platform, with continued investments in the development of increasingly valuable business management solutions across not only the existing property types we currently serve but new ones as well, innovative sales and marketing programs, including evolving real estate industry thought leadership and education, and the referral power of satisfied customers. To continue to attract larger customers, we may increase our utilization of partnerships and integrations with select third parties to deliver key functionality.

Expand Adoption and Use By Existing Customers. We have made, and will continue to make, significant investments in our solutions that expand functionality and enhance or add new capabilities to meet the current and evolving needs of our customers. We expect our satisfied customers will expand their adoption and usage of our Value Added Services to adapt our platform to their specific operational requirements. In addition, as our customers grow, we expect they will continue to use our solutions to manage their larger businesses. To facilitate the continued use of our solutions by larger customers, we may increase our utilization of partnerships and integrations with select third parties to deliver key functionality while maintaining an elevated customer experience.

Enter New Adjacent Markets. We expect to continue to evaluate and expand into adjacent markets (as defined above) based on our market validation strategy and targeted customer feedback in a manner consistent with our strategic plan. While we are continuously developing our real estate industry solutions within a given market, we believe we can apply certain relevant product features and key learnings from that market to find synergies and new opportunities as we extend our solutions into successive adjacent markets. An example of our adjacent market expansion effort is AppFolio Investment Management, which we released in April 2019 and is designed to enable real estate investment management organizations to better manage investor relationships by increasing transparency and streamlining certain business processes. By leveraging our knowledge and expertise in the real estate industry to grow AppFolio Investment Management, we may eventually develop investment management solutions for markets in other industries.

Our Customers

We define customers as those paying for a subscription to our core solutions. As of December 31, 2021, we had 17,215 property management customers. No individual customer represented 10% or more of our total revenue for fiscal 2021.

Customer Service

We believe our success is tied to long-term customer relationships, not a one-time sale. Our team is structured to deliver ongoing service; this includes ongoing live and on-demand training, a library of resources, and personalized account management. We regularly measure NPS and solicit customer feedback in a variety of ways in an effort to continue to better serve our customers. Our solutions are designed to be easy to use and manage, and we offer training and support at no extra charge.

Onboarding consists of a dedicated team that works to ensure that customers are prepared to run their businesses on our platform. As a result of our assistance with data migration matters, we are able to provide valuable insights into data integrity and work with our customers to help resolve any issues in their underlying business processes. We also assist our customers with the configuration of our products for particular property types, as appropriate. We share insights on best practices for the markets we serve and dedicate resources to guide our customers through the adoption and utilization of our Value Added Services.

Sales and Marketing

We leverage a modern and scalable marketing approach along with marketing automation technology to attract and engage prospects and build brand recognition as an industry leader. We participate in industry thought leadership and education, and we use a variety of inbound and outbound marketing techniques to promote AppFolio solutions.

Our business development team acts in partnership with our marketing and sales teams to reach potential customers, generate sales opportunities, and accelerate the time from evaluation to close. Our sales representatives assist prospective customers as they evaluate our products. Our interactive sales methodology allows our sales team to quickly build relationships, assess our customers' business challenges, and demonstrate the benefits of our core functionality and, where applicable, Value Added Services.

Technology and Operations

Our products are powered by a highly scalable computing platform and are designed with a strong focus on data security and availability. We use Ruby-on-Rails as our primary web application framework, and we take great care to keep this application framework and the rest of our software stack current in order to mitigate known security vulnerabilities. Our computing platform and cloud infrastructure are primarily powered by Amazon Web Services' Elastic Compute Cloud (EC2) platform. In order to ensure that data is not lost and that customer requests can be satisfied, production assets are securely replicated and regularly backed up to multiple geographic regions.

We monitor our production infrastructure to ensure high performance and availability, and our architecture allows our operators significant flexibility in achieving these goals. In particular, we have fine-grained control over the specific server and region on which each customer's data resides, and can move customer data between different geographic regions in order to avoid service disruption or to increase service performance.

Sensitive customer data, including passwords, Social Security, and tax identification numbers, is encrypted during transmission, and before being written to disk. We regularly evaluate our product and infrastructure security, including through third-party penetration testing. In addition, our products allow our customers to define roles that provide different levels of access to users, allowing them to view and modify specific items depending on their role. Supervisors can distribute work to on-site staff in a secure and controlled environment, while leadership retains visibility across the entire system. Some sensitive customer actions require secondary verification via two-factor authentication, and any customer can enable two-factor authentication for logging into their account.

Research and Product Development

We rely heavily on input from our customers and prospective customers in developing products that meet their needs and in anticipating developments in their businesses. We perform research and market validation efforts to guide our product roadmap. We believe that it is easier for our customers to adjust to continuous updates to our platform, which incrementally change and improve their user experience than to adapt to infrequent, but more drastic, upgrades.

Competition

The overall market for business management solutions in the real estate and other industries is global, highly competitive and continually evolving to respond to changes in technology, operational requirements, and ever-changing laws and regulations. We believe our competitors primarily fall into the following categories:

- On-premise or cloud-based real estate business management service providers that serve companies of all sizes in our markets; and
- On-premise or cloud-based horizontal business management service providers that offer broad solutions across multiple industries.

We also experience competition from numerous cloud-based solutions providers that focus almost exclusively on one or more point solutions in the real estate industry or in other industries. Continued consolidation among cloud-based solution providers could significantly increase competition.

Some of our competitors may have greater financial, technical and other resources, greater name recognition and larger sales and marketing budgets; therefore, we may not always compare favorably with respect to some or all of the foregoing factors. Further, the barrier to entry for competition in one or more areas we serve may be low, which could lead to competition from new entrants who solve similar problems in different ways.

Intellectual Property

We rely on a combination of patents, copyrights, trademarks, trade secrets, confidentiality procedures and contractual restrictions to establish and protect our proprietary rights in our core solutions and Value Added Services. We may pursue additional patent protection to the extent we believe it would be beneficial and cost-effective.

We control access to our proprietary technology by entering into confidentiality and invention assignment agreements with our employees and contractors, and confidentiality agreements with third parties. Despite our precautions, it may be possible for unauthorized third parties to copy our products and use information that we regard as proprietary to create products and services that compete with ours.

Human Capital

We believe our people are at the heart of our success. Our employees’ dedication to and passion for creating and delivering transformative solutions provides us with a competitive advantage and creates long-lasting relationships with our customers. We believe our efforts in creating and maintaining strong connections — with our customers, partners, and team members — differentiates AppFolio as a great place to work. This has led to recognition that demonstrates our valued company culture and workplace: Fortune recognized AppFolio as a Great Place to Work for Women in 2021, and the annual Glassdoor Employees’ Choice Awards listed AppFolio as one of the Best Places to Work in 2022.

Our company culture, driven by the following six core values, fuels our dedication and passion:

- Simpler Is Better
- Great, Innovative Products Are Key To A Great Business
- Great People Make A Great Company
- Listening To Customers Is In Our DNA
- Small, Focused Teams Keep Us Agile
- We Do The Right Thing; It's Good For Business

As of December 31, 2021, we had 1,600 employees. We routinely engage temporary employees and consultants. None of our employees are represented by a labor union or covered by a collective bargaining agreement. We consider our relationships with our employees and consultants to be strong. To maintain this strong relationship and attract new talent, our human capital management efforts focus on the following initiatives:

Diversity, Equity, and Inclusion. Diversity is core to our values and, we believe, necessary to drive innovation and collective growth. Our commitment to these imperatives starts at the leadership level and cascades to our talented employees, who we look to lead and foster various initiatives. AppFolio's employee-led resource groups create an environment where everyone is valued for their uniqueness, while also feeling part of the larger whole. We work hard to make sure our employees' voices are heard, from our practice of small, focused teams to setting annual company initiatives together as an organization.

When we surveyed our workforce in 2021, of those who elected to share, 45.1% identified as women, 54.1% as men, and 0.8% as nonbinary.

Our recruiting practices focus on attracting and hiring employees with diverse backgrounds, experiences, and approaches at all levels of the company. We have key partnerships with universities and professional organizations and provide ongoing education to our hiring teams that are focused on closing the diversity gap and growing our team.

Employee Development. We invest significant resources to develop the talent needed to remain at the forefront of innovation and make us an employer of choice. Employees throughout our organization have access to training and learning programs which include programs for distinct audiences. Our annual engagement survey provides a platform for employees to provide anonymous feedback directly to their managers and our executives. Based on results from our 2021 engagement survey, the overall engagement of employees is greater than the technology industry average.

Societal Impact. Connecting and contributing to our communities is a long-standing tradition and important activity for our employees. Our team members are passionate about many causes and we encourage them to participate in these causes by providing eight hours of volunteer time off annually. In addition, throughout the year, we come together as a company to engage in community service through "AppFolio Gives Back," where we donate time and funds to several charities that are selected by our employee-led Give Back Committee with AppFolio matching donations.

Compensation and Benefits. Our compensation and benefits programs support the wellness of our employees and their families so they feel they can live their best lives both at work and at home. Our competitive compensation packages may include base salary, commission or annual performance-based bonuses, and stock-based compensation. We also offer family-forming benefits, paid parental leave, paid sabbaticals, paid leave to care for family members, and access to fertility networks and discounts on fertility care. We review our programs periodically to ensure they remain competitive.

Health, Safety, and Wellness. We are committed to providing a safe workplace for our employees and assisting them in maintaining a healthy work-life balance. We regularly solicit feedback to assess the well-being and needs of our employees and offer resources focused on mental health and physical wellness. Specific to the COVID-19 pandemic, we have also taken measures to support the health and safety of our employees and their families. We continue to provide a monthly stipend to our employees in an effort to help ensure each team member has a comfortable and functional work-from-home environment and we have added training and toolkits focused on helping employees be successful in a remote work environment. We have enhanced internal lifestyle programs, such as virtual group fitness classes, and increased supplemental time off to create additional space for employees to reset and recharge.

In July 2021, we began transitioning our employees back to the workplace on a voluntary basis. When the environment allows us to safely do so, we expect to move forward with a hybrid work model, where a majority of our employees work out of one of our offices several days a week. We continue to evolve and upgrade our physical locations to ensure safe and healthy workspaces for our team members.

Available Information

Copies of the reports, proxy statements and other information may also be obtained, free of charge, electronically through our corporate website, at www.appfolioinc.com, as soon as reasonably practical after we file such material with, or furnish it to, the SEC.

ITEM 1A. RISK FACTORS

You should consider carefully the risks described below, together with all of the other information included in this Annual Report, as well as in our other filings with the SEC, in evaluating our business and/or an investment in our Class A common stock. If any of the following risks actually occur, our business, financial condition, operating results and future prospects could be materially and adversely affected. In that case, the trading price of our Class A common stock may decline and you might lose all or part of your investment. The risks described below are not the only ones we face. Additional risks that we currently do not know about or that we currently believe to be immaterial may also impair our business, financial condition, operating results and prospects.

Please be advised that certain of the risks and uncertainties described below contain "forward-looking statements." See the section of this Annual Report entitled "*Forward-Looking Statements*" for additional information.

Risks Related to Growing Our Business

If we do not accurately predict and respond promptly to rapidly evolving technological developments and customer needs, the demand for our products and our business and operating results may be harmed.

Customer demands are constantly changing in response to new technology and other market factors. To compete effectively, we must identify and innovate in the right technologies, accurately predict our customers' evolving needs, and continually improve our own technology platform. If we fail to execute against any of the foregoing, our business and operating results may be harmed. In addition, the potential widespread adoption of quickly evolving disruptive technology products could significantly impact the real estate industry, even if such products are not specifically designed to apply directly to the real estate industry. The adoption of these new technologies could significantly reduce the volume or demand of our customers and users, thereby reducing our revenue, which could materially impact our business, financial condition and operating results.

We participate in an intensely competitive market and our business could be harmed if we do not compete effectively.

The market for cloud-based business management solutions is global, highly competitive and continually evolving in response to a number of factors, including changes in technology, operational requirements, and laws and regulations. We compete with both other real estate industry cloud-based solution providers and providers of broad cloud-based solutions across multiple industries. We also face competition from numerous cloud-based solution providers that focus almost exclusively on one or more point solutions. Our competitors include established vendors, as well as newer entrants in the market. Our established competitors may have greater name recognition, longer operating histories, and significantly greater resources, which allows them to respond more quickly and effectively to new or changing opportunities or challenges, technologies, operational requirements and industry standards. Our competitors who are new entrants to the market, and generally smaller, may have more nimble operations due to having fewer products and less overhead and may be willing to take legal and operational risks, which allows them to launch products and meet customer demand more quickly and efficiently. Regardless of size, our current and potential competitors may develop, market and sell new technologies with comparable functionality to our solutions, which could cause us to lose customers, slow the rate of growth of new customers and/or cause us to decrease our prices to remain competitive, which could harm our business.

If we are unable to successfully expand sales of our solutions to new markets and new industries, our business and operating results may suffer.

Our growth strategy includes expanding sales of our solutions to new markets and, potentially, new industries. These new markets and industries, include larger customers within the real estate space, housing types outside of multi-family and single-family residential, and industries other than real estate. Acceptance of our current and future solutions in new markets and industries will depend on numerous factors, including our ability to provide more sophisticated functionality and features, the pricing of our solutions relative to competitive products, perceptions about the security, privacy and availability of our solutions relative to competitive products, and the time-to-market of updates and enhancements to our services and products. There is no guarantee we will be successful in achieving all or any of the foregoing. Additionally, sales to new markets and industries will involve risks that are not present, or are present to a lesser extent, in sales to the markets and industry we currently serve, and such risks may include new regulatory regimes, longer sale cycles, increased chance of litigation with customers, increased risk and impact of reputational harm, and increased competition. We may not be able to sufficiently mitigate such risks, which would impact our ability to successfully expand our business. If we are unable to successfully expand sales of our solutions to new markets and, potentially, industries, our revenue may increase at a slower rate than we expect and may even decline, which could adversely affect our operating results.

Our business depends substantially on existing customers renewing their subscriptions with us and expanding their use of our Value Added Services, and a decline in either could adversely affect our operating results.

For us to maintain or increase our revenue and improve our operating results, it is important that our existing customers continue to use our core solutions, as well as increase their adoption and utilization of our Value Added Services. Our customers may not renew their subscriptions with us, continue to broaden their adoption and utilization of our Value Added Services, or use our Value Added Services at all. If our existing customers do not renew their subscriptions and increase their adoption and utilization of our existing or newly developed Value Added Services, our revenue may increase at a slower rate than we expect and may decline, which could adversely affect our financial condition and operating results. A reduction in the number of our existing customers, even if offset by an increase in new customers, could reduce our revenue and operating margins. We may need to employ increasingly costly sales and marketing efforts and make significant investments in research and product development to introduce Value Added Services that ultimately are not broadly adopted by our customers. In either of those cases, we could incur significantly increased costs without a corresponding increase in revenue. Furthermore, we may fail to identify Value Added Services that our customers need for their businesses, in which case we could miss opportunities to increase our revenue.

Our inability to effectively maintain and promote our brands could adversely affect our ability to attract new customers and negatively affect our business and operating results.

We believe that maintaining and promoting our brands is critical to achieving widespread awareness and acceptance of our solutions, and maintaining and expanding our customer base. We also believe that the importance of brand recognition will increase, as competition for our products and services increases. If we do not continue to build awareness of our brands, we could be placed at a competitive disadvantage compared to companies whose brands are, or become, more recognizable than ours. Maintaining and promoting our brands will depend, in part, on our ability to continue to provide new and innovative core functionality and Value Added Services and best-in-class customer service, as well as the effectiveness of our sales and marketing efforts. If we fail to deliver products and functionality that address our customers’ business needs, or if we fail to meet our customers’ expectations for customer service, it could weaken our brands and harm our reputation. Maintaining and enhancing our brands may require us to make substantial investments, and these investments may not result in commensurate increases in our revenue. If we fail to successfully maintain and promote our brands, or if we make investments that are not offset by increased revenue, our operating results could be adversely affected.

We manage our business to achieve long-term growth, which may not be consistent with the short-term expectations of some investors.

We make product decisions and pursue opportunities that are consistent with our strategic objective to achieve long-term growth. These decisions may not be consistent with the short-term expectations of some investors, and may cause significant fluctuations in our results of operation and our stock price from period to period. In addition, notwithstanding our intention to make strategic decisions that positively impact long-term value, the decisions we make may not produce the long-term benefits we expect, which could materially affect our business, financial condition and results of operation.

Our acquisition of other companies or technologies may subject us to risks.

We have acquired, and may in the future acquire, other companies or technologies to complement or expand our products and solutions, optimize our technical capabilities, enhance our ability to compete, or otherwise offer growth or strategic opportunities. We have limited experience acquiring other businesses and we may not be able to effectively integrate acquired assets, technologies, personnel and operations or achieve the anticipated synergies or other benefits from the acquired business due to the inherent risks associated with acquisitions. If an acquisition fails to meet our expectations in terms of its contribution to our overall business strategy or results of operation, or if the costs of acquiring or integrating the acquired business exceed our estimates, our business, results of operation, strategic objectives, and financial condition may suffer.

Risks Related to Attracting and Retaining Talent

We depend on highly skilled personnel and, if we are unable to retain or hire additional qualified personnel or if we lose key members of our management team, we may not be able to achieve our strategic objectives and our business may be harmed.

Our success and future growth depend, in part, upon the continued services of our executive officers and other key employees. To execute our growth plan and achieve our strategic objectives, we must continue to attract and retain highly qualified and motivated personnel across our organization. In particular, to continue to enhance our products and solutions, add new and innovative core functionality and/or Value Added Services, as well as develop new products, it will be critical for us to increase the size of our research and product development organization, including hiring highly skilled software engineers. Further, for us to achieve broader market acceptance of our products and solutions, grow our customer base, and pursue new markets consistent with our strategic plan, we will need to continue to increase the size of our sales, marketing and customer service and support organizations. Competition for personnel is intense within our industry and there continues to be upward pressure on the compensation paid to these professionals. Identifying, recruiting, training and retaining qualified personnel is difficult and requires a significant investment of time and resources.

Many of the companies with which we compete for experienced personnel have greater name recognition and financial resources than we have. In addition, our headquarters are located in Santa Barbara, California, which is not generally recognized as a prominent commercial center, and it is challenging to attract qualified professionals due to our geographic location. As a result, we may have even greater difficulty hiring and retaining skilled personnel than our competitors. In addition, prospective and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, we are unable to offer equity awards in competitive amounts, or if the price of our Class A common stock experiences significant volatility, this may adversely affect our ability to recruit and retain highly skilled employees. If we are unable to attract and retain the personnel necessary to execute our growth plan, we may be unable to achieve our strategic objectives and our operating results may suffer.

Our corporate culture has contributed to our success and, if we cannot continue to foster this culture, we could lose the passion, creativity, teamwork, focus and innovation fostered by our culture.

We believe that our culture has been and will continue to be a key contributor to our success. If we do not continue to develop our corporate culture or maintain our core values as we grow and evolve, we may be unable to foster the passion, creativity, teamwork, focus and innovation we believe we need to support our growth. Any failure to preserve our culture could negatively affect our ability to recruit and retain personnel and to effectively focus on and pursue our strategic objectives. Moreover, liquidity available to our employee security holders could lead to disparities of wealth among our employees, which could adversely impact relations among employees and our culture in general. As we grow, we may find it difficult to maintain our corporate culture. This difficulty may be exacerbated by remote working conditions, which make it more difficult for employees to interact, communicate and innovate and that may continue indefinitely after COVID-19 pandemic.

Risks Related to Cybersecurity and Data Privacy

Security vulnerabilities in our products or a breach of our security controls could result in the loss, theft, misuse, unauthorized disclosure, or unauthorized access to customer or employee data, or other confidential or sensitive information, which could harm our customer and/or employee relationships, expose us to litigation or harm our reputation.

Our business involves the storage and transmission of a significant amount of confidential and sensitive information, including sensitive and proprietary data and personal information collected by or on behalf of our customers, the personal information of our employees, and our proprietary financial, operational and strategic information. Like many other businesses, we have experienced, and are continually at risk of being subject to, cyber attacks and data security incidents. As our business grows, the number of users of our products, as well as the amount of information we collect and store, is increasing, and our brands are becoming more widely recognized, which makes us a greater target for malicious activity. There can be no assurance that the security measures we employ will prevent malicious or unauthorized access to our systems and information. Furthermore, no security program can entirely eliminate the risk of human error, such as an employee or contractor's failure to follow one or more security protocols. Therefore, despite our significant efforts to keep our systems, products and networks protected and up to date, we may be unable to anticipate cyber attacks, detect security incidents or react to them in a timely manner, or implement adequate preventive measures, any of which may expose us to a risk of loss, litigation and potential liability. In addition, some of our third-party service providers and partners also collect and/or store our sensitive information and our customers' data on our behalf, and these service providers and partners are subject to similar threats of cyber attacks and other malicious Internet-based activities, which could also expose us to risk of loss, litigation, and potential liability.

If our security measures, or the security measures of our third-party service providers or partners, are breached as a result of wrongdoing or malicious activity on the part of our employees, our partners' employees, our customers' employees, or any third party, or as a result of any human error or neglect, product defect or otherwise, and this results in the loss, theft, misuse, unauthorized disclosure, or unauthorized access to customer data or other sensitive information, we could incur liability to our customers and to individuals or organizations whose information was being stored by us or our customers, as well as fines from payment processing networks and regulatory action by governmental bodies. If we experience a widespread security breach, our insurance coverage may not offset liabilities actually incurred and insurance may not continue to be available to us on reasonable terms, or at all. In addition, security breaches could result in reputational damage, adversely affect our ability to attract new customers and cause existing customers to reduce or discontinue the use of our products and solutions. Furthermore, the perception by our current or potential customers that our products could be vulnerable to exploitation or that our security measures are inadequate, even in the absence of a particular problem or threat, could reduce market acceptance of our products and solutions and cause us to lose customers. The legal and regulatory environment around data security and governance is significantly evolving, and both regulators and consumers are increasingly taking action on data-related matters, which may contribute to increased reputational, economic and other harm in the event of a data security incident.

Privacy and data security laws and regulations could impose additional costs and reduce demand for our solutions.

We store and transmit personal information relating to our employees and other individuals, and our customers use our technology platform to store and transmit a significant amount of personal information relating to their customers, vendors, employees and other industry participants. Federal, state and foreign government bodies and agencies have in the past adopted, and may in the future adopt, laws and regulations regarding the collection, use, processing, storage and disclosure of personal or identifying information obtained from customers and other individuals. These new obligations could increase the cost and complexity of delivering our services.

In addition to government regulation, privacy advocates and industry groups may propose various self-regulatory standards that may legally or contractually apply to our business. As new laws, regulations and industry standards take effect, and as we offer new services in new markets, market segments and, potentially, new industries, we will need to understand and comply with various new requirements, which may result in significant additional costs. These laws, regulations and industry standards could have negative effects on our business, including by increasing our costs and operating expenses, and/or delaying or impeding our deployment of new or existing core functionality or Value Added Services. Failure to comply with these laws, regulations and industry standards could result in negative publicity, subject us to fines or penalties, expose us to litigation, or result in demands that we modify or cease existing business practices. In addition, the costs of compliance with, and other burdens imposed by, such laws, regulations and industry standards may adversely affect our customers' ability or desire to collect, use, process and store personal information using our solutions, which could reduce overall demand for them. Furthermore, privacy and data security concerns may cause our customers' clients, vendors, employees and other industry participants to resist providing the personal information necessary to allow our customers to use our applications effectively. Any of these outcomes could adversely affect our business and operating results.

Risks Related to Our Industry

All of our revenues are presently generated by sales to customers and users in the real estate industry, and factors that adversely affect that industry, or our customers or users within it, could also adversely affect us.

We expect that our real estate industry customers will continue to account for a significant portion or all of our revenue for the foreseeable future. Demand for our solutions and services could be affected by factors that are unique to and adversely affect the real estate industry and our customers within it. If the industry itself declines, our customers may decide not to renew their subscriptions or they may cease using our Value Added Services to reduce costs to remain competitive. Further, we could lose real estate customers as a result of acquisitions or consolidations, bankruptcies or other financial difficulties facing our real estate customers, new or enhanced legal or regulatory regimes that negatively impact the real estate industry, and conditions or trends specific to the real estate industry such as the economic factors that impact the rental market.

Our estimates of market opportunity are subject to significant uncertainty and, even if the markets in which we compete meet or exceed our size estimates, we could fail to increase our revenue or market share.

We determine the level of our investment in various aspects of the business, in part, based on our market opportunity estimates. Market opportunity estimates are subject to significant uncertainty and are based on assumptions, including our internal analysis and industry experience. Assessing markets for cloud-based business management solutions in the real estate industry is particularly difficult due to a number of factors, including limited available information and rapid evolution of the industry and markets therein. If we do not accurately estimate our opportunities, we may fail to realize a return on our investment in various aspects of our business, which could lead to a failure to gain market share and negatively impact our long-term growth prospects.

Risks Related to Our Products and Solutions

Errors, defects or other disruptions in our products could harm our reputation, cause us to lose customers, and result in significant expenditures to correct the problem.

Our customers use our products to manage critical aspects of their businesses, and any errors, defects or other disruptions in the performance of our products, including with respect to third party partners upon which certain of our products are dependent, may result in loss of or damage to our customers' data and disruption to our customers' businesses, which could harm our reputation. These problems may be caused by a variety of factors, including infrastructure changes, power or network outages, fire, flood or other natural disasters affecting our cloud computing platform providers, human or software errors, viruses, security breaches, fraud or other malicious activity, spikes in customer usage and distributed denial of service attacks. In addition, we provide continuous updates to our products and these updates may contain undetected errors when first introduced. In the past, we have discovered errors, failures, vulnerabilities and bugs in our updates after they have been released, and similar problems may arise in the future. Real or perceived errors, failures, vulnerabilities or bugs in our products could result in negative publicity, reputational harm, loss of customers, delay in market acceptance of our products and solutions, loss of competitive position, withholding or delay of payment to us, claims by customers for losses sustained by them and potential litigation or regulatory action. In any such event, we may be required to expend additional resources to help correct the problem or we may choose to expend additional resources to take corrective action even where not required. The costs incurred in correcting any material errors, defects or other disruptions could be substantial. In addition, we may not carry insurance sufficient to offset any losses that may result from claims arising from errors, defects or other disruptions in our products.

We face risks in our electronic payment services business that could adversely affect our business and/or results of operation.

In our electronic payments services business, we facilitate the processing of both inbound and outbound payments for our customers. These payments are settled through our sponsoring clearing bank, card payment processors, and other third-party electronic payment services providers that we may contract with from time to time. Our electronic payment services subject us to a number of risks, including, but not limited to, liability for customer costs related to disputed or fraudulent transactions and other incidences of fraud in our electronic payment services ecosystem. Additionally, with respect to the processing of electronic payment transactions by our third-party electronic payment services providers, we are exposed to financial risk. Electronic payment transactions between our customer and another user may be returned for various reasons such as insufficient funds, fraud or stop payment orders. If we or any of our electronic payment services providers are unable to collect such amounts from the customer’s account, we bear the ultimate risk of loss for the transaction amount.

We face risks in our tenant screening services business that could adversely affect our business and/or operating results.

Our tenant screening services business is subject to a number of complex laws that are subject to varying interpretations, including the Fair Credit Reporting Act (the "FCRA"), the Fair Housing Act, and related regulations. The FCRA continues to be the subject of multiple class-based litigation proceedings, as well as numerous regulatory inquiries and enforcement actions. In addition, entities such as the Federal Trade Commission and the Consumer Financial Protection Bureau have the authority to promulgate rules and regulations that may impact our customers and our business and have made various public statements that tenant screening is an area of focus for such agencies. Although we attempt to structure our tenant screening services to comply with relevant laws and regulations, we have previously been accused of not complying with such laws and regulations and may be found to be in violation of them. In addition we have been and expect in the future to be subject to routine regulatory inquiries, enforcement actions, class-based litigation and/or indemnity demands.

As previously disclosed, in January 2021, we entered into a settlement agreement with the Federal Trade Commission (the "FTC") to resolve allegations that we failed to comply with certain sections of the FCRA. In connection with the settlement, we paid a fine and agreed to ongoing compliance and reporting obligations. Our failure to comply with these obligations could result in material additional penalties or other actions by the FTC or other agencies, including enjoining our ability to provide screening services.

Due to the large number of tenant screening transactions in which we participate, our potential liability in any enforcement action or a class action lawsuit could have a material impact on our business, especially given that certain applicable laws and regulations provide for fines or penalties on a per occurrence basis. The existence of any such enforcement action or class action lawsuit, whether meritorious or not, may adversely affect our ability to attract customers, result in the loss of existing customers, harm our reputation and cause us to incur defense costs or other expenses.

If our property management customers stop requiring insurance coverage for their units, if insurance premiums decline or if insureds experience greater than expected losses, our operating results could be harmed.

We generate a portion of our revenue by offering insurance-related services through wholly owned subsidiaries. If demand for rental housing declines, or if our property management customers believe that it may decline, these customers may stop requiring insurance coverage for their units to reduce the overall cost of renting and make their rental offerings more competitive. If our property management customers stop tracking and requiring insurance coverage for their units or elect to use other methods of tracking and acquiring insurance coverage, demand for our insurance-related products may drop and our revenues from our insurance related products could be adversely affected.

In the event we are found to be in violation of the legal requirements applicable to our products and services, our business and operating results may be adversely affected.

Many of our products and services are highly regulated or intended to be used in connection with other highly regulated activities. Some of the laws and regulations to which our products and services are subject include, without limitation:

- the Fair Housing Act;
- the FCRA;
- Title VII of the Civil Rights Act;
- the Telephone Consumer Protection Act;
- the Americans with Disabilities Act;
- the Electronic Signatures in Global and National Commerce Act;
- the Federal Trade Commission Act Section 5; and
- the Federal Trade Commission Act;

State law equivalents of the foregoing, plus various state regulations related to insurance licensing and solicitation, utility billing practices and privacy also apply to certain of our products and services. In addition, the evolution and expansion of our products and services may subject us to additional risks and regulatory requirements. For example, as our electronic payments services business evolves, we may become directly subject to limitations, laws and regulations governing money transmission and anti-money laundering.

In addition, we periodically undergo examinations, audits and investigations related to our services, including those related to the affairs of insurance companies and agencies and electronic payment services providers. Such examining, auditing, and investigating authorities are generally vested with relatively broad discretion to grant, renew and revoke licenses and approvals, to implement and interpret rules and regulations, levy fines and penalties, and bring enforcement actions. While we have implemented various programs, processes and controls focused on compliance with applicable laws and regulations throughout our business, there is no guarantee that we will not be subject to fines, penalties or other regulatory actions in one or more jurisdictions, or be required to adjust our business practices to accommodate future regulatory requirements. In the event that we are found to be in violation of our legal, regulatory or contractual requirements, we may be subject to monetary fines or penalties, cease-and-desist orders, mandatory product changes, or other liabilities that could have an adverse effect on our business and operating results.

If we fail to maintain relationships with third-party partners that enable certain functionality within our solutions, our business and operating results may be harmed.

Certain functionality of our services is provided or supported by third-parties, including without limitation functions related to cloud computing, texting, emailing, electronic payments, tenant screening, and insurance related offerings. If our third-party partners cease providing their products or we are otherwise unable to integrate with such third-party products, our solutions and demand for our solutions could be adversely impacted and business and operating results would be harmed. In addition, our competitors may be more effective than us in cost-effectively building relationships with third parties that enhance their products and services, allow them to provide more competitive pricing, or offer other benefits to their customers. Acquisitions of our partners by our competitors or others could result in a decrease in the number of current and potential strategic partners willing to establish or maintain relationships with us, and could increase the price at which products or services are available to us. If we are unsuccessful in establishing or maintaining our relationships with third parties, our ability to compete in the marketplace or to grow our revenue could be impaired, which could negatively impact our operating results.

If we are unable to ensure that our solutions interoperate with third-party devices, operating systems and browsers, our solutions may become less competitive and our operating results may be harmed.

We depend on the interoperability of our platform with third party devices, desktop and mobile operating systems, as well as web browsers that we do not control. Any changes in such devices, systems or web browsers that degrade the functionality of our solutions or give preferential treatment to competitive services could adversely affect the adoption and usage of our solutions. In addition, to deliver high quality solutions, we will need to continuously enhance and modify our functionality to keep pace with technical, contractual, and other changes in Internet-related hardware, mobile operating systems such as iOS and Android, browsers, communication, network and database technologies. We may not be successful in developing enhancements and modifications that operate effectively with these devices, operating systems, web browsers and other technologies or in bringing them to market in a timely manner. Furthermore, uncertainties regarding the timing or nature of new network platforms or technologies, and modifications to existing platforms or technologies, could increase our research and product development expenses. In the event that it is difficult for our customers to access and use our solutions, our solutions may become less competitive, and our operating results could be adversely affected.

If we are unable to deliver effective customer service, it could harm our relationships with our existing customers and adversely affect our ability to attract new customers and our operating results.

Our business depends, in part, on our ability to satisfy our customers by providing onboarding services and ongoing customer service. Once our solutions are deployed, our customers depend on our customer service organization to resolve technical issues relating to their use of our solutions. As we generally do not separately charge our customers for support services, increased demand for our support services would increase costs without corresponding revenue, which could adversely affect our operating results. Further, our sales process is highly dependent on the ease of use of our solutions, our reputation and positive recommendations from our existing customers. Any failure to maintain high-quality or responsive customer service, or a market perception that we do not maintain high-quality or responsive customer service, could harm our reputation, cause us to lose customers and adversely impact our ability to sell our solutions to prospective customers.

Risks Related to Intellectual Property Matters

Failure to protect our intellectual property rights could impair our ability to protect our proprietary technology and our brands, which could harm our business.

We currently rely on patent, trademark, copyright and trade secret laws, trade secret protection and confidentiality or license agreements with our employees, customers, partners and others to protect our intellectual property rights. Our success and ability to compete depend, in part, on our ability to continue to protect our intellectual property, including our proprietary

technology and our brands. 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. To monitor and protect our intellectual property rights, we may be required to expend significant resources. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management, and could result in the impairment or loss of portions of our intellectual property or require us to pay costly royalties. Accordingly, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. Our failure to secure, protect and enforce our intellectual property rights could adversely affect our business and operating results.

We may be sued by third parties for alleged infringement of their proprietary rights, which could cause us to incur significant expenses and require us to pay substantial damages.

Our success depends, in part, on our not infringing upon the intellectual property rights of others. Our competitors, as well as a number of other entities and individuals, may legally own or claim to own intellectual property relating to our technology or solutions, including without limitation technology we develop and build internally and/or acquire. From time to time, our competitors or other third parties may claim that we are infringing upon their intellectual property rights. Any claims or litigation, regardless of merit, could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages, settlement costs or ongoing royalty payments, require that we comply with other unfavorable license and other terms, or prevent us from offering our solutions in their current form. Even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the attention of our management and key personnel from our business operations and harm our operating results.

Our solutions contain both third-party and open source software, which may pose risks to our proprietary source code and/or introduce security vulnerabilities, and could have a material adverse impact on our business and operating results.

We use open source software in our solutions and expect to continue to do so in the future. The terms of many open source licenses to which we are subject have not been interpreted by United States or foreign courts, and there is a risk that open source licenses could be construed in a manner that imposes unanticipated conditions, restrictions or costs on our ability to provide or distribute our solutions. Additionally, we may from time to time face claims from third parties alleging ownership of, or demanding release of, the open source software or of derivative works that we developed using such software, which could include our proprietary source code, or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation, which could be costly for us to defend, and could require us to make our source code freely available, purchase a costly license or cease offering the implicated functionality unless and until we can re-engineer them to avoid infringement. This re-engineering process could require significant additional research and product development resources, and we may not be able to complete it successfully or in a timely manner. In addition to risks related to license requirements, usage of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of software. We also use third-party commercial software in our solutions and expect to continue to do so in the future. Third-party commercial software is developed outside of our direct control and may introduce security vulnerabilities that may be difficult to anticipate or mitigate. Further, there is no guarantee that third-party software developers or open source software providers will continue active work on the third-party software that we use. Should development of in-use third-party software cease, significant engineering effort may be required to create an in-house solution. These risks could also be difficult to eliminate or manage, and could have a material adverse impact on our business and operating results.

Risks Related to Our Financial Results

We expect to make substantial investments across our organization to grow our business, which may impact profitability.

To implement our business and growth strategy, we have made and will continue to make substantial investments across our organization and, as a result, our expenses may increase significantly impacting profitability. For example, we intend to continue to make substantial investments in, among other things: our research and product development organization to enhance the ease of use and functionality of our solutions and develop new products; our sales and marketing organization, including expansion of our direct sales organization and marketing programs, to increase the size of our customer base and increase adoption and utilization of new and existing Value Added Services by our new and existing customers; and maintaining and expanding our technology infrastructure and operational support to promote the security and availability of our products and solutions. Even if we are successful in growing our customer base and increasing revenue from new and existing customers, we may not be able to generate additional revenue in an amount that is sufficient to cover our expenses.

Our quarterly results may fluctuate significantly and period-to-period comparisons of our results may not be meaningful.

Our quarterly results, including the levels of our revenue, costs, operating expenses, and operating margins, may fluctuate significantly in the future, and period-to-period comparisons of our results may not be meaningful. Accordingly, the results of any one quarter should not be relied upon as an indication of our future performance. We may experience significant fluctuations in our operating results from period to period, including significant losses. This may make it difficult for us to effectively allocate our resources to achieve our strategic goals. Furthermore, if our quarterly results fall below the expectations of investors or any securities analysts who follow our stock, or below any financial guidance we may provide, the price of our common stock could decline substantially.

There are risks associated with potential future indebtedness that may adversely affect our financial condition and future financing agreements may contain restrictive operating and financial covenants.

We may incur additional indebtedness in the future and/or enter into new financing arrangements. Our ability to meet expenses, to remain in compliance with the covenants under any future debt instruments, and to pay fees, interest and principal on our indebtedness will depend on, among other things, our operating performance and market conditions. Accordingly, our cash flow may not be sufficient to allow us to pay principal and interest on future indebtedness and meet our other business and customer obligations.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

Under Section 382 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes, such as research tax credits, to offset its post-change income and taxes may be limited. In general, an "ownership change" occurs if there is a cumulative change in our ownership by "5% shareholders" that exceeds 50% over a rolling three-year period. Similar rules may apply under state tax laws. It is possible that our existing net operating loss and/or credit carryforwards may be subject to limitations arising from previous ownership changes, and future issuances of our stock could cause an ownership change. Furthermore, our ability to utilize net operating loss and/or credit carryforwards of companies that we have acquired or may acquire in the future may be subject to limitations. There is also a risk that due to legislative changes, such as suspensions on the use of net operating loss carryforwards, or other unforeseen reasons, our existing net operating loss carryforwards could expire or otherwise be unavailable to offset future income tax liabilities.

Risks Related to Our Common Stock

The market price of our Class A common stock may be volatile or may decline regardless of our operating performance, which could result in substantial losses for our stockholders.

The market price of our Class A common stock has been, and is likely to continue to be, highly volatile, and fluctuations in the price of our Class A common stock could cause the stockholder to lose all or part of their investment. There are a wide variety of factors, many of which are outside our control, that could cause fluctuations in the market price of our Class A common stock and, 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. If instituted against us, any such litigation, regardless of its merit or final outcome, could result in substantial costs and a diversion of our management's attention, thereby adversely affecting our operating results and/or the price of our Class A common stock.

The dual class structure of our common stock concentrates voting control with a limited number of stockholders, including our executive officers, directors and principal stockholders, effectively limiting your ability to influence corporate matters.

Our Class B common stock has 10 votes per share, and our Class A common stock has one vote per share. As of December 31, 2021, the holders of the outstanding shares of our Class B common stock, including our executive officers, directors, and principal stockholders, collectively held approximately 89% of the combined voting power of our outstanding capital stock. Because of the 10-to-1 voting ratio between our Class B common stock and Class A common stock, the holders of our Class B common stock collectively control a majority of the combined voting power of our outstanding capital stock and therefore control the election of a majority of our directors and thereby have the power to control our affairs and policies, including the appointment of management and strategic decisions, as well as matters that are submitted to a vote by our holders of our common stock. The interests of our principal stockholders may be inconsistent with or adverse to those of holders of our Class A common stock. This concentrated control may also have the effect of delaying, deterring or preventing a change-in-control transaction, depriving our stockholders of an opportunity to receive a premium for their capital stock or negatively affecting the market price of our Class A common stock. In addition, transfers by holders of our Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions. The conversion of our Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of the holders of our Class B common stock who retain their shares over the long term.

We cannot predict the impact that our capital structure may have on our stock price.

S&P Dow Jones, a provider of widely followed stock indices, has announced that companies with multiple classes of stock will not be eligible for inclusion in certain of their indices. As a result, our Class A common stock will not be eligible for those stock indices. Many investment funds are precluded from investing in companies that are not included in major indices, and these funds would be unable to purchase our Class A common stock. Exclusion from these and other indices could make our Class A common stock less attractive to investors and, as a result, the market price of our Class A common stock could be adversely affected. In addition, several shareholder advisory firms have announced their opposition to the use of multiple class structures. As a result, shareholder advisory firms may publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any actions or publications by shareholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A common stock.

Future sales of shares of our Class A common stock, or the perception that these sales could occur, could depress the market price of our Class A common stock.

Sales of a substantial number of shares of our Class A common stock in the public market, or the perception that these sales might occur, could cause the market price of our Class A common stock to decline or make it more difficult for you to sell your Class A common stock at a time and price that you deem appropriate, and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales, or the perception that our shares may be available for sale, will have on the prevailing market price of our Class A common stock. As of December 31, 2021, we had an aggregate of 0.8 million options outstanding that, if fully exercised, would result in the issuance of additional shares of Class A common stock or Class B common stock, as applicable. Our Class B common stock converts into Class A common stock on a one-for-one basis. In addition, as of December 31, 2021, we had 0.8 million RSUs, outstanding which, if fully vested and settled in shares, would result in the issuance of additional shares of Class A common stock. All of the shares of Class A common stock issuable upon the exercise of options (or upon conversion of shares of Class B common stock issued upon the exercise of options), or upon the vesting and settlement of RSUs, have been registered for public resale under the Securities Act. Accordingly, these shares will be able to be freely sold in the public market upon issuance. In addition, certain holders of our Class A common stock and Class B common stock have rights, subject to certain conditions, to require us to file registration statements for the public resale of such shares (in the case of Class B common stock, the Class A common stock issuable upon conversion of such shares) or to include such shares in registration statements that we may file for us or other stockholders. Any sales of securities by these stockholders could have a material adverse effect on the market price of our Class A common stock.

We do not expect to declare any dividends in the foreseeable future and may repurchase stock in accordance with our Share Repurchase Program.

We have never declared, and we do not anticipate declaring or paying, any cash dividends to holders of our Class A common stock in the foreseeable future. In addition, the terms of our future borrowing arrangements we may enter into from time to time may restrict our ability to pay dividends. Consequently, investors may need to rely on sales of our Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment.

Price appreciation, which may never occur, may be further impacted by repurchases of our shares in accordance with our Share Repurchase Program. Repurchases of our shares could increase the volatility of the trading price of our shares, which could have a material adverse impact on the trading price of our shares. Similarly, the future announcement of the termination or suspension of the Share Repurchase Program, or our decision not to utilize the full authorized repurchase amount under the Share Repurchase Program, could result in a decrease in the trading price of our shares. In addition, the Share Repurchase Program could have the impact of diminishing our cash reserves, which may impact our ability to finance our growth, complete acquisitions and execute our strategic plan. For additional information regarding our Share Repurchase Program, refer to Note 11, *Stockholders' Equity*.

Anti-takeover provisions contained in our amended and restated certificate of incorporation and amended and restated bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

Our amended and restated certificate of incorporation and our amended and restated bylaws contain provisions that could have the effect of rendering more difficult hostile takeovers, change-in-control transactions or changes in our Board of Directors or management. Among other things, these provisions authorize the issuance of preferred stock with powers, preferences and rights that may be senior to our common stock, provide for the adoption of a staggered three-class Board of Directors, prohibit our stockholders from filling vacancies on our Board of Directors or calling special stockholder meetings, require the vote of at least two-thirds of the combined voting power of our outstanding capital stock to approve amendments to our certificate of incorporation or bylaws, and require the approval of the holders of at least a majority of the outstanding shares of our Class B common stock voting as a separate class prior to consummating a change-in-control transaction. As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, which may delay, deter or prevent a change-in-control transaction. Section 203 imposes certain restrictions on mergers, business combinations and other transactions between us and holders of 15% or more of our common stock. Any provision of Delaware law, our amended and restated certificate of incorporation, or our amended and restated bylaws that has the effect of rendering more difficult, delaying, deterring or preventing a change-in-control transaction could limit the opportunity for our stockholders to receive a premium for their shares of our capital stock and could also affect the price that some investors are willing to pay for our Class A common stock.

Risks Related to Macroeconomic Conditions

Health epidemics, including the COVID-19 pandemic, could have a material adverse impact on our operations, employees culture, customers, and business partners.

The COVID-19 pandemic continues to have, and a future public health crisis could have, repercussions across local, regional, and global economies and financial markets. Travel restrictions, quarantines, and similar government orders to control the spread of COVID-19 or a future virus may result in business closures, work stoppages, slowdowns, and cancellation or postponement of events that, among other effects, could negatively impact our operations, as well as the operations of our customers, and business partners. The demand for our products and services, as well as our operating results, could be adversely

impacted due to customers delaying decisions to adopt our products and services or terminating their use of our products and services, as they seek to reduce or delay spending to mitigate the impact of the COVID-19 pandemic or a future public health crisis on their businesses.

In March of 2020, in an effort to protect our employees and comply with applicable government orders, in response to the COVID-19 pandemic, we transitioned our employees to a remote work environment. We began transitioning our employees back to the office in 2021; however, our employees have the option to work remotely until further notice. If the COVID-19 pandemic again requires full remote working conditions, it could have a material adverse impact on our products as the disruption to our operations may result in an increase in errors, failures, vulnerabilities, and bugs. Furthermore, the COVID-19 pandemic may have long-term effects on the nature of the office environment and remote working, which may present operational and workplace culture challenges that may adversely affect our business.

Any of the factors described above, or any number of other risks related to the COVID-19 pandemic or a future public health crisis, could disrupt our business, which could have a material adverse impact on our business, operations and financial results.

Global and regional economic conditions could harm our business.

Adverse global and regional economic conditions such as turmoil affecting the banking system or financial markets, including, but not limited to, tightening in the credit markets, extreme volatility or distress in the financial markets, recessionary or inflationary pressures, supply chain issues, reduced consumer confidence or economic activity, government fiscal and tax policies, and other negative financial news or macroeconomic developments could have a material adverse impact on the demand for our products and services.

Natural disasters or other catastrophic events may cause damage or disruption to our operations, commerce and the global economy, and have a negative effect on our business and operations.

Our business operations are subject to interruption by natural disasters, flooding, fire, power shortages, pandemics, terrorism, political unrest, telecommunications failure, vandalism, cyber-attacks, geopolitical instability, war, the effects of climate change (such as drought, wildfires, hurricanes, increased storm severity and sea level rise) and other events beyond our control. Although we maintain crisis management and disaster response plans, such events could make it difficult or impossible for us to deliver our services to our customers, could decrease demand for our services, and could cause us to incur substantial expense. Our insurance may not be sufficient to cover losses or additional expenses that we may sustain. The majority of our research and development activities, offices, information technology systems, and other critical business operations are located near major seismic faults in California. Customer data could be lost, significant recovery time could be required to resume operations and our financial condition and operating results could be adversely affected in the event of a major natural disaster or catastrophic event. In addition, the impacts of climate change on the global economy and our industry are rapidly evolving. We may be subject to increased regulations, reporting requirements, standards or expectations regarding the environmental impacts of our business.

Government regulations and laws are continuously evolving and unfavorable changes could adversely affect our operating results, subject us to litigation or governmental investigation, or otherwise harm our business.

In addition to regulations and laws directly applicable to our products and services, we are subject to general business regulations and laws. Unfavorable regulations, laws, and administrative or judicial decisions interpreting or applying laws and regulations applicable to our business could subject us to litigation or governmental investigation and increase our cost of doing business, any of which may adversely affect our operating results. In addition, the application of federal, state, local and foreign tax laws to services provided electronically is continuously evolving. New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted or amended at any time, possibly with retroactive effect, and could be applied solely or disproportionately to services provided over the Internet. These enactments or amendments could adversely affect our sales activity due to the inherent cost increase such taxes would represent and could ultimately result in a negative impact on our operating results. In addition, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, modified or applied adversely to us, possibly with retroactive effect, which could require us or our customers to pay additional tax amounts, as well as require us or our customers to pay fines or penalties, as well as interest on past amounts. If we are unsuccessful in collecting such taxes due from our customers, we could be held liable for such costs, thereby adversely impacting our operating results.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters is located in Santa Barbara, California, where we lease approximately 166,000 square feet of space in three adjacent office buildings. We also lease office space in several other U.S. cities. We do not own any real estate.

We intend to procure additional space as we add employees and expand our operations geographically. We believe our current facilities are adequate for our current needs and that, should it be needed, suitable additional or alternative space will be available to us to accommodate any such expansion of our operations.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are involved in various investigative inquiries, legal proceedings and other disputes arising from or related to matters incident to the ordinary course of our business activities, including actions with respect to intellectual property, employment, regulatory and contractual matters. Although the results of such investigative inquiries, legal proceedings and other disputes cannot be predicted with certainty, we believe that we are not currently a party to any matters which, if determined adversely to us, would, individually or taken together, have a material adverse effect on our business, operating results, financial condition or cash flows. However, regardless of the merit of any matters raised or the ultimate outcome, investigative inquiries, legal proceedings and other disputes may generally have an adverse impact on us as a result of defense and settlement costs, diversion of management resources, and other factors.

For additional information regarding legal proceedings, refer to Note 10, *Commitments and Contingencies* of our Consolidated Financial Statements.

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 for our Common Stock

Our Class A common is listed on the NASDAQ Global Market under the symbol "APPF".

Our Class B common stock is not listed or traded on any stock exchange.

Holders of Record

At February 14, 2022, there were 39 holders of record of our Class A common stock and 72 holders of record of our Class B common stock. Because many of our shares of Class A common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

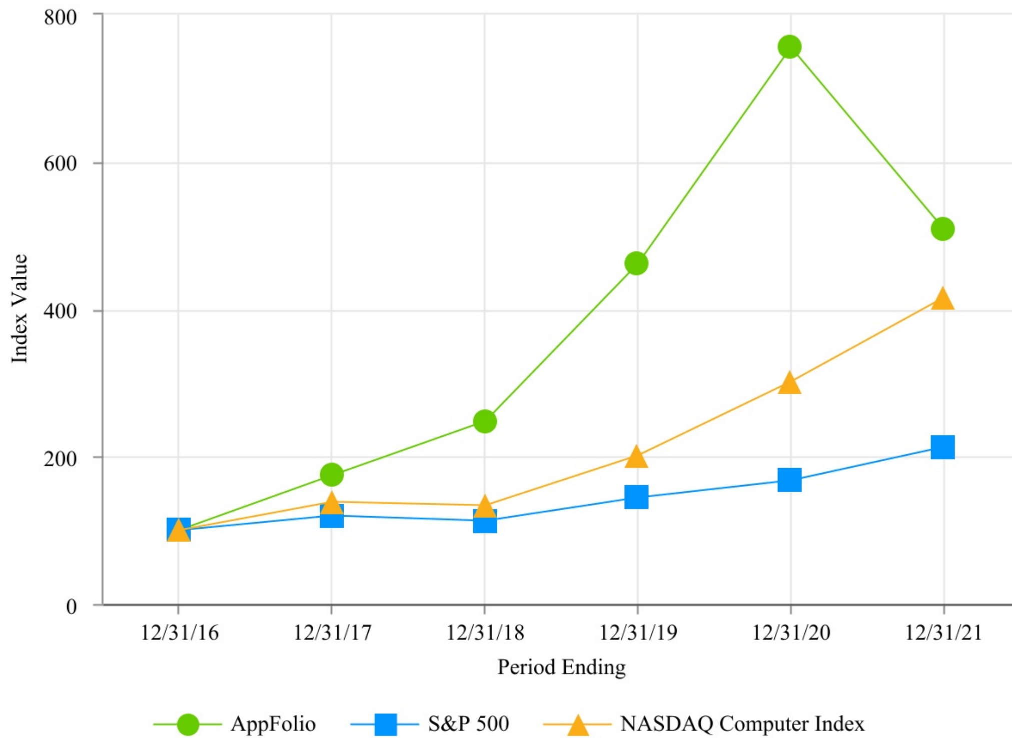
Dividend Policy

We have never declared or paid any cash dividends on our capital stock. We do not anticipate declaring or paying any cash dividends to holders of our capital stock in the foreseeable future and intend to retain all future earnings for use in the growth of our business.

Stock Performance Graph

The following performance graph compares the cumulative total return on our Class A common stock with that of the S&P 500 Index and the NASDAQ Computer Index. This chart assumes $100 was invested in our Class A common stock at the close of market on December 31, 2016, and in the S&P 500 Index and the NASDAQ Computer Index, and assumes the reinvestment of any dividends.

The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common stock.



This performance graph shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or incorporated by reference into any of our other filings under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Unregistered Sales of Equity Securities and Purchases of Equity Securities

None.

ITEM 6. [RESERVED]

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 our Consolidated Financial Statements and the related notes included elsewhere in this Annual Report. This discussion and analysis contains forward-looking statements that are based on our current expectations and reflect our plans, estimates and anticipated future financial performance. These statements involve numerous risks and uncertainties. Our actual results may differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including those set forth in the section of this Annual Report entitled "Risk Factors". See the section of this Annual Report entitled “Forward-Looking Statements” for additional information.

The following discussion and analysis of our financial condition and results of operations discusses 2021 and 2020 items and year-over-year comparisons between 2021 and 2020. For discussion of 2019 items and year-over-year comparisons between 2020 and 2019, refer to Part II. Item 7. “Management's Discussion and Analysis of Financial Condition and Results of Operations” of our Annual Report on Form 10-K for the year ended December 31, 2020.

Overview

We are a leading provider of cloud business management solutions for the real estate industry. Our solutions enable our customers to digitally transform their businesses, automate and streamline critical business operations and deliver a better customer experience. Our products assist an interconnected and growing ecosystem of users, including property managers, property owners, real estate investment managers, rental prospects, residents, and service providers with critical transactions across the real estate lifecycle, including screening potential tenants, sending and receiving payments and even providing insurance-related risk mitigation services. AppFolio's intuitive interface, coupled with streamlined and automated workflows, make it easier for our customers to eliminate redundant and manual processes so they can deliver a great experience for their users while improving financial and operational performance.

We rely heavily on our talented team of employees to execute our growth plans and achieve our long-term strategic objectives. We believe our people are at the heart of our success and our customers' success, and we have worked hard not only to attract and retain talented individuals, but also to provide a challenging and rewarding environment to motivate and develop our valuable human capital. In March 2020, in an effort to protect our employees and comply with applicable government orders in response to the COVID-19 pandemic, we transitioned our employees to a remote work environment. We began transitioning our employees back to the office in 2021; however, our employees have the option to work remotely until further notice.

During certain periods covered by this Annual Report, we also provided software solutions and services to the legal industry via MyCase, a software solution primarily designed for small and mid-sized law firms. We completed our divestiture of MyCase, Inc. on September 30, 2020 (the "MyCase Transaction"). For additional details, see Note 3, *Divestitures*, of our Consolidated Financial Statements in this Annual Report.

Key Business Metric

Property management units under management. We believe that our ability to increase our number of property management units under management is an indicator of our market penetration, the growth of our business, and our potential future business opportunities. We define property management units under management as the number of active units on our core solutions. We had 6.35 million and 5.36 million property management units under management as of December 31, 2021 and 2020, respectively.

Seasonality

We have historically experienced seasonality in our Value Added Services revenue, primarily in our tenant screening services, due to seasonally higher leasing activities in the second quarter which increases tenant screening transactions in that period. We generally experience decreased tenant screening revenue in the fourth quarter, when seasonally lower leasing activities occur. Corresponding to the higher tenant applications in the second quarter, our property manager customers typically experience an increase in new tenants in the third quarter, resulting in a higher demand for our insurance-related risk mitigation services in that period. As a result of the seasonality of the rental lifecycle and the growth of our business, we have typically experienced a sequential increase in revenue in the first, second and third quarters and a sequential decline in revenue in the fourth quarter of each of our most recent fiscal years. These seasonal factors could be heightened or lessened due to the impact of a change in macroeconomic factors that could impact tenant behavior or a change in the adoption rate of our other less seasonally impacted Value Added Services. Although these seasonal factors are common in the real estate industry, historical patterns should not be considered a reliable indicator of our future sales activity or performance.

Key Components of Results of Operations

Revenue

Our core solutions and certain of our Value Added Services are offered on a subscription basis. Our core solutions subscription fees vary by property type and are designed to scale to the size of our customers' businesses. We recognize revenue for subscription-based services over time on a straight-line basis over the contract term beginning on the date that our service is made available. We generally invoice monthly or, to a lesser extent, annually in advance of the subscription period.

We also offer Value Added Services, which are not covered by our subscription fees, on a per use basis. Usage-based fees are charged either as a percentage of the transaction amount (e.g., for certain of our electronic payment services) or on a flat fee per transaction basis with no minimum usage commitments (e.g., for our tenant screening and risk mitigation services). We recognize revenue for usage-based services in the period the service is rendered. Our electronic payments services fees are recorded gross of the interchange and payment processing related fees. We generally invoice our usage-based services on a monthly basis or collect the fee at the time of service. A significant majority of our Value Added Services revenue comes

directly and indirectly from the use of our electronic payment services, tenant screening services, and risk mitigation services. Usage-based fees are paid either by customers or by users.

We charge our customers for on-boarding assistance to our core solutions and certain other non-recurring services. We generally invoice for these other services in advance of the services being completed and recognize revenue upon completion of the related service. We generate revenue from the legacy customers of previously acquired businesses by providing services outside of our property management core solution platform. Revenue derived from these services is recorded in Other revenue.

Costs and Operating Expenses

Cost of Revenue. Many of our Value Added Services are facilitated by third-party service providers. Cost of revenue paid to these third-party service providers includes the cost of electronic interchange and payment processing related services to support our electronic payments services, the cost of credit reporting services for our tenant screening services, and various costs associated with our risk mitigation service providers. These third-party costs vary both in amount and as a percent of revenue for each Value Added Service offering. Cost of revenue also consists of personnel-related costs for our employees focused on customer service and the support of our operations (including salaries, performance-based compensation, benefits, and stock-based compensation), platform infrastructure costs (such as data center operations and hosting-related costs), and allocated shared and other costs. Cost of revenue excludes depreciation of property and equipment, amortization of capitalized software development costs and amortization of intangible assets.

Sales and Marketing. Sales and marketing expense consists of personnel-related costs for our employees focused on sales and marketing (including salaries, sales commissions, performance-based compensation, benefits, and stock-based compensation), costs associated with sales and marketing activities, and allocated shared and other costs. Marketing activities include advertising, online lead generation, lead nurturing, customer and industry events, and the creation of industry-related content and collateral. Sales commissions and other incremental costs to acquire customers and grow adoption and utilization of our Value Added Services by our new and existing customers are deferred and then amortized on a straight-line basis over a period of benefit, which we have determined to be three years. We focus our sales and marketing efforts on generating awareness of our software solutions, creating sales leads, establishing and promoting our brands, and cultivating an educated community of successful and vocal customers.

Research and Product Development. Research and product development expense consists of personnel-related costs for our employees focused on research and product development (including salaries, performance-based compensation, benefits, and stock-based compensation), fees for third-party development resources, and allocated shared and other costs. Our research and product development efforts are focused on enhancing functionality and the ease of use of our existing software solutions by adding new core functionality, Value Added Services and other improvements, as well as developing new products and services for existing and adjacent markets. We capitalize our software development costs that meet the criteria for capitalization. Amortization of capitalized software development costs is included in depreciation and amortization expense.

General and Administrative. General and administrative expense consists of personnel-related costs for employees in our executive, finance, information technology, human resources, legal, compliance, corporate development and administrative organizations (including salaries, performance-based cash compensation, benefits, and stock-based compensation). In addition, general and administrative expense includes fees for third-party professional services (including audit, legal, compliance, tax, and consulting services), transaction costs related to business combinations and divestitures, regulatory fines and penalties, other corporate expenses, and allocated shared and other costs.

Depreciation and Amortization. Depreciation and amortization expense includes depreciation of property and equipment, amortization of capitalized software development costs, and amortization of intangible assets. We depreciate or amortize property and equipment, software development costs, and intangible assets over their expected useful lives on a straight-line basis, which approximates the pattern in which the economic benefits of the assets are consumed.

Other Income, Net. Other income, net includes the gain on sale of MyCase during fiscal year 2020, gain on sale of our equity-method investments, and gains and losses associated with the sale of property and equipment and investment securities.

Interest Income (Expense), Net. Interest expense includes interest paid on any outstanding borrowings. Interest income includes interest earned on investment securities, amortization and accretion of the premium and discounts paid from the purchase of investment securities, and interest earned on notes receivable and on cash deposited in our bank accounts.

Provision for Income Taxes. Provision for income taxes consists of federal and state income taxes in the United States.

Results of Operations for the Years Ended December 31, 2021 and 2020

The following table presents our results of operations for the periods presented in dollars (in thousands) and as a percentage of revenue:

	Year Ended December 31,			
	2021		2020	
	Amount	%	Amount	%
Consolidated Statements of Operations Data:				
Revenue	$ 359,370	100.0 %	$ 310,056	100.0 %
Costs and operating expenses:				
Cost of revenue (exclusive of depreciation and amortization)[(1)]	143,944	40.1	119,029	38.4
Sales and marketing[(1)]	73,200	20.4	58,445	18.8
Research and product development[(1)]	65,980	18.4	48,529	15.7
General and administrative[(1)]	57,279	15.9	47,480	15.3
Depreciation and amortization	30,845	8.6	26,790	8.6
Total costs and operating expenses	371,248	103.3	300,273	96.8
(Loss) income from operations	(11,878)	(3.3)	9,783	3.2
Other income, net	13,111	3.6	188,897	60.9
Interest income (expense), net	501	0.1	(1,849)	(0.6)
Income before provision for income taxes	1,734	0.5	196,831	63.5
Provision for income taxes	706	0.2	38,428	12.4
Net income	$ 1,028	0.3 %	$ 158,403	51.1 %

(1) The following table presents stock-based compensation expense included in each respective expense category:

	Year Ended December 31,			
	2021		2020	
	Amount	%	Amount	%
Stock-based compensation expense included in costs and operating expenses:				
Cost of revenue (exclusive of depreciation and amortization)	$ 2,024	0.6 %	$ 1,506	0.5 %
Sales and marketing	2,329	0.6	1,415	0.5
Research and product development	5,457	1.5	1,818	0.6
General and administrative	5,531	1.5	4,286	1.4
Total stock-based compensation expense	$ 15,341	4.3 %	$ 9,025	2.9 %

Revenue

	Year Ended December 31,		Change	
	2021	2020	Amount	%
	(dollars in thousands)			
Core solutions	$ 105,148	$ 100,938	$ 4,210	4 %
Value Added Services	241,289	195,146	46,143	24
Other	12,933	13,972	(1,039)	(7)
Total revenue	$ 359,370	$ 310,056	$ 49,314	16 %

Revenue for the years ended December 31, 2021 and 2020, was $359.4 million and $310.1 million, respectively, an increase of $49.3 million, or 16%. This increase was primarily attributable to the growth in the number of property management customers and units under management utilizing our core solutions and Value Added Services. Revenue in 2020 includes $25.4 million attributable to MyCase. Excluding this amount, revenue derived from the real estate industry for the years ended December 31, 2021 and 2020 increased $74.7 million, or 26%.

Core solutions revenue derived from the real estate industry for the years ended December 31, 2021 and 2020 was $105.1 million and $86.5 million, respectively, an increase of $18.6 million or 22%. Value Added Services revenue derived from the real estate industry for the years ended December 31, 2021 and 2020 was $241.3 million and $184.2 million, respectively, an increase of $57.1 million or 31%. These increases in core solutions and Value Added Services revenue for the years ended December 31, 2021 and 2020 were mainly attributable to growth in our base of property management customers and growth in users of our subscription and usage-based services. During the twelve month period ended December 31, 2021, we experienced growth of 17% in the average number of property management units under management resulting from 9% growth in the average number of property management customers.

Our electronic payment services experienced increased adoption during the comparative periods as residents, property managers, owners and customers transacted more business online. Our tenant screening and risk mitigation services usage also increased during the comparative periods in line with the increase in units under management. A significant majority of our Value Added Services revenue comes directly and indirectly from the use of our electronic payment services, tenant screening services, and the risk mitigation services we make available to customers.

Cost of Revenue (Exclusive of Depreciation and Amortization)

	Year Ended December 31,		Change	
	2021	2020	Amount	%
	(dollars in thousands)			
Cost of revenue (exclusive of depreciation and amortization)	$ 143,944	$ 119,029	$ 24,915	21 %
Percentage of revenue	40.1 %	38.4 %		
Stock-based compensation, included above	$ 2,024	$ 1,506	$ 518	34 %
Percentage of revenue	0.6 %	0.5 %		

Cost of revenue (exclusive of depreciation and amortization) related to the real estate industry for the years ended December 31, 2021 and 2020 was $143.8 million and $109.7 million, respectively, an increase of $34.1 million, or 31%. For the years ended December 31, 2021 and 2020, expenditures to third-party service providers related to the delivery of our Value Added Services to the real estate industry increased $21.6 million, which was directly associated with the increased adoption and utilization of our Value Added Services, as evidenced by the $57.1 million increase in Value Added Services revenue to the real estate industry. Personnel-related costs, including performance-based compensation, necessary to support growth and key investments, increased $9.3 million. Allocated shared and other costs increased by $3.1 million primarily driven by an increase in software and other costs incurred in support of our overall growth.

As a percentage of revenue, cost of revenue (exclusive of depreciation and amortization) fluctuates primarily based on the mix of Value Added Services revenue in the period, given the varying percentage of revenue we pay to third-party service providers. For the year ended December 31, 2021, cost of revenue (exclusive of depreciation and amortization), as a percentage of revenue, increased to 40.0% from 38.5% for the year ended December 31, 2020. We expect the cost of revenues (exclusive of depreciation and amortization) for the year ending December 31, 2022, to increase as a percentage of revenue, as we expect expenditures to third-party service providers related to the delivery of our Value Added Services revenues to increase at a faster rate than total revenues as a result of a higher growth rate related to our Value Added Services revenues.

Sales and Marketing

	Year Ended December 31,		Change	
	2021	2020	Amount	%
	(dollars in thousands)			
Sales and marketing	$ 73,200	$ 58,445	$ 14,755	25 %
Percentage of revenue	20.4 %	18.8 %		
Stock-based compensation, included above	$ 2,329	$ 1,415	$ 914	65 %
Percentage of revenue	0.6 %	0.5 %		

Sales and marketing expense related to the real estate industry for the years ended December 31, 2021 and 2020 was $73.1 million and $52.5 million, respectively, an increase of $20.6 million, or 39%. This increase was primarily due to a $12.6 million increase in personnel-related costs, including performance-based compensation, necessary to support growth and key investments in the business. Advertising and promotion costs increased by $6.3 million primarily due to increased advertising and promotion spending to support the growth and key investments in the business. In addition, there was an increase in allocated shared and other costs of $1.7 million primarily related to software and other costs incurred in support of our overall growth.

As a percentage of revenue, sales and marketing expense increased to 20.3% from 18.4% for the year ended December 31, 2021 compared to the year ended December 31, 2020. This increase was due in part to lower advertising and promotion costs in 2020 as a result of fewer events and lower online marketing spend, as well as increased spend in 2021 to support our growth.

Research and Product Development

	Year Ended December 31,		Change	
	2021	2020	Amount	%
	(dollars in thousands)			
Research and product development	$ 65,980	$ 48,529	$ 17,451	36 %
Percentage of revenue	18.4 %	15.7 %		
Stock-based compensation, included above	$ 5,457	$ 1,818	$ 3,639	200 %
Percentage of revenue	1.5 %	0.6 %		

Research and product development expense related to the real estate industry for the years ended December 31, 2021 and 2020 was $65.9 million and $43.8 million, respectively, an increase of $22.1 million, or 50%. This increase was the result of an increase in personnel-related costs, including performance based compensation, net of capitalized software development costs, of $20.5 million due to investments in headcount growth within our research and product development organization. Allocated shared and other costs increased $1.6 million primarily related to software and other costs to support our growth.

General and Administrative

	Year Ended December 31,		Change	
	2021	2020	Amount	%
	(dollars in thousands)			
General and administrative	$ 57,279	$ 47,480	$ 9,799	21 %
Percentage of revenue	15.9 %	15.3 %		
Stock-based compensation, included above	$ 5,531	$ 4,286	$ 1,245	29 %
Percentage of revenue	1.5 %	1.4 %		

General and administrative expense related to the real estate industry and general corporate overhead expenses for the years ended December 31, 2021 and 2020 was $57.3 million and $46.1 million, respectively, an increase of $11.2 million, or 24%. The increase in general and administrative expense was primarily due to a $14.3 million increase in personnel-related costs for investments in headcount and an increase of $4.1 million in allocated shared and other costs for professional fees, education and training, insurance, software and other costs to support our growth. These increases were offset by a $1.9 million insurance recovery related to our previously disclosed settlement with the Federal Trade Commission (the "FTC") and a decrease in legal costs of $5.3 million related to our $4.3 million settlement with the FTC and a decrease in legal fees of $1.0 million related to the MyCase Transaction during the year ended December 31, 2020.

Depreciation and Amortization

	Year Ended December 31,		Change	
	2021	2020	Amount	%
	(dollars in thousands)			
Depreciation and amortization	$ 30,845	$ 26,790	$ 4,055	15 %
Percentage of revenue	8.6 %	8.6 %		

Depreciation and amortization expense related to the real estate industry for the years ended December 31, 2021 and 2020 was $30.8 million and $25.0 million, respectively, an increase of $5.8 million, or 23%. The increase in depreciation and amortization expense was primarily due to increased amortization expense associated with higher accumulated capitalized software development balances.

Other Income, net

	Year Ended December 31,		Change	
	2021	2020	Amount	%
	(dollars in thousands)			
Other income, net	$ 13,111	$ 188,897	$ (175,786)	*
Percentage of revenue	3.6 %	60.9 %		

*Percentage not meaningful

Other income, net for the years ended December 31, 2021 and 2020 was $13.1 million and $188.9 million, respectively, a decrease of $175.8 million. The decrease in other income, net was primarily due to the gain of $187.6 million associated with the MyCase Transaction in September 2020. The decrease was offset by a gain of $12.8 million related to the sale of our investment in SecureDocs, a portion of which relates to the recovery of a $2.0 million note receivable which had been previously reserved.

Provision for Income Taxes

	Year Ended December 31,		Change	
	2021	2020	Amount	%
	(dollars in thousands)			
Provision for income taxes	$ 706	$ 38,428	$ (37,722)	*
Percentage of revenue	0.2 %	12.4 %		

*Percentage not meaningful

For the year ended December 31, 2021, we recorded income tax expense of $0.7 million. The effective tax rate as compared to the U.S. federal statutory rate of 21% differs primarily due to the significance of the benefits associated with stock-based compensation expense, research and development tax credits, and the change in the valuation allowance against deferred taxes.

For the year ended December 31, 2020 we recorded an income tax expense of $38.4 million. The tax provision for the year ended December 31, 2020 includes tax expense of $51.3 million relating to the MyCase Transaction which includes $52.3 million of current tax expense on the gain on the sale of MyCase, less a $1.0 million benefit on the reversal of deferred tax liabilities relating to MyCase. For tax purposes, we filed an election to treat the transaction as a sale of assets. As such, the tax impact takes into consideration the tax basis of the assets on the date of sale and the availability of net operating losses and research and development tax credits. The effective tax rate as compared to the U.S. federal statutory rate of 21% differs primarily due to state income taxes and the benefits associated with stock-based compensation expense and research and development tax credits.

Liquidity and Capital Resources

Our principal sources of liquidity continue to be composed of our cash, cash equivalents, and investment securities, as well as cash flows generated from our operations. At December 31, 2021, our cash and cash equivalents and investment securities had an aggregate balance of $183.5 million. We have financed our operations primarily through cash generated from operations. We believe that our existing cash and cash equivalents, investment securities, and cash generated from operating activities will be sufficient to meet our working capital and capital expenditure requirements for at least the next twelve months.

Capital Requirements

Our future capital requirements will depend on many factors, including continued market acceptance of our software solutions, changes in the number of our customers, adoption and utilization of our Value Added Services by new and existing customers, the timing and extent of the introduction of new core functionality, products and Value Added Services, the timing and extent of our expansion into new or adjacent markets, the timing and extent of our investments across our organization, and the impact of the COVID-19 pandemic (and other actual or potential events outside of our control) on the customers we serve and on our business. Non-cancelable purchase commitments for business operations total $13.2 million as of December 31, 2021, due primarily over the next 3 years. Operating lease obligations totaling $66.6 million associated with leased facilities and have varying maturities with $24.3 million due over the next five years. In addition, we have in the past entered into, and may in the future enter into, arrangements to acquire or invest in new technologies or markets adjacent to those we serve today. Furthermore, our Board of Directors has authorized our management to repurchase up to $100.0 million of shares of our Class A common stock from time to time. To date, we have repurchased $4.2 million of our Class A common stock under the Share Repurchase Program. For additional information regarding our Share Repurchase Program, refer to Note 11, *Stockholders' Equity*.

Cash Flows

The following table presents our cash flows for the periods indicated (in thousands):

	Year Ended December 31,	
	2021	2020
Net cash provided by operating activities	$ 35,391	$ 48,299
Net cash (used in) provided by investing activities	(110,459)	146,511
Net cash used in financing activities	(7,348)	(70,358)
Net (decrease) increase in cash and cash equivalents	$ (82,416)	$ 124,452

Cash Provided by Operating Activities

Our primary source of operating cash inflows is cash collected from our customers in connection with their use of our core solutions and Value Added Services. Our primary uses of cash from operating activities are for personnel-related expenditures and third-party costs incurred to support the delivery of our software solutions.

For the year ended December 31, 2021, cash provided by operating activities was $35.4 million resulting from income of $1.0 million, non-cash charges of $36.7 million and a net decrease in our operating assets and liabilities of $2.4 million. The non-cash charges primarily consist of $29.0 million of depreciation and amortization costs, stock-based compensation expense, including as amortized, of $17.2 million, a decrease in deferred taxes of $0.3 million, and $3.2 million of amortization of operating lease right-of-use ("ROU") assets. The net decrease in our operating assets and liabilities was mostly attributable to a $9.0 million decrease in income taxes payable primarily driven by income taxes paid due to the MyCase Transaction, a $2.2

million increase in prepaid expenses and other current assets primarily attributable to increases in tenant improvement allowance receivable, deferred commission costs and prepaid expenses to support our overall growth, a $2.1 million increase in accounts receivable primarily driven by growth of our Value Added Services, and a $1.8 million decrease in accrued expenses which was primarily due to a $4.3 million legal expense accrued during the year ended December 31, 2020 and paid in the three months ended March 31, 2021 related to our settlement with the FTC. These decreases were partially offset by an $11.3 million increase in accrued employee expenses-current primarily due to an increase in short-term incentive compensation, an increase in payroll expense and accrued paid time off due to an increase in headcount, a $1.3 million increase in operating lease liabilities, a $0.6 million increase in accrued employee expenses-noncurrent due to an increase in accrued long-term management bonuses, and a $0.5 million increase in accounts payable.

For the year ended December 31, 2020, cash provided by operating activities was $48.3 million resulting from our net income of $158.4 million, adjusted by the gain related to the MyCase Transaction of $187.7 million, non-cash charges of $68.6 million and a net increase in our operating assets and liabilities of $8.9 million. The non-cash charges primarily consist of a decrease in deferred taxes of $29.0 million, depreciation and amortization costs of $25.5 million, stock-based compensation expense, including as amortized, of $10.3 million, and amortization of operating lease right-of-use assets of $3.7 million. The net increase in our operating assets and liabilities was mostly attributable to a $9.4 million increase in other liabilities primarily driven by income taxes payable due to the MyCase Transaction, a $6.9 million increase in accrued expenses which includes a $4.3 million accrual related to legal loss reserves, a $2.8 million increase in accrued employee expenses related to an overall increase in personnel-related costs, and a $0.5 million increase in deferred revenue. These increases were partially offset by a $2.8 million increase in accounts receivable primarily driven by growth of our Value Added Services, an increase in prepaid expenses and other current assets of $5.9 million primarily driven by an increase in prepaid expenses to support the growth in our business, an increase in deposits held with a third party related to requirements to maintain collateral for our risk mitigation services, and an increase in deferred costs, and a $0.9 million decrease in accounts payable due to timing of payments.

Cash (Used in) Provided by Investing Activities

Cash (used in) provided by investing activities is generally composed of purchases of investment securities, maturities and sales of investment securities, purchases of property and equipment, and additions to capitalized software development.

For the year ended December 31, 2021, investing activities used $110.5 million in cash primarily due to purchases of investment securities of $241.2 million, capitalized software development costs of $24.6 million and capital expenditures of $8.1 million to purchase property and equipment for the continued growth and expansion of our business. These uses of cash were partially offset by maturities and sales of investment securities of $107.4 million and $43.2 million, respectively, and proceeds from the sale of our equity-method investment of $12.5 million.

For the year ended December 31, 2020, investing activities provided $146.5 million in cash primarily due to net proceeds from the MyCase Transaction of $191.4 million and the proceeds from maturities and sales of investment securities of $27.3 million and $16.7 million, respectively. These sources of cash were partially offset by purchases of investment securities of $43.9 million, capitalized software development costs of $26.0 million, and capital expenditures of $19.0 million to purchase property and equipment primarily related to the growth and expansion of our headquarters in Santa Barbara, CA, a portion of which was reimbursed through tenant improvement allowances.

Cash Used in Financing Activities

Cash used in financing activities is generally comprised of net share settlements for employee tax withholdings associated with the vesting of restricted stock units ("RSUs"), the payment of contingent consideration under acquisition arrangements, activities associated with our former credit facility, activities related to the repurchase of our Class A common stock offset by proceeds from the exercise of stock options.

For the year ended December 31, 2021, financing activities used $7.3 million in cash primarily as a result of net share settlements for employee tax withholdings associated with the vesting of RSUs of $10.0 million, offset by proceeds from stock option exercises of $2.6 million.

For the year ended December 31, 2020, financing activities used $70.4 million in cash primarily as a result of the payment of all outstanding amounts due under the former credit facility of $99.6 million, net share settlements for employee tax withholdings associated with the vesting of RSUs of $12.2 million, payment of contingent consideration related to the 2019 acquisition of Dynasty Marketplace, Inc. of $6.0 million, and the repurchase of outstanding shares of Class A common stock in the amount of $4.2 million. These uses of cash were partially offset by proceeds from the Revolving Facility of $50.8 million.

Off-Balance Sheet Arrangements

At December 31, 2021, we did not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Our Consolidated Financial Statements and the related notes included elsewhere in this Annual Report are prepared in accordance with generally accepted accounting principles in the United States. The preparation of our Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from those estimates.

We believe that the following critical accounting policies involve a greater degree of judgment or complexity than our other accounting policies. Accordingly, these are the policies we believe are the most critical to a full understanding and evaluation of our Consolidated Financial Statements. For additional information, refer to Note 2, *Summary of Significant Accounting Policies* of our Consolidated Financial Statements included elsewhere in this Annual Report.

Revenue Recognition

Many of our contracts with customers contain multiple performance obligations. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require judgment. We account for individual performance obligations separately if they are distinct. The performance obligations for these contracts include access and use of our core solutions, implementation services, and customer support. Access and use of our core solutions and implementation services are considered distinct.

The transaction price is allocated to each performance obligation on a relative standalone selling price basis. Judgment is required to determine the standalone selling price for each distinct performance obligation. We typically have more than one standalone selling price for individual products and services due to the stratification of those products and services by customers and circumstances. In these instances, we determine the standalone selling price based on our overall pricing objectives, taking into consideration customer demographics and other factors. Fees are fixed based on rates specified in the subscription agreements, which do not provide for any refunds or adjustments.

Capitalized Software Development Costs

We believe there are two key estimates within the capitalized software balance, which are the determination of the useful life of the software and the determination of the amounts to be capitalized.

We determined that a three year life is appropriate for our internal-use software based on our best estimate of the useful life of the internally developed software after considering factors such as continuous developments in the technology, obsolescence and anticipated life of the service offering before significant upgrades. Based on our prior experience, internally generated software will generally remain in use for a minimum of three years before being significantly replaced or modified to keep up with evolving customer and company needs. While we do not anticipate any significant changes to this three year estimate, a change in this estimate could produce a material impact on our financial statements.

We determine the amount of internal software costs to be capitalized based on the amount of time spent by our software engineers on projects. Costs associated with building or significantly enhancing our software solutions and new internally built software solutions are capitalized, while costs associated with planning new developments and maintaining our software solutions are expensed as incurred. There is judgment involved in estimating the stage of development as well as estimating time allocated to a particular project. A significant change in the time spent on each project could have a material impact on the amount capitalized and related amortization expense in subsequent periods.

Income Taxes

We recognize deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the Consolidated Statements of Operations in the period that includes the enactment date. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized. In evaluating the need for a valuation allowance, management considers the weighting of all available positive and negative evidence, which includes, among other things, the nature, frequency and severity of current and cumulative taxable income or losses, future projections of profitability, and the duration of statutory carryforward periods.

Judgment is required to measure the amount of tax benefits that can be recognized associated with uncertain tax positions. We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in our Consolidated Financial Statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized. We recognize interest and penalties accrued with respect to uncertain tax positions, if any, in our provision for income taxes in the Consolidated Statements of Operations.

Recent Accounting Pronouncements

For information regarding recent accounting pronouncements, refer to Note 2, *Summary of Significant Accounting Policies* of our Consolidated Financial Statements included elsewhere in this Annual Report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Interest Rate Risk

Investment Securities

At December 31, 2021, we had cash and cash equivalents of $57.8 million consisting of bank deposits and money market funds, and $125.7 million of investment securities consisting of United States government agency securities, corporate bonds and treasury securities. The primary objective of investing in securities is to support our liquidity and capital needs. We did not purchase these investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure.

Our investment securities are exposed to market risk due to interest rate fluctuations. While fluctuations in interest rates do not impact our interest income from our investment securities as all of these securities have fixed interest rates, changes in interest rates may impact the fair value of the investment securities. Since our investment securities are held as available for sale, all changes in fair value impact our other comprehensive income unless an investment security is considered impaired in which case changes in fair value are reported in other expense. As of December 31, 2021, a hypothetical 100 basis point decrease in interest rates would have resulted in an increase in the fair value of our investment securities of approximately $0.7 million, and a hypothetical 100 basis point increase in interest rates would have resulted in a decrease in the fair value of our investment securities of approximately $1.2 million. This estimate is based on a sensitivity model which measured an instant change in interest rates by 100 basis points as of December 31, 2021.

Inflation Risk

We do not believe that inflation has had a material effect on our business. However, if our costs, in particular personnel, sales and marketing and hosting costs, were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, operating results and financial condition.

Foreign Currency Exchange Rate Risk

We have not been exposed to, nor do we anticipate being exposed to, material risks relating to foreign currency exchange rate fluctuations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of AppFolio, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of AppFolio, Inc. and its subsidiaries (the “Company”) as of December 31, 2021 and 2020, and the related consolidated statements of operations, of comprehensive income, of stockholders’ equity and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of 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 matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Uncertain Tax Positions

As described in Notes 2 and 13 to the consolidated financial statements, the Company has recorded reserves for unrecognized tax benefits from uncertain tax positions of $7.8 million as of December 31, 2021. Judgment is required to measure the amount of tax benefits that can be recognized associated with uncertain tax positions. Management recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized.

The principal considerations for our determination that performing procedures relating to uncertain tax positions is a critical audit matter are (i) the significant judgment by management when determining uncertain tax positions and measuring the amount of reserve required to be recognized, (ii) the significant auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence related to management’s identification of uncertain tax positions and measurement of the amount of tax benefits recognized associated with uncertain tax positions, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the identification and recognition of the reserves for uncertain tax positions. These procedures also included, among others (i) evaluating management’s process for identifying uncertain tax positions and measuring the amount of the reserve required, (ii) testing the completeness of management’s assessment of the identification of uncertain tax positions, and (iii) testing the reasonableness of management’s assessment of the technical merits of the tax positions and estimates of the amount of tax benefit expected to be realized. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company’s uncertain tax positions related to the application of relevant tax laws.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
February 28, 2022

We have served as the Company’s auditor since 2012.

APPFOLIO, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except par values)

	December 31,	
	2021	**2020**
Assets		
Current assets		
Cash and cash equivalents	$ 57,847	$ 140,263
Investment securities—current	64,600	28,256
Accounts receivable, net	12,595	10,057
Prepaid expenses and other current assets	23,553	20,777
Total current assets	158,595	199,353
Investment securities—noncurrent	61,076	6,770
Property and equipment, net	30,479	26,439
Operating lease right-of-use assets	41,710	30,561
Capitalized software development costs, net	41,212	35,459
Goodwill	56,147	56,147
Intangible assets, net	11,711	16,357
Deferred income taxes—noncurrent	—	12,181
Other long-term assets	7,087	6,213
Total assets	$ 408,017	$ 389,480
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 1,704	$ 1,040
Accrued employee expenses—current	30,065	18,888
Accrued expenses	13,284	14,069
Deferred revenue	2,512	2,262
Income tax payable	136	9,095
Other current liabilities	4,941	4,451
Total current liabilities	52,642	49,805
Accrued employee expenses—noncurrent	583	—
Operating lease liabilities	55,733	40,146
Deferred income taxes—noncurrent	1,678	13,609
Total liabilities	110,636	103,560
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, $0.0001 par value, 25,000 shares authorized and no shares issued and outstanding as of December 31, 2021 and December 31, 2020	—	—
Class A common stock, $0.0001 par value, 250,000 shares authorized as of December 31, 2021 and December 31, 2020; 19,836 and 19,148 shares issued as of December 31, 2021 and December 31, 2020, respectively; 19,417 and 18,729 shares outstanding as of December 31, 2021 and December 31, 2020, respectively	2	2
Class B common stock, $0.0001 par value, 50,000 shares authorized as of December 31, 2021 and December 31, 2020; 15,408 and 15,659 shares issued and outstanding as of December 31, 2021 and December 31, 2020, respectively	2	2
Additional paid-in capital	171,930	161,247
Accumulated other comprehensive (loss) income	(194)	56
Treasury stock, at cost, 419 shares of Class A common stock as of December 31, 2021 and December 31, 2020	(25,756)	(25,756)
Retained earnings	151,397	150,369
Total stockholders' equity	297,381	285,920
Total liabilities and stockholders' equity	$ 408,017	$ 389,480

The accompanying notes to the Consolidated Financial Statements are an integral part of these statements.

APPFOLIO, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)

	Year Ended December 31,		
	2021	2020	2019
Revenue	$ 359,370	$ 310,056	$ 256,012
Costs and operating expenses:			
Cost of revenue (exclusive of depreciation and amortization)	143,944	119,029	101,642
Sales and marketing	73,200	58,445	51,528
Research and product development	65,980	48,529	39,508
General and administrative	57,279	47,480	34,478
Depreciation and amortization	30,845	26,790	22,395
Total costs and operating expenses	371,248	300,273	249,551
(Loss) income from operations	(11,878)	9,783	6,461
Other income, net	13,111	188,897	16
Interest income (expense), net	501	(1,849)	(1,654)
Income before provision for (benefit from) income taxes	1,734	196,831	4,823
Provision for (benefit from) income taxes	706	38,428	(31,459)
Net income	$ 1,028	$ 158,403	$ 36,282
Net income per common share:			
Basic	$ 0.03	$ 4.62	$ 1.07
Diluted	$ 0.03	$ 4.44	$ 1.02
Weighted average common shares outstanding:			
Basic	34,578	34,264	34,016
Diluted	35,701	35,713	35,567

The accompanying notes to the Consolidated Financial Statements are an integral part of these statements.

APPFOLIO, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

	Year Ended December 31,		
	2021	2020	2019
Net income	$ 1,028	$ 158,403	$ 36,282
Other comprehensive (loss) income:			
Changes in unrealized (losses) gains on investment securities	(250)	23	211
Comprehensive income	$ 778	$ 158,426	$ 36,493

The accompanying notes to the Consolidated Financial Statements are an integral part of these statements.

APPFOLIO, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	Common Stock Class A		Common Stock Class B		Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Retained Earnings/ (Accumulated Deficit)	Total
	Shares	Amount	Shares	Amount					
Balance at December 31, 2018	15,789	$ 2	18,109	$ 2	$ 157,898	$ (178)	$ (21,562)	$ (44,316)	$ 91,846
Exercise of stock options	120	—	—	—	553	—	—	—	553
Stock-based compensation	—	—	—	—	8,985	—	—	—	8,985
Vesting of restricted stock units, net of shares withheld for taxes	123	—	—	—	(5,933)	—	—	—	(5,933)
Vesting of early exercised shares	—	—	—	—	6	—	—	—	6
Conversion of Class B stock to Class A stock	515	—	(515)	—	—	—	—	—	—
Issuance of restricted stock awards	5	—	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	—	211	—	—	211
Repurchase of common stock	—	—	—	—	—	—	—	—	—
Net income	—	—	—	—	—	—	—	36,282	36,282
Balance at December 31, 2019	16,552	2	17,594	2	161,509	33	(21,562)	(8,034)	131,950
Exercise of stock options	106	—	13	—	822	—	—	—	822
Stock-based compensation	—	—	—	—	11,112	—	—	—	11,112
Vesting of restricted stock units, net of shares withheld for taxes	166	—	—	—	(12,196)	—	—	—	(12,196)
Vesting of early exercised shares	—	—	—	—	—	—	—	—	—
Conversion of Class B stock to Class A stock	1,948	—	(1,948)	—	—	—	—	—	—
Issuance of restricted stock awards	5	—	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	—	23	—	—	23
Repurchase of common stock	(48)	—	—	—	—	—	(4,194)	—	(4,194)
Net income	—	—	—	—	—	—	—	158,403	158,403
Balance at December 31, 2020	18,729	2	15,659	2	161,247	56	(25,756)	150,369	285,920
Exercise of stock options	238	—	84	—	2,614	—	—	—	2,614
Stock-based compensation	—	—	—	—	18,031	—	—	—	18,031
Vesting of restricted stock units, net of shares withheld for taxes	111	—	—	—	(9,962)	—	—	—	(9,962)
Conversion of Class B stock to Class A stock	335	—	(335)	—	—	—	—	—	—
Issuance of restricted stock awards	4	—	—	—	—	—	—	—	—
Other comprehensive loss	—	—	—	—	—	(250)	—	—	(250)
Net income	—	—	—	—	—	—	—	1,028	1,028
Balance at December 31, 2021	19,417	$ 2	15,408	$ 2	$ 171,930	$ (194)	$ (25,756)	$ 151,397	$ 297,381

The accompanying notes to the Consolidated Financial Statements are an integral part of these statements.

APPFOLIO, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended December 31,		
	2021	**2020**	**2019**
Cash from operating activities			
Net income	$ 1,028	$ 158,403	$ 36,282
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	29,032	25,507	21,639
Amortization of operating lease right-of-use assets	3,199	3,701	4,130
Deferred income taxes	250	29,002	(31,455)
Stock-based compensation, including as amortized	17,154	10,308	8,065
Gain on sale of business	(380)	(187,658)	—
Gain on sale of equity-method investment and recovery of note receivable	(12,767)	—	—
Other	249	125	32
Changes in operating assets and liabilities:			
Accounts receivable	(2,103)	(2,782)	(2,031)
Prepaid expenses and other current assets	(2,168)	(5,894)	(4,031)
Other assets	(1,259)	(519)	1,376
Accounts payable	497	(903)	511
Accrued employee expenses—current	11,264	2,799	4,542
Accrued expenses	(1,773)	6,878	55
Deferred revenue	(186)	530	1,193
Income tax payable	(8,959)	9,095	292
Accrued employee expenses—noncurrent	583	—	—
Operating lease liabilities	1,268	(564)	(2,662)
Other liabilities	462	271	949
Net cash provided by operating activities	35,391	48,299	38,887
Cash from investing activities			
Purchases of available-for-sale investments	(241,215)	(43,877)	(25,198)
Proceeds from sales of available-for-sale investments	43,198	16,711	2,750
Proceeds from maturities of available-for-sale investments	107,354	27,330	15,660
Purchases of property, equipment and intangible assets	(8,103)	(19,038)	(8,084)
Capitalization of software development costs	(24,615)	(26,042)	(20,998)
Cash paid in business acquisition, net of cash acquired	—	—	(54,004)
Proceeds from sale of business, net of cash divested	402	191,427	—
Proceeds from sale of equity-method investment and recovery of note receivable	12,520	—	—
Net cash (used in) provided by investing activities	(110,459)	146,511	(89,874)
Cash from financing activities			
Proceeds from stock option exercises	2,614	822	553
Tax withholding for net share settlement	(9,962)	(12,196)	(6,155)
Payment of contingent consideration	—	(5,977)	—
Proceeds from issuance of debt	—	50,752	2,169
Principal payments on debt	—	(99,565)	(3,419)
Payment of debt issuance costs	—	—	(420)
Purchase of treasury stock	—	(4,194)	—
Net cash used in financing activities	(7,348)	(70,358)	(7,272)

	2021	2020	2019
Net (decrease) increase in cash and cash equivalents	(82,416)	124,452	(58,259)
Cash, cash equivalents and restricted cash			
Beginning of period	140,699	16,247	74,506
End of period	$ 58,283	$ 140,699	$ 16,247

APPFOLIO, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended December 31,		
	2021	2020	2019
Supplemental disclosure of cash flow information			
Cash paid for interest	$ —	$ 1,815	$ 2,169
Cash paid for income taxes	9,324	85	545
Cash paid for amounts included in the measurement of lease liabilities included in operating cash flows	1,618	2,198	5,007
Right-of-use assets obtained in exchange for operating lease liabilities	11,945	6,644	14,986
Noncash investing and financing activities			
Purchases of property and equipment included in accounts payable and accrued expenses	$ 1,526	$ 370	$ 3,447
Capitalization of software development costs included in accrued expenses and accrued employee expenses	296	383	1,187
Stock-based compensation capitalized for software development	877	804	1,844
Purchase consideration for acquisitions included in other current liabilities	—	—	5,977

The following table presents a reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Balance Sheets to the total of the same such amounts shown above (in thousands):

	December 31,		
	2021	2020	2019
Cash and cash equivalents	$ 57,847	$ 140,263	$ 15,813
Restricted cash included in other assets	436	436	434
Total cash, cash equivalents and restricted cash	$ 58,283	$ 140,699	$ 16,247

The accompanying notes to the Consolidated Financial Statements are an integral part of these statements.

APPFOLIO, INC.

NOTES TO CONSOLIDATED AUDITED FINANCIAL STATEMENTS

1. Nature of Business

AppFolio, Inc. (the "Company," "we," "us" or "our") is a leading provider of cloud business management solutions for the real estate industry. Our solutions enable our customers to digitally transform their businesses, automate and streamline critical business operations and deliver a better customer experience. We were founded in 2006 with the vision to revolutionize vertical industry businesses by providing great software and services. Our mission is even more relevant today, digital transformation is effectively a requirement for business success in the modern world, and the way we work and live today requires powerful software solutions to enable a more seamless experience.

During the years ended December 31, 2020 and 2019, we also provided cloud-based solutions and services to the legal industry via MyCase, a solution primarily designed for small and mid-sized law firms. As previously disclosed, we completed our divestiture of MyCase, Inc. on September 30, 2020. For additional details, see Note 3, *Divestitures*.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Consolidated Financial Statements were prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Reclassification

We reclassified certain amounts in our Consolidated Statements of Cash Flows within the cash flows from operating activities section in the prior year to conform to the current year's presentation.

Principles of Consolidation

The accompanying Consolidated Financial Statements include the operations of AppFolio, Inc. and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Our investment in SecureDocs, Inc. ("SecureDocs") is accounted for under the equity method of accounting as we have the ability to exert significant influence, but do not control and are not the primary beneficiary of the entity. Our investment in SecureDocs is not material and any income (loss) activity is not material individually or in the aggregate to our Consolidated Financial Statements for any period presented. In December 2021, we sold our interest in SecureDocs. Refer to Note 4, *Investments* for additional information.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenue, expenses, other income, and provision for income taxes during the reporting period. Assets and liabilities which are subject to judgment and use of estimates include the fair value of financial instruments, capitalized software development costs, period of benefit associated with deferred costs, incremental borrowing rate used to measure operating lease liabilities, the recoverability of goodwill and long-lived assets, income taxes, useful lives associated with property and equipment and intangible assets, contingencies, assumptions underlying performance-based compensation (whether cash or stock-based), and valuation and assumptions underlying stock-based compensation and other equity instruments. Actual results could differ from those estimates and any such differences may have a material impact on our Consolidated Financial Statements.

Segment Information

Our chief operating decision maker reviews financial information presented on an aggregated and consolidated basis, together with revenue information for our core solutions, Value Added Services, and other service offerings, principally to make decisions about how to allocate resources and to measure our performance. Accordingly, we have determined that we have one reportable and operating segment.

Concentrations of Credit Risk

Financial instruments that potentially subject us to credit risk consist principally of cash, cash equivalents, restricted cash, accounts receivable, investment securities and notes receivable. We maintain cash balances at financial institutions in excess of amounts insured by United States government agencies or payable by the United States government directly. We

place our cash with high credit, quality financial institutions. We invest in investment securities with a minimum rating of A by Standard & Poor's or A-1 by Moody's and regularly monitor our investment security portfolio for changes in credit ratings.

Concentrations of credit risk with respect to accounts receivable and revenue are limited due to a large, diverse customer base. No individual customer represented 10% or more of accounts receivable at December 31, 2021 and 2020 or revenue for the years ended December 31, 2021, 2020 and 2019.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. We use a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, in the marketplace.

Level 3 - Unobservable inputs that are supported by little or no market activity.

Cash, Cash Equivalents and Restricted Cash

We consider all highly liquid investments, readily convertible to cash, and which have a remaining maturity date of three months or less at the date of purchase, to be cash equivalents. Cash and cash equivalents are recorded at fair value and consist primarily of bank deposits and money market funds.

Investment Securities

Our investment securities currently consist of corporate bonds, United States government agency securities and treasury securities. We classify investment securities as available-for-sale at the time of purchase and reevaluate such classification at each balance sheet date. All investments are recorded at estimated fair value and investments with original maturities of less than one year at the time of purchase are classified as short-term. Unrealized gains and losses for available-for-sale investment securities are included in accumulated other comprehensive income, a component of stockholders' equity.

For available-for-sale debt securities in an unrealized loss position, we first assess whether we intend to sell, or whether it is more likely than not that we will be required to sell the security before recovery of its amortized cost basis. If either of these criteria is met, the security’s amortized cost basis is written down to fair value through income. For securities in an unrealized loss position that do not meet these criteria, we evaluate whether the decline in fair value has resulted from credit loss or other factors. If this assessment indicates a credit loss exists, the credit-related portion of the loss is recorded as an allowance for losses on the security. No allowance for credit losses for available-for-sale investment securities was recorded as of December 31, 2021 and 2020.

Accounts Receivable

Accounts receivable are recorded at the invoiced amount, net of an allowance for credit losses. The allowance for credit losses is based on historical loss experience, the number of days that receivables are past due, and an evaluation of the potential risk of loss associated with delinquent accounts. Accounts receivable considered uncollectible are charged against the allowance for credit losses when identified. We do not have any off-balance sheet credit exposure related to our customers. At December 31, 2021 and 2020, our allowance for credit losses was not material.

Property and Equipment

Property and equipment is stated at cost net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of assets as follows:

Asset Type	Depreciation Period
Computer equipment	3 years
Furniture and fixtures	7 years
Office equipment	3 to 5 years
Leasehold improvements	Shorter of remaining life of lease or asset life

Leases

We determine if an arrangement is a lease at inception. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments, over the lease term at commencement date. As none of our leases provide an implicit rate, we use our incremental borrowing rate based on the information available at

commencement date in determining the present value of future payments. The operating lease ROU assets also include any lease payments made to the lessor before or at the lease commencement date and excludes lease incentives received and initial direct costs incurred. Our lease terms may include options to extend the lease when it is reasonably certain that we will exercise that option.

Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. We have lease arrangements with lease and non-lease components, which are generally accounted for as a single lease component. Leases with an initial term of twelve months or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term.

Capitalized Software Development Costs

Software development costs consist of certain payroll and stock compensation costs incurred to develop functionality of our internal-use software solutions. We capitalize certain software development costs for new offerings as well as significant upgrades and enhancements to our existing software solutions. Capitalized software development costs are amortized using the straight-line method over an estimated useful life of three years. We do not transfer ownership of our software, license, or lease our software to third parties.

Goodwill and Intangible Assets

Goodwill is tested for impairment at least annually at the reporting unit level or at other times if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. A qualitative assessment is performed to determine whether it is more likely than not that the fair value of its reporting unit is less than its carrying amount. A quantitative assessment is performed if the qualitative assessment results in a more-likely-than-not determination or if a qualitative assessment is not performed. The quantitative assessment considers whether the carrying amount of a reporting unit exceeds its fair value, in which case an impairment charge is recorded to the extent that the reporting unit's carrying value exceeds its fair value.

We test for goodwill impairment annually during the fourth quarter of the calendar year. Based on the assessment performed at November 1, 2021, we determined it was unlikely that our reporting unit fair value was less than its carrying value and no quantitative impairment test assessment was required. No impairment losses were recorded for goodwill during the years ended December 31, 2021, 2020 and 2019.

Intangible assets primarily consist of acquired database and technology, non-compete agreements, customer and partner relationships, trademarks and trade names, domain names and patents, which are recorded at cost, less accumulated amortization. We determine the appropriate useful life of our intangible assets by performing an analysis of expected cash flows of the acquired assets. Intangible assets are amortized over their estimated useful lives on a straight-line basis, which approximates the pattern in which the economic benefits of the assets are consumed.

Impairment of Long-Lived Assets

We assess the recoverability of our long-lived assets when events or changes in circumstances indicate that the carrying value of an asset may not be recoverable or that the useful lives of those assets are no longer appropriate. An impairment charge would be recognized when the carrying amount of a long-lived asset or asset group is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset or asset group is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset or asset group. There were no impairment charges related to the identified long-lived assets for the years ended December 31, 2021, 2020 and 2019.

Revenue Recognition

We generate revenue from our customers primarily for subscriptions to access our core solutions and Value Added Services. Revenue is recognized upon transfer of control of promised services in an amount that reflects the consideration we expect to receive in exchange for those services. We enter into contracts that can include various combinations of services, which are generally capable of being distinct, distinct within the context of the contract, and accounted for as separate performance obligations. Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities. We do not disclose the value of unsatisfied performance obligations for contracts with an original expected term of one year or less. We recognize revenue in proportion to the amount we have the right to invoice for certain core solutions and Value Added Services revenue, as that amount corresponds directly with our performance completed to date. Refer to Note 14, *Revenue and Other Information* for the disaggregated breakdown of revenue between Core solutions, Value Added Services and Other revenue.

Core Solutions

We charge our customers on a subscription basis for our core solutions. Our subscription fees are designed to scale to the size of our customers' businesses. Subscription fees for our core solutions are charged on a per-unit per-month basis for our property management software solution and on a per-user per-month basis for our legal software solution. Our customers do not have rights to the underlying software code of our solutions, and, accordingly, we recognize subscription revenue over time on a straight-line basis over the contract term beginning on the date that our service is made available to the customer. The term of our core solutions subscription agreements typically ranges from one month to one year. We typically invoice our customers for subscription services in monthly or annual installments, in advance of the subscription period.

Value Added Services

We charge our customers on a subscription or usage basis for our Value Added Services. Subscription-based fees are charged on a per-unit basis. We typically invoice our customers for subscription-based services in monthly installments, in advance of the subscription period. We recognize revenue for subscription-based services over time on a straight-line basis over the contract term beginning on the date that our service is made available to the customer. Usage-based fees are charged either as a percentage of the transaction amount (e.g., for certain of our electronic payment services) or on a flat fee per transaction basis with no minimum usage commitments (e.g., for our tenant screening and risk mitigation services). We recognize revenue for usage-based services in the period the service is rendered. Our electronic payments services fees are recorded gross of the interchange and payment processing related fees. We generally invoice our customers for usage-based services on a monthly basis for services rendered in the preceding month. In addition, some subscription or usage-based Value Added Services, such as fees for electronic payment services, are paid by either our customers or clients of our customers at the time the services are rendered.

We work with third-party partners to provide certain of our Value Added Services. For these Value Added Services, we evaluate whether we are the principal, and report revenue on a gross basis, or the agent, and report revenue on a net basis. In this assessment we consider if we obtain control of the specified services before they are transferred to the customer, as well as other indicators such as whether we are the party primarily responsible for fulfillment, and whether we have discretion in establishing price.

Other Revenue

Other revenue include fees from one-time services related to the implementation of our software solutions and other recurring or one-time fees related to our customers who are not otherwise using our core solutions. This includes legacy customers of businesses we have acquired where the customers haven't migrated to our core solutions. The fees for implementation and data migration services are billed upon signing our core subscription contract and are not recognized until the core solution is accessible and fully functional for our customer's use. Other services are billed when the services rendered are completed and delivered to the customer or billed in advance and deferred over the subscription period.

Deferred Revenue

We record deferred revenue when cash payments are received in advance of our performance. During the twelve months ended December 31, 2021 and 2020, we recognized revenue of $2.2 million and $4.5 million, respectively, that were included in the deferred revenue balances at December 31, 2020 and 2019, respectively.

Deferred Costs

Deferred costs, which primarily consist of sales commissions, are considered incremental and recoverable costs of obtaining a contract with a customer. These costs are deferred and then amortized on a straight-line basis over a period of benefit that we have determined to be three years. We typically do not pay commissions for contract renewals. We determined the period of benefit by taking into consideration our customer contract term, the useful life of our internal-use software, average customer life, and other factors. Amortization expense for the deferred costs is allocated based on the employee's department and included within sales and marketing expense in the accompanying Consolidated Statements of Operations.

Deferred costs were $12.4 million and $10.3 million at December 31, 2021 and 2020, respectively, of which $6.4 million and $5.5 million, respectively, are included in *Prepaid expenses and other current assets* and $6.0 million and $4.8 million, respectively, are included in *Other assets* in the accompanying Consolidated Balance Sheets. Amortization expense for deferred costs was $6.8 million, $5.8 million, and $4.2 million for the years ended December 31, 2021, 2020, and 2019, respectively. For the years ended December 31, 2021 and 2020, no impairments were identified in relation to the costs capitalized for the periods presented.

Cost of Revenue

Many of our Value Added Services are facilitated by third-party service providers. Cost of revenue paid to these third-party service providers includes the cost of electronic interchange and payment processing related services to support our electronic payments services, the cost of credit reporting services for our tenant screening services, and various costs associated with our risk mitigation service providers. These third-party costs vary both in amount and as a percent of revenue for each Value Added Service offering. Cost of revenue also consists of personnel-related costs for our employees focused on customer service and the support of our operations (including salaries, performance-based compensation, benefits, and stock-based compensation), platform infrastructure costs (such as data center operations and hosting-related costs), and allocated shared and other costs. Cost of revenue excludes depreciation of property and equipment, amortization of capitalized software development costs and amortization of intangible assets.

Sales and Marketing

Sales and marketing expense consists of personnel-related costs (including salaries, sales commissions, performance-based compensation, benefits, and stock-based compensation) for our employees focused on sales and marketing, costs associated with sales and marketing activities, and allocated shared and other costs. Marketing activities include advertising, online lead generation, lead nurturing, customer and industry events, and the creation of industry-related content and collateral. Sales commissions and other incremental costs to acquire customers and grow adoption and utilization of our Value Added Services by our new and existing customers are deferred and then amortized on a straight-line basis over a period of benefit, which we have determined to be three years. We focus our sales and marketing efforts on generating awareness of our software solutions, creating sales leads, establishing and promoting our brands, and cultivating an educated community of successful and vocal customers. Advertising expenses were $9.4 million, $7.0 million and $5.8 million for each of the years ended December 31, 2021, 2020 and 2019, respectively, and are expensed as incurred.

Research and Product Development

Research and product development expense consists of personnel-related costs (including salaries, performance-based compensation, benefits, and stock-based compensation) for our employees focused on research and product development, fees for third-party development resources, and allocated shared and other costs. Our research and product development efforts are focused on enhancing functionality and the ease of use of our existing software solutions by adding new core functionality, Value Added Services and other improvements, as well as developing new products and services for new and existing markets. We capitalize our software development costs which meet the criteria for capitalization. Amortization of capitalized software development costs is included in depreciation and amortization expense.

General and Administrative

General and administrative expense consists of personnel-related costs (including salaries, a majority of total performance-based compensation, benefits, and stock-based compensation) for employees in our executive, finance, information technology, human resources, legal, compliance, corporate development and administrative organizations. In addition, general and administrative expense includes fees for third-party professional services (including audit, legal, compliance, tax, and consulting services), transaction costs related to business combinations and divestitures, regulatory fines and penalties, other corporate expenses, and allocated shared costs.

Depreciation and Amortization

Depreciation and amortization expense includes depreciation of property and equipment, amortization of capitalized software development costs, and amortization of intangible assets. We depreciate or amortize property and equipment, software development costs, and intangible assets over their expected useful lives on a straight-line basis, which approximates the pattern in which the economic benefits of the assets are consumed.

Stock-Based Compensation

We recognize stock-based compensation expense for restricted stock awards ("RSAs") and restricted stock units ("RSUs") with only service conditions on a straight-line basis over the requisite service period. For RSUs with both service and performance conditions (performance-based RSUs or performance share units ("PSUs")), compensation cost is recorded on a graded-vesting method, if it is probable that the performance condition will be achieved. Adjustments to compensation expense are made each period based on changes in our estimate of the number of PSUs that are probable of vesting. PSUs will vest upon achievement of the relevant performance metric once such calculation is reviewed and approved by our Board of Directors. We estimate a forfeiture rate to calculate our stock-based compensation expense for our stock-based awards.

Income Taxes

We recognize deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be

recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the Consolidated Statements of Operations in the period that includes the enactment date. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized. In evaluating the need for a valuation allowance, management considers the weighting of all available positive and negative evidence, which includes, among other things, the nature, frequency and severity of current and cumulative taxable income or losses, future projections of profitability, and the duration of statutory carryforward periods.

Net Income per Common Share

Basic net income per share includes no dilution and is computed by dividing net income for the period by the weighted average number of common shares outstanding during the period. Diluted net income per share is computed by dividing net income for the period by the weighted average number of shares of common stock and potentially dilutive common stock outstanding during the period. The dilutive effect of outstanding options and equity incentive awards is reflected in diluted net income per share by application of the treasury stock method. The calculation of diluted net income per share excludes all anti-dilutive common shares.

Net income per common share was the same for shares of our Class A and Class B common stock because they are entitled to the same liquidation and dividend rights and are therefore combined in the table below. The following table presents a reconciliation of the weighted average number of shares of our Class A and Class B common stock used to compute net income per common share (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Weighted average common shares outstanding	34,583	34,269	34,020
Less: Weighted average unvested restricted shares subject to repurchase	5	5	4
Weighted average common shares outstanding; basic	34,578	34,264	34,016
Weighted average common shares outstanding; basic	34,578	34,264	34,016
Plus: Weighted average options, restricted stock units and restricted shares used to compute diluted net income per common share	1,123	1,449	1,551
Weighted average common shares outstanding; diluted	35,701	35,713	35,567

For the years ended December 31, 2021, 2020 and 2019, an aggregate of 181,000, 79,000 and 187,000 shares, respectively, underlying performance-based stock options and PSUs were not included in the computations of diluted and anti-dilutive shares as they are considered contingently issuable upon satisfaction of pre-defined performance measures and their respective performance measures have not been met. RSUs with an anti-dilutive effect were excluded from the calculation of weighted average number of shares used to compute diluted net income per common share and they were not material for the years ended December 31, 2021, 2020 and 2019.

Recent Accounting Pronouncements Adopted in 2021

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* ("ASU 2019-12"). This amendment was issued to simplify the accounting for income taxes by removing certain exceptions for recognizing deferred taxes, performing intraperiod allocation, and calculating income taxes in interim periods. Further, ASU 2019-12 adds guidance to reduce complexity in certain areas, including recognizing deferred taxes for tax basis goodwill and allocating taxes to members of a consolidated group. This guidance also requires an entity to reflect the effect of an enacted change in tax laws or rates in its effective income tax rate in the first interim period that includes the enactment date of the new legislation, aligning the timing of recognition of the effects from enacted tax law changes on the effective income tax rate with the effects on deferred income tax assets and liabilities. Under existing guidance, an entity recognizes the effects of the enacted tax law change on the effective income tax rate in the period that includes the effective date of the tax law. We adopted ASU 2019-12 on January 1, 2021. The adoption of this guidance did not have a material impact on our financial condition, results of operations, cash flows or disclosures.

Recent Accounting Pronouncements Not Yet Adopted

In October 2021, the FASB issued ASU 2021-08, "*Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*," which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC 606, "*Revenue from Contracts with Customers*," as if the acquirer had originated the contracts. ASU 2021-08 is effective for fiscal years and interim reporting periods within those fiscal years beginning after December 15, 2022. We will adopt ASU 2021-08 on January 1, 2023 on a prospective basis to business combinations that occur on or after the adoption date. The Company is currently evaluating the effect, if any, the adoption of this guidance will have on our financial condition, results of operations, cash flows and disclosures.

3. Divestitures

Divestiture of MyCase

On September 30, 2020, we completed our divestiture of 100% of our issued and outstanding equity interests of MyCase, Inc. ("MyCase"), a former wholly owned subsidiary that provided legal practice and case management software solutions to our legal customers, for $193.0 million, consisting of $192.2 million of cash proceeds, plus a $2.2 million employee retention bonus pool funded by us, less cash divested of $0.8 million and a preliminary working capital adjustment of $0.6 million (the "MyCase Transaction"). The retention bonus pool was refundable to the Company to the extent that MyCase employees were terminated prior to the retention period, which was one year from the closing date of the MyCase Transaction.

We recognized a pre-tax gain on the sale of $188.0 million on the MyCase Transaction, consisting of cash proceeds of $192.2 million, less net assets divested of $4.6 million, plus an adjustment in the employee retention bonus pool of $0.4 million. Net assets divested is primarily comprised of capitalized software of $3.9 million, deferred revenue of $2.8 million and goodwill allocated to MyCase of $2.3 million. The gain on the sale was recorded within *Other income, net*. Income received during the twelve months ended December 31, 2021 and 2020 in relation to the transition services provided by us to MyCase was $2.4 million and $1.1 million, respectively, and is included within *Other income, net* in our Consolidated Statements of Operations.

4. Investments and Fair Value Measurements

Investment Securities

Investment securities classified as available-for-sale consisted of the following at December 31, 2021 and 2020 (in thousands):

	December 31, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate bonds	$ 29,080	$ —	$ (11)	$ 29,069
Agency securities	19,753	—	(27)	19,726
Treasury securities	77,108	2	(229)	76,881
Total available-for-sale investment securities	$ 125,941	$ 2	$ (267)	$ 125,676

	December 31, 2020			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Agency securities	$ 17,104	$ 29	$ (1)	$ 17,132
Treasury securities	17,847	47	—	17,894
Total available-for-sale investment securities	$ 34,951	$ 76	$ (1)	$ 35,026

At December 31, 2021 and 2020, the contractual maturities of our investments did not exceed 36 months. The fair values of available-for-sale investments, by remaining contractual maturity, are as follows (in thousands):

	December 31, 2021		December 31, 2020	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 64,627	$ 64,600	$ 28,197	$ 28,256
Due after one year through three years	61,314	61,076	6,754	6,770
Total available-for-sale investment securities	$ 125,941	$ 125,676	$ 34,951	$ 35,026

During the years ended December 31, 2021 and 2020, we had sales and maturities (which include calls) of investment securities, as follows (in thousands):

	Year Ended December 31, 2021			
	Gross Realized Gains	Gross Realized Losses	Gross Proceeds from Sales	Gross Proceeds from Maturities
Corporate bonds	$ —	$ —	$ —	$ 39,075
Agency securities	—	—	—	11,575
Treasury securities	6	—	43,198	56,704
	$ 6	$ —	$ 43,198	$ 107,354

	Year Ended December 31, 2020			
	Gross Realized Gains	Gross Realized Losses	Gross Proceeds from Sales	Gross Proceeds from Maturities
Corporate bonds	$ 6	$ —	$ 4,006	$ 5,600
Agency securities	25	—	7,878	1,900
Treasury securities	4	(2)	4,827	19,830
	$ 35	$ (2)	$ 16,711	$ 27,330

SecureDocs

In December 2021, we sold all of our interest in SecureDocs. A gain of $12.8 million was recognized within *Other income, net* in our Consolidated Statements of Operations, a portion of which relates to the recovery of a $2.0 million note receivable which had been previously reserved.

Fair Value Measurements

Recurring Fair Value Measurements

Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following tables present our financial assets and liabilities measured at fair value on a recurring basis at December 31, 2021 and 2020, by level within the fair value hierarchy (in thousands):

	December 31, 2021			
	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents:				
Money market funds	$ 6,105	$ —	$ —	$ 6,105
Available-for-sale investment securities:				
Corporate bonds	—	29,069	—	29,069
Agency securities	—	19,726	—	19,726
Treasury securities	76,881	—	—	76,881
Total	$ 82,986	$ 48,795	$ —	$ 131,781

	December 31, 2020			
	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents:				
Money market funds	$ 4,749	$ —	$ —	$ 4,749
Treasury securities	97,433	—	—	97,433
Available-for-sale investment securities:				
Agency securities	—	17,132	—	17,132
Treasury securities	17,894	—	—	17,894
Total	$ 120,076	$ 17,132	$ —	$ 137,208

The carrying amounts of cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities approximate fair value because of the short maturity of these items.

There were no changes to our valuation techniques used to measure asset and liability fair values on a recurring basis during the year ended December 31, 2021. The valuation techniques for the financial assets in the tables above are as follows:

Cash Equivalents

At December 31, 2021 and 2020, cash equivalents include cash invested in money market funds and treasury securities with a maturity of three months or less. Fair value is based on market prices for identical assets.

Available-for-Sale Investment Securities

Fair value for our Level 1 investment securities is based on market prices for identical assets. Our Level 2 securities were priced by a pricing vendor. The pricing vendor utilizes the most recent observable market information in pricing these securities or, if specific prices are not available for these securities, other observable inputs like market transactions involving comparable securities are used.

5. Property and Equipment, net

Property and equipment, net consists of the following (in thousands):

	December 31,	
	2021	2020
Computer equipment	$ 4,884	$ 4,597
Furniture and fixtures	5,167	6,021
Office equipment	3,285	3,324
Leasehold improvements	22,679	22,952
Construction in process	5,227	617
Gross property and equipment	41,242	37,511
Less: Accumulated depreciation	(10,763)	(11,072)
Total property and equipment, net	$ 30,479	$ 26,439

Depreciation expense for property and equipment totaled $4.7 million, $4.0 million, and $3.1 million for the years ended December 31, 2021, 2020 and 2019, respectively.

6. Capitalized Software Development Costs, net

Capitalized software development costs, net were as follows (in thousands):

	December 31,	
	2021	2020
Capitalized software development costs, gross	$ 115,377	$ 96,974
Less: Accumulated amortization	(74,165)	(61,515)
Capitalized software development costs, net	$ 41,212	$ 35,459

Capitalized software development costs were $27.2 million, $27.3 million and $23.6 million for the years ended December 31, 2021, 2020 and 2019, respectively. Amortization expense with respect to software development costs totaled $21.5 million, $17.9 million and $14.0 million for the years ended December 31, 2021, 2020 and 2019, respectively. During the year ended December 31, 2021, we disposed of $8.8 million of fully amortized capitalized software development costs.

Future amortization expense with respect to capitalized software development costs at December 31, 2021 is estimated as follows (in thousands):

Years Ending December 31,	
2022	$ 21,552
2023	13,740
2024	5,617
2025	303
Total amortization expense	$ 41,212

7. Intangible Assets, net

Intangible assets, net consisted of the following (in thousands, except years):

	December 31, 2021			
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Useful Life in Years
Customer relationships	$ 2,840	$ (2,006)	$ 834	5.0
Database	8,330	(2,620)	5,710	10.0
Technology	6,539	(5,107)	1,432	4.0
Trademarks and trade names	1,890	(1,128)	762	5.0
Partner relationships	680	(680)	—	3.0
Non-compete agreements	7,400	(4,444)	2,956	5.0
Domain names	90	(75)	15	5.0
Patents	252	(250)	2	5.0
Total intangible assets, net	$ 28,021	$ (16,310)	$ 11,711	6.3

	December 31, 2020			
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Useful Life in Years
Customer relationships	$ 2,840	$ (1,550)	$ 1,290	5.0
Database	8,330	(1,787)	6,543	10.0
Technology	6,539	(3,641)	2,898	4.0
Trademarks and trade names	1,890	(732)	1,158	5.0
Partner relationships	680	(680)	—	3.0
Non-compete agreements	7,400	(2,964)	4,436	5.0
Domain names	90	(70)	20	5.0
Patents	252	(240)	12	5.0
Total intangible assets, net	$ 28,021	$ (11,664)	$ 16,357	6.3

Amortization expense with respect to intangible assets totaled $4.6 million, $4.9 million and $5.3 million for the years ended December 31, 2021, 2020 and 2019, respectively. Future amortization expense with respect to intangible assets is estimated as follows (in thousands):

Years Ending December 31,	
2022	$
2023	
2024	
2025	
2026	
Thereafter	
Total amortization expense	$

8. Accrued Employee Expenses

Accrued employee expenses consisted of the following (in thousands):

	December 31,	
	2021	2020
Accrued vacation	$ 10,675	$ 8,277
Accrued bonuses	13,101	5,638
Accrued commissions	2,048	1,995
Accrued payroll	3,068	1,921
Accrued payroll taxes and other	1,173	1,057
Total accrued employee expenses—current	$ 30,065	$ 18,888
Accrued employee expenses—noncurrent	$ 583	$ —

9. Leases

Operating leases for our corporate offices have remaining lease terms ranging from one to eleven years, some of which include options to extend the leases for up to ten years. These options to extend have not been recognized as part of our operating lease right-of-use assets and lease liabilities as it is not reasonably certain that we will exercise these options. Our lease agreements do not contain any residual value guarantees or material restrictive covenants. Certain leases contain provisions for property-related costs that are variable in nature for which the Company is responsible, including common area maintenance, which are expensed as incurred.

The components of lease expense recognized in the Consolidated Statements of Operations were as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Operating lease cost	$ 5,203	$ 5,272	$ 5,102
Variable lease cost	1,463	1,443	1,087
Total lease cost	$ 6,666	$ 6,715	$ 6,189

Lease-related assets and liabilities were as follows (in thousands, except years and %):

	December 31,	
	2021	2020
Assets		
Prepaid expenses and other current assets	$ 4,854	$ 3,972
Operating lease right-of-use assets	41,710	30,561
Liabilities		
Other current liabilities	$ 1,874	$ 1,845
Operating lease liabilities	55,733	40,146
Total lease liabilities	$ 57,607	$ 41,991
Weighted-average remaining lease term (years)	10.3	10.8
Weighted-average discount rate	4.0 %	4.5 %

Future minimum lease payments under non-cancellable leases as of December 31, 2021 were as follows (in thousands):

Years ending December 31,		
2022[1]	$	(988)
2023[1]		5,281
2024[1]		6,162
2025		6,837
2026		7,035
Thereafter		42,281
Total future minimum lease payments		66,608
Less: imputed interest		(13,855)
Total[2]	$	52,753

[1] Future minimum lease payments for the years ending December 31, 2022, 2023 and 2024 are presented net of tenant improvement allowances of $6.0 million, $0.8 million, and $0.2 million, respectively.
[2] Total future minimum lease payments include the current portion of lease liabilities recorded in *Prepaid expenses and other current assets* of $4.9 million on our Consolidated Balance Sheets, which relates to certain of our leases for which the lease incentives to be received exceed the minimum lease payments to be paid over the next twelve months.

10. Commitments and Contingencies

Liability to Landlord Insurance

We have a wholly owned subsidiary, Terra Mar Insurance Company, Inc., which was established in connection with reinsuring liability to landlord insurance policies offered to our customers by our third-party service provider. Each policy has a limit of $100 thousand per incident. We assume a 100% quota share of the liability to landlord insurance policies placed with our customers by our third-party service provider. We accrue for reported claims, and include an estimate of losses incurred but not reported by our property manager customers, in cost of revenue because we bear the risk related to all such claims. Our liability for reported claims and incurred but not reported claims as of December 31, 2021 and 2020 was $1.7 million and $1.5 million, respectively, and is included in *Other current liabilities* on our Consolidated Balance Sheets.

Included in *Prepaid expenses and other current assets* as of December 31, 2021 and 2020 are $3.0 million and $2.7 million, respectively, of deposits held with a third party related to requirements to maintain collateral for this risk mitigation service.

Legal Proceedings

From time to time we may become involved in various legal proceedings, investigative inquiries, and other disputes arising from or related to matters incident to the ordinary course of our business activities. We are not currently a party to any legal proceedings, nor are we aware of any pending or threatened legal proceedings, that would have a material adverse effect on our business, operating results, cash flows or financial condition should such proceedings be resolved unfavorably.

Indemnification

In the ordinary course of business, we may provide indemnification of varying scope and terms to customers, investors, directors and officers with respect to certain matters, including, but not limited to, losses arising out of our breach of any applicable agreements, services to be provided by us, or intellectual property infringement claims made by third parties. These indemnification provisions may survive termination of the underlying agreement and the maximum potential amount of future payments we could be required to make under these indemnification provisions may not be subject to maximum loss clauses and is indeterminable. We have not incurred any costs as a result of such indemnification obligations and have not recorded any liabilities related to such obligations in the Consolidated Financial Statements.

11. Stockholders’ Equity

Amended and Restated Certificate of Incorporation

Upon the effectiveness of our Amended and Restated Certificate of Incorporation on June 25, 2015, the number of shares of capital stock that is authorized to be issued was increased to 325,000,000 shares, of which 250,000,000 shares are Class A common stock, 50,000,000 shares are Class B common stock and 25,000,000 are undesignated preferred stock. The Class A common stock, Class B common stock and preferred stock have a par value of $0.0001 per share.

Class A Common Stock and Class B Common Stock

Except for voting rights, or as otherwise required by applicable law, the shares of our Class A common stock and Class B common stock have the same powers, preferences and rights and rank equally, share ratably and are identical in all respects as to all matters. The rights and preferences are as follows:

Dividend Rights. Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of outstanding shares of our Class A common stock and Class B common stock are entitled to receive dividends out of funds legally available at the times and in the amounts that our Board of Directors may determine.

Voting Rights. The holders of our Class A common stock are entitled to one vote per share, and holders of our Class B common stock are entitled to 10 votes per share. The holders of our Class A common stock and Class B common stock will vote together as a single class on all matters submitted to a vote of our stockholders, unless otherwise required by Delaware law or our amended and restated certificate of incorporation. Delaware law could require either holders of our Class A common stock or holders of our Class B common stock to vote separately. In addition, our amended and restated certificate of incorporation requires the approval of the holders of at least a majority of the outstanding shares of our Class B common stock, voting as a separate class to approve a change-in-control transaction.

Conversion. Upon the closing of our initial public offering ("IPO"), all shares of our convertible preferred stock and common stock held prior to the offering were converted into shares of Class B common stock. Currently, each share of our Class B common stock is convertible at any time at the option of the holder into one share of our Class A common stock. In addition, each share of our Class B common stock will convert into one share of our Class A common stock upon any transfer, whether or not for value, except for certain transfers described in our amended and restated certificate of incorporation, including, without limitation, (i) a transfer by a partnership or limited liability company that was a registered holder of our Class B common stock at the “effective time,” as defined in our amended and restated certificate of incorporation, to a partner or member thereof at the effective time or (ii) a transfer to a “qualified recipient,” as defined in our amended and restated certificate of incorporation.

All the outstanding shares of our Class B common stock will convert automatically into shares of our Class A common stock upon the date when the number of outstanding shares of our Class B common stock represents less than 10% of all outstanding shares of our Class A common stock and Class B common stock. Once converted into our Class A common stock, our Class B common stock may not be reissued.

Right to Receive Liquidation Distributions. Upon our dissolution, liquidation or winding-up, the assets legally available for distribution to our stockholders are distributable ratably among the holders of our Class A common stock and Class B common stock, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights and payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Preferred Stock

Our Board of Directors is authorized, subject to limitations prescribed by Delaware law, to issue up to 25,000,000 shares of our preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers, preferences and rights of the shares of each series and any of its qualifications, limitations or restrictions, in each case without further action by our stockholders. The number of authorized shares of any series of preferred stock may be increased or decreased, but not below the number of shares of that series then outstanding, by the affirmative vote of the holders of a majority of the voting power of our outstanding capital stock entitled to vote thereon, or such other vote as may be required by the certificate of designation establishing the series.

Share Repurchase Program

On February 20, 2019, our Board of Directors authorized a $100.0 million share repurchase program (the "Share Repurchase Program") relating to our outstanding shares of Class A common stock. Under the Share Repurchase Program, share repurchases may be made from time to time, as directed by a committee consisting of three directors, in open market purchases or in privately negotiated transactions at a repurchase price that the members of the committee unanimously believe is below intrinsic value conservatively determined. The Share Repurchase Program does not obligate us to repurchase any

specific dollar amount or number of shares, there is no expiration date for the Share Repurchase Program, which may be modified, suspended or terminated at any time and for any reason.

During the year ended December 31, 2020, we repurchased a total of 48,002 shares of our Class A common stock through open market repurchases, and recorded a $4.2 million reduction to stockholders' equity, which includes broker commissions. We have not made any other repurchases under the Share Repurchase Program.

12. Stock-Based Compensation

2015 Stock Incentive Plan

In conjunction with our IPO in 2015, our Board of Directors and stockholders adopted the 2015 Stock Incentive Plan (the "2015 Plan"). Upon adoption of the 2015 Plan, 2,000,000 shares of our Class A common stock were reserved and available for grant and issuance. On January 1 of each subsequent calendar year, the number of shares available for grant and issuance under the 2015 Plan increase by the lesser of (i) the number of shares of our Class A common stock subject to awards granted under the 2015 Plan during the preceding calendar year and (ii) such lesser number of shares of our Class A common stock determined by our Board of Directors. At December 31, 2021, we have reserved an aggregate of 4,026,493 shares of our Class A common stock for grant and issuance under the 2015 Plan. The number of shares of our Class A common stock is also subject to adjustment in the event of a recapitalization, stock split, reclassification, stock dividend or other change in our capitalization. The 2015 Plan authorizes the award of stock options, stock appreciation rights, RSAs, RSUs, performance awards and stock bonuses. The 2015 Plan provides for the grant of awards to our employees, directors, consultants and independent contractors, subject to certain exceptions. RSUs, PSUs, and RSAs have been issued during 2021 pursuant to the 2015 Plan.

Stock options may vest based on the passage of time or the achievement of performance conditions at the discretion of our compensation committee. Our compensation committee may provide for stock options to be exercised only as they vest or to be immediately exercisable with any shares issued on exercise being subject to our right of repurchase that lapses as the shares vest. The maximum term of stock options granted under the 2015 Plan is 10 years.

RSUs and PSUs represent the right on the part of the holder to receive shares of our Class A common stock at a specified date in the future or the achievement of performance conditions at the discretion of our compensation committee, subject to forfeiture of that right due to termination of employment. If an RSU or PSU has not been forfeited, then, on the specified date, we will deliver to the holder of the RSU or PSU shares of our Class A common stock.

2007 Stock Incentive Plan

On February 14, 2007, our Board of Directors adopted the 2007 Stock Incentive Plan (the “2007 Plan”). Following our IPO, our Board of Directors determined not to make any further awards under the 2007 Plan. The 2007 Plan expired on February 14, 2017. The 2007 Plan will continue to govern outstanding awards granted under the 2007 Plan.

Stock Options

A summary of activity in connection with our stock options for the year ended December 31, 2021 is as follows (number of shares in thousands):

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Life in Years
Options outstanding as of December 31, 2020	1,168	$ 11.77	5.0
Options granted	—	—	
Options exercised	(322)	8.13	
Options cancelled/forfeited	—	—	
Options outstanding as of December 31, 2021	846	$ 13.15	3.0
At December 31, 2021:			
Options vested and expected to vest	846	$ 13.15	3.0
Options exercisable	846	$ 13.15	3.0

Our stock-based compensation expense for stock options were not material for all periods presented.

No stock options were granted during the years ended December 31, 2021, 2020 or 2019.

The total intrinsic value of options exercised in 2021, 2020 and 2019 was $39.1 million, $17.9 million, and $11.5 million, respectively. This intrinsic value represents the difference between the fair value of our common stock on the date of exercise and the exercise price of each option. Based on the fair value of our common stock at December 31, 2021, the total intrinsic value of all outstanding options, exercisable options, and options vested and expected to vest was $91.3 million.

Restricted Stock Units

A summary of activity in connection with our RSUs for the year ended December 31, 2021 is as follows (number of shares in thousands):

	Number of Shares	Weighted Average Grant Date Fair Value per Share
Unvested as of December 31, 2020	483	$ 80.20
Granted	589	132.34
Vested	(180)	64.34
Forfeited	(55)	110.74
Unvested as of December 31, 2021	837	$ 118.27

Unvested RSUs as of December 31, 2021 were comprised of 0.6 million RSUs with only service conditions and 0.2 million PSUs with both service conditions and performance conditions. RSUs granted with only service conditions generally vest over a four-year period. The number of PSUs granted, as included in the above table, assumes achievement of the performance metric at 100% of the performance target. Of the unvested PSUs as of December 31, 2021, 0.1 million are subject to vesting based on the achievement of pre-established performance metrics for the year ending December 31, 2022 and will vest over a three year period, assuming continued employment throughout the performance period. The actual number of shares to be issued at the end of the performance period will range from 0% to 150% of the target number of shares depending on achievement relative to the performance metric over the applicable period. The remaining 0.1 million PSUs unvested as of December 31, 2021 are subject to vesting based on the achievement of pre-established performance metrics for the years ending December 31, 2021, 2022 and 2023, assuming continued employment throughout the performance period. The actual number of shares to be issued at the end of the performance period will range from 0% to 100% of the initial target awards. Achievement of the performance metric between 100% and 150% of the performance target will result in a performance-based cash bonus payment between 0% and 65% of the initial target awards.

We recognized stock-based compensation expense for the RSUs and PSUs of $17.3 million, $10.4 million and $8.3 million for the years ended December 31, 2021, 2020 and 2019, respectively. Excluded from stock-based compensation expense is capitalized software development costs of $2.7 million, $2.1 million, and $1.8 million for the years ended December 31, 2021, 2020 and 2019, respectively. As of December 31, 2021, the total estimated remaining stock-based compensation expense for the aforementioned RSUs and PSUs was $76.5 million, which is expected to be recognized over a weighted average period of 2.7 years. The total fair value of RSUs and PSUs vested during the years ended December 31, 2021, 2020 and 2019 was approximately $26.6 million, $32.0 million and $16.3 million, respectively.

Restricted Stock Awards

A summary of activity in connection with our RSAs for the year ended December 31, 2021 is as follows (number of shares in thousands):

	Number of Shares	Weighted- Average Grant Date Fair Value per Share
Unvested as of December 31, 2020	5	$ 153.41
Granted	4	144.33
Vested	(5)	151.10
Forfeited	—	—
Unvested as of December 31, 2021	4	$ 144.33

We have the right to repurchase any unvested RSAs subject to certain conditions. Restricted stock awards vest over a one-year period. We recognized stock-based compensation expense for restricted stock awards of $0.7 million and for each of the years ended December 31, 2021, and 2020 and $0.3 million for the ended December 31, 2019. During 2021, the grant date fair value of the shares vested was $0.7 million.

As of December 31, 2021, the total estimated remaining stock-based compensation expense for unvested restricted stock awards with a repurchase right was $0.3 million, which is expected to be recognized over a weighted average period of 0.5 years.

13. Income Taxes

The effective tax rate as compared to the U.S. federal statutory rate of 21% differs primarily due to the significance of the benefits associated with stock-based compensation expense, research and development tax credits, and the change in the valuation allowance against deferred taxes.

Set forth below is a reconciliation of the components that caused our provision for (benefit from) income taxes to differ from amounts computed by applying the United States federal statutory rate :

	Year Ended December 31,		
	2021	2020	2019
U.S. federal statutory income tax rate	21 %	21 %	21 %
State and local income taxes, net of federal benefit	(214)	3	(53)
Stock-based compensation expense	(426)	(3)	(88)
Meals and entertainment	3	—	7
Change in valuation allowance	795	—	(475)
Other permanent differences	67	1	—
Research and development tax credits	(205)	(2)	(64)
Provision for (benefit from) income taxes	41 %	20 %	(652)%

The provision for (benefit from) income tax consists of the following (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Current			
Federal	$ 20	$ 3,982	$ —
State and local	346	5,444	(15)
Total current	366	9,426	(15)
Deferred			
Federal	(10,966)	27,982	(18,761)
State and local	11,306	1,020	(12,683)
Total deferred	340	29,002	(31,444)
Total income tax provision (benefit)	$ 706	$ 38,428	$ (31,459)

The components of deferred tax assets (liabilities) were as follows (in thousands):

	December 31,	
	2021	2020
Deferred income tax assets:		
Net operating loss carryforwards	$ 10,849	$ 4,112
Research and development tax credits	15,966	9,467
Stock-based compensation	3,965	2,783
Lease liability	13,983	9,992
Other	2,853	2,196
Total deferred tax assets	47,616	28,550
Valuation allowance	(17,217)	—
Deferred tax assets, net of valuation allowance	30,399	28,550
Deferred tax liabilities:		
Property, equipment and software	(14,996)	(13,412)
Intangible assets	(1,558)	(2,693)
Capitalized commissions	(3,296)	(2,708)
State taxes	—	(2,350)
Lease asset	(11,056)	(8,064)
Other	(1,171)	(751)
Total deferred tax liabilities	(32,077)	(29,978)
Total net deferred tax liabilities	$ (1,678)	$ (1,428)

At December 31, 2021, we had federal and state net operating loss carryforwards of $23.8 million and $69.6 million, respectively. The federal net operating loss carryovers do not expire and the state net operating losses will begin to expire in 2028. At December 31, 2021, we also had federal and state research and development credit carryforwards of $8.5 million and $15.2 million, respectively. The federal credit carryforwards will begin to expire in 2040, while the state credit carryforwards apply indefinitely.

The Internal Revenue Code of 1986, as amended ("IRC"), imposes substantial restrictions on the utilization of tax attributes in the event of an "ownership change" of a corporation. Accordingly, a company's ability to use pre-change tax attributes may be limited as prescribed under IRC Section 382. Events which may cause limitations in the amount of the tax attributes that we utilize in any one year include, but are not limited to, a cumulative ownership change of more than 50% over a rolling three-year period. We have undertaken an IRC Section 382 analysis and have determined that there are no limitations on the tax attributes at December 31, 2021.

As of December 31, 2021, we have approximately $1.7 million of net deferred tax liabilities. During the fourth quarter of 2021, to assess the need for a valuation allowance against deferred tax assets, we evaluated all available positive and negative evidence. Due to the amount of negative evidence, particularly the expected increase in forecasted expenses, at this time, we consider it more likely than not that we may not have sufficient taxable income in the future that will allow us to realize all of our deferred tax assets. As a result,we determined a valuation allowance was necessary against all of the net deferred income tax assets, which primarily consist of state R&D tax credit carryforwards, effective December 31, 2021.

The change in the valuation allowance are as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Valuation allowance, at beginning of year	$ —	$ —	$ 23,002
Increase (decrease) in valuation allowance	17,217	—	(23,002)
Valuation allowance, at end of year	$ 17,217	$ —	$ —

The following is a reconciliation of the total amounts of reserves for unrecognized tax benefits from uncertain tax positions (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Unrecognized tax benefit beginning of year	$ 6,141	$ 4,421	$ 2,977
Increases-tax positions in current year	1,675	1,720	1,444
Unrecognized tax benefit end of year	$ 7,816	$ 6,141	$ 4,421

The unrecognized tax benefits are recorded as a reduction to the deferred tax assets and liabilities.

At December 31, 2021 and 2020, we had no accrued interest and penalties related to uncertain income tax positions. We do not anticipate that the amount of unrecognized tax benefits will significantly increase or decrease within the next twelve months.

We are subject to taxation in the United States and various states. Due to the net operating loss carryforwards, our federal and state returns are open to examination by the Internal Revenue Service and state jurisdictions for all years since inception. We are under audit only by the State of New York.

14. Revenue and Other Information

The following table presents our revenue categories (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Core solutions	$ 105,148	$ 100,938	$ 88,581
Value Added Services	241,289	195,146	153,994
Other	12,933	13,972	13,437
Total revenue	$ 359,370	$ 310,056	$ 256,012

Our revenue is generated primarily from United States customers. All of our property and equipment is located in the United States.

15. Retirement Plans

We have a 401(k) retirement and savings plan made available to all employees. We may, at our discretion, make matching contributions to the 401(k) plan. Cash contributions to the plan were $4.0 million, $3.2 million, and $2.5 million for the years ended December 31, 2021, 2020 and 2019, respectively.

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

Our management, with the supervision and participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures at December 31, 2021, the last day of the period covered by this Annual Report. Disclosure controls and procedures include, without limitation, controls and other procedures designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms and that such information is accumulated and communicated to its management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Based on our management's evaluation, our principal executive officer and principal financial officer have concluded that, at December 31, 2021, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Internal control over financial reporting is a process designed under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, 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. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As of December 31, 2021, our management assessed the effectiveness of our internal control over financial reporting using the criteria set forth in the *Internal Control – Integrated Framework* (2013) as issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on our evaluation under the COSO criteria, our management concluded that our internal control over financial reporting was effective at the reasonable assurance level as of December 31, 2021.

The effectiveness of our internal control over financial reporting has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their audit report which expresses an unqualified opinion on the effectiveness of our internal control over financial reporting at December 31, 2021.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13(a)-15(d) and 15d-15(d) under the Exchange Act that occurred during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURES REGARDING FOREIGN JURISDICTION THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item will be included in our definitive Proxy Statement or an amendment to this Annual Report, which will be filed with the SEC not later than 120 days after the end of our fiscal year ended December 31, 2021, and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item will be included in our definitive Proxy Statement or an amendment to this Annual Report, which will be filed with the SEC not later than 120 days after the end of our fiscal year ended December 31, 2021, and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item will be included in our definitive Proxy Statement or an amendment to this Annual Report, which will be filed with the SEC not later than 120 days after the end of our fiscal year ended December 31, 2021, and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item will be included in our definitive Proxy Statement or an amendment to this Annual Report, which will be filed with the SEC not later than 120 days after the end of our fiscal year ended December 31, 2021, and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item will be included in our definitive Proxy Statement or an amendment to this Annual Report, which will be filed with the SEC not later than 120 days after the end of our fiscal year ended December 31, 2021, and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS SCHEDULES

The following documents are filed as part of this Annual Report:

1. Consolidated Financial Statements

   Our consolidated financial statements are listed in the "Index to Consolidated Financial Statements" under Part II, Item 8, of this Annual Report.

2. Financial Statement Schedules

   All financial statement schedules have been omitted because they are not required or are not applicable, or the required information is shown in our Consolidated Financial Statements or the notes thereto.

3. Exhibits

   The documents listed in the Exhibit Index of this Annual Report are filed or furnished with, or incorporated by reference into, this Annual Report, in each case as indicated therein.

EXHIBIT INDEX

		Incorporated by Reference				
Exhibit Number	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation of the registrant as currently in effect.	10-Q	001-37468	3.1	8/6/2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.2	Amended and Restated Bylaws of the registrant as currently in effect.	10-Q	001-37468	3.2	8/6/2015	
4.1	Specimen Certificate for Class A Common Stock.	S-1/A	333-204262	4.1	6/4/2015	
4.2	Amended and Restated Investor Rights Agreement, by and among the registrant and the investors named therein, dated November 26, 2013.	S-1/A	333-204262	4.2	6/4/2015	
4.3	Description of Capital Stock of the registrant.	10-K	001-37468	4.3	3/2/2020	
10.1	Industrial Lease, by and between the registrant and 50 Castilian Drive, LLC, effective December 6, 2019 (50 Castilian Drive, Goleta, CA 93117).	8-K	001-37468	10.1	12/11/2019	
10.2	Industrial Lease, by and between the registrant and 50 Castilian Drive, LLC, effective December 6, 2019 (70 Castilian Drive, Goleta, CA 93117).	8-K	001-37468	10.2	12/11/2019	
10.3	Industrial Lease, by and between the registrant and 50 Castilian Drive, LLC, effective December 6, 2019 (90 Castilian Drive, Goleta, CA 93117).	8-K	001-37468	10.3	12/11/2019	
10.4	First Amendment to Industrial Lease, by and between the registrant and 50 Castilian Drive, LLC, effective February 10, 2022 (50 Castilian Drive, Goleta, CA 93117).					X
10.5	First Amendment to Industrial Lease, by and between the registrant and 50 Castilian Drive, LLC, effective February 10, 2022 (70 Castilian Drive, Goleta, CA 93117).					X
10.6	First Amendment to Industrial Lease, by and between the registrant and 50 Castilian Drive, LLC, effective February 10, 2022 (90 Castilian Drive, Goleta, CA 93117).					X
10.7	Umbrella Termination Agreement, by and between the registrant and Castilian 90, LLC, Castilian 70, LLC and Castilian 50, LLC, effective February 10, 2022.					X
10.8	Separation Agreement and General Release, dated June 4, 2021, by and between Ida Kane and the registrant.	10-Q	001-37468	10.1	8/9/2021	
10.9#	2007 Stock Incentive Plan, as amended, and related form agreements.	S-1/A	333-204262	10.3	6/4/2015	
10.10#	2015 Stock Incentive Plan and related form agreements.	S-1/A	333-204262	10.4	6/4/2015	
10.11#	2015 Employee Stock Purchase Plan.	S-1/A	333-204262	10.5	6/4/2015	
10.12#	Long-Term Cash Incentive Plan.	10-K	001-37468	10.9	2/26/2018	
10.13#	Form of Long-Term Cash Incentive Award Offer.	10-K	001-37468	10.10	2/26/2018	
10.14	Form of Indemnification Agreement by and between the registrant and each of its executive officers and directors.					X
10.15#	Employment agreement between the Company and Fay Sien Goon.	10-Q	001-37468	10.1		
10.16#	Form of Restricted Stock Unit Award Agreement (New Hire) under 2015 Stock Incentive Plan.					X

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.17#	Form of Restricted Stock Unit Award Agreement (Refresh) under 2015 Stock Incentive Plan.					X
10.18#	Form of Restricted Stock Unit Award Agreement (PSU) under 2015 Stock Incentive Plan.					X
10.19#	Nonemployee Director Deferred Compensation Plan.					X
10.20#	Related form of Deferral Election under Nonemployee Director Deferred Compensation Plan.					X
21.1	Subsidiaries of the registrant.					X
23.1	Consent of independent registered public accounting firm.					X
24.1	Power of Attorney (included on the signature page of this report).					X
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended.					X
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended.					X
32.1*	Certifications of Chief Executive Officer and 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.SCH	XBRL Taxonomy Extension Schema Document.					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					X

\# Indicates a management contract or compensatory plan or arrangement

* The certifications attached as Exhibit 32.1 accompany this Annual Report pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed “filed” by the registrant for purposes of Section 18 of the Exchange Act and are not to be incorporated by reference into any of the registrant’s filings under the Securities Act or the Exchange Act, irrespective of any general incorporation language contained in any such filing.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned thereunto duly authorized.

AppFolio, Inc.

Date:	February 28, 2022	By: /s/ Jason Randall Jason Randall Chief Executive Officer (Principal Executive Officer)
Date:	February 28, 2022	By: /s/ Fay Sien Goon Fay Sien Goon Chief Financial Officer (Principal Financial Officer)
Date:	February 28, 2022	By: /s/ Ann Wilson Ann Wilson Vice President of Accounting (Principal Accounting Officer)

SIGNATURE	TITLE	DATE
/s/ Jason Randall Jason Randall	President, Chief Executive Officer and Director (Principal Executive Officer)	February 28, 2022
/s/ Fay Sien Goon Fay Sien Goon	Chief Financial Officer (Principal Financial Officer)	February 28, 2022
/s/ Ann Wilson Ann Wilson	Vice President, Accounting (Principal Accounting Officer)	February 28, 2022
/s/ Andreas von Blottnitz Andreas von Blottnitz	Chairman of the Board	February 28, 2022
/s/ Timothy Bliss Timothy Bliss	Director	February 28, 2022
/s/ Agnes Bundy Scanlan Agnes Bundy Scanlan	Director	February 28, 2022
/s/ Janet Kerr Janet Kerr	Director	February 28, 2022
/s/ Klaus Schauser Klaus Schauser	Director	February 28, 2022
/s/ Winifred Webb Winifred Webb	Director	February 28, 2022
/s/ Alexander Wolf Alexander Wolf	Director	February 28, 2022

FIRST AMENDMENT TO INDUSTRIAL LEASE

This First Amendment to Industrial Lease (this "**Amendment**")is made and entered into as of February 10, 2022 (the "**Amendment Effective Date**") ,by and between CASTILIAN 50, LLC, a Delaware limited liability company ("**Landlord**") , and APPFOLIO, INC., a Delaware corporation ("**Tenant**") .

RECITALS

A. Landlord, as successor-in-interest to 50 Castilian Drive, LLC ("**Prior Landlord**") , and Tenant are parties to that certain Industrial Lease dated December 6, 2019 (the "**Original Lease**") . Landlord, as successor-in-interest to Prior Landlord, and Tenant are also parties to that certain Umbrella Agreement dated December 6, 2019 among Landlord, Castilian 90, LLC ("**Castilian 90**") , successor-in- interest to Prior Landlord, and Castilian 70, LLC ("**Castilian 70**") , successor-in-interest to Prior Landlord (the "**Umbrella Agreement**") , and that certain letter agreement dated as of October 18, 2020 (relating to improvement allowances) among Landlord, Castilian 90, successor-in-interest to Prior Landlord, and Castilian 70, successor-in-interest to Prior Landlord (the "**Allowance Letter Agreement**") .

B. Pursuant to the Original Lease, Tenant leases from Landlord certain premises (the "**Premises**") consisting of 43,655 rentable square feet in that certain building commonly known as 50 Castilian Drive, in the City of Goleta, County of Santa Barbara, State of California (the "**Building**") . The Premises is part of that certain project (the "**Project**") , consisting of the Building, the parcel of land on which the Building is located (the "**50 Parcel**") , the improved parcel of land at 70 Castilian Drive, Goleta, California (the "**70 Parcel**") , and the improved parcel of land at 90 Castilian Drive, Goleta, California (the "**90 Parcel**") , as more particularly described in the Original Lease. The 50 Parcel, the 70 Parcel and the 90 Parcel are each depicted on Exhibit A attached hereto.

C. Landlord and Tenant now desire to, among other things, (i) terminate the Umbrella Agreement and the "Existing Lease" (as defined in the Original Lease) , in their entirety; and (ii) clarify and stipulate as to certain matters relating to the non-existence of Project common areas, Project property taxes, and Project Operating Expenses, and the remaining improvement allowance for the Building, all upon the terms and conditions set forth in this Amendment.

D. All capitalized terms used but not defined in this Amendment shall have the meanings ascribed to such terms in the Original Lease. The Original Lease, as amended by this Amendment, shall herein be referred to as the "**Lease**." All references in the Lease to the "Lease" shall herein refer to the Original Lease, as amended by this Amendment.

AGREEMENT

NOW, THEREFORE, for and in consideration of the sum of One Hundred Dollars ($100) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Termination of Umbrella Agreement. Tenant hereby acknowledges and agrees that Landlord has satisfied all of its obligations under the Umbrella Agreement and the Existing Lease, to Tenant's satisfaction. Effective as of the Amendment Effective Date, the Umbrella Agreement and the Existing Lease shall immediately and automatically terminate in their entirety, and shall be null and void, with no force or effect, and, Landlord shall not have any obligations or liabilities whatsoever under or in

connection with the Umbrella Agreement or the Existing Lease. For the avoidance of any doubt, no provision of the Umbrella Agreement or the Existing Lease shall survive (or otherwise be effective) from and after the Amendment Effective Date. Effective as of the Amendment Effective Date, all references in the Original Lease to the Umbrella Agreement (including, without limitation, references to the "MAC Surviving Liabilities" under the Umbrella Agreement) and all references in the Original Lease to the Existing Lease shall be null and void, with no force or effect. Concurrently with its execution of this Amendment, each of Landlord and Tenant shall execute and deliver a Termination of Umbrella Agreement, in the form attached hereto as Exhibit B, among Landlord, Tenant, Castilian 70 and Castilian 90 (the "**Umbrella Termination**").

2. Signage.

2.1 Tenant hereby agrees that, notwithstanding anything to the contrary in the Original Lease, all of Tenant's signage rights in the Original Lease shall relate solely to the 50 Parcel, and Tenant shall not have any right under the Lease to place, keep or maintain any of its signage in the 70 Parcel or the 90 Parcel.

2.2 Landlord and Tenant acknowledge that there is currently one (1) monument sign located solely within the 50 Parcel, and Tenant shall have the right, at its sole cost and expense, subject to City and any other required governmental approvals, to place its commercially reasonable identification signage on such monument sign located solely within the 50 Parcel. Tenant shall not have the right to use or place its signage on, or otherwise use, any other monument sign under the Lease.

3. Parking. Effective on the Amendment Effective Date, Section C(2) of the Basic Provisions in the Original Lease (Parking) is hereby deleted in its entirety, and replaced with the following provisions of this Section 3:

3.1 From and after the Amendment Effective Date, Tenant shall have the exclusive use of a maximum total of one hundred seventy-five (175) unreserved parking spaces (the "Maximum Number of Parking Spaces") located in the Parking Lot (as defined in Section 3.2 below), except to the extent such amount of spaces is required by applicable law or any governmental authority having jurisdiction over the Project to be reduced and such requirement does not result from any voluntary action taken by Landlord, provided, that the parties acknowledge and agree that the foregoing terms of this sentence shall not permit Landlord to allocate parking spaces in the Parking Lot to any buildings other than the Building, subject, however, to the provisions below regarding the allocation of spaces to the building commonly known as 70 Castilian Drive in the Project, or to allocate, authorize, or allow others to use the Parking Lot in any way that decreases the Maximum Number of Parking Spaces exclusively available to the tenants of the Building. Subject to the provisions below regarding the allocation of spaces to 70 Castilian Drive, Landlord shall not authorize any other person, firm, organization or entity to use or reserve parking spaces in, and shall not allow any other person, firm, organization or entity to authorize the use of (or the reservation of parking spaces in), the Parking Lot. Notwithstanding the foregoing or anything to the contrary herein, Tenant acknowledges and agrees that, as of Amendment Effective Date, twenty-seven (27) parking spaces in the Parking Lot are allocated and designated for the exclusive use of the tenant at the building commonly known as 70 Castilian Drive (and its officers, directors, affiliates, partners, members, employees, agents, shareholders, representatives, subtenants, successors, assigns, visitors, licensees and invitees) (the "**70 Spaces**"), and Tenant (and its officers, directors, affiliates, partners, members, employees, agents, shareholders, representatives, subtenants, successors, assigns, visitors, licensees and invitees, and Tenant Users, as defined in Section 3.2 below) shall not park in any of the 70 Spaces. If parking available to Tenant in the Parking Lot is being substantially limited by the use of third parties other than the users of the 70 Spaces so that the Parking Lot does not meet Tenant's normal parking needs (which comply with the terms of the Lease), Landlord and Tenant shall cooperate with one another to establish procedures and

mechanisms that will prevent unauthorized parking by others in the Parking Lot (other than the users of the 70 Spaces). Subject to the terms of this Section 3 (including, without limitation, the Maximum Number of Parking Spaces, and users of the 70 Spaces), Tenant shall have the exclusive use of the Parking Lot without additional parking charges during the remaining Term of the Lease.

3.2 All parking spaces under the Lease (i.e., all of the Maximum Number of Parking Spaces) shall be located only in the parking lot depicted on Exhibit C attached hereto (the "**Parking Lot**"), which Parking Lot is located solely within the 50 Parcel. Notwithstanding anything to the contrary in the Lease, except to the extent otherwise designated by Landlord in writing (if at all), Tenant shall not (and shall ensure its officers, directors, affiliates, partners, members, employees, agents, shareholders, representatives, subtenants, successors, assigns, visitors, licensees and invitees do not) park or use any parking area anywhere in the Project other than the Parking Lot. Landlord acknowledges that, so long as Tenant leases space in one or more other buildings at the Project (other than the Building), Tenant may, subject to the terms and conditions of this Section 3, allow its employees, agents, representatives and visitors at such other building(s) ("**Tenant Users**") to use Tenant's unreserved parking spaces in the Parking Lot that are allocated to Tenant hereunder, provided that the amount of parking allocated to Tenant shall not be increased as a result thereof, and Tenant shall not (and shall ensure its officers, directors, affiliates, partners, members, employees, agents, shareholders, representatives, subtenants, successors, assigns, visitors, licensees and invitees, and Tenant Users, do not) use a combined aggregate total amount of parking spaces in excess of the Maximum Number of Parking Spaces.

3.3 In the event that Tenant assigns the Lease or subleases all or a portion of the Premises as permitted under the Lease, Tenant shall have the right to grant to the assignee or sublessee, as the case may be, the use of some or all of the parking spaces allotted to Tenant under the Lease, which such number of assigned or sublet spaces within such allotment shall be at Tenant's sole discretion (subject to the Maximum Number of Parking Spaces limitations).

4. No Common Areas. Landlord and Tenant hereby acknowledge, agree and stipulate that, notwithstanding anything to the contrary in the Lease, from and after the Amendment Effective Date, there are not, and shall not be, any Common Areas under the Lease and there shall be no Project Operating Expenses under Section 7.2.3 of the Original Lease (but without limiting Building Operating Expenses payable by Tenant). Accordingly, Section 1.2 of the Original Lease (Common Areas), and references to "Common Area" in the Original Lease, are hereby deleted. Except for the tenants at the 70 Parcel and the
90 Parcel (and their respective officers, directors, affiliates, partners, members, employees, agents, shareholders, representatives, subtenants, successors, assigns, visitors, licensees and invitees), Tenant shall have the exclusive right to use easements (if any) designated by Landlord from time to time for ingress and egress as are necessary for Tenant's use and occupancy of the Premises. With respect to the Parking Lot, and walkways and landscaping within the 50 Parcel alone, Landlord shall keep the same in good order and repair; provided, however, all costs and expenses incurred by Landlord relating to the Parking Lot (other than costs and expenses incurred with respect to the 70 Spaces) and such walkways and landscaping (including, without limitation, those for maintenance and repair) shall be included and paid for by Tenant as part of Building Operating Expenses, subject to any exclusions therefrom set forth in the Original Lease (without limiting any other Building Operating Expenses). Without limiting the foregoing, "Building Operating Expenses" shall include all reasonable and necessary costs and expenses incurred by Landlord in the operation, maintenance, repair and management of the 50 Parcel (including, without limitation, the Building), including, but not limited to the costs and expenses set forth in Section 7.2 of the Original Lease. Notwithstanding anything to the contrary in the Lease, Tenant shall not have the right to use any area within the 70 Parcel or the 90 Parcel (including, without limitation the parking lots serving the same), and the occupants of the 70 Parcel and 90 Parcel shall not be permitted to use any area within the 50 Parcel (subject to use of the 70 Spaces as set forth above). From and after the Amendment Effective Date, Tenant shall not be obligated to pay Project Operating Expenses (including property taxes) for the 70 Parcel or 90 Parcel,

and Landlord and Tenant shall not have any obligations, costs, or expenses related to portions of the Project that do not pertain to any of the 50 Parcel (including, but not limited to, the Building); provided, however, Tenant shall be required to pay all Building Operating Expenses relating to the 50 Parcel (including, without limitation, the Building) based on Tenant's proportionate share of the Building set forth in the Original Lease. It is the intent of Landlord and Tenant that the 50 Parcel shall be separate from, and shall not have any public or other areas in common with, the 70 Parcel or the 90 Parcel.

5. Undisbursed Improvement Allowance.

5.1 As of the Amendment Effective Date, the total aggregate outstanding undisbursed improvement allowance under the Lease (i.e., the remaining total aggregate undisbursed 50 Premises Tenant Improvement Allowance) is Two Million Four Hundred and Forty-Six Thousand and Eight Hundred and Twenty-Five Dollars and Fifty-Two Cents ($2,446,825.52), the entirety of which is comprised of the remaining "Exterior Improvement Allowance". Notwithstanding anything to the contrary in the Lease (or the Umbrella Agreement, the Existing Lease or the Allowance Letter Agreement), (a) Tenant is not entitled to any other improvement or construction contribution, reimbursement or allowance (or any credit for any unused contribution, reimbursement or allowance) under or in connection with the Lease (or the Umbrella Agreement, the Existing Lease or the Allowance Letter Agreement) or otherwise (including, without limitation, any 50/90 TI Allowance), and (b) Tenant shall not have any further rights or remedies whatsoever, and Landlord shall not have any further obligations whatsoever, under the Allowance Letter Agreement.

5.2 Section 2.2.4 of Exhibit B to the Original Lease is amended by replacing the language "three (3) years following the Commencement Date" with "four (4) years following the Commencement Date".

6. Estoppel. Tenant warrants, represents and certifies to Landlord that as of the date of this Amendment, to Tenant's actual knowledge, (a) Landlord is not in breach or default under the Lease, and no event has occurred which, with the giving of notice or the passage of time, would constitute a breach or default by Landlord, and (b) Tenant does not have any defenses or offsets to payment of rent or other amounts or performance of its obligations under the Lease as and when same becomes due. Landlord warrants, represents and certifies to Tenant that as of the date of this Amendment, to Landlord's actual knowledge, (i) Tenant is not in breach or default under the Lease, and no event has occurred which, with the giving of notice or the passage of time, would constitute a breach or default by Tenant, and (ii) Landlord does not have any defenses or offsets to payment of rent amounts or performance of its obligations under the Lease as and when same becomes due. Additionally, Section 3(c) of Exhibit L to the Original Lease is hereby deleted and replaced with the following: "(c) To the actual knowledge of Tenant, no party is in breach or default under the Lease. To the actual knowledge of Tenant, no event has occurred which, with the giving of notice or passage of time, or both, would constitute such a breach or default."

7. Brokers. Tenant represents and warrants to Landlord that it has not dealt with any broker with respect to this Amendment. If Tenant has dealt with any broker or agent, Tenant shall be solely responsible for the payment of all fees and commissions due said broker or agent and Tenant shall protect, indemnify, hold harmless and defend Landlord from all liability in respect thereto. Landlord represents and warrants to Tenant that it has not dealt with any broker with respect to this Amendment. If Landlord has dealt with any broker or agent, Landlord shall be solely responsible for the payment of all fees and commissions due said broker or agent and Landlord shall protect, indemnify, hold harmless and defend Tenant from all liability in respect thereto. The provisions of this Section 7 shall survive any expiration or termination of the Lease.

8. Authority. Tenant, and the individuals executing this Amendment on behalf of Tenant, represent and warrant to Landlord that Tenant has full power and authority to enter into this Amendment and the person signing on behalf of Tenant has been fully authorized to do so by all necessary corporate or partnership action on the part of Tenant. Landlord, and the individuals executing this Amendment on behalf of Landlord, represent and warrant to Tenant that Landlord has full power and authority to enter into this Amendment and the person signing on behalf of Landlord has been fully authorized to do so by all necessary corporate or partnership action on the part of Landlord.

9. Counterparts; PDF Signatures. This Amendment may be executed in counterparts, each of which shall be deemed an original part and all of which together shall constitute a single agreement. Signatures on this Amendment sent electronically in PDF format each have the same force and effect as original ink signatures.

10. Original Lease in Full Force. The foregoing Recitals are deemed incorporate in and part of this Amendment. If any conflict exists between the terms and conditions of this Amendment and the terms and conditions of the Original Lease, the terms and conditions of this Amendment shall control. Except as amended by this Amendment, all other terms, covenants and conditions of the Original Lease (but not the Umbrella Agreement or the Existing Lease) shall remain in full force and effect and Landlord and Tenant hereby ratify the Original Lease (but not the Umbrella Agreement or the Existing Lease), as amended hereby.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Amendment is executed as of the Amendment Effective Date.

LANDLORD:
CASTILIAN 50, LLC, a Delaware limited liability company

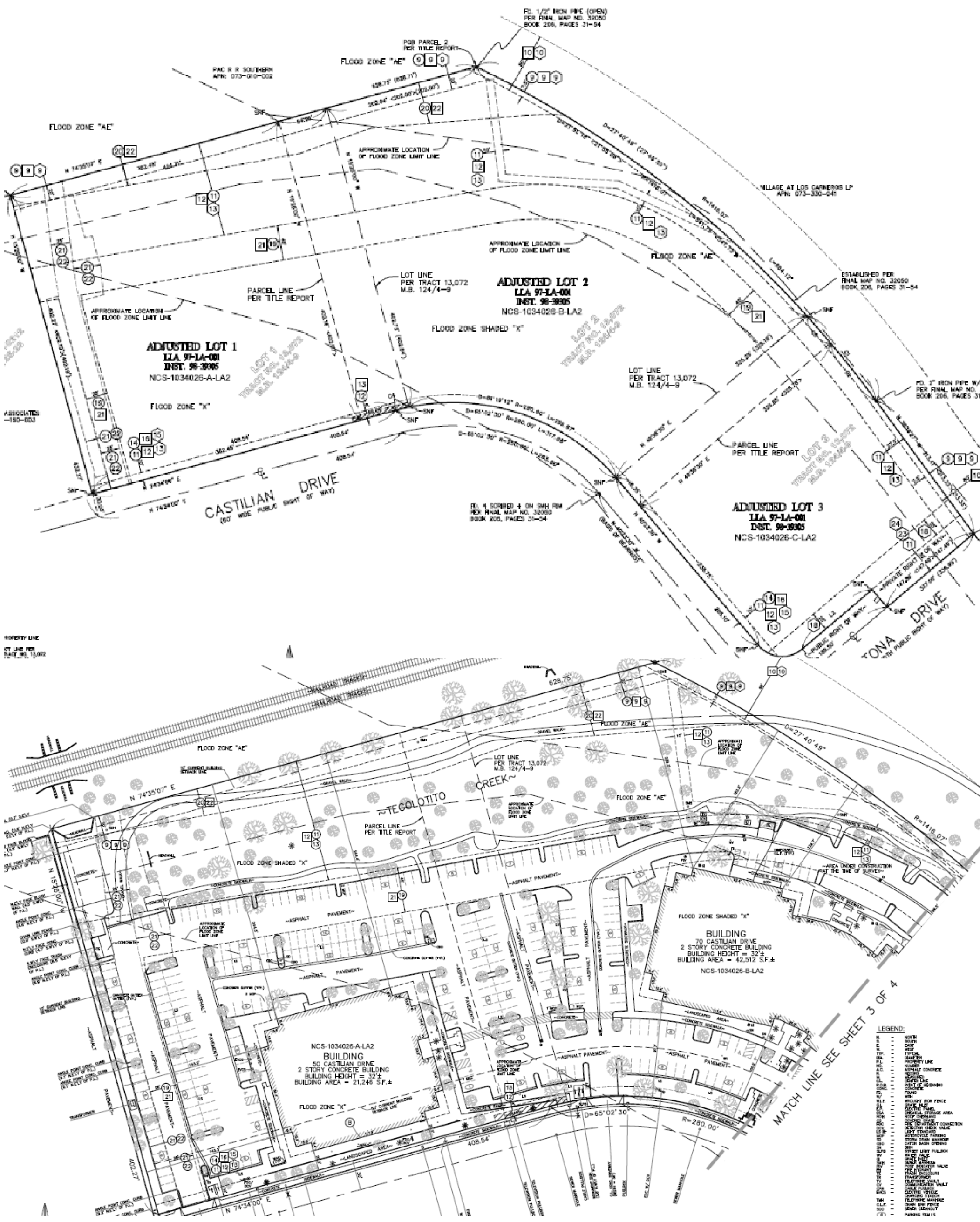
By: /s/ Brian Rupp
Name: Brian Rupp
Title: as authorized signatory

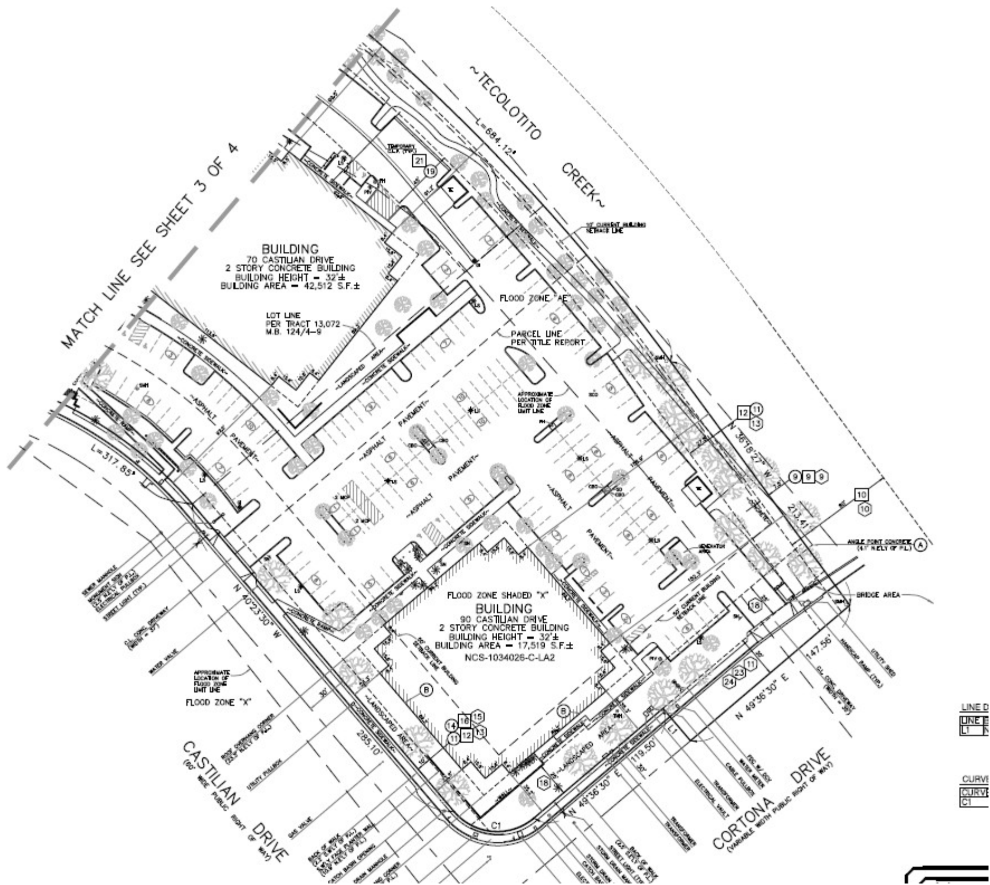
TENANT:
APPFOLIO, INC.,, a Delaware corporation

By: /s/ Jason Randall
Name: Jason Randall
Title: Chief Executive Officer

EXHIBIT A

50 Parcel, 70 Parcel and 90 Parcel





MATCH LINE SEE SHEET 3 OF 4
~TECOLOTITO
CREEK~
BUILDING
70 CASTILIAN DRIVE
2 STORY CONCRETE BUILDING
BUILDING HEIGHT = 32'±
BUILDING AREA = 42,512 S.F.±
LOT LINE
PER TRACT 13,072
M.B. 124/4-9
FLOOD ZONE "AE"
PARCEL LINE
PER TITLE REPORT
FLOOD ZONE SHADED "X"
BUILDING
90 CASTILIAN DRIVE
2 STORY CONCRETE BUILDING
BUILDING HEIGHT = 32'±
BUILDING AREA = 17,519 S.F.±
NCS-1034026-C-LA2
FLOOD ZONE "X"
BRIDGE AREA
CASTILIAN DRIVE
CORTONA DRIVE
N 49°36'30" E
N 40°23'30" W
L=317.85'
L=684.12'

EXHIBIT B

Umbrella Termination

UMBRELLA TERMINATION AGREEMENT

This Umbrella Termination Agreement (this "**Agreement**"), dated as of January 20, 2022 (the "**Termination Effective Date**"), is made and entered into by and between CASTILIAN 90, LLC, a Delaware limited liability company ("**Castilian 90**"), CASTILIAN 70, LLC, a Delaware limited liability company ("**Castilian 70**"), and CASTILIAN 50, LLC, a Delaware limited liability company ("**Castilian 50**", and, together with Castilian 70 and Castilian 90, collectively, the "Landlords"), and APPFOLIO, INC., a Delaware corporation ("**AppFolio**").

RECITALS

A. Castilian 90, as landlord, currently leases to AppFolio, as tenant, space located at 90 Castilian Drive, Goleta, California, pursuant to that certain Industrial Lease dated December 6, 2019 (as amended, the "**90 Lease**"). Castilian 70, as landlord, currently leases to AppFolio, as tenant, space located at 70 Castilian Drive, Goleta, California, pursuant to that certain Industrial Lease dated December 6, 2019 (as amended, the "**70 Lease**"). Castilian 50, as landlord, currently leases to AppFolio, as tenant, space located at 50 Castilian Drive, Goleta, California, pursuant to that certain Industrial Lease dated December 6, 2019 (as amended, the "**50 Lease**", and, together with the 70 Lease and the 90 Lease, collectively, the "**Leases**").

B. In connection with the Leases, Castilian 90, Castilian 70 and Castilian 50, each as successor-in-interest to 50 Castilian Drive, LLC, a Delaware limited liability company, and AppFolio are parties to that certain Umbrella Agreement dated as of December 6, 2019 (the "**Umbrella Agreement**").

C. AppFolio acknowledges and agrees that the Landlords have satisfied all of their obligations under the Umbrella Agreement and the "Existing Leases" (as defined in the Umbrella Agreement), to AppFolio's satisfaction. The Landlords and AppFolio have determined that it is in their respective best interests to terminate the Umbrella Agreement and the Existing Leases in their entirety, upon the terms and conditions set forth in this Agreement.

D. Capitalized terms used but not defined herein shall have their meanings set forth in the Umbrella Agreement.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Landlords and AppFolio hereby agree as follows:

1. Agreement to Terminate. Effective as of Termination Effective Date, the Umbrella Agreement and the Existing Leases shall immediately and automatically terminate in their entirety and shall be null and void with no force or effect whatsoever. Without limiting the foregoing, no provision of the Umbrella Agreement or any of the Existing Leases will survive such terminations, and the Landlords shall not have any liability or obligation whatsoever under or in connection with the Umbrella Agreement or the Existing Leases, including, without limitation, in connection with the MAC Surviving Liabilities (as defined in the Umbrella Agreement), which MAC Surviving Liabilities shall be null and void, with no force or effect whatsoever, as of the Termination Effective Date. For the avoidance of doubt, the Leases shall not be affected by such terminations and shall remain in full force and effect in accordance with their terms,

provided that the references in the Leases to the Umbrella Agreement and the Existing Leases shall be null and void, with no force or effect whatsoever, as of the Termination Effective Date.

2. Release. Each of the Landlords, on behalf of itself and its affiliates, directors, officers, shareholders, members, partners, employees, agents, representatives, successors and assigns, hereby releases AppFolio, and its affiliates, directors, officers, shareholders, members, partners, employees, agents, representatives, successors and assigns from and against any and all actions, suits, claims, damages, liabilities and obligations (collectively, "**Claims**") arising out of or in connection with the Umbrella Agreement or any of the Existing Leases. AppFolio on behalf of itself and its affiliates, directors, officers, shareholders, members, partners, employees, agents, representatives, successors and assigns, hereby releases each of the Landlords, and their respective affiliates, directors, officers, shareholders, members, partners, lenders, ground lessors, employees, agents, representatives, successors and assigns, from and against any and all Claims arising out of or in connection with the Umbrella Agreement or any of the Existing Leases. Each of the Landlords and AppFolio agree that there is a risk that, subsequent to the execution of this Agreement, it will suffer losses or damages which are unknown or unanticipated as of the date hereof, and the Landlords and AppFolio each hereby assume said risk and agree that the releases contained in this Section 2 shall apply to all unknown or unanticipated Claims, as well as those known and anticipated. In connection with the foregoing, the Landlords and AppFolio each hereby waives any and all rights they may have under California Civil Code Section 1542, which Section reads as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

____

90 Castilian Initials AppFolio Initials

____

70 Castilian Initials 50 Castilian Initials

3. Representations and Warranties. AppFolio hereby represents and warrants to the Landlords that (a) AppFolio has not, either voluntarily or by operation of law, heretofore assigned, encumbered or transferred all or any portion of its right, title and interest in or to the Umbrella Agreement or the Existing Leases; (b) AppFolio has full power and authority to enter into this Agreement, and to consummate the transactions contemplated hereby, and the persons signing on behalf of AppFolio have been fully authorized to do so by all necessary action on the part of AppFolio; and (c) no consent or approval of any other party is required for this Agreement to constitute a legal, valid and binding obligation of AppFolio, or to terminate the Umbrella Agreement or the Existing Leases.

4. Miscellaneous.

4.1 Entire Agreement. This Agreement (and the Leases) is the entire agreement between the parties hereto with respect to the subject matter hereof. This Agreement may be amended only by an agreement in writing, signed by the Landlords and AppFolio.

4.2 Drafting. The foregoing Recitals are deemed incorporate in and part of this Agreement. Each party hereto has cooperated and participated in the drafting and preparation of this Agreement, and in any construction of this Agreement, the same shall not be construed against either party based on its alleged role as draftsperson. Section and subsection headings contained in this Agreement are for purposes of identification and reference only and shall not affect in any way the meaning or interpretation of any provision of this Agreement.

4.3 Survival. All representations, warranties and agreements in this Agreement shall survive termination of the Umbrella Agreement and the Existing Leases, and shall not be merged with any other document or agreement.

4.4 Attorneys' Fees. In the event of any action for breach of, or to enforce the provisions of this Agreement, the prevailing party in such action shall be entitled to reasonable attorneys' fees, costs, and expenses and reasonable attorneys' fees on appeal or other judicial proceedings.

4.5 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto, and to all of their respective successors and assigns.

4.6 California Law. This Agreement shall be governed by and construed in accordance with California law. Venue for any action hereunder or relating hereto shall solely be in the County of Santa Barbara.

4.7 Counterparts; PDF Signatures. This Agreement may be executed in duplicate counterparts, each of which shall be deemed an original, but which, when taken together, shall constitute one and the same instrument. A facsimile signature or a PDF or other electronic format signature shall each be as binding, and have the same force and effect, as an original ink signature.

4.8 Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

4.9 Time of the Essence. Time is of the essence with respect to this Agreement and all obligations hereunder.

4.10 Further Assurances. Each party hereto shall, from time to time, upon the request of another party hereto, execute, acknowledge and deliver all such further agreements and other instruments as may be reasonably required to further evidence the terms of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Landlords and AppFolio have entered into this Agreement as of the Termination Effective Date.

"**CASTILIAN 90**"

CASTILIAN 90, LLC, a Delaware limited liability company

By:____ Name:____ Title: ____

"**CASTILIAN 70**"

CASTILIAN 70, LLC, a Delaware limited liability company

By:____ Name:____ Title: ____

"**CASTILIAN 50**"

CASTILIAN 50, LLC, a Delaware limited liability company

By:____ Name:____ Title: ____

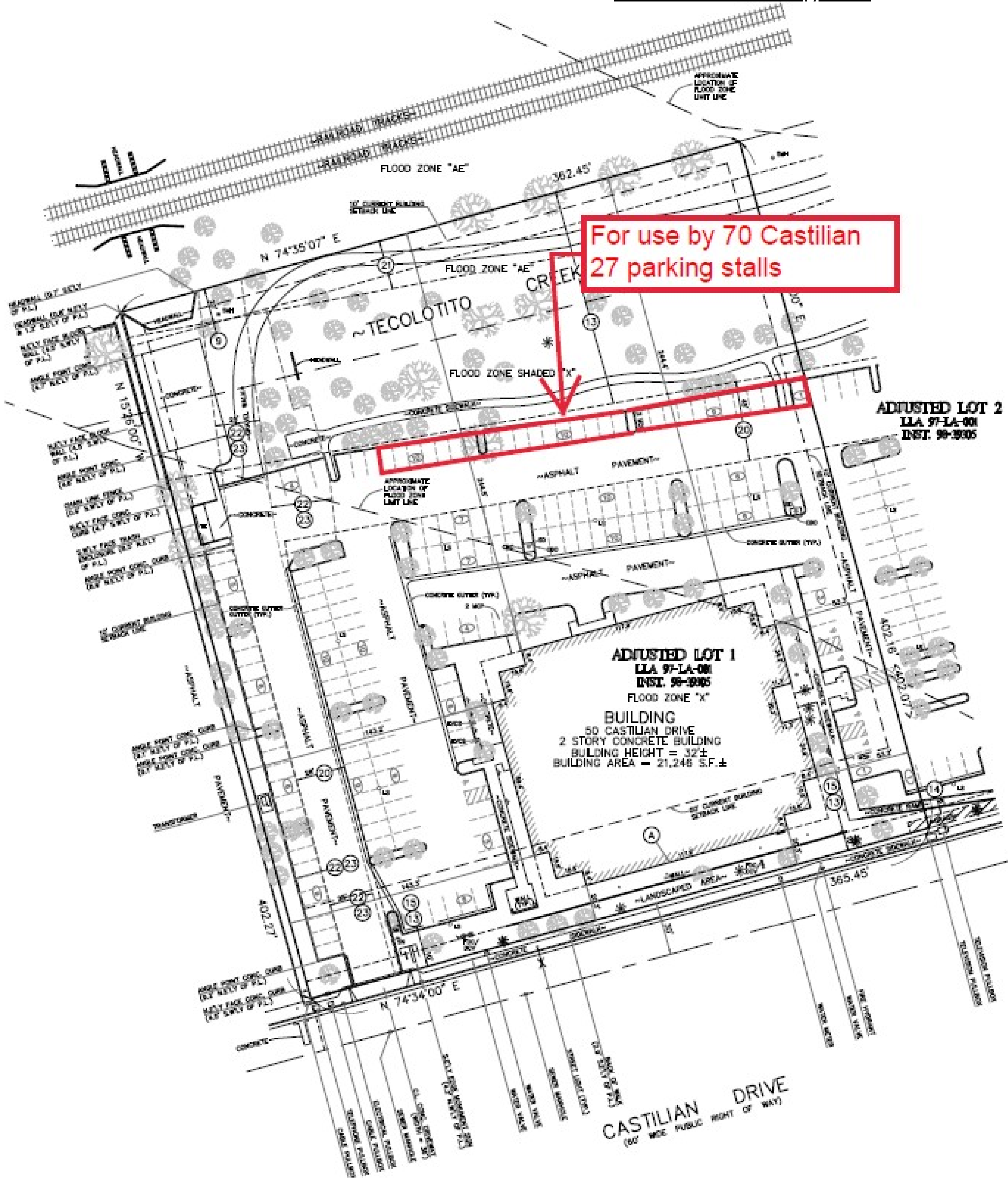
"**APPFOLIO**" APPFOLIO,

INC.,
a Delaware corporation

By:____ Name:____ Title: ____

EXHIBIT C

50 Castilian Parking Area



FIRST AMENDMENT TO INDUSTRIAL LEASE

This First Amendment to Industrial Lease (this "**Amendment**") is made and entered into as of February 10, 2022 (the "**Amendment Effective Date**") , by and between CASTILIAN 70, LLC, a Delaware limited liability company ("**Landlord**") , and APPFOLIO, INC., a Delaware corporation ("**Tenant**") .

RECITALS

A. Landlord, as successor-in-interest to 50 Castilian Drive, LLC ("**Prior Landlord**") , and Tenant are parties to that certain Industrial Lease dated December 6, 2019 (the "**Original Lease**") . Landlord, as successor-in-interest to Prior Landlord, and Tenant are also parties to that certain Umbrella Agreement dated December 6, 2019 among Landlord, Castilian 90, LLC ("**Castilian 90**") , successor-in- interest to Prior Landlord, and Castilian 50, LLC ("**Castilian 50**") , successor-in-interest to Prior Landlord (the "**Umbrella Agreement**") , and that certain letter agreement dated as of October 18, 2020 (relating to improvement allowances) among Landlord, Castilian 90, successor-in-interest to Prior Landlord, and Castilian 50, successor-in-interest to Prior Landlord (the "**Allowance Letter Agreement**") .

B. Pursuant to the Original Lease, Tenant leases from Landlord certain premises (the "**Premises**") consisting of 86,290 rentable square feet in that certain building commonly known as 70 Castilian Drive, in the City of Goleta, County of Santa Barbara, State of California (the "**Building**") . The Premises is part of that certain project (the "**Project**") , consisting of the Building, the parcel of land on which the Building is located (the "**70 Parcel**") , the improved parcel of land at 50 Castilian Drive, Goleta, California (the "**50 Parcel**") , and the improved parcel of land at 90 Castilian Drive, Goleta, California (the "**90 Parcel**") , as more particularly described in the Original Lease. The 50 Parcel, the 70 Parcel and the 90 Parcel are each depicted on Exhibit A attached hereto.

C. Landlord and Tenant now desire to, among other things, (i) terminate the Umbrella Agreement and the "Existing Lease" (as defined in the Original Lease) , in their entirety; and (ii) clarify and stipulate as to certain matters relating to the non-existence of Project common areas, Project property taxes, and Project Operating Expenses, and the remaining improvement allowance for the Building, all upon the terms and conditions set forth in this Amendment.

D. All capitalized terms used but not defined in this Amendment shall have the meanings ascribed to such terms in the Original Lease. The Original Lease, as amended by this Amendment, shall herein be referred to as the "**Lease**." All references in the Lease to the "Lease" shall herein refer to the Original Lease, as amended by this Amendment.

AGREEMENT

NOW, THEREFORE, for and in consideration of the sum of One Hundred Dollars ($100) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Termination of Umbrella Agreement. Tenant hereby acknowledges and agrees that Landlord has satisfied all of its obligations under the Umbrella Agreement and the Existing Lease, to Tenant's satisfaction. Effective as of the Amendment Effective Date, the Umbrella Agreement and the Existing Lease shall immediately and automatically terminate in their entirety, and shall be null and void, with no force or effect, and, Landlord shall not have any obligations or liabilities whatsoever under or in

connection with the Umbrella Agreement or the Existing Lease. For the avoidance of any doubt, no provision of the Umbrella Agreement or the Existing Lease shall survive (or otherwise be effective) from and after the Amendment Effective Date. Effective as of the Amendment Effective Date, all references in the Original Lease to the Umbrella Agreement (including, without limitation, references to the "MAC Surviving Liabilities" under the Umbrella Agreement) and all references in the Original Lease to the Existing Lease shall be null and void, with no force or effect. Concurrently with its execution of this Amendment, each of Landlord and Tenant shall execute and deliver a Termination of Umbrella Agreement, in the form attached hereto as Exhibit B, among Landlord, Tenant, Castilian 50 and Castilian 90 (the "**Umbrella Termination**").

2. Signage.

2.1 Tenant hereby agrees that, notwithstanding anything to the contrary in the Original Lease, all of Tenant's signage rights in the Original Lease shall relate solely to the 70 Parcel, and Tenant shall not have any right under the Lease to place, keep or maintain any of its signage in the 50 Parcel or the 90 Parcel.

2.2 Landlord and Tenant acknowledge that there are currently two (2) monument signs located solely within the 70 Parcel, and Tenant shall have the right, at its sole cost and expense, subject to City and any other required governmental approvals, to place its commercially reasonable identification signage on such monument signs located solely within the 70 Parcel. Tenant shall not have the right to use or place its signage on, or otherwise use, any other monument sign under the Lease.

3. Parking. Effective on the Amendment Effective Date, Section C(2) of the Basic Provisions in the Original Lease (Parking) is hereby deleted in its entirety, and replaced with the following provisions of this Section 3:

3.1 From and after the Amendment Effective Date, Tenant shall have the exclusive use of a maximum total of two hundred thirty (230) unreserved parking spaces (the "**Maximum Number of Parking Spaces**") located in the Parking Lot (as defined in Section 3.2 below), but subject to the locations for the Parcel 50 Spaces and Parcel 90 Spaces, as defined in Section 3.2 below, except to the extent such amount of spaces is required by applicable law or any governmental authority having jurisdiction over the Project to be reduced and such requirement does not result from any voluntary action taken by Landlord, provided, that the parties acknowledge and agree that the foregoing terms of this sentence shall not permit Landlord to allocate parking spaces in the Parking Lot to any buildings other than the Building, or to allocate, authorize, or allow others to use the Parking Lot in any way that decreases the Maximum Number of Parking Spaces exclusively available to the tenants of the Building. Landlord shall not authorize any other person, firm, organization or entity to use or reserve parking spaces in, and shall not allow any other person, firm, organization or entity to authorize the use of (or the reservation of parking spaces in), the Parking Lot. If parking available to Tenant in the Parking Lot is being substantially limited by the use of third parties so that the Parking Lot (together with any other parking area available to Tenant hereunder) does not meet Tenant's normal parking needs (which comply with the terms of the Lease), Landlord and Tenant shall cooperate with one another to establish procedures and mechanisms that will prevent unauthorized parking by others in the Parking Lot. Subject to the terms of this Section 3 (including, without limitation, the Maximum Number of Parking Spaces), Tenant shall have the exclusive use of the Parking Lot without additional parking charges during the remaining Term of the Lease.

3.2 All parking spaces under the Lease (i.e., all of the Maximum Number of Parking Spaces) shall be located only in the parking lot depicted on Exhibit C attached hereto (the "**Parking Lot**"), which Parking Lot is located solely within the 70 Parcel; provided, however, twenty-seven (27) of the Maximum Number of Parking Spaces (the "**Parcel 50 Spaces**") shall be located in the parking lot

serving the building on the 50 Parcel (the "**50 Parking Lot**"), and six (6) of the Maximum Number of Parking Spaces (the "**Parcel 90 Spaces**") shall be located in the parking lot serving the building on the 90 Parcel (the "**90 Parking Lot**"), each as depicted on **Exhibit C** attached hereto. Notwithstanding anything to the contrary in the Lease, Tenant shall not (and shall ensure its officers, directors, affiliates, partners, members, employees, agents, shareholders, representatives, subtenants, successors, assigns, visitors, licensees and invitees do not) park or use any parking area anywhere in the Project other than the Parking Lot (or, with respect to the Parcel 50 Spaces and the Parcel 90 Spaces only, the 50 Parking Lot and the 90 Parking Lot, respectively, in areas designated by Landlord). Landlord acknowledges that, so long as Tenant leases space in one or more other buildings at the Project (other than the Building), Tenant may, subject to the terms and conditions of this Section 3, allow its employees, agents, representatives and visitors at such other building(s) ("**Tenant Users**") to use Tenant's unreserved parking spaces in the Parking Lot that are allocated to Tenant hereunder, provided that the amount of parking allocated to Tenant shall not be increased as a result thereof, and Tenant shall not (and shall ensure its officers, directors, affiliates, partners, members, employees, agents, shareholders, representatives, subtenants, successors, assigns, visitors, licensees and invitees, and Tenant Users, do not) use a combined aggregate total amount of parking spaces in excess of the Maximum Number of Parking Spaces.

3.3 In the event that Tenant assigns the Lease or subleases all or a portion of the Premises as permitted under the Lease, Tenant shall have the right to grant to the assignee or sublessee, as the case may be, the use of some or all of the parking spaces allotted to Tenant under the Lease, which such number of assigned or sublet spaces within such allotment shall be at Tenant's sole discretion (subject to the Maximum Number of Parking Spaces limitations, and the limitations with respect to the Parcel 50 Spaces and the Parcel 90 Spaces).

4. No Common Areas. Landlord and Tenant hereby acknowledge, agree and stipulate that, notwithstanding anything to the contrary in the Lease, from and after the Amendment Effective Date, there are not, and shall not be, any Common Areas under the Lease and there shall be no Project Operating Expenses under Section 7.2.3 of the Original Lease (but without limiting Building Operating Expenses payable by Tenant). Accordingly, Section 1.2 of the Original Lease (Common Areas), and references to "Common Area" in the Original Lease, are hereby deleted. Except for the tenants at the 50 Parcel and the
90 Parcel (and their respective officers, directors, affiliates, partners, members, employees, agents, shareholders, representatives, subtenants, successors, assigns, visitors, licensees and invitees), Tenant shall have the exclusive right to use easements (if any) designated by Landlord from time to time for ingress and egress as are necessary for Tenant's use and occupancy of the Premises. With respect to the Parking Lot, and walkways and landscaping within the 70 Parcel alone, Landlord shall keep the same in good order and repair; provided, however, all costs and expenses incurred by Landlord relating to the Parking Lot (and the Parcel 50 Spaces and Parcel 90 Spaces) and such walkways and landscaping (including, without limitation, those for maintenance and repair) shall be included and paid for by Tenant as part of Building Operating Expenses, subject to any exclusions therefrom set forth in the Original Lease (without limiting any other Building Operating Expenses). Without limiting the foregoing, "Building Operating Expenses" shall include all reasonable and necessary costs and expenses incurred by Landlord in the operation, maintenance, repair and management of the 70 Parcel (including, without limitation, the Building), including, but not limited to the costs and expenses set forth in Section 7.2 of the Original Lease. Notwithstanding anything to the contrary in the Lease, Tenant shall not have the right to use any area within the 50 Parcel or the 90 Parcel (including, without limitation the parking lots serving the same, except for the Parcel 50 Spaces and Parcel 90 Spaces), and the occupants of the 50 Parcel and 90 Parcel shall not be permitted to use any area within the 70 Parcel. From and after the Amendment Effective Date, Tenant shall not be obligated to pay Project Operating Expenses (including property taxes) for the 50 Parcel or 90 Parcel, and Landlord and Tenant shall not have any obligations, costs, or expenses related to portions of the Project that do not pertain to any of the 70 Parcel (including, but not limited to, the Building); provided, however, Tenant shall be required to pay all Building Operating Expenses relating to the 70 Parcel (including, without

limitation, the Building) based on Tenant's proportionate share of the Building set forth in the Original Lease. It is the intent of Landlord and Tenant that the 70 Parcel shall be separate from, and shall not have any public or other areas in common with, the 50 Parcel or the 90 Parcel.

5. Undisbursed Improvement Allowance.

5.1 Notwithstanding anything to the contrary in the Lease, as of the Amendment Effective Date, there is no remaining improvement allowance under the Lease (i.e., the Aggregate Tenant Improvement Allowance), and the entire Aggregate Tenant Improvement Allowance (including, without limitation, any "Exterior Improvement Allowance", and any "Interior Tenant Improvement Allowance") is fully exhausted. Notwithstanding anything to the contrary in the Lease (or the Umbrella Agreement, the Existing Lease or the Allowance Letter Agreement), (a) Tenant is not entitled to any other improvement or construction contribution, reimbursement or allowance (or any credit for any unused contribution, reimbursement or allowance) under or in connection with the Lease (or the Umbrella Agreement, the Existing Lease or the Allowance Letter Agreement) or otherwise, and (b) Tenant shall not have any further rights or remedies whatsoever, and Landlord shall not have any further obligations whatsoever, under the Allowance Letter Agreement.

5.2 Section 2.2.4 of Exhibit B to the Original Lease is amended by replacing the language "three (3) years following the Commencement Date" with "three (3) years and six (6) months following the Commencement Date".

6. Estoppel. Tenant warrants, represents and certifies to Landlord that as of the date of this Amendment, to Tenant's actual knowledge, (a) Landlord is not in breach or default under the Lease, and no event has occurred which, with the giving of notice or the passage of time, would constitute a breach or default by Landlord, and (b) Tenant does not have any defenses or offsets to payment of rent or other amounts or performance of its obligations under the Lease as and when same becomes due. Landlord warrants, represents and certifies to Tenant that as of the date of this Amendment, to Landlord's actual knowledge, (i) Tenant is not in breach or default under the Lease, and no event has occurred which, with the giving of notice or the passage of time, would constitute a breach or default by Tenant, and (ii) Landlord does not have any defenses or offsets to payment of rent amounts or performance of its obligations under the Lease as and when same becomes due. Additionally, Section 3(c) of Exhibit L to the Original Lease is hereby deleted and replaced with the following: "(c) To the actual knowledge of Tenant, no party is in breach or default under the Lease. To the actual knowledge of Tenant, no event has occurred which, with the giving of notice or passage of time, or both, would constitute such a breach or default."

7. Brokers. Tenant represents and warrants to Landlord that it has not dealt with any broker with respect to this Amendment. If Tenant has dealt with any broker or agent, Tenant shall be solely responsible for the payment of all fees and commissions due said broker or agent and Tenant shall protect, indemnify, hold harmless and defend Landlord from all liability in respect thereto. Landlord represents and warrants to Tenant that it has not dealt with any broker with respect to this Amendment. If Landlord has dealt with any broker or agent, Landlord shall be solely responsible for the payment of all fees and commissions due said broker or agent and Landlord shall protect, indemnify, hold harmless and defend Tenant from all liability in respect thereto. The provisions of this Section 7 shall survive any expiration or termination of the Lease.

8. Authority. Tenant, and the individuals executing this Amendment on behalf of Tenant, represent and warrant to Landlord that Tenant has full power and authority to enter into this Amendment and the person signing on behalf of Tenant has been fully authorized to do so by all necessary corporate or partnership action on the part of Tenant. Landlord, and the individuals executing this Amendment on behalf of Landlord, represent and warrant to Tenant that Landlord has full power and

authority to enter into this Amendment and the person signing on behalf of Landlord has been fully authorized to do so by all necessary corporate or partnership action on the part of Landlord.

9. Counterparts; PDF Signatures. This Amendment may be executed in counterparts, each of which shall be deemed an original part and all of which together shall constitute a single agreement. Signatures on this Amendment sent electronically in PDF format each have the same force and effect as original ink signatures.

10. Original Lease in Full Force. The foregoing Recitals are deemed incorporate in and part of this Amendment. If any conflict exists between the terms and conditions of this Amendment and the terms and conditions of the Original Lease, the terms and conditions of this Amendment shall control. Except as amended by this Amendment, all other terms, covenants and conditions of the Original Lease (but not the Umbrella Agreement or the Existing Lease) shall remain in full force and effect and Landlord and Tenant hereby ratify the Original Lease (but not the Umbrella Agreement or the Existing Lease), as amended hereby.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Amendment is executed as of the Amendment Effective Date.

LANDLORD:
CASTILIAN 70, LLC, a Delaware limited liability company

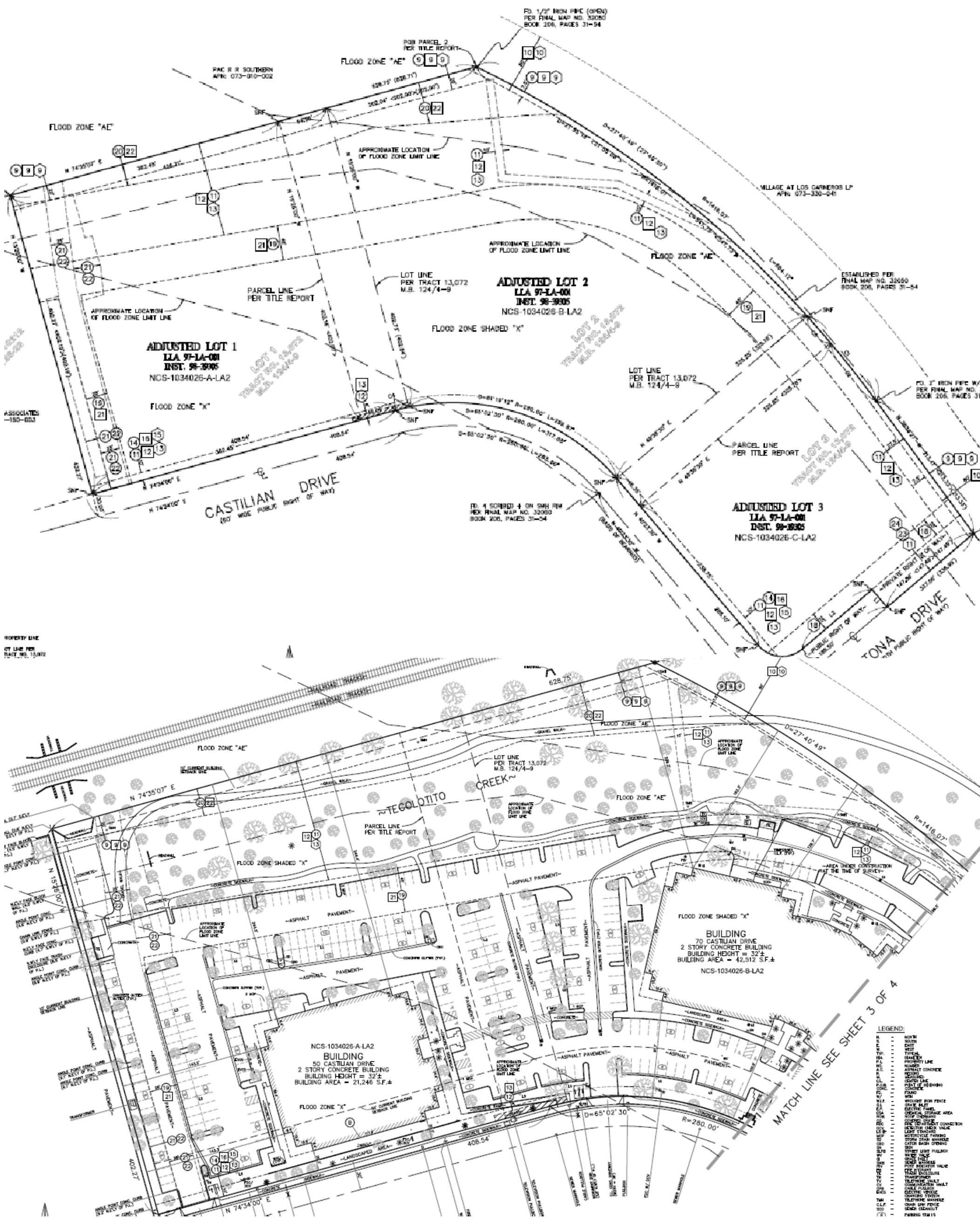
By: /s/ Brian Rupp
Name: Brian Rupp
Title: as authorized signatory

TENANT:
APPFOLIO, INC.,, a Delaware corporation

By: /s/ Jason Randall
Name: Jason Randall
Title: Chief Executive Officer

EXHIBIT A

50 Parcel, 70 Parcel and 90 Parcel



MATCH LINE SEE SHEET 3 OF 4
~TECOLOTITO CREEK~
BUILDING
70 CASTILIAN DRIVE
2 STORY CONCRETE BUILDING
BUILDING HEIGHT = 32'±
BUILDING AREA = 42,512 S.F.±
LOT LINE
PER TRACT 13,072
M.B. 124/4-9
FLOOD ZONE "AE"
PARCEL LINE
PER TITLE REPORT
FLOOD ZONE SHADED "X"
BUILDING
90 CASTILIAN DRIVE
2 STORY CONCRETE BUILDING
BUILDING HEIGHT = 32'±
BUILDING AREA = 17,519 S.F.±
NCS-1034026-C-LA2
FLOOD ZONE "X"
CASTILIAN DRIVE
CORTONA DRIVE
BRIDGE AREA

EXHIBIT B

Umbrella Termination

UMBRELLA TERMINATION AGREEMENT

This Umbrella Termination Agreement (this "**Agreement**") , dated as January 20, 2022 (the "**Termination Effective Date**") , is made and entered into by and between CASTILIAN 90, LLC, a Delaware limited liability company ("**Castilian 90**") , CASTILIAN 70, LLC, a Delaware limited liability company ("**Castilian 70**") , and CASTILIAN 50, LLC, a Delaware limited liability company ("**Castilian 50**", and, together with Castilian 70 and Castilian 90, collectively, the "Landlords") , and APPFOLIO, INC., a Delaware corporation ("**AppFolio"**) .

RECITALS

A. Castilian 90, as landlord, currently leases to AppFolio, as tenant, space located at 90 Castilian Drive, Goleta, California, pursuant to that certain Industrial Lease dated December 6, 2019 (as amended, the "**90 Lease**") . Castilian 70, as landlord, currently leases to AppFolio, as tenant, space located at 70 Castilian Drive, Goleta, California, pursuant to that certain Industrial Lease dated December 6, 2019 (as amended, the "**70 Lease**") . Castilian 50, as landlord, currently leases to AppFolio, as tenant, space located at 50 Castilian Drive, Goleta, California, pursuant to that certain Industrial Lease dated December 6, 2019 (as amended, the "**50 Lease**", and, together with the 70 Lease and the 90 Lease, collectively, the "**Leases**") .

B. In connection with the Leases, Castilian 90, Castilian 70 and Castilian 50, each as successor-in-interest to 50 Castilian Drive, LLC, a Delaware limited liability company, and AppFolio are parties to that certain Umbrella Agreement dated as of December 6, 2019 (the "**Umbrella Agreement**") .

C. AppFolio acknowledges and agrees that the Landlords have satisfied all of their obligations under the Umbrella Agreement and the "Existing Leases" (as defined in the Umbrella Agreement) , to AppFolio's satisfaction. The Landlords and AppFolio have determined that it is in their respective best interests to terminate the Umbrella Agreement and the Existing Leases in their entirety, upon the terms and conditions set forth in this Agreement.

D. Capitalized terms used but not defined herein shall have their meanings set forth in the Umbrella Agreement.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Landlords and AppFolio hereby agree as follows:

1. Agreement to Terminate. Effective as of Termination Effective Date, the Umbrella Agreement and the Existing Leases shall immediately and automatically terminate in their entirety and shall be null and void with no force or effect whatsoever. Without limiting the foregoing, no provision of the Umbrella Agreement or any of the Existing Leases will survive such terminations, and the Landlords shall not have any liability or obligation whatsoever under or in connection with the Umbrella Agreement or the Existing Leases, including, without limitation, in connection with the MAC Surviving Liabilities (as defined in the Umbrella Agreement) , which MAC Surviving Liabilities shall be null and void, with no force or effect whatsoever, as of the Termination Effective Date. For the avoidance of doubt, the Leases shall not be affected by such terminations and shall remain in full force and effect in accordance with their terms,

provided that the references in the Leases to the Umbrella Agreement and the Existing Leases shall be null and void, with no force or effect whatsoever, as of the Termination Effective Date.

2. Release. Each of the Landlords, on behalf of itself and its affiliates, directors, officers, shareholders, members, partners, employees, agents, representatives, successors and assigns, hereby releases AppFolio, and its affiliates, directors, officers, shareholders, members, partners, employees, agents, representatives, successors and assigns from and against any and all actions, suits, claims, damages, liabilities and obligations (collectively, "**Claims**") arising out of or in connection with the Umbrella Agreement or any of the Existing Leases. AppFolio on behalf of itself and its affiliates, directors, officers, shareholders, members, partners, employees, agents, representatives, successors and assigns, hereby releases each of the Landlords, and their respective affiliates, directors, officers, shareholders, members, partners, lenders, ground lessors, employees, agents, representatives, successors and assigns, from and against any and all Claims arising out of or in connection with the Umbrella Agreement or any of the Existing Leases. Each of the Landlords and AppFolio agree that there is a risk that, subsequent to the execution of this Agreement, it will suffer losses or damages which are unknown or unanticipated as of the date hereof, and the Landlords and AppFolio each hereby assume said risk and agree that the releases contained in this Section 2 shall apply to all unknown or unanticipated Claims, as well as those known and anticipated. In connection with the foregoing, the Landlords and AppFolio each hereby waives any and all rights they may have under California Civil Code Section 1542, which Section reads as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

________________ ________________

90 Castilian Initials AppFolio Initials

________________ ________________

70 Castilian Initials 50 Castilian Initials

3. Representations and Warranties. AppFolio hereby represents and warrants to the Landlords that (a) AppFolio has not, either voluntarily or by operation of law, heretofore assigned, encumbered or transferred all or any portion of its right, title and interest in or to the Umbrella Agreement or the Existing Leases; (b) AppFolio has full power and authority to enter into this Agreement, and to consummate the transactions contemplated hereby, and the persons signing on behalf of AppFolio have been fully authorized to do so by all necessary action on the part of AppFolio; and (c) no consent or approval of any other party is required for this Agreement to constitute a legal, valid and binding obligation of AppFolio, or to terminate the Umbrella Agreement or the Existing Leases.

4. Miscellaneous.

4.1 Entire Agreement. This Agreement (and the Leases) is the entire agreement between the parties hereto with respect to the subject matter hereof. This Agreement may be amended only by an agreement in writing, signed by the Landlords and AppFolio.

4.2 Drafting. The foregoing Recitals are deemed incorporate in and part of this Agreement. Each party hereto has cooperated and participated in the drafting and preparation of this Agreement, and in any construction of this Agreement, the same shall not be construed against either party based on its alleged role as draftsperson. Section and subsection headings contained in this Agreement are for purposes of identification and reference only and shall not affect in any way the meaning or interpretation of any provision of this Agreement.

4.3 Survival. All representations, warranties and agreements in this Agreement shall survive termination of the Umbrella Agreement and the Existing Leases, and shall not be merged with any other document or agreement.

4.4 Attorneys' Fees. In the event of any action for breach of, or to enforce the provisions of this Agreement, the prevailing party in such action shall be entitled to reasonable attorneys' fees, costs, and expenses and reasonable attorneys' fees on appeal or other judicial proceedings.

4.5 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto, and to all of their respective successors and assigns.

4.6 California Law. This Agreement shall be governed by and construed in accordance with California law. Venue for any action hereunder or relating hereto shall solely be in the County of Santa Barbara.

4.7 Counterparts; PDF Signatures. This Agreement may be executed in duplicate counterparts, each of which shall be deemed an original, but which, when taken together, shall constitute one and the same instrument. A facsimile signature or a PDF or other electronic format signature shall each be as binding, and have the same force and effect, as an original ink signature.

4.8 Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

4.9 Time of the Essence. Time is of the essence with respect to this Agreement and all obligations hereunder.

4.10 Further Assurances. Each party hereto shall, from time to time, upon the request of another party hereto, execute, acknowledge and deliver all such further agreements and other instruments as may be reasonably required to further evidence the terms of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Landlords and AppFolio have entered into this Agreement as of the Termination Effective Date.

"**CASTILIAN 90**"

CASTILIAN 90, LLC, a Delaware limited liability company

By:____ Name:____ Title: ____

"**CASTILIAN 70**"

CASTILIAN 70, LLC, a Delaware limited liability company

By:____ Name:____ Title: ____

"**CASTILIAN 50**"

CASTILIAN 50, LLC, a Delaware limited liability company

By:____ Name:____ Title: ____

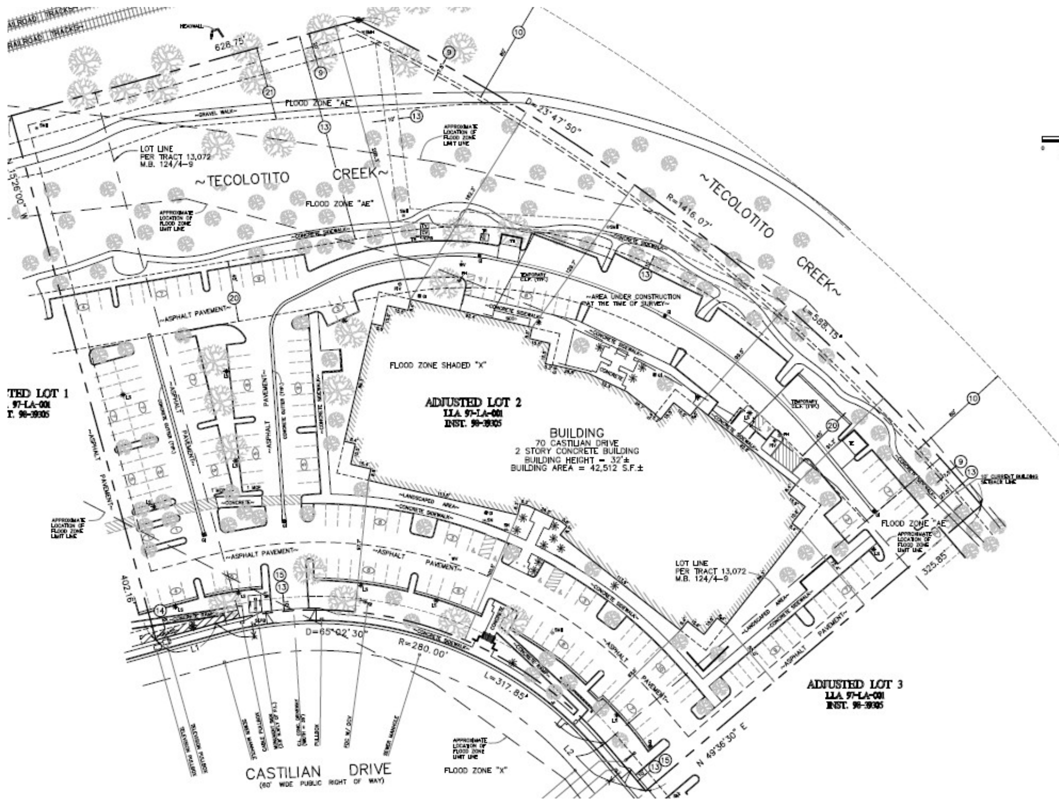
"**APPFOLIO**" APPFOLIO,

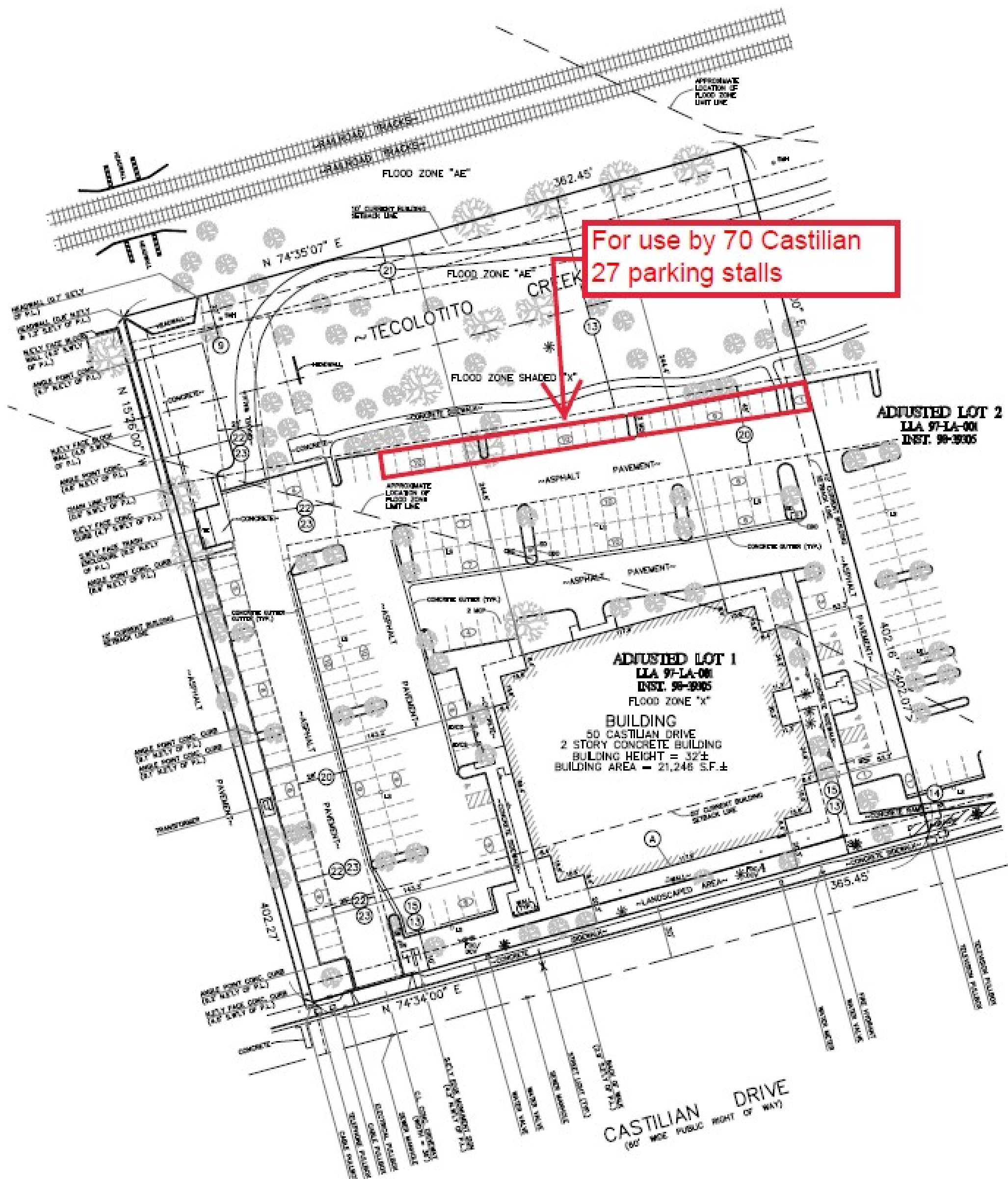
INC.,
a Delaware corporation

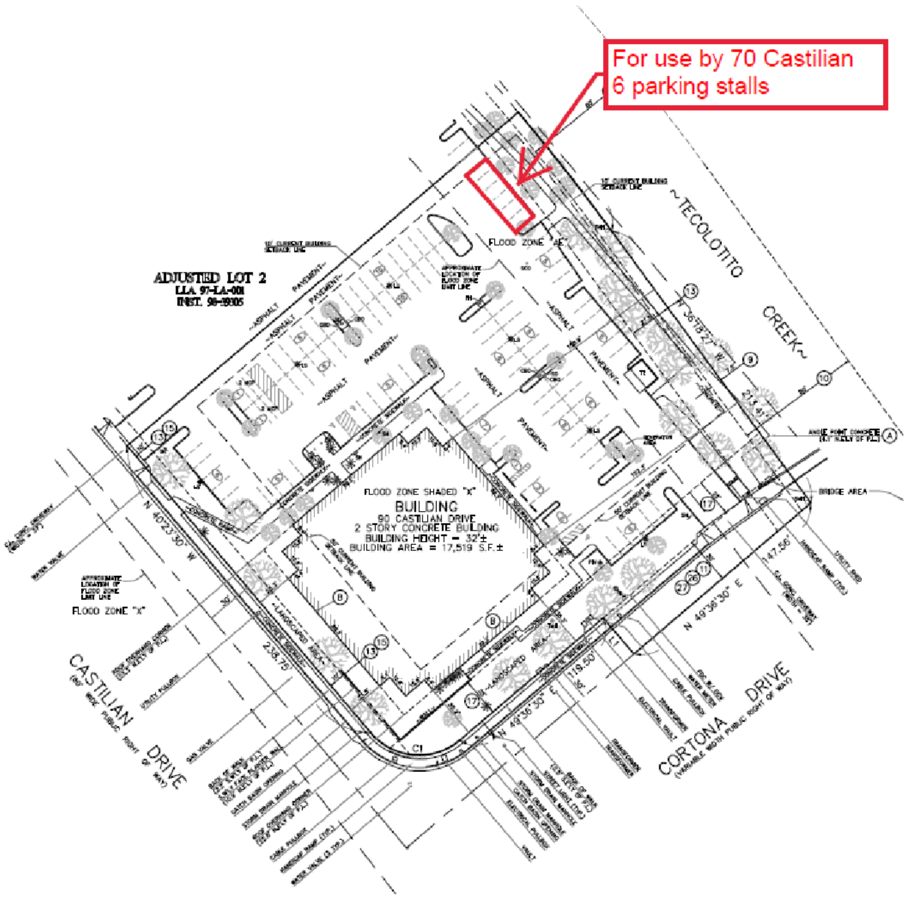
By:____ Name:____ Title: ____

EXHIBIT C

70 Castilian Parking Area




For use by 70 Castilian
27 parking stalls
ADJUSTED LOT 2
LLA 97-LA-001
ADJUSTED LOT 1
LLA 97-LA-001
FLOOD ZONE "X"
BUILDING
50 CASTILIAN DRIVE
2 STORY CONCRETE BUILDING
BUILDING HEIGHT = 32'±
BUILDING AREA = 21,246 S.F.±
FLOOD ZONE "AE"
TECOLOTITO
FLOOD ZONE SHADED "X"
N 74°35'07" E
N 74°34'00" E
CASTILIAN DRIVE



For use by 70 Castilian
6 parking stalls
ADJUSTED LOT 2
~TECOLOTITO
CREEK~
FLOOD ZONE SHADED "X"
BUILDING
90 CASTILIAN DRIVE
2 STORY CONCRETE BUILDING
BUILDING HEIGHT = 32'±
BUILDING AREA = 17,519 S.F.±
FLOOD ZONE "X"
BRIDGE AREA
CASTILIAN DRIVE
CORTONA DRIVE

FIRST AMENDMENT TO INDUSTRIAL LEASE

This First Amendment to Industrial Lease (this "**Amendment**") is made and entered into as of February 10, 2022 (the "**Amendment Effective Date**"), by and between CASTILIAN 90, LLC, a Delaware limited liability company ("**Landlord**"), and APPFOLIO, INC., a Delaware corporation ("**Tenant**").

RECITALS

A. Landlord, as successor-in-interest to 50 Castilian Drive, LLC ("**Prior Landlord**"), and Tenant are parties to that certain Industrial Lease dated December 6, 2019 (the "**Original Lease**"). Landlord, as successor-in-interest to Prior Landlord, and Tenant are also parties to that certain Umbrella Agreement dated December 6, 2019 among Landlord, Castilian 70, LLC ("**Castilian 70**"), successor-in- interest to Prior Landlord, and Castilian 50, LLC ("**Castilian 50**"), successor-in-interest to Prior Landlord (the "**Umbrella Agreement**"), and that certain letter agreement dated as of October 18, 2020 (relating to improvement allowances) among Landlord, Castilian 70, successor-in-interest to Prior Landlord, and Castilian 50, successor-in-interest to Prior Landlord (the "**Allowance Letter Agreement**").

B. Pursuant to the Original Lease, Tenant leases from Landlord certain premises (the "**Premises**") consisting of 35,960 rentable square feet in that certain building commonly known as 90 Castilian Drive, in the City of Goleta, County of Santa Barbara, State of California (the "**Building**"). The Premises is part of that certain project (the "**Project**"), consisting of the Building, the parcel of land on which the Building is located (the "**90 Parcel**"), the improved parcel of land at 50 Castilian Drive, Goleta, California (the "**50 Parcel**"), and the improved parcel of land at 70 Castilian Drive, Goleta, California (the "**70 Parcel**"), as more particularly described in the Original Lease. The 50 Parcel, the 70 Parcel and the 90 Parcel are each depicted on Exhibit A attached hereto.

C. Landlord and Tenant now desire to, among other things, (i) terminate the Umbrella Agreement and the "Existing Lease" (as defined in the Original Lease), in their entirety; (ii) have Landlord perform certain improvements to the roof and HVAC systems of the Building; and (iii) clarify and stipulate as to certain matters relating to the non-existence of Project common areas, Project property taxes, and Project Operating Expenses, and the remaining improvement allowance for the Building, all upon the terms and conditions set forth in this Amendment.

D. All capitalized terms used but not defined in this Amendment shall have the meanings ascribed to such terms in the Original Lease. The Original Lease, as amended by this Amendment, shall herein be referred to as the "**Lease**." All references in the Lease to the "Lease" shall herein refer to the Original Lease, as amended by this Amendment.

AGREEMENT

NOW, THEREFORE, for and in consideration of the sum of One Hundred Dollars ($100) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Termination of Umbrella Agreement. Tenant hereby acknowledges and agrees that Landlord has satisfied all of its obligations under the Umbrella Agreement and the Existing Lease, to Tenant's satisfaction. Effective as of the Amendment Effective Date, the Umbrella Agreement and the Existing Lease shall immediately and automatically terminate in their entirety, and shall be null and void,

with no force or effect, and, Landlord shall not have any obligations or liabilities whatsoever under or in connection with the Umbrella Agreement or the Existing Lease. For the avoidance of any doubt, no provision of the Umbrella Agreement or the Existing Lease shall survive (or otherwise be effective) from and after the Amendment Effective Date. Effective as of the Amendment Effective Date, all references in the Original Lease to the Umbrella Agreement (including, without limitation, references to the "MAC Surviving Liabilities" under the Umbrella Agreement) and all references in the Original Lease to the Existing Lease shall be null and void, with no force or effect. Concurrently with its execution of this Amendment, each of Landlord and Tenant shall execute and deliver a Termination of Umbrella Agreement, in the form attached hereto as Exhibit B, among Landlord, Tenant, Castilian 50 and Castilian 70 (the "**Umbrella Termination**").

2. Landlord Improvements.

2.1 Landlord shall cause the work set forth on Exhibit C attached hereto to be performed, , at Landlord's cost (the "**Landlord Amendment Work**"), subject to the terms and conditions of this Amendment. Subject to delays caused by Force Majeure, or by Tenant (or any of its officers, partners, members, shareholders, directors, contractors, subcontractors, vendors, employees, representatives, affiliates, agents, licensees or invitees), Landlord shall commence the Landlord Amendment Work within thirty (30) days after the mutual execution and delivery of this Amendment and thereafter use commercially reasonable efforts to diligently complete the Landlord Amendment Work in all material respects.

2.2 Landlord shall use commercially reasonable efforts to not unreasonably interfere with Tenant's permitted use of the Premises while performing the Landlord Amendment Work. Landlord and its contractors, subcontractors, vendors, employees, representatives, affiliates and agents shall have reasonable access to the Premises to perform the Landlord Amendment Work. Tenant acknowledges that the Landlord Amendment Work may, without limitation, temporarily limit access to portions of the Premises, and/or create noise, vibration, dust or debris. Nevertheless, Landlord shall use commercially reasonable and diligent efforts to cause its contractors to take reasonable measures in accordance with good construction standards and methods, to mitigate the same. Tenant hereby agrees that the performance of the Landlord Amendment Work shall not constitute a constructive eviction or entitle Tenant to any abatement (except to the extent provided under Sections 10.1.3 and 10.2 of the Original Lease, which provisions shall apply to the Landlord Amendment Work to the extent Tenant is entitled to any remedy thereunder, if at all), and Landlord shall not be responsible or liable for any interference, inconvenience or annoyance in connection with the Landlord Amendment Work, provided that Landlord shall comply with its obligation to use commercially reasonable efforts described above; provided, however, if applicable, Tenant shall have its remedies under Sections 10.1.3 or 10.2 of the Original Lease in connection with Landlord's performance of the Landlord Amendment Work. Tenant shall cooperate and not interfere (or permit interference) with Landlord in connection with the performance of the Landlord Amendment Work, as Landlord may reasonably direct from time to time. As of the date hereof, Tenant knows of no work, improvement, repair or replacement, other than the Landlord Amendment Work, that Landlord must perform to the roof, roof membrane or HVAC systems or equipment (including, but not limited to, ductwork) to comply with its obligations under the Lease. For the avoidance of doubt, Landlord and Tenant acknowledge that Tenant has not obtained what is commonly known as a property condition report with respect to the Building's roof, roof membrane or HVAC systems or equipment (including, but not limited to, ductwork).

2.3 If there is any increase in the cost of the Landlord Amendment Work as a result of Tenant's failure to cooperate as required herein (or to otherwise comply with the Lease), or any interference by Tenant or any of its officers, partners, members, shareholders, directors, contractors, subcontractors, vendors, employees, representatives, affiliates, agents, licensees or invitees, then Tenant

shall be obligated to pay to Landlord, within thirty (30) days after demand and reasonable documentation of costs, such increased cost. Landlord shall notify Tenant of any such failure to cooperate or interference as soon as reasonably possible after Landlord learns of the occurrence of such breach in order to allow Tenant time to mitigate any such costs arising from such alleged breach, but in no event more than thirty
(30) days after the date Landlord learns of the occurrence of such breach). If Tenant disputes that it is required to pay such amount to Landlord hereunder, then Landlord and Tenant shall have their respective rights and remedies under the Lease, but Landlord shall not suspend or delay performance of the Landlord Amendment Work due to such failure to pay. Landlord shall not be responsible or liable for any delay in performing any work resulting from Force Majeure, or the acts or omissions of Tenant (or any of its officers, partners, members, shareholders, directors, contractors, subcontractors, vendors, employees, representatives, affiliates, agents, licensees or invitees), including, without limitation, any failure by Tenant to comply with this Section 2, except to the extent that Tenant is entitled to rental abatement (if at all) pursuant to the terms of Sections 10.1.3 and 10.2 of the Original Lease.

3. Signage. Tenant hereby agrees that, notwithstanding anything to the contrary in the Original Lease, all of Tenant's signage rights in the Original Lease shall relate solely to the 90 Parcel, and Tenant shall not have any right under the Lease to place, keep or maintain any of its signage in the 50 Parcel or the 70 Parcel. Tenant shall have the right, at its sole cost and expense, subject to City and any other required governmental approvals, to install one (1) monument sign solely within the 90 Parcel alone, comparable to the monument sign located within the 50 Parcel as of the date hereof, in a location reasonably acceptable to Landlord and Tenant, and, in such event, Tenant may place its commercially reasonable identification signage on such monument sign located solely within the 90 Parcel. Tenant shall not have the right to use or place its signage on, or otherwise use, any other monument sign under the Lease.

4. Parking. Effective on the Amendment Effective Date, Section C(2) of the Basic Provisions in the Original Lease (Parking) is hereby deleted in its entirety, and replaced with the following provisions of this Section 4:

4.1 From and after the Amendment Effective Date, Tenant shall have the exclusive use of a maximum total of one hundred sixteen (116) unreserved parking spaces (the "**Maximum Number of Parking Spaces**") located in the Parking Lot (as defined in Section 4.2 below), except to the extent such amount of spaces is required by applicable law or any governmental authority having jurisdiction over the Project to be reduced and such requirement does not result from any voluntary action taken by Landlord, provided, that the parties acknowledge and agree that the foregoing terms of this sentence shall not permit Landlord to allocate parking spaces in the Parking Lot to any buildings other than the Building, subject, however, to the provisions below regarding the allocation of spaces to the building commonly known as 70 Castilian Drive in the Project, or to allocate, authorize, or allow others to use the Parking Lot in any way that decreases the Maximum Number of Parking Spaces exclusively available to the tenants of the Building. Subject to the provisions below regarding the allocation of spaces to 70 Castilian Drive, Landlord shall not authorize any other person, firm, organization or entity to use or reserve parking spaces in, and shall not allow any other person, firm, organization or entity to authorize the use of (or the reservation of parking spaces in), the Parking Lot. Notwithstanding the foregoing or anything to the contrary herein, Tenant acknowledges and agrees that, as of Amendment Effective Date, six (6) parking spaces in the Parking Lot are allocated and designated for the exclusive use of the tenant at the building commonly known as 70 Castilian Drive (and its officers, directors, affiliates, partners, members, employees, agents, shareholders, representatives, subtenants, successors, assigns, visitors, licensees and invitees) (the "**70 Spaces**"), and Tenant (and its officers, directors, affiliates, partners, members, employees, agents, shareholders, representatives, subtenants, successors, assigns, visitors, licensees and invitees, and Tenant Users, as defined in Section 4.2 below) shall not park in any of the 70 Spaces. If parking available to Tenant in the Parking Lot is being substantially limited by the use of third parties other than the users of the 70

Spaces so that the Parking Lot does not meet Tenant's normal parking needs (which comply with the terms of the Lease), Landlord and Tenant shall cooperate with one another to establish procedures and mechanisms that will prevent unauthorized parking by others in the Parking Lot (other than the users of the 70 Spaces). Subject to the terms of this Section 4 (including, without limitation, the Maximum Number of Parking Spaces, and users of the 70 Spaces), Tenant shall have the exclusive use of the Parking Lot without additional parking charges during the remaining Term of the Lease.

4.2 All parking spaces under the Lease (i.e., all of the Maximum Number of Parking Spaces) shall be located only in the parking lot depicted on Exhibit D attached hereto (the "**Parking Lot**"), which Parking Lot is located solely within the 90 Parcel. Notwithstanding anything to the contrary in the Lease, except to the extent otherwise designated by Landlord in writing (if at all), Tenant shall not (and shall ensure its officers, directors, affiliates, partners, members, employees, agents, shareholders, representatives, subtenants, successors, assigns, visitors, licensees and invitees do not) park or use any parking area anywhere in the Project other than the Parking Lot. Landlord acknowledges that, so long as Tenant leases space in one or more other buildings at the Project (other than the Building), Tenant may, subject to the terms and conditions of this Section 4, allow its employees, agents, representatives and visitors at such other building(s) ("**Tenant Users**") to use Tenant's unreserved parking spaces in the Parking Lot that are allocated to Tenant hereunder, provided that the amount of parking allocated to Tenant shall not be increased as a result thereof, and Tenant shall not (and shall ensure its officers, directors, affiliates, partners, members, employees, agents, shareholders, representatives, subtenants, successors, assigns, visitors, licensees and invitees, and Tenant Users, do not) use a combined aggregate total amount of parking spaces in excess of the Maximum Number of Parking Spaces.

4.3 In the event that Tenant assigns the Lease or subleases all or a portion of the Premises as permitted under the Lease, Tenant shall have the right to grant to the assignee or sublessee, as the case may be, the use of some or all of the parking spaces allotted to Tenant under the Lease, which such number of assigned or sublet spaces within such allotment shall be at Tenant's sole discretion (subject to the Maximum Number of Parking Spaces limitations).

5. No Common Areas. Landlord and Tenant hereby acknowledge, agree and stipulate that, notwithstanding anything to the contrary in the Lease, from and after the Amendment Effective Date, there are not, and shall not be, any Common Areas under the Lease and there shall be no Project Operating Expenses under Section 7.2.3 of the Original Lease (but without limiting Building Operating Expenses payable by Tenant). Accordingly, Section 1.2 of the Original Lease (Common Areas), and references to "Common Area" in the Original Lease, are hereby deleted. Except for the tenants at the 50 Parcel and the
70 Parcel (and their respective officers, directors, affiliates, partners, members, employees, agents, shareholders, representatives, subtenants, successors, assigns, visitors, licensees and invitees), Tenant shall have the exclusive right to use easements (if any) designated by Landlord from time to time for ingress and egress as are necessary for Tenant's use and occupancy of the Premises. With respect to the Parking Lot, and walkways and landscaping within the 90 Parcel alone, Landlord shall keep the same in good order and repair; provided, however, all costs and expenses incurred by Landlord relating to the Parking Lot (other than costs and expenses incurred with respect to the 70 Spaces) and such walkways and landscaping (including, without limitation, those for maintenance and repair) shall be included and paid for by Tenant as part of Building Operating Expenses, subject to any exclusions therefrom set forth in the Original Lease (without limiting any other Building Operating Expenses). Without limiting the foregoing, "Building Operating Expenses" shall include all reasonable and necessary costs and expenses incurred by Landlord in the operation, maintenance, repair and management of the 90 Parcel (including, without limitation, the Building), including, but not limited to the costs and expenses set forth in Section 7.2 of the Original Lease. Notwithstanding anything to the contrary in the Lease, Tenant shall not have the right to use any area within the 70 Parcel or the 50 Parcel (including, without limitation the parking lots serving the same), and the occupants of the 70 Parcel and 50 Parcel shall not be permitted to use any area within the 90 Parcel (subject

to use of the 70 Spaces as set forth above). From and after the Amendment Effective Date, Tenant shall not be obligated to pay Project Operating Expenses (including property taxes) for the 50 Parcel or 70 Parcel, and Landlord and Tenant shall not have any obligations, costs, or expenses related to portions of the Project that do not pertain to any of the 90 Parcel (including, but not limited to, the Building); provided, however, Tenant shall be required to pay all Building Operating Expenses relating to the 90 Parcel (including, without limitation, the Building) based on Tenant's proportionate share of the Building set forth in the Original Lease. It is the intent of Landlord and Tenant that the 90 Parcel shall be separate from, and shall not have any public or other areas in common with, the 50 Parcel or the 70 Parcel.

6. Undisbursed Improvement Allowance.

6.1 As of the Amendment Effective Date, the total aggregate outstanding undisbursed improvement allowance under the Lease (i.e., the remaining total aggregate undisbursed "90 Premises Tenant Improvement Allowance") is Four Hundred and Seventy-Four Thousand, Five Hundred and Ninety-Five Dollars and Sixty-one Cents ($474,595.61). Notwithstanding anything to the contrary in the Lease (or the Umbrella Agreement, the Existing Lease or the Allowance Letter Agreement), (a) Tenant is not entitled to any other improvement or construction contribution, reimbursement or allowance (or any credit for any unused contribution, reimbursement or allowance) under or in connection with the Lease (or the Umbrella Agreement, the Existing Lease or the Allowance Letter Agreement) or otherwise (including, without limitation, any 50/90 TI Allowance), and (b) Tenant shall not have any further rights or remedies whatsoever, and Landlord shall not have any further obligations whatsoever, under the Allowance Letter Agreement.

6.2 Section 2.2.4 of Exhibit B to the Original Lease is amended by replacing the language "three (3) years following the Commencement Date" with "four (4) years following the Commencement Date".

7. Estoppel. Tenant warrants, represents and certifies to Landlord that as of the date of this Amendment, to Tenant's actual knowledge, (a) Landlord is not in breach or default under the Lease, and no event has occurred which, with the giving of notice or the passage of time, would constitute a breach or default by Landlord, and (b) Tenant does not have any defenses or offsets to payment of rent or other amounts or performance of its obligations under the Lease as and when same becomes due. Landlord warrants, represents and certifies to Tenant that as of the date of this Amendment, to Landlord's actual knowledge, (i) Tenant is not in breach or default under the Lease, and no event has occurred which, with the giving of notice or the passage of time, would constitute a breach or default by Tenant, and (ii) Landlord does not have any defenses or offsets to payment of rent amounts or performance of its obligations under the Lease as and when same becomes due. Additionally, Section 3(c) of Exhibit L to the Original Lease is hereby deleted and replaced with the following: "(c) To the actual knowledge of Tenant, no party is in breach or default under the Lease. To the actual knowledge of Tenant, no event has occurred which, with the giving of notice or passage of time, or both, would constitute such a breach or default."

8. Brokers. Tenant represents and warrants to Landlord that it has not dealt with any broker with respect to this Amendment. If Tenant has dealt with any broker or agent, Tenant shall be solely responsible for the payment of all fees and commissions due said broker or agent and Tenant shall protect, indemnify, hold harmless and defend Landlord from all liability in respect thereto. Landlord represents and warrants to Tenant that it has not dealt with any broker with respect to this Amendment. If Landlord has dealt with any broker or agent, Landlord shall be solely responsible for the payment of all fees and commissions due said broker or agent and Landlord shall protect, indemnify, hold harmless and defend Tenant from all liability in respect thereto. The provisions of this Section 8 shall survive any expiration or termination of the Lease.

9. Authority. Tenant, and the individuals executing this Amendment on behalf of Tenant, represent and warrant to Landlord that Tenant has full power and authority to enter into this Amendment and the person signing on behalf of Tenant has been fully authorized to do so by all necessary corporate or partnership action on the part of Tenant. Landlord, and the individuals executing this Amendment on behalf of Landlord, represent and warrant to Tenant that Landlord has full power and authority to enter into this Amendment and the person signing on behalf of Landlord has been fully authorized to do so by all necessary corporate or partnership action on the part of Landlord.

10. Counterparts; PDF Signatures. This Amendment may be executed in counterparts, each of which shall be deemed an original part and all of which together shall constitute a single agreement. Signatures on this Amendment sent electronically in PDF format each have the same force and effect as original ink signatures.

11. Original Lease in Full Force. The foregoing Recitals are deemed incorporate in and part of this Amendment. If any conflict exists between the terms and conditions of this Amendment and the terms and conditions of the Original Lease, the terms and conditions of this Amendment shall control. Except as amended by this Amendment, all other terms, covenants and conditions of the Original Lease (but not the Umbrella Agreement or the Existing Lease) shall remain in full force and effect and Landlord and Tenant hereby ratify the Original Lease (but not the Umbrella Agreement or the Existing Lease), as amended hereby.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Amendment is executed as of the Amendment Effective Date.

LANDLORD:

CASTILIAN 90, LLC, a Delaware limited liability company

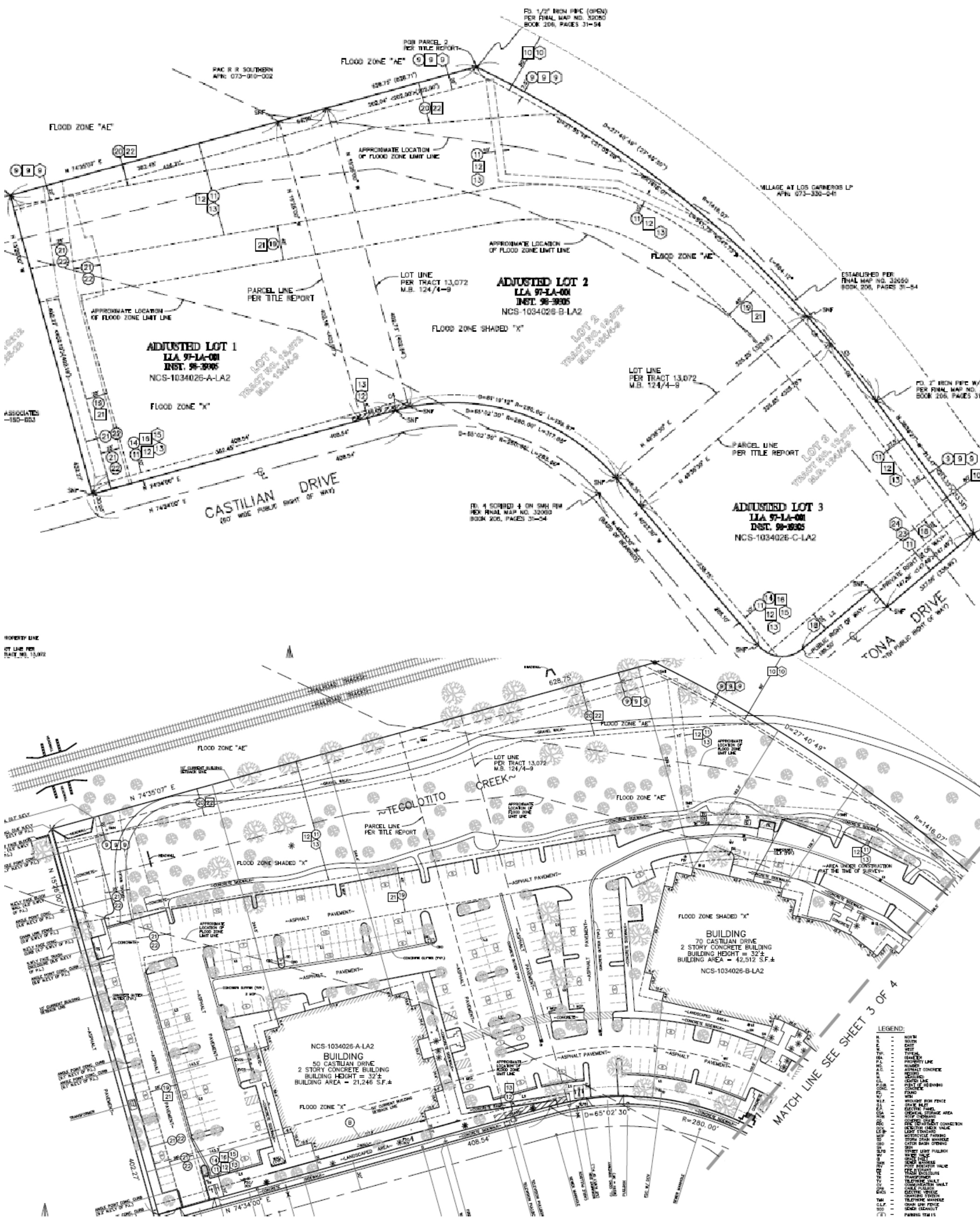
By: /s/ Brian Rupp
Name: Brian Rupp
Title: as authorized signatory

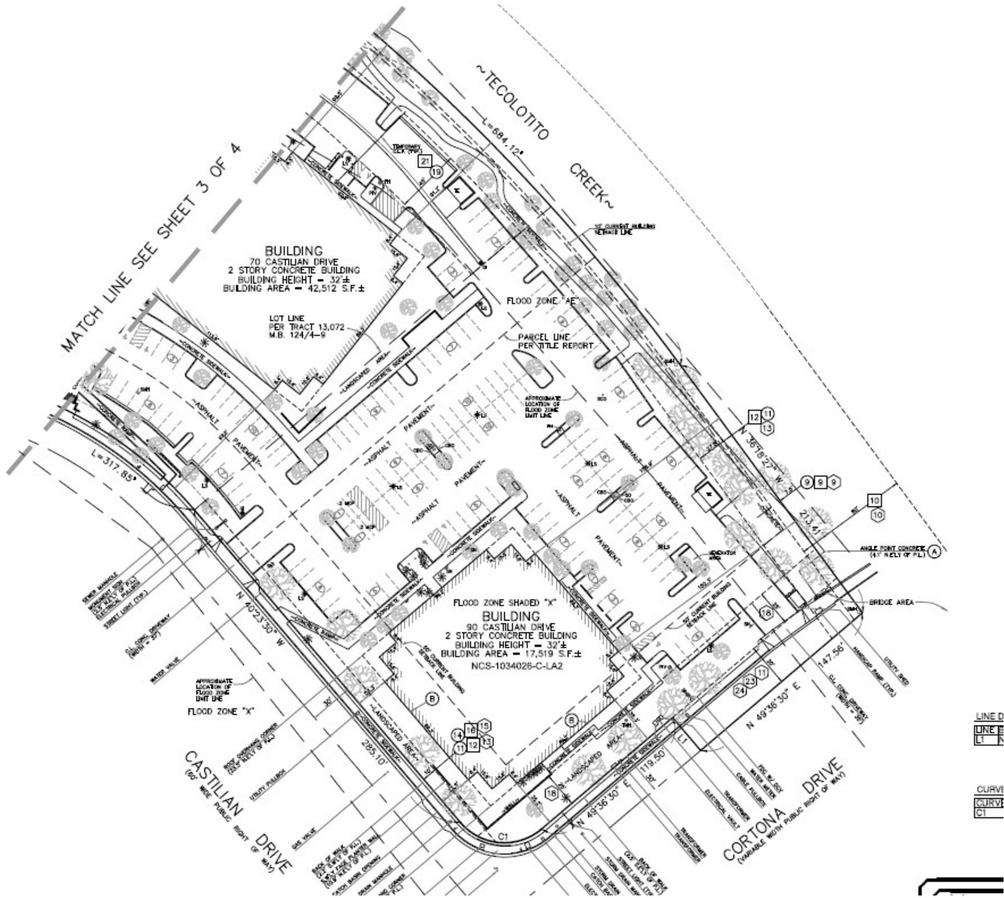
TENANT:
APPFOLIO, INC.,, a Delaware corporation

By: /s/ Jason Randall
Name: Jason Randall
Title: Chief Executive Officer

<u>EXHIBIT A</u>

<u>50 Parcel, 70 Parcel and 90 Parcel</u>





MATCH LINE SEE SHEET 3 OF 4
~TECOLOTITO
CREEK~
BUILDING
70 CASTILIAN DRIVE
2 STORY CONCRETE BUILDING
BUILDING HEIGHT = 32'±
BUILDING AREA = 42,512 S.F.±
LOT LINE
PER TRACT 13,072
M.B. 124/4-9
FLOOD ZONE "AE"
PARCEL LINE
PER TITLE REPORT
FLOOD ZONE SHADED "X"
BUILDING
90 CASTILIAN DRIVE
2 STORY CONCRETE BUILDING
BUILDING HEIGHT = 32'±
BUILDING AREA = 17,519 S.F.±
NCS-1034026-C-LA2
FLOOD ZONE "X"
BRIDGE AREA
CASTILIAN DRIVE
CORTONA DRIVE
N 49°36'30" E
147.56'
119.50'
285.10'
L=317.85'
L=684.12'

EXHIBIT B

Umbrella Termination

UMBRELLA TERMINATION AGREEMENT

This Umbrella Termination Agreement (this “**Agreement**”), dated as of___, 2021 (the “**Termination Effective Date**”), is made and entered into by and between CASTILIAN 90, LLC, a Delaware limited liability company ("**Castilian 90**"), CASTILIAN 70, LLC, a Delaware limited liability company ("**Castilian 70**"), and CASTILIAN 50, LLC, a Delaware limited liability company ("**Castilian 50**", and, together with Castilian 70 and Castilian 90, collectively, the “Landlords”), and APPFOLIO, INC., a Delaware corporation (“**AppFolio”**).

RECITALS

A. Castilian 90, as landlord, currently leases to AppFolio, as tenant, space located at 90 Castilian Drive, Goleta, California, pursuant to that certain Industrial Lease dated December 6, 2019 (as amended, the "**90 Lease**"). Castilian 70, as landlord, currently leases to AppFolio, as tenant, space located at 70 Castilian Drive, Goleta, California, pursuant to that certain Industrial Lease dated December 6, 2019 (as amended, the "**70 Lease**"). Castilian 50, as landlord, currently leases to AppFolio, as tenant, space located at 50 Castilian Drive, Goleta, California, pursuant to that certain Industrial Lease dated December 6, 2019 (as amended, the "**50 Lease**", and, together with the 70 Lease and the 90 Lease, collectively, the "**Leases**").

B. In connection with the Leases, Castilian 90, Castilian 70 and Castilian 50, each as successor-in-interest to 50 Castilian Drive, LLC, a Delaware limited liability company, and AppFolio are parties to that certain Umbrella Agreement dated as of December 6, 2019 (the “**Umbrella Agreement**”).

C. AppFolio acknowledges and agrees that the Landlords have satisfied all of their obligations under the Umbrella Agreement and the “Existing Leases” (as defined in the Umbrella Agreement), to AppFolio’s satisfaction. The Landlords and AppFolio have determined that it is in their respective best interests to terminate the Umbrella Agreement and the Existing Leases in their entirety, upon the terms and conditions set forth in this Agreement.

D. Capitalized terms used but not defined herein shall have their meanings set forth in the Umbrella Agreement.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Landlords and AppFolio hereby agree as follows:

1. Agreement to Terminate. Effective as of Termination Effective Date, the Umbrella Agreement and the Existing Leases shall immediately and automatically terminate in their entirety and shall be null and void with no force or effect whatsoever. Without limiting the foregoing, no provision of the Umbrella Agreement or any of the Existing Leases will survive such terminations, and the Landlords shall not have any liability or obligation whatsoever under or in connection with the Umbrella Agreement or the Existing Leases, including, without limitation, in connection with the MAC Surviving Liabilities (as defined in the Umbrella Agreement), which MAC Surviving Liabilities shall be null and void, with no force or effect whatsoever, as of the Termination Effective Date. For the avoidance of doubt, the Leases shall not be affected by such terminations and shall remain in full force and effect in accordance with their terms,

provided that the references in the Leases to the Umbrella Agreement and the Existing Leases shall be null and void, with no force or effect whatsoever, as of the Termination Effective Date.

2. Release. Each of the Landlords, on behalf of itself and its affiliates, directors, officers, shareholders, members, partners, employees, agents, representatives, successors and assigns, hereby releases AppFolio, and its affiliates, directors, officers, shareholders, members, partners, employees, agents, representatives, successors and assigns from and against any and all actions, suits, claims, damages, liabilities and obligations (collectively, "**Claims**") arising out of or in connection with the Umbrella Agreement or any of the Existing Leases. AppFolio on behalf of itself and its affiliates, directors, officers, shareholders, members, partners, employees, agents, representatives, successors and assigns, hereby releases each of the Landlords, and their respective affiliates, directors, officers, shareholders, members, partners, lenders, ground lessors, employees, agents, representatives, successors and assigns, from and against any and all Claims arising out of or in connection with the Umbrella Agreement or any of the Existing Leases. Each of the Landlords and AppFolio agree that there is a risk that, subsequent to the execution of this Agreement, it will suffer losses or damages which are unknown or unanticipated as of the date hereof, and the Landlords and AppFolio each hereby assume said risk and agree that the releases contained in this Section 2 shall apply to all unknown or unanticipated Claims, as well as those known and anticipated. In connection with the foregoing, the Landlords and AppFolio each hereby waives any and all rights they may have under California Civil Code Section 1542, which Section reads as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

_________________ _________________

90 Castilian Initials AppFolio Initials

_________________ _________________

70 Castilian Initials 50 Castilian Initials

3. Representations and Warranties. AppFolio hereby represents and warrants to the Landlords that (a) AppFolio has not, either voluntarily or by operation of law, heretofore assigned, encumbered or transferred all or any portion of its right, title and interest in or to the Umbrella Agreement or the Existing Leases; (b) AppFolio has full power and authority to enter into this Agreement, and to consummate the transactions contemplated hereby, and the persons signing on behalf of AppFolio have been fully authorized to do so by all necessary action on the part of AppFolio; and (c) no consent or approval of any other party is required for this Agreement to constitute a legal, valid and binding obligation of AppFolio, or to terminate the Umbrella Agreement or the Existing Leases.

4. Miscellaneous.

4.1 Entire Agreement. This Agreement (and the Leases) is the entire agreement between the parties hereto with respect to the subject matter hereof. This Agreement may be amended only by an agreement in writing, signed by the Landlords and AppFolio.

4.2 Drafting. The foregoing Recitals are deemed incorporate in and part of this Agreement. Each party hereto has cooperated and participated in the drafting and preparation of this Agreement, and in any construction of this Agreement, the same shall not be construed against either party based on its alleged role as draftsperson. Section and subsection headings contained in this Agreement are for purposes of identification and reference only and shall not affect in any way the meaning or interpretation of any provision of this Agreement.

4.3 Survival. All representations, warranties and agreements in this Agreement shall survive termination of the Umbrella Agreement and the Existing Leases, and shall not be merged with any other document or agreement.

4.4 Attorneys' Fees. In the event of any action for breach of, or to enforce the provisions of this Agreement, the prevailing party in such action shall be entitled to reasonable attorneys' fees, costs, and expenses and reasonable attorneys' fees on appeal or other judicial proceedings.

4.5 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto, and to all of their respective successors and assigns.

4.6 California Law. This Agreement shall be governed by and construed in accordance with California law. Venue for any action hereunder or relating hereto shall solely be in the County of Santa Barbara.

4.7 Counterparts; PDF Signatures. This Agreement may be executed in duplicate counterparts, each of which shall be deemed an original, but which, when taken together, shall constitute one and the same instrument. A facsimile signature or a PDF or other electronic format signature shall each be as binding, and have the same force and effect, as an original ink signature.

4.8 Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

4.9 Time of the Essence. Time is of the essence with respect to this Agreement and all obligations hereunder.

4.10 Further Assurances. Each party hereto shall, from time to time, upon the request of another party hereto, execute, acknowledge and deliver all such further agreements and other instruments as may be reasonably required to further evidence the terms of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Landlords and AppFolio have entered into this Agreement as of the Termination Effective Date.

“**CASTILIAN 90**”

CASTILIAN 90, LLC, a Delaware limited liability company

By:____ Name:____ Title: ____

“**CASTILIAN 70**”

CASTILIAN 70, LLC, a Delaware limited liability company

By:____ Name:____ Title: ____

“**CASTILIAN 50**”

CASTILIAN 50, LLC, a Delaware limited liability company

By:____ Name:____ Title: ____

“**APPFOLIO**” APPFOLIO,

INC.,
a Delaware corporation

By:____ Name:____ Title: ____

EXHIBIT C

Landlord Amendment Work

Roof Scope of Work

- Preparation work to existing built-up roof system (including repairs to membrane, flashings and penetrations) and removal of existing counter-flashing skirt at perimeter walls and unused equipment and demolition of existing walk-pad material
- Installation of new polyester reinforced maintenance system, including protective walk-pad material and Providing 10 Year Term Material Manufacturer’s Guarantee
- New sheet metal components (platform and sleeper covers, counter-flashing inserts, surface- mounted counter-flashings, Pelican hood flashings, T-Top caps, gravity vent and storm collars) and accessories, including PVC/foam block supports and new sleepers
- Removal of roof hatch and replacement with new exterior mounted safety handrail with automatic closing gate
- New portable safety handrails for low-profile curbed openings of skylight and new safety warning line applications on membrane surface
- Miscellaneous work items and accessories as Landlord deems necessary in connection with roof work, (including any necessary restoration of drain assemblies and gas lines extending across roof membrane surface)

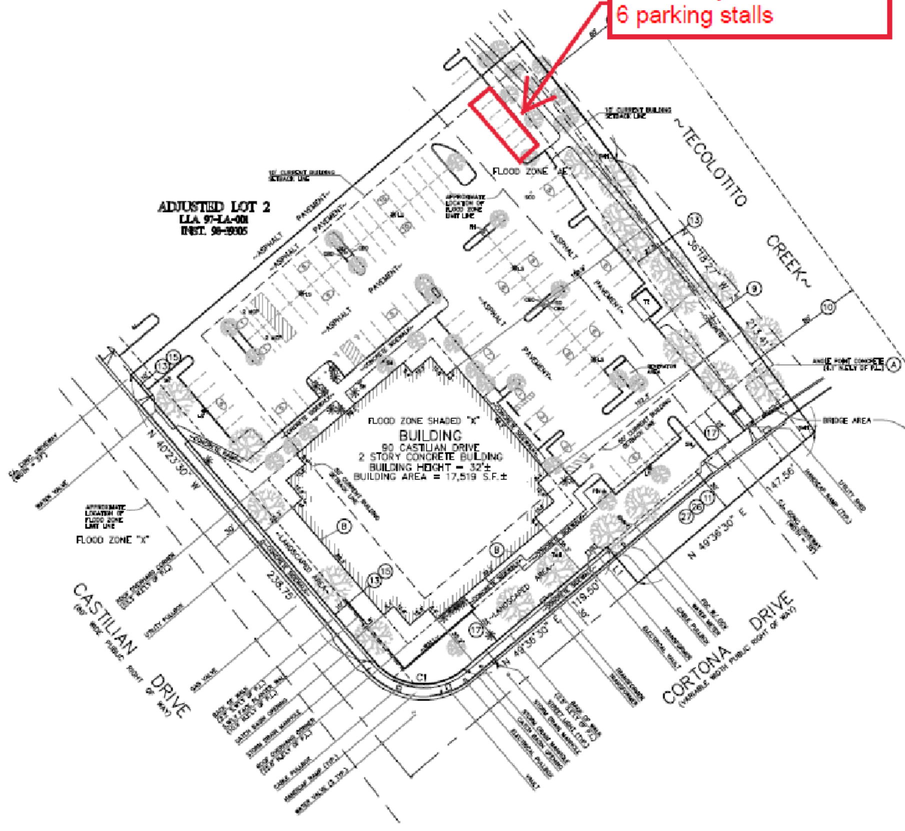
HVAC Equipment Replacement Scope of Work

- Procure equipment and materials as required for project scope
- Protect work areas during performance of work as may be needed
- Provide all cranes and rigging as needed for performance of work
- Coordinate with subcontractors as needed for performance of work
- Disconnect horizontal ducting at eight (8) rooftop package HVAC units and prep for re-use
- Disconnect gas connections at twenty-four (24) rooftop package HVAC units and prep for re-use
- Disconnect condensate drain piping at twenty-four (24) rooftop package HVAC units and prep for re-use
- Disconnect electrical and control wiring connections at twenty-four (24) rooftop package HVAC units and prep for re-use
- Detach equipment curb/platforms from twenty-four (24) rooftop package HVAC units and prep for re-use

- Furnish and install one (1) adapter curb on AC-10 where required to meet configuration of new units
- Furnish and install twenty-four (24) Title 24 compliant rooftop package HVAC units sized per the existing systems
- New HVAC units will be supplied with factory dipped condenser coils for increased protection from high salinity air
- Fasten new units to curbs/platforms as may be required
- Replace all rooftop ducting as required for connection to new systems
- Reconnect existing electrical and control wiring, modify as required for connection to new systems
- Furnish and install new fuse electrical disconnects for the new twenty-four (24) rooftop package units
- Reconnect existing condensate piping, modify as required for connection to new systems
- Replace defective flex connections
- Reconnect existing gas piping, modify as required for connection to new systems
- Re-supporting and sloping existing condensate drains using new non-penetrating rubber supports
- Startup operations on new systems and document as required to attempt to maintain manufacture warranty
- Post-completion inspection with inspector as required for final permit signoff
- Provide closeout package with pertinent material project documentation
- Remove and dispose of debris associated with project scope
- Provide (1) one year parts and labor 3rd-party warranty on all supplied major equipment

EXHIBIT D

90 Castilian Parking Area



UMBRELLA TERMINATION AGREEMENT

This Umbrella Termination Agreement (this “**Agreement**”), dated as February 10, 2022 (the “**Termination Effective Date**”), is made and entered into by and between CASTILIAN 90, LLC, a Delaware limited liability company ("**Castilian 90**"), CASTILIAN 70, LLC, a Delaware limited liability company ("**Castilian 70**"), and CASTILIAN 50, LLC, a Delaware limited liability company ("**Castilian 50**", and, together with Castilian 70 and Castilian 90, collectively, the “Landlords”), and APPFOLIO, INC., a Delaware corporation (“**AppFolio”**).

RECITALS

A. Castilian 90, as landlord, currently leases to AppFolio, as tenant, space located at 90 Castilian Drive, Goleta, California, pursuant to that certain Industrial Lease dated December 6, 2019 (as amended, the "**90 Lease**"). Castilian 70, as landlord, currently leases to AppFolio, as tenant, space located at 70 Castilian Drive, Goleta, California, pursuant to that certain Industrial Lease dated December 6, 2019 (as amended, the "**70 Lease**"). Castilian 50, as landlord, currently leases to AppFolio, as tenant, space located at 50 Castilian Drive, Goleta, California, pursuant to that certain Industrial Lease dated December 6, 2019 (as amended, the "**50 Lease**", and, together with the 70 Lease and the 90 Lease, collectively, the "**Leases**").

B. In connection with the Leases, Castilian 90, Castilian 70 and Castilian 50, each as successor-in-interest to 50 Castilian Drive, LLC, a Delaware limited liability company, and AppFolio are parties to that certain Umbrella Agreement dated as of December 6, 2019 (the “**Umbrella Agreement**”).

C. AppFolio acknowledges and agrees that the Landlords have satisfied all of their obligations under the Umbrella Agreement and the “Existing Leases” (as defined in the Umbrella Agreement), to AppFolio’s satisfaction. The Landlords and AppFolio have determined that it is in their respective best interests to terminate the Umbrella Agreement and the Existing Leases in their entirety, upon the terms and conditions set forth in this Agreement.

D. Capitalized terms used but not defined herein shall have their meanings set forth in the Umbrella Agreement.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Landlords and AppFolio hereby agree as follows:

1.—————————— Agreement to Terminate. Effective as of Termination Effective Date, the Umbrella Agreement and the Existing Leases shall immediately and automatically terminate in their entirety and shall be null and void with no force or effect whatsoever. Without limiting the foregoing, no provision of the Umbrella Agreement or any of the Existing Leases will survive such terminations, and the Landlords shall not have any liability or obligation whatsoever under or in connection with the Umbrella Agreement or the Existing Leases, including, without limitation, in connection with the MAC Surviving Liabilities (as defined in the Umbrella Agreement), which MAC Surviving Liabilities shall be null and void, with no force or effect whatsoever, as of the Termination Effective Date. For the avoidance of doubt, the Leases shall not be affected by such terminations and shall remain in full force and effect in accordance with their terms, provided that the references in the Leases to the Umbrella Agreement and the Existing Leases shall be null and void, with no force or effect whatsoever, as of the Termination Effective Date.

2. Release. Each of the Landlords, on behalf of itself and its affiliates, directors, officers, shareholders, members, partners, employees, agents, representatives, successors and assigns, hereby releases AppFolio, and its affiliates, directors, officers, shareholders, members, partners, employees, agents, representatives, successors and assigns from and against any and all actions, suits, claims, damages, liabilities and obligations (collectively, "**Claims**") arising out of or in connection with the Umbrella Agreement or any of the Existing Leases. AppFolio on behalf of itself and its affiliates, directors, officers, shareholders, members, partners, employees, agents, representatives, successors and assigns, hereby releases each of the Landlords, and their respective affiliates, directors, officers, shareholders, members, partners, lenders, ground lessors, employees, agents, representatives, successors and assigns, from and against any and all Claims arising out of or in connection with the Umbrella Agreement or any of the Existing Leases. Each of the Landlords and AppFolio agree that there is a risk that, subsequent to the execution of this Agreement, it will suffer losses or damages which are unknown or unanticipated as of the date hereof, and the Landlords and AppFolio each hereby assume said risk and agree that the releases contained in this Section 2 shall apply to all unknown or unanticipated Claims, as well as those known and anticipated. In connection with the foregoing, the Landlords and AppFolio each hereby waives any and all rights they may have under California Civil Code Section 1542, which Section reads as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

90 Castilian Initials AppFolio Initials

70 Castilian Initials 50 Castilian Initials

3. Representations and Warranties. AppFolio hereby represents and warrants to the Landlords that (a) AppFolio has not, either voluntarily or by operation of law, heretofore assigned, encumbered or transferred all or any portion of its right, title and interest in or to the Umbrella Agreement or the Existing Leases; (b) AppFolio has full power and authority to enter into this Agreement, and to consummate the transactions contemplated hereby, and the persons signing on behalf of AppFolio have been fully authorized to do so by all necessary action on the part of AppFolio; and (c) no consent or approval of any other party is required for this Agreement to constitute a legal, valid and binding obligation of AppFolio, or to terminate the Umbrella Agreement or the Existing Leases.

4. Miscellaneous.

4.1 Entire Agreement. This Agreement (and the Leases) is the entire agreement between the parties hereto with respect to the subject matter hereof. This Agreement may be amended only by an agreement in writing, signed by the Landlords and AppFolio.

4.2 Drafting. The foregoing Recitals are deemed incorporate in and part of this Agreement. Each party hereto has cooperated and participated in the drafting and preparation of this Agreement, and in any construction of this Agreement, the same shall not be construed against either party based on its alleged role as draftsperson. Section and subsection headings contained in this Agreement are

for purposes of identification and reference only and shall not affect in any way the meaning or interpretation of any provision of this Agreement.

4.3 Survival. All representations, warranties and agreements in this Agreement shall survive termination of the Umbrella Agreement and the Existing Leases, and shall not be merged with any other document or agreement.

4.4 Attorneys' Fees. In the event of any action for breach of, or to enforce the provisions of this Agreement, the prevailing party in such action shall be entitled to reasonable attorneys' fees, costs, and expenses and reasonable attorneys' fees on appeal or other judicial proceedings.

4.5 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto, and to all of their respective successors and assigns.

4.6 California Law. This Agreement shall be governed by and construed in accordance with California law. Venue for any action hereunder or relating hereto shall solely be in the County of Santa Barbara.

4.7 Counterparts; PDF Signatures. This Agreement may be executed in duplicate counterparts, each of which shall be deemed an original, but which, when taken together, shall constitute one and the same instrument. A facsimile signature or a PDF or other electronic format signature shall each be as binding, and have the same force and effect, as an original ink signature.

4.8 Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

4.9 Time of the Essence. Time is of the essence with respect to this Agreement and all obligations hereunder.

4.10 Further Assurances. Each party hereto shall, from time to time, upon the request of another party hereto, execute, acknowledge and deliver all such further agreements and other instruments as may be reasonably required to further evidence the terms of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Landlords and AppFolio have entered into this Agreement as of the Termination Effective Date.

"CASTILIAN 90"
CASTILIAN 90, LLC, a Delaware limited liability company

By: /s/ Brian Rupp
Name: Brian Rupp
Title: as authorized signatory

"CASTILIAN 70"
CASTILIAN 70, LLC, a Delaware limited liability company

By: /s/ Brian Rupp
Name: Brian Rupp
Title: as authorized signatory

"CASTILIAN 50"
CASTILIAN 50, LLC, a Delaware limited liability company

By: /s/ Brian Rupp
Name: Brian Rupp
Title: as authorized signatory

"APPFOLIO"
APPFOLIO, INC.,, a Delaware corporation

By: /s/ Jason Randall
Name: Jason Randall
Title: Chief Executive Officer

EXHIBIT 10.14

LIST OF INDEMNITEES

Each of the individuals identified below is a party to an indemnification agreement with AppFolio, Inc. in the form attached herewith as Exhibit 10.14.

Name	Date Signed
Jon Walker	March 8, 2015
Timothy Bliss	March 8, 2015
Ida Kane	March 8, 2015
Andreas von Blottnitz	March 8, 2015
Klaus Schauser	March 8, 2015
Janet Kerr	March 12, 2015
William Rauth	March 16, 2015
Jason Randall	August 3, 2017
Winifred Webb	December 1, 2019
Agnes Bundy Scanlan	November 1, 2020
William Shane Trigg	December 17, 2020
Ann Wilson	August 10, 2021
Fay Sien Goon	November 16, 2021

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "**Agreement**"), dated ________, 20 , is by and between AppFolio, Inc., a Delaware corporation (the "**Company**"), and __________ ("**Indemnitee**").

RECITALS

A. Indemnitee is a director or an officer of the Company.

B. The board of directors of the Company (the "**Board**") has determined that enhancing the ability of the Company to retain and attract as directors and officers the most capable persons is in the best interests of the Company and that the Company therefore should seek to assure such persons that indemnification is available.

C. In recognition of the need to provide Indemnitee with substantial protection against personal liability, in order to procure Indemnitee's continued service as a director or officer of the Company and to enhance Indemnitee's ability to serve the Company in an effective manner, and in order to provide such protection pursuant to express contract rights (intended to be enforceable irrespective of, among other things, any amendment to the Company's certificate of incorporation or bylaws (collectively, the "**Constituent Documents**"), any change in the composition of the Board or any change in control or business combination transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of, and the advancement of Expenses (as defined in Section 2 below) to, Indemnitee as set forth in this Agreement and to the extent insurance is maintained for the continued coverage of Indemnitee under the Company's directors' and officers' liability insurance policies.

NOW, THEREFORE, in consideration of the foregoing and the Indemnitee's agreement to continue to provide services to the Company, the parties hereby agree as follows:

1. Services to the Company. Indemnitee agrees to continue to serve as a director or officer of the Company for so long as Indemnitee is duly elected or appointed, until Indemnitee tenders Indemnitee's resignation or until Indemnitee is terminated by the Company, as applicable. This Agreement shall not be deemed an employment agreement between the Company (or any of its subsidiaries or another Enterprise) and Indemnitee. Indemnitee specifically acknowledges that Indemnitee's service to the Company or any of its subsidiaries or another Enterprise (as defined in Section 2 below) is at will and the Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment agreement between Indemnitee and the Company (or any of its subsidiaries or another Enterprise), other applicable formal severance policies duly adopted by the Board or, with respect to service as a director or officer of the Company, by the Company's Constituent Documents or Delaware law. This Agreement shall continue in force after Indemnitee has ceased to serve as a director or officer of the Company or, at the request of the Company, of any of its subsidiaries or Enterprise, as defined in Section 2 below.

2. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) "**Agreement**" shall have the meaning ascribed to it in the prefatory language above.

(b) "**Beneficial Owner**" has the meaning given to the term "beneficial owner" in Rule 13d-3 under the Exchange Act.

(c) "**Board**" shall have the meaning ascribed to it in the Recitals above.

(d) "**Business Combination**" means a reorganization, a merger or a consolidation.

(e) "**Change in Control**" means the occurrence after the date of this Agreement of any of the following events:

(i) Acquisition of Stock by Third Party. Any Person (as defined below) who is not a current stockholder of the Company becomes hereafter the Beneficial Owner, directly or indirectly, of securities of the Company representing thirty percent (30%) or more of the Company's Voting Securities, unless the change in the relative Beneficial Ownership of the Company's securities by any Person results solely from a reduction in the aggregate number of outstanding Voting Securities;

(ii) Corporate Transactions. The consummation of a Business Combination, unless immediately following such Business Combination, (1) the Beneficial Owners of the Voting Securities of the Company immediately prior to such transaction beneficially own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the outstanding Voting Securities of the entity resulting from such transaction, (2) no Person (excluding any corporation resulting from such Business Combination) is the Beneficial Owner, directly or indirectly, of twenty percent (20%) or more of the combined voting power of the then outstanding securities entitled to vote generally in the election of directors of such corporation except to the extent that such ownership existed prior to the Business Combination and (3) at least a majority of the Board of Directors of the corporation resulting from such Business Combination were Continuing Directors (as defined below), at the time of the execution of the initial agreement or of the action of the Board, providing for such Business Combination;

(iii) Change in Board of Directors. The Continuing Directors cease for any reason to constitute at least a majority of the members of the Board; or

(iv) Liquidation. The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or an agreement or series of agreements for the sale or disposition by the Company of all or substantially all of the Company's assets, other than factoring the Company's current receivables or escrows due (or, if such approval is not required, the decision by the Board to proceed with such a liquidation, sale, or disposition in one transaction or a series of related transactions).

(f) "**Claim**" means:

(i) any threatened, pending or completed action, suit, demand, proceeding or alternative dispute resolution mechanism, whether civil, criminal, administrative, arbitrative, investigative or other, and whether made pursuant to federal, state or other law; or

(ii) any inquiry, hearing or investigation that the Indemnitee determines might lead to the institution of any such action, suit, proceeding or alternative dispute resolution mechanism.

(g) "**Company**" shall have the meaning ascribed to it in the prefatory language above.

(h) "**Constituent Documents**" shall have the meaning ascribed to it in the Recitals above.

(i) "**Continuing Directors**" means, during a period of two consecutive years, not including any period prior to the execution of this Agreement, the individuals collectively who at the beginning of such period constituted the Board (including for this purpose any new directors whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved).

(j) "**Delaware Court**" means the Court of Chancery of the State of Delaware.

(k) "**Disinterested Director**" means a director of the Company who is not and was not a party to the Claim in respect of which indemnification is sought by Indemnitee.

(l) "**Enterprise**" means, any corporation, limited liability company, partnership, joint venture, trust or other entity.

(m) "**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

(n) "**Expense Advance**" means any payment of Expense advanced to Indemnitee by the Company pursuant to Section 4 or Section 5 hereof.

(o) "**Expenses**" means any and all expenses, including attorneys' and experts' fees, court costs, transcript costs, travel expenses, duplicating, printing and binding costs, telephone charges, and all other costs and expenses incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness or participate in, any Claim. Expenses also shall include (i) Expenses incurred in connection with any appeal resulting from any Claim, including without limitation the premium, security for, and other costs relating to any cost bond, supersedes bond, or other appeal bond or its equivalent, and (ii) for purposes of Section 5 only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, by litigation or otherwise. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(p) "**Indemnifiable Event**" means any event or occurrence, whether occurring before, on or after the date of this Agreement, related to the fact that Indemnitee is or was a director, officer, employee or agent of the Company or any subsidiary of the Company, or is or was serving at the request of the Company as a director, officer, employee, member, manager, trustee or agent of another Enterprise or by reason of an action or inaction by Indemnitee in any such capacity (whether or not serving in such capacity at the time any Loss (as defined below) is incurred for which indemnification can be provided under this Agreement).

(q) "**Indemnitee**" shall have the meaning ascribed to it in the prefatory language above.

(r) "**Independent Counsel**" means a law firm, or a member of a law firm, that is experienced in matters of corporate law and neither presently performs, nor in the past five (5) years has performed, services for either: (i) the Company or Indemnitee (other than in connection with matters concerning other indemnitees under similar agreements) or (ii) any other party to the Claim giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(s) "**Losses**" means any and all Expenses, damages, losses, liabilities, judgments, fines, penalties (whether civil, criminal or other), ERISA excise taxes, amounts paid or payable in settlement, including any interest, assessments, any federal, state, local or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement and all other charges paid or payable in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness or participate in, any Claim.

(t) "**Notification Date**" shall have the meaning ascribed to it in Section 10(c) below.

(u) "**Other Indemnity Provisions**" shall have the meaning ascribed to it in Section 14 below.

(v) "**Person**" means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity and includes the meaning set forth in Sections 13(d) and 14(d) of the Exchange Act.

(w) "**Standard of Conduct Determination**" shall have the meaning ascribed to it in Section 10(b) below.

(x) "**Voting Securities**" means any securities of the Company that vote generally in the election of directors.

3. Indemnification. Subject to the terms of this Agreement, the Company shall indemnify Indemnitee, to the fullest extent permitted by the laws of the State of Delaware in effect on the date hereof, or as such laws may from time to time hereafter be amended to increase the scope of such permitted indemnification, against any and all Losses if Indemnitee was or is or becomes a party to or participant in, or is threatened to be made a party to or participant in, any Claim by reason of or arising in part out of an Indemnifiable Event, including, without limitation, Claims brought by or in the right of the Company, Claims brought by third parties, and Claims in which the Indemnitee is solely a witness.

4. Advancement of Expenses. Indemnitee shall have the right to advancement by the Company, prior to the final disposition of any Claim by final adjudication to which there are no further rights of appeal, of any and all Expenses actually and reasonably paid or incurred by Indemnitee in connection with any Claim arising out of an Indemnifiable Event. Indemnitee's right to such advancement is not subject to the satisfaction of any standard of conduct. Without limiting the generality or effect of the foregoing, within twenty (20) calendar days after any request by Indemnitee, the Company shall, in accordance with such request, (a) pay such Expenses on behalf of Indemnitee, (b) advance to Indemnitee funds in an amount sufficient to pay such Expenses, or (c) reimburse Indemnitee for such Expenses. In connection with any request for Expense Advances, Indemnitee shall not be required to provide any documentation or information to the extent that the provision thereof would undermine or otherwise jeopardize attorney-client privilege. Execution and delivery to the Company of this Agreement by Indemnitee constitutes an undertaking by the Indemnitee, and Indemnitee hereby agrees, to repay any amounts paid, advanced or reimbursed by the Company pursuant to this Section 4 in respect of Expenses relating to, arising out of or resulting from any Claim in respect of which it shall be determined, pursuant to Section 10, following the final disposition of such Claim, that Indemnitee is not entitled to indemnification hereunder. No other form of undertaking shall be required other than the execution of this Agreement. Indemnitee's obligation to reimburse the Company for Expense Advances shall be unsecured and no interest shall be charged thereon.

5. Indemnification for Expenses in Enforcing Rights. To the fullest extent allowable under applicable law, the Company shall also indemnify against, and, if requested by Indemnitee, shall advance to Indemnitee subject to and in accordance with Section 4, any Expenses actually and reasonably paid or incurred by Indemnitee in connection with any action or proceeding by Indemnitee for (a) indemnification or reimbursement or advance payment of Expenses by the

Company under any provision of this Agreement, or under any other agreement or provision of the Constituent Documents now or hereafter in effect relating to Claims relating to Indemnifiable Events, and/or (b) recovery under any directors' and officers' liability insurance policies maintained by the Company. However, in the event that Indemnitee is ultimately determined not to be entitled to such indemnification or insurance recovery, as the case may be, then all amounts advanced under this Section 5 shall be repaid. Indemnitee shall be required to reimburse the Company in the event that a final judicial determination is made that such action brought by Indemnitee was frivolous or not made in good faith.

6. Partial Indemnity. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for a portion of any Losses in respect of a Claim related to an Indemnifiable Event but not for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

7. Contribution in the Event of Joint Liability. To the fullest extent permissible under applicable law, if the indemnification and hold harmless rights provided for in this Agreement are unavailable to Indemnitee in whole or in part for any reason whatsoever, the Company, in lieu of indemnifying and holding harmless Indemnitee, shall pay, in the first instance, the entire amount incurred by Indemnitee, whether for judgments, liabilities, fines, penalties, amounts paid or to be paid in settlement and/or for Expenses, in connection with any Indemnifiable Event, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Indemnifiable Event in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees, trustees, fiduciaries and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

8. Notification and Defense of Claims.

(a) Notification of Claims. Indemnitee shall notify the Company in writing as soon as practicable of any Claim which could relate to an Indemnifiable Event or for which Indemnitee could seek Expense Advances, including a brief description (based upon information then available to Indemnitee) of the nature of, and the facts underlying, such Claim. The failure by Indemnitee to timely notify the Company hereunder shall not relieve the Company from any liability hereunder other than to the extent the Company's ability to participate in the defense of such claim was materially and adversely prejudiced by such failure.

(b) Defense of Claims. The Company shall be entitled to participate in the defense of any Claim relating to an Indemnifiable Event at its own expense and, except as otherwise provided below, to the extent the Company so wishes, it may assume the defense thereof with counsel reasonably satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election to assume the defense of any such Claim, the Company shall not be liable to Indemnitee under this Agreement or otherwise for any Expenses subsequently directly incurred by Indemnitee in connection with Indemnitee's defense of such Claim other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ its own legal counsel in such Claim, but all Expenses related to such counsel incurred after notice from the Company of its assumption of the defense shall be at Indemnitee's own expense; provided, however, that if (i) Indemnitee's employment of its own legal counsel has been authorized by the Company, (ii) Indemnitee's counsel has reasonably determined that there may be a conflict of interest between Indemnitee and the Company in the defense of such Claim, (iii) after a Change in Control,

Indemnitee's employment of its own counsel has been approved by the Independent Counsel or (iv) the Company shall not in fact have employed counsel to assume the defense of such Claim, then Indemnitee shall be entitled to retain its own separate counsel (but not more than one law firm plus, if applicable, local counsel in respect of any such Claim) and all Expenses related to such separate counsel shall be borne by the Company.

9. Procedure Upon Application for Indemnification. In order to obtain indemnification pursuant to this Agreement, Indemnitee shall submit to the Company a written request therefor, including in such request such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of the Claim. Indemnification shall be made insofar as the Company determines Indemnitee is entitled to indemnification in accordance with Section 10 below.

10. Determination of Right to Indemnification.

(a) Mandatory Indemnification; Indemnification as a Witness.

(i) Mandatory Indemnification. To the extent that Indemnitee shall have been successful on the merits or otherwise in defense of any Claim relating to an Indemnifiable Event or any portion thereof or in defense of any issue or matter therein, including without limitation dismissal without prejudice or settlement of the Claim (subject to the terms of Section 12 below), Indemnitee shall be indemnified against all Losses relating to such Claim in accordance with Section 3 to the fullest extent allowable by law.

(ii) Indemnification as a Witness. To the extent that Indemnitee's involvement in a Claim relating to an Indemnifiable Event is to prepare to serve and serve as a witness, and not as a party, the Indemnitee shall be indemnified against all Losses incurred in connection therewith to the fullest extent allowable by law.

(b) Standard of Conduct. To the extent that the provisions of Section 10(a) are inapplicable to a Claim related to an Indemnifiable Event that shall have been finally disposed of, any determination of whether Indemnitee has satisfied any applicable standard of conduct under Delaware law that is a legally required condition to indemnification of Indemnitee hereunder against Losses relating to such Claim and any determination that Expense Advances must be repaid to the Company (a "**Standard of Conduct Determination**") shall be made as follows:

(i) if no Change in Control has occurred, (A) by a majority vote of the Disinterested Directors, even if less than a quorum of the Board, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum or (C) if there are no such Disinterested Directors, by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnitee; and

(ii) if a Change in Control shall have occurred, (A) if the Indemnitee so requests in writing, by a majority vote of the Disinterested Directors, even if less than a quorum of the Board or (B) otherwise, by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnitee.

The Company shall indemnify and hold harmless Indemnitee against and, if requested by Indemnitee, shall reimburse Indemnitee for, or advance to Indemnitee, within twenty (20) calendar days of such request, any and all Expenses incurred by Indemnitee in cooperating with the Person or Persons making such Standard of Conduct Determination.

(c) Making the Standard of Conduct Determination. The Company shall use its reasonable best efforts to cause any Standard of Conduct Determination required under Section 10(b) to be made as promptly as practicable. If the Person or Persons designated to make the Standard of Conduct Determination under Section 10(b) shall not have made a determination within thirty (30) calendar days after the later of (A) receipt by the Company of a written request from Indemnitee for indemnification pursuant to Section 9 (the date of such receipt being the "**Notification Date**") and (B) the selection of an Independent Counsel, if such determination is to be made by Independent Counsel, then Indemnitee shall be deemed to have satisfied the applicable standard of conduct, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to

make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a final judicial determination that any or all such indemnification is expressly prohibited under applicable law; provided, however, that such thirty (30) calendar day period may be extended for a reasonable time, not to exceed an additional fifteen (15) calendar days, if the Person or Persons making such determination in good faith requires such additional time to obtain or evaluate information relating thereto. Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement of Indemnitee to indemnification under this Agreement shall be required to be made prior to the final disposition of any Claim.

(d) Payment of Indemnification. If, in regard to any Losses:

(i) Indemnitee shall be entitled to indemnification pursuant to Section 10(a);

(ii) no Standard of Conduct Determination is legally required as a condition to indemnification of Indemnitee hereunder; or

(iii) Indemnitee has been determined or deemed pursuant to Section 10(b) or Section 10(c) to have satisfied the Standard of Conduct Determination,

then the Company shall pay to Indemnitee, within twenty (20) calendar days after the later of (A) the Notification Date or (B) the earliest date on which the applicable criterion specified in clause (i), (ii) or (iii) is satisfied, an amount equal to such Losses.

(e) Selection of Independent Counsel for Standard of Conduct Determination. If a Standard of Conduct Determination is to be made by Independent Counsel pursuant to Section 10(b)(i), the Independent Counsel shall be selected by the Board of Directors, and the Company shall give written notice to Indemnitee advising Indemnitee of the identity of the Independent Counsel so selected. If a Standard of Conduct Determination is to be made by the Independent Counsel pursuant to Section 10(b)(ii), the Independent Counsel shall be selected by Indemnitee, and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either case, Indemnitee or the Company, as applicable, may, within ten (10) calendar days after receiving written notice of selection from the other, deliver to the other a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not satisfy the criteria set forth in the definition of "Independent Counsel" in Section 2, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the individual or firm so selected shall act as Independent Counsel. If such written objection is properly and timely made and substantiated, (i) the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit; and (ii) the non-objecting party may, at its option, select an alternative Independent Counsel and give written notice to the other party advising such other party of the identity of the alternative Independent Counsel so selected, in which case the provisions of the two immediately preceding sentences, the introductory clause of this sentence and numbered clause (i) of this sentence shall apply to such subsequent selection and notice. If applicable, the provisions of clause (ii) of the immediately preceding sentence shall apply to successive alternative selections. If no Independent Counsel that is permitted under the foregoing provisions of this Section 10(e) to make the Standard of Conduct Determination shall have been selected within twenty (20) calendar days after the Company gives its initial notice pursuant to the first sentence of this Section 10(e) or Indemnitee gives its initial notice pursuant to the second sentence of this Section 10(e), as the case may be, either the Company or Indemnitee may petition the Delaware Court to resolve any objection which shall have been made by

the Company or Indemnitee to the other's selection of Independent Counsel and/or to appoint as Independent Counsel an individual or firm to be selected by the Court or such other person as the Court shall designate, and the individual or firm with respect to whom all objections are so resolved or the individual or firm so appointed will act as Independent Counsel. In all events, the Company shall pay all of the reasonable fees and expenses of the Independent Counsel incurred in connection with the Independent Counsel's determination pursuant to Section 10(b) and shall fully indemnify and hold harmless such Independent Counsel against any and all expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(f) Presumptions and Defenses.

(i) Indemnitee's Entitlement to Indemnification. In making any Standard of Conduct Determination, the Person or Persons making such determination shall presume that Indemnitee has satisfied the applicable standard of conduct and is entitled to indemnification, and the Company shall have the burden of proof to overcome that presumption and establish that Indemnitee is not so entitled. Any Standard of Conduct Determination that is adverse to Indemnitee may be challenged by the Indemnitee in the Delaware Court. No determination by the Company (including by its directors or any Independent Counsel) that Indemnitee has not satisfied any applicable standard of conduct or failure by the Company to reach such a determination may be used as a defense to any legal proceedings brought by Indemnitee to secure indemnification or reimbursement or advance payment of Expenses by the Company hereunder or create a presumption that Indemnitee has not met any applicable standard of conduct.

(ii) Reliance as a Safe Harbor. For purposes of this Agreement, and without creating any presumption as to a lack of good faith if the following circumstances do not exist, Indemnitee shall be deemed to have acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company if Indemnitee's actions or omissions to act are taken in good faith reliance upon the records of the Company, including its financial statements, or upon information, opinions, reports or statements furnished to Indemnitee by the officers or employees of the Company or any of its subsidiaries in the course of their duties, or by committees of the Board or by any other Person (including legal counsel, accountants and financial advisors) as to matters Indemnitee reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company. In addition, the knowledge and/or actions, or failures to act, of any director, officer, agent or employee of the Company shall not be imputed to Indemnitee for purposes of determining the right to indemnity hereunder.

(iii) No Other Presumptions. For purposes of this Agreement, the termination of any Claim by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, will not create a presumption that Indemnitee did not meet any applicable standard of conduct or have any particular belief, or that indemnification hereunder is otherwise not permitted.

(iv) Defense to Indemnification and Burden of Proof. It shall be a defense to any action brought by Indemnitee against the Company to enforce this Agreement (other than an action brought to enforce a claim for Losses incurred in defending against a Claim related to an Indemnifiable Event in advance of its final disposition) that it is not permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed. In connection with any such

action or any related Standard of Conduct Determination, the burden of proving such a defense or that the Indemnitee did not satisfy the applicable standard of conduct shall be on the Company.

(v) Resolution of Claims. The Company acknowledges that a settlement or other disposition short of final judgment may be successful on the merits or otherwise for purposes of Section 10(a)(i) if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any Claim relating to an Indemnifiable Event to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise for purposes of Section 10(a)(i). The Company shall have the burden of proof to overcome this presumption.

11. Exclusions from Indemnification. Notwithstanding anything in this Agreement to the contrary, the Company shall not be obligated to:

(a) indemnify or advance funds to Indemnitee for Expenses or Losses with respect to proceedings initiated by Indemnitee, including any proceedings against the Company or its directors, officers, employees or other indemnitees and not by way of defense, except:

(i) proceedings referenced in Section 5 above (unless a court of competent jurisdiction determines that each of the material assertions made by Indemnitee in such proceeding was not made in good faith or was frivolous); or

(ii) where the Company has joined in or the Board has consented to the initiation of such proceedings.

(b) indemnify Indemnitee if a final decision by a court of competent jurisdiction determines that such indemnification is prohibited by applicable law.

(c) indemnify Indemnitee for the disgorgement of profits arising from the purchase or sale by Indemnitee of securities of the Company in violation of Section 16(b) of the Exchange Act, or any similar successor statute, state law or other law.

(d) indemnify or advance funds to Indemnitee for Indemnitee’s reimbursement to the Company of any bonus or other incentive-based or equity-based compensation previously received by Indemnitee or payment of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements under Section 304 of the Sarbanes-Oxley Act of 2002 in connection with an accounting restatement of the Company or the payment to the Company of profits arising from the purchase or sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act).

12. Settlement of Claims. The Company shall not be liable to Indemnitee under this Agreement for any amounts paid in settlement of any threatened or pending Claim related to an Indemnifiable Event effected without the Company’s prior written consent, which shall not be unreasonably withheld. The Company shall not settle any Claim related to an Indemnifiable Event in any manner that would impose any Losses on the Indemnitee without the Indemnitee’s prior written consent. The Company shall not, without the prior written consent of Indemnitee, effect any settlement of any Claim relating to an Indemnifiable Event which the Indemnitee is or could have been a party unless such settlement solely involves the payment of money and includes a complete

and unconditional release of the Indemnitee from all liability on all claims that are the subject matter of such Claim.

13. Duration. All agreements and obligations of the Company contained herein shall continue during the period that Indemnitee is a director, officer, employee or agent of the Company or any subsidiary of the Company (or is serving at the request of the Company as a director, officer, employee, member, trustee or agent of another Enterprise) and shall continue thereafter (i) so long as Indemnitee may be subject to any possible Claim relating to an Indemnifiable Event (including any rights of appeal thereto) and (ii) throughout the pendency of any proceeding (including any rights of appeal thereto) commenced by Indemnitee to enforce or interpret his or her rights under this Agreement, even if, in either case, he or she may have ceased to serve in such capacity at the time of any such Claim or proceeding.

14. Non-Exclusivity. The rights of Indemnitee hereunder will be in addition to any other rights Indemnitee may have under the Constituent Documents, the law of the State of Delaware, any other contract or otherwise (collectively, "**Other Indemnity Provisions**"); provided, however, that (a) to the extent that Indemnitee otherwise would have any greater right to indemnification under any Other Indemnity Provision, Indemnitee will be deemed to have such greater right hereunder and (b) to the extent that any change is made to any Other Indemnity Provision which permits any greater right to indemnification than that provided under this Agreement as of the date hereof, Indemnitee will be deemed to have such greater right hereunder. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

15. Liability Insurance. For the duration of Indemnitee's service as a director or officer of the Company, and thereafter for so long as Indemnitee shall be subject to any pending Claim relating to an Indemnifiable Event, the Company shall use commercially reasonable efforts (taking into account the scope and amount of coverage available relative to the cost thereof) to continue to maintain in effect policies of directors' and officers' liability insurance providing coverage that is at least substantially comparable in scope and amount to that provided by the Company's current policies of directors' and officers' liability insurance. The insurance provided pursuant to this Section 15 shall be primary insurance to the Indemnitee for any Indemnifiable Event and/or Expense to which such insurance applies. In all policies of directors' and officers' liability insurance maintained by the Company, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits as are provided to the most favorably insured of the Company's directors, if Indemnitee is a director, or of the Company's officers, if Indemnitee is an officer (and not a director) by such policy. Upon request, the Company will provide to Indemnitee copies of all directors' and officers' liability insurance applications, binders, policies, declarations, endorsements and other related materials.

16. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment to Indemnitee in respect of any Losses to the extent Indemnitee has otherwise received payment under any insurance policy, the Constituent Documents, Other Indemnity Provisions or otherwise of the amounts otherwise (including from another Enterprise) indemnifiable by the Company hereunder; provided that the foregoing shall not affect the rights of Indemnitee or the Fund Indemnitors (as defined below) as set forth in Section 17.

17. Primacy of Indemnification. The Company hereby acknowledges that Indemnitee has or may have in the future certain rights to indemnification, advancement of expenses and/or insurance

provided by Investment Group of Santa Barbara and certain of its affiliates (collectively, the "**Fund Indemnitors**"). The Company hereby agrees (i) that it is the indemnitor of first resort (i.e., its obligations to Indemnitee are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary), (ii) that it shall be required to advance the full amount of expenses incurred by Indemnitee and (iii) that it shall be liable for the full amount of all Losses to the extent legally permitted and as required by the terms of this Agreement, the Constituent Documents and/or Other Indemnity Provisions, without regard to any rights Indemnitee may have against the Fund Indemnitors. The Company irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing, and the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and Indemnitee agree that the Fund Indemnitors are express third party beneficiaries of the terms of this Section 17.

18. Subrogation. In the event of payment to Indemnitee under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee (other than against the Fund Indemnitors). Indemnitee shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

19. Amendments; Waivers. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be binding unless in the form of a writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall operate as a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

20. Enforcement and Binding Effect.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director or officer of the Company.

(b) Without limiting any of the rights of Indemnitee under any Other Indemnity Provisions as they may be amended from time to time, this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

(c) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger,

consolidation or otherwise) to all, substantially all or a substantial part of the business and/or assets of the Company, by written agreement in form and substances satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

21. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any portion thereof) are held by a court of competent jurisdiction to be invalid, illegal, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

22. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed, by postage prepaid, certified or registered mail:

(a) if to Indemnitee, to the address set forth on the signature page hereto.

(b) if to the Company, to:

AppFolio, Inc.
Attn: Matt Mazza, General Counsel
50 Castilian Drive
Goleta, California 93117

Notice of change of address shall be effective only when given in accordance with this Section. All notices complying with this Section shall be deemed to have been received on the date of hand delivery or on the third business day after mailing.

23. Governing Law and Forum. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such state without giving effect to its principles of conflicts of laws. The Company and Indemnitee hereby irrevocably and unconditionally: (a) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court and not in any other state or federal court in the United States or any other country, (b) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement and (c) waive, and agree not to plead or make, any claim that the Delaware Court lacks venue or that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

24. Headings. The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation thereof.

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

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

COMPANY:

APPFOLIO, INC.

By: __

Name: __

Its: __

INDEMNITEE:

__

__

(Print Name)

Address: 50 Castilian Drive
Goleta, CA 93117

[Signature Page to Indemnification Agreement]

NOTICE OF RESTRICTED STOCK UNIT AWARD

APPFOLIO, INC.
2015 STOCK INCENTIVE PLAN

Unless otherwise defined herein, the terms defined in the AppFolio, Inc. (the “***Company***”) 2015 Stock Incentive Plan (the “***Plan***”) shall have the same meanings in this Notice of Restricted Stock Unit Award (the “***Notice***”) and the attached Restricted Stock Unit Agreement (the “***RSU Agreement***”). You have been granted an award of Restricted Stock Units (“***RSUs***”) under the Plan subject to the terms and conditions of the Plan, this Notice and the attached RSU Agreement.

Name:	[•]
Date of Grant:	[•]
Grant Number:	[•]
Number of RSUs:	[•]
Vesting Commencement Date:	Vesting shall commence on [•]
Expiration Date:	The date on which settlement of all RSUs granted hereunder occurs. This RSU expires earlier if your Service terminates earlier, as described in the RSU Agreement.
Vesting Schedule:	[•].

You acknowledge that the vesting of the RSUs pursuant to this Notice is earned only by continuing Service. By accepting this award, you and the Company agree that this award is granted under and governed by the terms and conditions of the Plan, the Notice and the RSU Agreement. As described in your RSU Agreement, you hereby authorize the Company and/or the Employer to, and the Company and/or the Employer shall, satisfy all withholding and payment obligations of the Company and/or the Employer by withholding Shares that otherwise would be issued to you when your RSUs are settled. You acknowledge and agree that the Vesting Schedule may change prospectively in the event that your Service status changes between full and part-time status in accordance with Company policies relating to work schedules and vesting of awards. You further acknowledge that the grant of this RSU by the Company is at the Company’s sole discretion, and does not entitle you to further grant(s) of RSU(s) or any other award(s) under the Plan or any other plan or program maintained by the Company or any Parent, Subsidiary or Affiliate of the Company. By accepting this RSU, you consent to electronic delivery as set forth in the RSU Agreement.

AppFolio, Inc.

RESTRICTED STOCK UNIT AGREEMENT

APPFOLIO, INC.
2015 STOCK INCENTIVE PLAN

You have been granted Restricted Stock Units ("***RSUs***") by AppFolio, Inc. (the "***Company***") subject to the terms, restrictions and conditions of the Plan, the Notice of Restricted Stock Unit Award (the "***Notice***") and this Restricted Stock Unit Agreement (this "***RSU Agreement***").

1. **Settlement**. Settlement of RSUs shall be made in the same calendar year as the applicable date of vesting under the vesting schedule set forth in the Notice; provided, however, that if the vesting date under the vesting schedule set forth in the Notice is in December, then settlement of any RSUs that vest in December shall be within 30 days of vesting. Settlement of RSUs shall be in Shares. Settlement means the delivery of the Shares vested under an RSU. No fractional RSUs or rights for fractional Shares shall be created pursuant to this RSU Agreement.

2. **No Stockholder Rights**. Unless and until such time as Shares are issued in settlement of vested RSUs, you shall have no ownership of the Shares allocated to the RSUs and shall have no right to dividends or to vote such Shares.

3. **Dividend Equivalents**. Dividends, if any (whether in cash or Shares), shall not be credited to you.

4. **No Transfer**. RSUs may not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of in any manner other than by will or by the laws of descent or distribution or court order or unless otherwise permitted by the Committee on a case-by-case basis.

5. **Termination**. If your Service terminates for any reason, all unvested RSUs shall be automatically forfeited to the Company, and all rights you have to such RSUs shall immediately terminate. In case of any dispute as to whether your termination of Service has occurred, the Committee shall have sole discretion to determine whether such termination has occurred and the effective date of such termination.

6. **Construction**. This RSU Agreement is the result of negotiations between and has been reviewed by each of the parties hereto and their respective counsel, if any; accordingly, this RSU Agreement shall be deemed to be the product of all of the parties hereto, and no ambiguity shall be construed in favor of or against any one of the parties hereto.

7. **Notices**. Any notice to be given under the terms of the Plan shall be addressed to the Company in care of its principal office, and any notice to be given to you shall be addressed to you at the address maintained by the Company for such person or at such other address as you may specify in writing to the Company.

8. **Counterparts**. This RSU Agreement may be executed in two or more counterparts, each of which shall he deemed an original and all of which together shall constitute one instrument.

9. **Tax Consequences**. You acknowledge that you will recognize tax consequences in connection with the RSUs. You should consult a tax adviser regarding your tax obligations in the jurisdiction where you are subject to tax.

10. **Withholding Taxes and Stock Withholding**. Regardless of any action the Company or your actual employer (the "***Employer***") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("***Tax-Related Items***"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the award, including the grant, vesting or settlement of the RSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends, and (b) do not commit to structure the

terms of the award or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Items. You acknowledge that if you are subject to Tax-Related Items in more than one jurisdiction, the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

You hereby authorize the Company and/or the Employer to, and the Company and/or the Employer shall, satisfy all withholding and payment obligations of the Company and/or the Employer by withholding Shares that otherwise would be issued to you when your RSUs are settled. The Fair Market Value of the withheld Shares will be determined as of the effective date when taxes otherwise would have been withheld in cash. In the event the withholding amount is not satisfied in full by an even number of Shares, the number of withheld Shares will be rounded up to the nearest whole number of Share, and the excess withholding amount will be applied to your federal income tax withholdings. You shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of your participation in the Plan or your purchase of Shares that cannot be satisfied by the means previously described. Finally, you acknowledge that the Company has no obligation to deliver Shares to you until the withholding and payment obligations have been satisfied in connection with the Tax-Related Items as described in this Section.

11. **Acknowledgement**. The Company and you agree that the RSUs are granted under and governed by the Notice, this RSU Agreement and the provisions of the Plan (incorporated herein by reference). You: (a) acknowledge receipt of a copy of the Plan and the Plan prospectus; (b) represent that you have carefully read and are familiar with their provisions; and (c) hereby accept the RSUs subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this RSU Agreement.

12. **Entire Agreement; Enforcement of Rights**. This RSU Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No modification of or amendment to this RSU Agreement, nor any waiver of any rights under this RSU Agreement, shall be effective unless in writing and signed by the parties to this RSU Agreement. The failure by either party to enforce any rights under this RSU Agreement shall not be construed as a waiver of any rights of such party.

13. **Compliance with Laws and Regulations**. The issuance of Shares will be subject to and conditioned upon compliance by the Company and you with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company’s Class A Common Stock may be listed or quoted at the time of such issuance or transfer. The Shares issued pursuant to this RSU Agreement shall be endorsed with appropriate legends, if any, determined by the Company.

14. **Governing Law; Severability**. If one or more provisions of this RSU Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (a) such provision shall be excluded from this RSU Agreement, (b) the balance of this RSU Agreement shall be interpreted as if such provision were so excluded, and (c) the balance of this RSU Agreement shall be enforceable in accordance with its terms. This RSU Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that may arise directly or indirectly from the Plan, the Notice and this RSU Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California in Santa Barbara County or the federal courts of the United States for the Central District of California and no other courts.

15. **No Rights as Employee, Director or Consultant**. Nothing in this RSU Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent, Subsidiary or Affiliate of the Company, to terminate your Service, for any reason, with or without Cause.

16. **Consent to Electronic Delivery of All Plan Documents and Disclosures**. You hereby consent to the electronic delivery of the Notice, this RSU Agreement, the Plan, account statements, Plan prospectuses required by the Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the RSU. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion. You acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost if you contact the Company by telephone, through a postal service or electronic mail at stock@appfolio.com. You further acknowledge that you will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, you understand that you must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Also, you understand that your consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if you have provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service or electronic mail at stock@appfolio.com. Finally, you understand that you are not required to consent to electronic delivery.

17. **Code Section 409A**. For purposes of this RSU Agreement, a termination of employment will be determined consistent with the rules relating to a "separation from service" as defined in Section 409A of the Internal Revenue Code and the regulations thereunder ("***Section 409A***"). Notwithstanding anything else provided herein, to the extent any payments provided under this RSU Agreement in connection with your termination of employment constitute deferred compensation subject to Section 409A, and you are deemed at the time of such termination of employment to be a "specified employee" under Section 409A, then such payment shall not be made or commence until the earlier of (a) the expiration of the six-month period measured from your separation from service, or (b) the date of your death following such a separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to you including, without limitation, the additional tax for which you would otherwise be liable under Section 409A(a)(1)(B) in the absence of such a deferral. To the extent any payment under this RSU Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this RSU Agreement are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

18. **Adjustment**. In the event of a stock split, a stock dividend or a similar change in Company stock, the number of Shares covered by the RSUs may be adjusted pursuant to the Plan.

19. **Award Subject to Company Clawback or Recoupment**. To the extent permitted by applicable law, the RSUs shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or required by law during the term of your employment or other Service that is applicable to you. In addition to any other remedies available under such policy, applicable law may require the cancellation of your RSUs (whether vested or unvested) and the recoupment of any gains realized with respect to your RSUs.

BY ACCEPTING THIS RSU, YOU HEREBY AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

EXHIBIT 10.17

NOTICE OF RESTRICTED STOCK UNIT AWARD

APPFOLIO, INC.
2015 STOCK INCENTIVE PLAN

Unless otherwise defined herein, the terms defined in the AppFolio, Inc. (the "***Company***") 2015 Stock Incentive Plan (the "***Plan***") shall have the same meanings in this Notice of Restricted Stock Unit Award (the "***Notice***") and the attached Restricted Stock Unit Agreement (the "***RSU Agreement***"). You have been granted an award of Restricted Stock Units ("***RSUs***") under the Plan subject to the terms and conditions of the Plan, this Notice and the attached RSU Agreement.

Name:	[•]
Date of Grant:	[•]
Grant Number:	[•]
Number of RSUs:	[•]
Vesting Commencement Date:	Vesting shall commence on [•]
Expiration Date:	The date on which settlement of all RSUs granted hereunder occurs. This RSU expires earlier if your Service terminates earlier, as described in the RSU Agreement.
Vesting Schedule:	[•]

You acknowledge that the vesting of the RSUs pursuant to this Notice is earned only by continuing Service. By accepting this award, you and the Company agree that this award is granted under and governed by the terms and conditions of the Plan, the Notice and the RSU Agreement. As described in your RSU Agreement, you hereby authorize the Company and/or the Employer to, and the Company and/or the Employer shall, satisfy all withholding and payment obligations of the Company and/or the Employer by withholding Shares that otherwise would be issued to you when your RSUs are settled. You acknowledge and agree that the Vesting Schedule may change prospectively in the event that your Service status changes between full and part-time status in accordance with Company policies relating to work schedules and vesting of awards. You further acknowledge that the grant of this RSU by the Company is at the Company's sole discretion, and does not entitle you to further grant(s) of RSU(s) or any other award(s) under the Plan or any other plan or program maintained by the Company or any Parent, Subsidiary or Affiliate of the Company. By accepting this RSU, you consent to electronic delivery as set forth in the RSU Agreement.

AppFolio, Inc.

RESTRICTED STOCK UNIT AGREEMENT

APPFOLIO, INC.
2015 STOCK INCENTIVE PLAN

You have been granted Restricted Stock Units ("***RSUs***") by AppFolio, Inc. (the "***Company***") subject to the terms, restrictions and conditions of the Plan, the Notice of Restricted Stock Unit Award (the "***Notice***") and this Restricted Stock Unit Agreement (this "***RSU Agreement***").

1. **<u>Settlement</u>**. Settlement of RSUs shall be made in the same calendar year as the applicable date of vesting under the vesting schedule set forth in the Notice; provided, however, that if the vesting date under the vesting schedule set forth in the Notice is in December, then settlement of any RSUs that vest in December shall be within 30 days of vesting. Settlement of RSUs shall be in Shares. Settlement means the delivery of the Shares vested under an RSU. No fractional RSUs or rights for fractional Shares shall be created pursuant to this RSU Agreement.

2. **<u>No Stockholder Rights</u>**. Unless and until such time as Shares are issued in settlement of vested RSUs, you shall have no ownership of the Shares allocated to the RSUs and shall have no right to dividends or to vote such Shares.

3. **<u>Dividend Equivalents</u>**. Dividends, if any (whether in cash or Shares), shall not be credited to you.

4. **<u>No Transfer</u>**. RSUs may not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of in any manner other than by will or by the laws of descent or distribution or court order or unless otherwise permitted by the Committee on a case-by-case basis.

5. **<u>Termination</u>**. If your Service terminates for any reason, all unvested RSUs shall be automatically forfeited to the Company, and all rights you have to such RSUs shall immediately terminate. In case of any dispute as to whether your termination of Service has occurred, the Committee shall have sole discretion to determine whether such termination has occurred and the effective date of such termination.

6. **<u>Construction</u>**. This RSU Agreement is the result of negotiations between and has been reviewed by each of the parties hereto and their respective counsel, if any; accordingly, this RSU Agreement shall be deemed to be the product of all of the parties hereto, and no ambiguity shall be construed in favor of or against any one of the parties hereto.

7. **<u>Notices</u>**. Any notice to be given under the terms of the Plan shall be addressed to the Company in care of its principal office, and any notice to be given to you shall be addressed to you at the address maintained by the Company for such person or at such other address as you may specify in writing to the Company.

8. **<u>Counterparts</u>**. This RSU Agreement may be executed in two or more counterparts, each of which shall he deemed an original and all of which together shall constitute one instrument.

9. **<u>Tax Consequences</u>**. You acknowledge that you will recognize tax consequences in connection with the RSUs. You should consult a tax adviser regarding your tax obligations in the jurisdiction where you are subject to tax.

10. **<u>Withholding Taxes and Stock Withholding</u>**. Regardless of any action the Company or your actual employer (the "***Employer***") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("***Tax-Related Items***"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the award, including the grant, vesting or settlement of the RSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends, and (b) do not commit to structure the

terms of the award or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Items. You acknowledge that if you are subject to Tax-Related Items in more than one jurisdiction, the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

You hereby authorize the Company and/or the Employer to, and the Company and/or the Employer shall, satisfy all withholding and payment obligations of the Company and/or the Employer by withholding Shares that otherwise would be issued to you when your RSUs are settled. The Fair Market Value of the withheld Shares will be determined as of the effective date when taxes otherwise would have been withheld in cash. In the event the withholding amount is not satisfied in full by an even number of Shares, the number of withheld Shares will be rounded up to the nearest whole number of Share, and the excess withholding amount will be applied to your federal income tax withholdings. You shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of your participation in the Plan or your purchase of Shares that cannot be satisfied by the means previously described. Finally, you acknowledge that the Company has no obligation to deliver Shares to you until the withholding and payment obligations have been satisfied in connection with the Tax-Related Items as described in this Section.

11. **Acknowledgement**. The Company and you agree that the RSUs are granted under and governed by the Notice, this RSU Agreement and the provisions of the Plan (incorporated herein by reference). You: (a) acknowledge receipt of a copy of the Plan and the Plan prospectus; (b) represent that you have carefully read and are familiar with their provisions; and (c) hereby accept the RSUs subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this RSU Agreement.

12. **Entire Agreement; Enforcement of Rights**. This RSU Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No modification of or amendment to this RSU Agreement, nor any waiver of any rights under this RSU Agreement, shall be effective unless in writing and signed by the parties to this RSU Agreement. The failure by either party to enforce any rights under this RSU Agreement shall not be construed as a waiver of any rights of such party.

13. **Compliance with Laws and Regulations**. The issuance of Shares will be subject to and conditioned upon compliance by the Company and you with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Class A Common Stock may be listed or quoted at the time of such issuance or transfer. The Shares issued pursuant to this RSU Agreement shall be endorsed with appropriate legends, if any, determined by the Company.

14. **Governing Law; Severability**. If one or more provisions of this RSU Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (a) such provision shall be excluded from this RSU Agreement, (b) the balance of this RSU Agreement shall be interpreted as if such provision were so excluded, and (c) the balance of this RSU Agreement shall be enforceable in accordance with its terms. This RSU Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that may arise directly or indirectly from the Plan, the Notice and this RSU Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California in Santa Barbara County or the federal courts of the United States for the Central District of California and no other courts.

15. **No Rights as Employee, Director or Consultant**. Nothing in this RSU Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent, Subsidiary or Affiliate of the Company, to terminate your Service, for any reason, with or without Cause.

16. **Consent to Electronic Delivery of All Plan Documents and Disclosures**. You hereby consent to the electronic delivery of the Notice, this RSU Agreement, the Plan, account statements, Plan prospectuses required by the Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the RSU. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion. You acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost if you contact the Company by telephone, through a postal service or electronic mail at stock@appfolio.com. You further acknowledge that you will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, you understand that you must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Also, you understand that your consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if you have provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service or electronic mail at stock@appfolio.com. Finally, you understand that you are not required to consent to electronic delivery.

17. **Code Section 409A**. For purposes of this RSU Agreement, a termination of employment will be determined consistent with the rules relating to a "separation from service" as defined in Section 409A of the Internal Revenue Code and the regulations thereunder ("***Section 409A***"). Notwithstanding anything else provided herein, to the extent any payments provided under this RSU Agreement in connection with your termination of employment constitute deferred compensation subject to Section 409A, and you are deemed at the time of such termination of employment to be a "specified employee" under Section 409A, then such payment shall not be made or commence until the earlier of (a) the expiration of the six-month period measured from your separation from service, or (b) the date of your death following such a separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to you including, without limitation, the additional tax for which you would otherwise be liable under Section 409A(a)(1)(B) in the absence of such a deferral. To the extent any payment under this RSU Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this RSU Agreement are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

18. **Adjustment**. In the event of a stock split, a stock dividend or a similar change in Company stock, the number of Shares covered by the RSUs may be adjusted pursuant to the Plan.

19. **Award Subject to Company Clawback or Recoupment**. To the extent permitted by applicable law, the RSUs shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or required by law during the term of your employment or other Service that is applicable to you. In addition to any other remedies available under such policy, applicable law may require the cancellation of your RSUs (whether vested or unvested) and the recoupment of any gains realized with respect to your RSUs.

BY ACCEPTING THIS RSU, YOU HEREBY AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

EXHIBIT 10.18

NOTICE OF RESTRICTED STOCK UNIT AWARD

APPFOLIO, INC.
2015 STOCK INCENTIVE PLAN

Unless otherwise defined herein, the terms defined in the AppFolio, Inc. (the "***Company***") 2015 Stock Incentive Plan (the "***Plan***") shall have the same meanings in this Notice of Restricted Stock Unit Award (the "***Notice***") and the attached Restricted Stock Unit Agreement (the "***RSU Agreement***"). You have been granted an award of Restricted Stock Units ("***RSUs***") under the Plan subject to the terms and conditions of the Plan, this Notice and the attached RSU Agreement.

Name:	[•]
Target Number of RSUs (100%):	[•]
Date of Grant:	[•]
Grant Number:	[•]
Expiration Date:	[•]
Vesting Schedule:	The RSUs shall become performance-vested based on the terms and conditions set forth on Attachment I. [•]
Additional Terms:	Any additional terms and conditions set forth on Attachment I hereto (as executed by the Company) are applicable and are incorporated herein by reference.

You acknowledge that the vesting of the RSUs pursuant to this Notice is earned only by continuing Service and the additional terms and conditions set forth on Attachment I. By accepting this award, you and the Company agree that this award is granted under and governed by the terms and conditions of the Plan, the Notice and the RSU Agreement. As described in your RSU Agreement, you hereby authorize the Company and/or the Employer to, and the Company and/or the Employer shall, satisfy all withholding and payment obligations of the Company and/or the Employer by withholding Shares that otherwise would be issued to you when your RSUs are settled. You acknowledge and agree that the Vesting Schedule may change prospectively in the event that your Service status changes between full and part-time status in accordance with Company policies relating to work schedules and vesting of awards. You further acknowledge that the grant of this RSU by the Company is at the Company's sole discretion, and does not entitle you to further grant(s) of RSU(s) or any other award(s) under the Plan or any other plan or program maintained by the Company or any Parent, Subsidiary or Affiliate of the Company. By accepting this RSU, you consent to electronic delivery as set forth in the RSU Agreement.

AppFolio, Inc.

RESTRICTED STOCK UNIT AGREEMENT

APPFOLIO, INC.
2015 STOCK INCENTIVE PLAN

You have been granted Restricted Stock Units ("***RSUs***") by AppFolio, Inc. (the "***Company***") subject to the terms, restrictions and conditions of the Plan, the Notice of Restricted Stock Unit Award (the "***Notice***") and this Restricted Stock Unit Agreement (this "***RSU Agreement***").

1. **Settlement**. Settlement of RSUs shall be made in the same calendar year as the applicable date of vesting under the vesting schedule set forth in the Notice; provided, however, that if the vesting date under the vesting schedule set forth in the Notice is in December, then settlement of any RSUs that vest in December shall be no later than March 15 of the year following the year of vesting. Settlement of RSUs shall be in Shares. Settlement means the delivery of the Shares vested under an RSU. No fractional RSUs or rights for fractional Shares shall be created pursuant to this RSU Agreement.

2. **No Stockholder Rights**. Unless and until such time as Shares are issued in settlement of vested RSUs, you shall have no ownership of the Shares allocated to the RSUs and shall have no right to dividends or to vote such Shares.

3. **Dividend Equivalents**. Dividends, if any (whether in cash or Shares), shall not be credited to you.

4. **No Transfer**. RSUs may not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of in any manner other than by will or by the laws of descent or distribution or court order or unless otherwise permitted by the Committee on a case-by-case basis.

5. **Termination**. If your Service terminates for any reason, all unvested RSUs shall be automatically forfeited to the Company, and all rights you have to such RSUs shall immediately terminate. In case of any dispute as to whether your termination of Service has occurred, the Committee shall have sole discretion to determine whether such termination has occurred and the effective date of such termination.

6. **Construction**. This RSU Agreement is the result of negotiations between and has been reviewed by each of the parties hereto and their respective counsel, if any; accordingly, this RSU Agreement shall be deemed to be the product of all of the parties hereto, and no ambiguity shall be construed in favor of or against any one of the parties hereto.

7. **Notices**. Any notice to be given under the terms of the Plan shall be addressed to the Company in care of its principal office, and any notice to be given to you shall be addressed to you at the address maintained by the Company for such person or at such other address as you may specify in writing to the Company.

8. **Counterparts**. This RSU Agreement may be executed in two or more counterparts, each of which shall he deemed an original and all of which together shall constitute one instrument.

9. **Tax Consequences**. You acknowledge that you will recognize tax consequences in connection with the RSUs. You should consult a tax adviser regarding your tax obligations in the jurisdiction where you are subject to tax.

10. **Withholding Taxes and Stock Withholding**. Regardless of any action the Company or your actual employer (the "***Employer***") takes with respect to any or all income tax,

social insurance, payroll tax, payment on account or other tax-related withholding (“***Tax-Related Items***”), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the award, including the grant, vesting or settlement of the RSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends, and (b) do not commit to structure the terms of the award or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Items. You acknowledge that if you are subject to Tax-Related Items in more than one jurisdiction, the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

You hereby authorize the Company and/or the Employer to, and the Company and/or the Employer shall, satisfy all withholding and payment obligations of the Company and/or the Employer by withholding Shares that otherwise would be issued to you when your RSUs are settled. The Fair Market Value of the withheld Shares will be determined as of the effective date when taxes otherwise would have been withheld in cash. In the event the withholding amount is not satisfied in full by an even number of Shares, the number of withheld Shares will be rounded up to the nearest whole number of Share, and the excess withholding amount will be applied to your federal income tax withholdings. You shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of your participation in the Plan or your purchase of Shares that cannot be satisfied by the means previously described. Finally, you acknowledge that the Company has no obligation to deliver Shares to you until the withholding and payment obligations have been satisfied in connection with the Tax-Related Items as described in this Section.

11. **Acknowledgement**. The Company and you agree that the RSUs are granted under and governed by the Notice, this RSU Agreement and the provisions of the Plan (incorporated herein by reference). You: (a) acknowledge receipt of a copy of the Plan and the Plan prospectus; (b) represent that you have carefully read and are familiar with their provisions; and (c) hereby accept the RSUs subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this RSU Agreement.

12. **Entire Agreement; Enforcement of Rights**. This RSU Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No modification of or amendment to this RSU Agreement, nor any waiver of any rights under this RSU Agreement, shall be effective unless in writing and signed by the parties to this RSU Agreement. The failure by either party to enforce any rights under this RSU Agreement shall not be construed as a waiver of any rights of such party.

13. **Compliance with Laws and Regulations**. The issuance of Shares will be subject to and conditioned upon compliance by the Company and you with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company’s Class A Common Stock may be listed or quoted at the time of such issuance or transfer. The Shares issued pursuant to this RSU Agreement shall be endorsed with appropriate legends, if any, determined by the Company.

14. **Governing Law; Severability**. If one or more provisions of this RSU Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (a) such provision shall be excluded from this RSU Agreement, (b) the balance of this RSU Agreement shall be interpreted as if such provision were so excluded and (c) the balance of this RSU Agreement shall be enforceable in accordance with its terms. This RSU Agreement and

all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that may arise directly or indirectly from the Plan, the Notice and this RSU Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California in Santa Barbara County or the federal courts of the United States for the Central District of California and no other courts.

15. **No Rights as Employee, Director or Consultant**. Nothing in this RSU Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent, Subsidiary or Affiliate of the Company, to terminate your Service, for any reason, with or without Cause.

16. **Consent to Electronic Delivery of All Plan Documents and Disclosures**. You hereby consent to the electronic delivery of the Notice, this RSU Agreement, the Plan, account statements, Plan prospectuses required by the Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the RSU. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company’s discretion. You acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost if you contact the Company by telephone, through a postal service or electronic mail at stock@appfolio.com. You further acknowledge that you will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, you understand that you must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Also, you understand that your consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if you have provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service or electronic mail at stock@appfolio.com. Finally, you understand that you are not required to consent to electronic delivery.

17. **Code Section 409A**. For purposes of this RSU Agreement, a termination of employment will be determined consistent with the rules relating to a “separation from service” as defined in Section 409A of the Internal Revenue Code and the regulations thereunder (“***Section 409A***”). Notwithstanding anything else provided herein, to the extent any payments provided under this RSU Agreement in connection with your termination of employment constitute deferred compensation subject to Section 409A, and you are deemed at the time of such termination of employment to be a “specified employee” under Section 409A, then such payment shall not be made or commence until the earlier of (a) the expiration of the six-month period measured from your separation from service or (b) the date of your death following such a separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to you including, without limitation, the additional tax for which you would otherwise be liable under Section 409A(a)(1)(B) in the absence of such a deferral. To the extent any payment under this RSU Agreement may be classified as a “short-term deferral” within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this RSU Agreement are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

18. **Adjustment**. In the event of a stock split, a stock dividend or a similar change in Company stock, the number of Shares covered by the RSUs may be adjusted pursuant to the Plan.

19. **Award Subject to Company Clawback or Recoupment.** To the extent permitted by applicable law, the RSUs shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or required by law during the

term of your employment or other Service that is applicable to you. In addition to any other remedies available under such policy, applicable law may require the cancellation of your RSUs (whether vested or unvested) and the recoupment of any gains realized with respect to your RSUs.

BY ACCEPTING THIS RSU, YOU HEREBY AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

APPFOLIO, INC.

NONEMPLOYEE DIRECTOR DEFERRED COMPENSATION PLAN

As adopted by the Board of Directors on August 12, 2021

ARTICLE 1.

PURPOSES OF THE PLAN

1.1 Purposes. The purpose of the Plan is to enhance the Company's ability to attract and retain the services of highly qualified Nonemployee Directors of the Company and to relate the Nonemployee Directors' interests more closely to the Company's performance and the Company's stockholders' interests. The Plan is designed to permit Participants to defer all or a portion of their Compensation, until a Corporate Transaction of the Company, the termination of the Plan, a date specified by a Participant, the occurrence of an Unforeseeable Emergency, or a Participant's death, Disability or Separation from Service. In addition, Participants may elect to have all or a portion of their deferred Cash Compensation converted into Restricted Stock Units.

ARTICLE 2.

DEFINITIONS

For purposes of this Plan, terms not otherwise defined herein shall have the meanings indicated below:

1.1 2015 Stock Incentive Plan. "2015 Stock Incentive Plan" means the Company's 2015 Stock Incentive Plan.

1.2 Administrator. "Administrator" means the Compensation Committee, unless otherwise determined by the Board.

1.3 Accounts. "Accounts" mean, collectively, a Participant's Cash Deferred Account, Stock Deferred Account, and Restricted Stock Unit Account under the Plan. Each Account shall be maintained solely as a bookkeeping entry by the Company to evidence an unfunded obligation of the Company.

1.4 Account List. "Account List" means the list referenced in Section 4.2.

1.5 Annual Fee. "Annual Fee" means the cash portion of any annual fee to which a Participant is entitled under the Company's director compensation policy, as may be amended from time to time.

1.6 Beneficiary. "Beneficiary" means any person, estate, trust, or organization entitled to receive any payment under the Plan upon the death of a Participant pursuant to Section 5.4.

1.7 Board. "Board" means the Board of Directors of the Company.

1.8 Cash Compensation. "Cash Compensation" means Annual Fees and the cash portion of any Stock Incentives.

1.9 Cash Deferred Account. "Cash Deferred Account" means an account established and maintained by the Company in its books and records to reflect the interest of a Participant in the Plan resulting from a Participant's deferred Cash Compensation, denominated in cash, for the benefit

of the Participant and to record the adjustments thereto arising from hypothetical income, gains, losses, and any other credits or charges.

1.10 Class A Common Stock. "Class A Common Stock" means the Class A Common Stock of the Company.

1.11 Code. "Code" shall mean the Internal Revenue Code of 1986, as amended, including any successor statute.

1.12 Committee. "Committee" means a committee of two or more members of the Board appointed to administer the Plan, as set forth in Section 6.1.

1.13 Company. "Company" means AppFolio, Inc., a Delaware corporation, or any entity that is a successor to the Company.

1.14 Compensation. "Compensation" means Cash Compensation and Stock Compensation.

1.15 Compensation Committee. "Compensation Committee" means the Committee then designated as the "Compensation Committee" by the Board.

1.16 Converted Restricted Stock Units. "Converted Restricted Stock Units" has the meaning set forth in Section 3.8.

1.17 Corporate Transaction. "Corporate Transaction" has the meaning set forth in the 2015 Stock Incentive Plan, provided that, if (i) a transaction does not qualify as a change in control event within the meaning of Section 409A of the Code and (ii) treating such transaction as a Corporate Transaction would cause, give rise to or otherwise result in a failure to satisfy the distribution requirements of Section 409A(a)(2)(A) of the Code (to the extent the Plan and the applicable Deferral Election are not exempt therefrom), then such transaction will not be deemed a Corporate Transaction.

1.18 Deferral Election. "Deferral Election" shall mean the Participant's written election to defer a portion of his or her Cash Compensation, Stock Compensation, or Restricted Stock Units pursuant to Section 3.5 and consistent with such form of deferral election as is specified by the Administrator.

1.19 Disability; Disabled. "Disability" or "Disabled" mean (a) a Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months or (b) a Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Company.

1.20 Dividend Equivalent. "Dividend Equivalent" means an amount equal to the cash dividends paid by the Company with respect to each share of Class A Common Stock credited to a Participant's Stock Deferred Account or subject to a Restricted Stock Unit credited to a Participant's Restricted Stock Unit Account.

1.21 Domestic Relations Order. "Domestic Relations Order" means a "domestic relations order" as defined in Section 414(p)(1)(B) of the Code.

1.22 Effective Date. "Effective Date" means the date on which the Plan was originally adopted by the Board, as set forth on the first page hereof.

1.23 Employee. "Employee" means any person who is currently employed by the Company.

1.24 Enrollment Date. "Enrollment Date" means the Participation Date, January 1 of each Plan Year and such other dates as may be determined from time to time by the Administrator.

1.25 Exchange Act. "Exchange Act" means the Securities and Exchange Act of 1934, as amended.

1.26 Fair Market Value. "Fair Market Value" on any given date means the value of one share of Class A Common Stock, determined as set forth in the 2015 Stock Incentive Plan.

1.27 Hypothetical Investments. "Hypothetical Investments" has the meaning set forth in Section 4.2.

1.28 Nonemployee Director. "Nonemployee Director" means each member of the Board who is not an Employee.

1.29 Participant. "Participant" means each Nonemployee Director who is eligible to receive benefits under the Plan.

1.30 Participation Date. "Participation Date" means the first date on which the Administrator shall permit a Participant to defer compensation under the Plan, but in no event later than thirty (30) days following the date the Nonemployee Director is first notified by the Administrator, or its designee, that the Nonemployee Director is eligible to participate in the Plan.

1.31 Plan. "Plan" means this Nonemployee Director Deferred Compensation Plan of the Company.

1.32 Plan Year. "Plan Year" means the twelve (12) month period commencing January 1st and ending on December 31st next following, except that the first Plan Year shall be the Effective Date through December 31, 2021.

1.33 Restricted Stock Unit. "Restricted Stock Unit" means a right to receive an amount equal to the Fair Market Value of one share of Class A Common Stock, issued pursuant to the 2015 Stock Incentive Plan, subject to any restrictions and conditions as are established pursuant to the 2015 Stock Incentive Plan.

1.34 Restricted Stock Unit Account. "Restricted Stock Unit Account" means the account maintained on the books of the Company for a Participant for the purpose of accounting for the Converted Restricted Stock Units.

1.35 Separation from Service. "Separation from Service" means a Participant's separation from service as a Nonemployee Director or an Employee, as applicable, within the meaning of Section 409A of the Code other than for death or disability. A transfer of employment within or among any entities in the same controlled group as the Company (as determined under Section 414(b) of the Code or Section 414(c) of the Code, as applied under Section 409A(d)(6) of the Code) shall not constitute a Separation from Service.

1.36 Specified Employee. "Specified Employee" means a "specified employee" with respect to the Company (or a controlled group member (as determined under Section 414(b) of the Code or 414(c) of the Code, as applied under Section 409A(d)(6) of the Code)) determined pursuant

to procedures adopted by the Company in compliance with Section 409A of the Code and Treasury Regulation Section 1.409A-1(i).

1.37 Specified Payment Date. "Specified Payment Date" means a specified date or a fixed schedule (not to exceed fifteen (15) years) that, in each case, is nondiscretionary and objectively determinable at the time a Participant makes his or her Deferral Election.

1.38 Stock Compensation. "Stock Compensation" means the portion of the Stock Incentives deliverable in shares of Class A Common Stock of the Company.

1.39 Stock Deferred Account. "Stock Deferred Account" means an account established and maintained by the Company in its books and records to reflect the interest of a Participant in the Plan resulting from a Participant's deferred Stock Compensation, for the benefit of the Participant and to record the adjustments thereto arising from Stock Compensation.

1.40 Stock Incentive. "Stock Incentive" means the delivery of shares of Class A Common Stock of the Company, payment of cash or a combination thereof upon the exercise, vesting or settlement of all or a portion of any Award, to which a Participant is entitled under, and within the meaning of, the 2015 Stock Incentive Plan.

1.41 Subsequent Change. "Subsequent Change" has the meaning set forth in Section 3.7.

1.42 Trust. "Trust" has the meaning set forth in Section 4.1.

1.43 Unforeseeable Emergency. "Unforeseeable Emergency" means (i) a severe financial hardship to the Participant resulting from an illness or accident of the Participant or the Participant's spouse, Beneficiary or dependent (as defined in Section 152(a) of the Code), (ii) loss of the Participant's property due to casualty, or (iii) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, each as determined to exist by the Administrator, in its sole and absolute discretion as defined by Section 409A of the Code.

ARTICLE 3.

ELIGIBILITY; DEFERRAL ELECTION; CONVERSION OF ANNUAL FEES

1.1 Eligibility Requirements. Any Nonemployee Director shall become a Participant on the Enrollment Date coincident with or next following his or her selection by the Administrator and notification thereof.

1.2 Ineligible Participant. If the Administrator determines that a Participant is no longer eligible to participate in the Plan, the Participant's Deferral Election shall terminate and he or she shall make no more contributions under the Plan until it is again determined that he or she is eligible to participate. The Account of such a Participant shall continue to be adjusted pursuant to the provisions of Article 4 until the Account is distributed under Article 5.

1.3 Opportunity to Defer. A Participant may elect to defer payment of a portion of the Compensation otherwise payable to him or her for services to be rendered after his or her Participation Date by any dollar amount or whole percentage of his or her Compensation (subject to such limits and restrictions as to any dollar amount or percentage as may be established from time to time by the Administrator), such amount to be credited to his or her Account under the Plan, subject to any adjustments made pursuant to Section 3.8.

1.4 Accounts. A Cash Deferred Account or a Stock Deferred Account shall be established for each Participant by the Company as of the effective date of such Participant's first

Deferral Election of his or her Cash Compensation or Stock Compensation, respectively. A Restricted Stock Unit Account shall be established for each Participant by the Company as of the effective date of such Participant's first Deferral Election in which the Participant elects to convert a portion of his or her Cash Compensation into Converted Restricted Stock Units.

1.5 Deferral Elections.

(a) The initial Deferral Election of a new Participant with respect to Compensation shall be made by written notice signed by the Participant and delivered to the Company not later than thirty (30) days after the Participant first becomes eligible to participate in the Plan or any other plan maintained by the Company that provides for the deferral of the Participant's compensation; provided, however, subject to Section 3.5(b), such initial Deferral Election shall not apply to any portion of his or her Compensation earned for service prior to the date such election form is filed with the Company. Any subsequent Deferral Elections shall be made by written notice signed by the Participant and delivered to the Company not later than the last day of the month prior to the next succeeding Plan Year or such other date specified by the Administrator, but in all cases before the first day of the next succeeding Plan Year, and shall be effective on the first day of such succeeding Plan Year with respect to Compensation to be earned in such subsequent Plan Year. A Deferral Election with respect to the deferral of future Compensation shall be an irrevocable election for each Plan Year (and shall become irrevocable immediately prior to the Enrollment Date to which such Deferral Election relates) unless otherwise modified or revoked during the Plan Year as provided in Section 3.6. The termination of participation in the Plan shall not affect amounts (and the deemed investment earnings and losses thereon) previously deferred by a Participant under the Plan.

(b) A Deferral Election made pursuant to Section 3.5(a) shall be made on a form prescribed by the Company or by completing an electronic document or other procedures determined by the Company and the Deferral Election shall state: (i) that the Participant wishes to make an election to defer the receipt of all or a portion of his or her Compensation; (ii) the whole percentage, dollar amount, or other portion of such Compensation to be deferred; and (iii) the Specified Payment Date, if any, on which the Participant shall receive or begin to receive the distributions of his or her Accounts with respect to the Compensation deferred under such Deferral Election. Each Deferral Election with respect to Compensation shall also include the Participant's election regarding the form of payment to be received upon his or her death, Disability, Separation from Service or applicable Specified Payment Date, such form to be either (1) a lump sum or (2) monthly, quarterly, or annual installments over a period not to exceed fifteen (15) years. The Deferral Election with respect to the form of payment shall govern the distribution of such Participant's Account(s), except as provided in Section 3.7. If a Participant fails to specify a form of payment, his or her Account(s) shall be distributed in a lump sum.

1.6 Suspension of Deferral Election. Notwithstanding the provisions of Section 3.5, the Administrator, in its sole discretion upon written application by a Participant, may authorize the suspension of a Participant's Deferral Election in the event of an Unforeseeable Emergency. Any suspension authorized by the Administrator shall become effective as soon as practicable after the Administrator's receipt of a suspension application, but no later than the first payroll period beginning thirty (30) days after the receipt of such suspension application. Such suspension shall be effective for the remainder of the Plan Year and shall be deemed an annual election for each succeeding Plan Year unless a subsequent Deferral Election is made with the Company pursuant to Section 3.5.

1.7 Change in Form of Distribution and Specified Payment Date. If approved by the Administrator, a Participant may amend a prior Deferral Election on a form prescribed by the Company or by completing an electronic document or other procedures determined by the Company in order to change the form of the distribution of his or her Accounts and/or any Specified Payment Date (in each case, a "Subsequent Change"). A Subsequent Change shall be given effect by the Administrator only if the election to change the form of payment or the Specified Payment Date

(a) does not take effect until at least twelve (12) months after the date on which the election is made and (b) is made at least twelve (12) months prior to the date a lump sum is scheduled to be paid or, in the case of installment payments, twelve (12) months prior to the date the first payment is scheduled to be paid. Notwithstanding anything herein to the contrary, any payment with respect to which a Participant makes a Subsequent Change shall not be made before the fifth (5th) anniversary of the date on which the payment would have been made had the Participant not made the Subsequent Change.

1.8 Conversion of Cash Compensation into Restricted Stock Units. Each Participant may elect in his or her Deferral Election to convert all or a portion of his or her Cash Compensation that he or she elects to defer during the applicable Plan Year pursuant to this Article 3 into Restricted Stock Units (the "Converted Restricted Stock Units"), which Converted Restricted Stock Units shall be credited to the Participant's Restricted Stock Unit Account. In such case, the number of Converted Restricted Stock Units will equal the amount of Cash Compensation, or the portion thereof, that the Participant elects to convert into Restricted Stock Units divided by the Fair Market Value on the date on which the Cash Compensation, or the portion thereof, would be paid, and such Converted Restricted Stock Units shall be credited to the Participant's Restricted Stock Unit Account on such date. Converted Restricted Stock Units will be granted pursuant to the terms and conditions of the 2015 Stock Incentive Plan.

ARTICLE 4.

INVESTMENT OF CASH DEFERRED ACCOUNTS;
DIVIDEND EQUIVALENTS; REPORTS

1.1 Rabbi Trust. A rabbi trust (the "Trust") may be established in connection with the Plan. In such case, the Company will transfer the Participants' deferred Cash Compensation to the Trust. The Trust will be irrevocable and will terminate on the earlier to occur of (i) all funds having been distributed from the Trust, or (ii) the date all obligations under the Plan have been satisfied. The Trust will provide that the assets of the Trust will be distributed only to or for the benefit of the Participants or their beneficiaries unless the insolvency provisions of the Trust apply. The Company will appoint an independent trustee for the Trust and will enter into a trust agreement, in form and substance acceptable to the Company, with the Trustee. The Administrator shall select the initial independent trustee.

1.2 Hypothetical Investments. Any amounts of cash credited to a Participant's Cash Deferred Account shall be deemed to be invested in one or more hypothetical investments ("Hypothetical Investments"). Each Participant shall select Hypothetical Investments from a list of investments selected from time to time by the Administrator ("Account List"), and subject to any limitation on permissible allocations among groups of Hypothetical Investments that the Administrator may establish. The Administrator may change or discontinue any Hypothetical Investment at any time; provided that, following a Corporate Transaction, the Administrator may not change or modify the investment options existing immediately prior to such Corporate Transaction in any manner that is adverse to the Participants. In any case, the Trust may (but will not be required to) make actual investments that mirror a Participant's Hypothetical Investments.

(a) The amounts of hypothetical income, appreciation and depreciation in value of the Hypothetical Investments shall be credited and debited to, or otherwise reflected in, such Cash Deferred Account from time to time in accordance with procedures established by the Administrator. Unless otherwise determined by the Administrator, amounts credited to a Participant's Cash Deferred Account shall be deemed invested in Hypothetical Investments as of the date so credited. Each Participant shall assume the investment risk of the Hypothetical Investments.

(b) A Participant may allocate and reallocate amounts credited to the Participant's Cash Deferred Account to one or more of the Hypothetical Investments authorized under the Plan with such frequency as and subject to such procedures and rules as determined by the

Administrator. The Administrator may restrict or prohibit reallocation of amounts deemed invested in specified Hypothetical Investments to comply with applicable law or regulation.

(c) Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the Hypothetical Investments are to be used for measurement purposes only. A Participant's election of any such Hypothetical Investments, the allocation of such Hypothetical Investments to his or her Cash Deferred Account, the calculation of additional amounts and the crediting or debiting of such amounts to a Participant's Cash Deferred Account shall not be considered or construed in any manner as an actual investment of his or her Cash Deferred Account in any such Hypothetical Investments. In the event that the Administrator, in its discretion, decides to cause the Trustee to invest funds in any or all of the Hypothetical Investments, no Participant shall have any rights in or to such investments themselves. Without limiting the foregoing, a Participant's Cash Deferred Account shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Company or the Trust. The Participant shall at all times remain an unsecured creditor of the Company with respect to his or her Cash Deferred Account.

1.3 Dividend Equivalents. The Company may credit a Participant with Dividend Equivalents with respect to share of Class A Common Stock credited to his or her Stock Deferred Account and each Restricted Stock Unit credited to his or her Restricted Stock Unit Account. Dividend Equivalents, if any, shall be accrued and paid in cash to a Participant upon the distribution of his or her Stock Deferred Account or Restricted Stock Unit Account, as applicable. The cash value of the Dividend Equivalents shall not be credited to the Participant's Cash Deferred Account.

1.4 Participant Reports. At the end of each Plan Year (or on a more frequent basis as determined by the Administrator), a report shall be issued to each Participant who has an Account, and such report will set forth the value of each such Account and, as applicable, the number of shares of Class A Common Stock or Restricted Stock Units credited to each such Account.

ARTICLE 5.

DISTRIBUTION OF ACCOUNTS

1.1 Distribution upon a Specified Payment Date. Subject to Section 5.10, if a Participant's Deferral Election provides for distributions based on the occurrence of a Specified Payment Date, upon such Specified Payment Date, the Account(s) attributable to such Deferral Election shall be distributed to the Participant in a lump sum or, with respect to an Account for which the Deferral Election provides for a fixed schedule, shall commence to be distributed to the Participant in equal monthly, quarterly or annual installments not to exceed a fifteen (15) year period as specified on the Participant's Deferral Election. In the event the value of any Participant's Cash Deferred Account as of his or her Specified Payment Date is ten thousand dollars ($10,000) or less, the Cash Deferred Account shall be distributed in cash in a lump sum notwithstanding the Participant's election to have his or her Cash Deferred Account distributed in installments under the Plan. The Cash Deferred Account shall be valued on the date a distribution is processed. All payments and deliveries due under this Section 5.1 shall be made or shall commence as soon as reasonably feasible following the Participant's Specified Payment Date, but in no event later than thirty (30) days following the Specified Payment Date; provided that, if such thirty-day period ends in the taxable year following the year in which the Specified Payment Date occurs, the Participant shall not have the right to designate the year of payment.

1.2 Distribution upon Separation From Service. Subject to 7(j), if a Participant's Deferral Election provides for a distribution based on his or her Separation from Service, upon such Separation from Service, the Account(s) attributable to such Deferral Election shall be distributed to the Participant in a lump sum or, with respect to an Account for which the Deferral Election provides for a fixed schedule, in equal monthly, quarterly or annual installments not to exceed a fifteen (15) year period as specified on the Participant's Deferral Election. In the event the value of any Participant's Cash Deferred Account at the time distribution is to commence is ten thousand dollars ($10,000) or less, the Cash Deferred Account shall be distributed in cash in a lump sum notwithstanding the Participant's election to have his or her Cash Deferred Account distributed in installments under the Plan. The Cash Deferred Account shall be valued on the date a distribution is processed. Subject to the last sentence of this Section 5.2, all payments and deliveries due under this Section 5.2 shall be made or shall commence as soon as reasonably feasible following the date of a Participant's Separation from Service, but in no event later than thirty (30) days following such date; provided that, if such thirty-day period ends in the taxable year following the year in which the Separation from Service occurs, the Participant shall not have the right to designate the year of payment. Notwithstanding the foregoing, distributions to a Specified Employee as a result of Separation from Service, whether the distribution is made in the form of a lump sum or installments, shall not be made or the payments may not begin before the date which is six (6) months after the date of the Separation from Service, or, if earlier, the date of death of the Specified Employee.

1.3 Distribution upon Death. Upon the death of a Participant prior to the payment of his or her Accounts, the balance of his or her Accounts shall be paid to the Participant's Beneficiary in a lump sum or, with respect to an Account for which the Deferral Election provides for a fixed schedule, in equal monthly, quarterly or annual installments not to exceed a fifteen (15) year period as specified on the Participant's Deferral Election form with such payment to be made or payments to commence in the case of installment distributions within sixty (60) days following the date of the Participant's death; provided that, if such sixty-day period ends in the taxable year following the year in which the Participant's death occurs, neither the Participant nor the Beneficiary shall have the right to designate the year of payment; further, provided, however, if the value of a Cash Deferred Account at the time an installment distribution is to commence is ten thousand dollars ($10,000) or less, the Cash Deferred Account shall be distributed to the Participant's Beneficiary in a lump sum. The Cash Deferred Account shall be valued on the date a distribution is processed. If a Participant who has elected to have his or her Accounts distributed in installments under the terms of the Plan dies subsequent to the commencement of such installment payments but prior to the completion of such payments, the installments shall continue as if the Participant had not died and shall be paid to the Beneficiary.

1.4 Beneficiary Designation. A Participant may designate a Beneficiary or Beneficiaries, and a contingent Beneficiary or Beneficiaries, to receive the undistributed portion of his or her Accounts if he or she dies before distribution is completed. In the event a Beneficiary designation is not on file or all designated Beneficiaries are deceased or cannot be located, payment will be made to the Participant's estate. The Beneficiary designation may be changed by the Participant or former Participant at any time without the consent of the prior Beneficiary.

1.5 Distribution upon Disability. Upon the Disability of a Participant prior to the payment of his or her Accounts, the balance of his or her Accounts shall be paid to the Participant in a lump sum or, with respect to his or her Cash Deferred Account, in equal monthly, quarterly or annual installments not to exceed a fifteen (15) year period as specified on the Participant's Deferral Election form with such payment to be made or payments to commence in the case of installment distributions within ninety (90) days following the date on which the Participant becomes Disabled; provided that, if such ninety-day period ends in the taxable year following the year in which the Participant becomes Disabled, the Participant shall not have the right to designate the year of payment; further, provided, however, if the value of a Cash Deferred Account at the time an installment distribution is to commence is ten thousand dollars ($10,000) or less, the Cash Deferred Account shall be distributed to the Participant in a lump sum. The Cash Deferred Account shall be valued on the date a distribution is processed.

1.6 Distribution upon an Unforeseeable Emergency. A Participant may request a distribution of his or her Accounts due to an Unforeseeable Emergency by submitting a written request to the Administrator accompanied by evidence to demonstrate that the circumstances being experienced qualify as an Unforeseeable Emergency. The Administrator shall have the authority to require such evidence as it deems necessary to determine if a distribution is warranted. If an application for a distribution due to an Unforeseeable Emergency is approved, the distribution is limited to an amount sufficient to meet the need resulting from the Unforeseeable Emergency. The allowed distribution shall be payable in the form determined by the Administrator as soon as possible after approval of such distribution.

1.7 Distribution Pursuant to a Domestic Relations Order. The Administrator is authorized to make any payments directed by a Domestic Relations Order in any action in which the Plan or the Administrator has been named as a party. In addition, if a court determines that a spouse or former spouse of a Participant has an interest in the Participant's benefits under the Plan in connection with a property settlement or otherwise, the Administrator, in its sole discretion, shall have the right, notwithstanding any election made by a Participant, to immediately distribute the spouse's or former spouse's interest in the Participant's benefits under the Plan to that spouse or former spouse.

1.8 Distribution upon Corporate Transaction. Upon a Corporate Transaction, a Participant shall be paid the balance of his Accounts in a lump sum within sixty (60) days following the date on which the Corporate Transaction occurs; provided that, if such sixty-day period ends in the taxable year following the year in which the Corporate Transaction occurs, the Participant shall not have the right to designate the year of payment.

1.9 Distribution in the Event of Taxation. If, for any reason, it has been determined that the Plan fails to meet the requirements of Section 409A of the Code, and the failure is not or cannot be corrected under an Internal Revenue Service correction program for such failure, the Administrator shall distribute to the Participant the portion of the Participant's Account(s) that is required to be included in income as a result of the failure of the Plan to comply with the requirements of Section 409A of the Code.

1.10 Distribution Events. Notwithstanding any provision of this Plan to the contrary, a Participant's Account(s) shall be distributed in accordance with his or her Deferral Election made with respect to such Account. With respect to each Account, a Deferral Election shall provide for a distribution on or based on (a) the Participant's Specified Payment Date, (b) the Participant's Separation from Service or (c) the first to occur of the Participant's Specified Payment Date or the Participant's Separation from Service. Notwithstanding the foregoing, all Accounts, or, if applicable, a portion thereof, shall be distributed on or based on the first to occur of: (i) the Participant's death, (ii) the Participant's Disability, (iii) an Unforeseeable Emergency, (iv) the receipt of a Domestic Relations Order requiring distribution, (v) a Corporate Transaction, (vi) income inclusion due to failure to comply with Section 409A of the Code or (vii) a Plan termination pursuant to Section 7.4.

1.11 Form of Distributions. Distributions made to a Participant with respect to his or her Cash Deferred Account shall be paid in cash. Distributions made to a Participant with respect to her or Stock Deferred Account shall be paid in shares of Class A Common Stock. Distributions made to a Participant with respect to his or her Restricted Stock Unit Account may, in the discretion of the Administrator, be in cash, shares of Class A Common Stock of equivalent Fair Market Value as of the date of vesting, or a combination of both.

1.12 Rights as a Stockholder. Participants shall have no rights or privileges as a stockholder of the Company with respect to any shares of Class A Common Stock in respect of a Stock Deferred Account or Restricted Stock Unit Account unless and until they become owners of shares of Class A Common Stock following distribution in respect of such Account, in whole or in part, in shares of Class A Common Stock.

ARTICLE 6.

ADMINISTRATION OF PLAN; AMENDMENT

1.1 Administrator. Authority to control and manage the operation and administration of the Plan shall be vested in the Administrator. Each of the members shall meet the independence requirements under the then applicable rules, regulations or listing requirements adopted by The NASDAQ Stock Market or the principal exchange on which the Class A Common Stock is then listed or admitted to trading. Members of any Committee serving as Administrator may be appointed from time to time by, and shall serve at the pleasure of, the Board. The Board may limit the composition of such Committee to those persons necessary to comply with the requirements of Section 162(m) of the Code and Section 16 of the Exchange Act.

1.2 Powers of the Administrator. In addition to any other powers or authority conferred upon the Administrator elsewhere in this Plan or by law, the Administrator shall have full power and authority: (a) to determine all questions relating to eligibility for participation in the Plan and the amount in the Account or Accounts of the Participants and all questions pertaining to claims for benefits and procedures for claim review; (b) to interpret the Plan and resolve all questions arising under the Plan, including any questions of construction; (c) to create, amend or rescind rules and regulations relating to the Plan; (d) to correct any defect or supply any omission or reconcile any inconsistency in the Plan or in a Deferral Election; (e) to adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Nonemployee Directors who are foreign nationals or employed outside the United States; and (f) to make all other determinations and take such further action necessary or advisable for the administration of this Plan, but only to the extent not contrary to the express provisions of this Plan. Any action, decision, interpretation or determination made in good faith by the Administrator in the exercise of its authority conferred upon it under this Plan shall be final and binding on the Company and all Participants. The Administrator may, from time to time, employ other agents and delegate to them such administration duties as it deems necessary, and may, from time to time, consult with counsel.

1.3 Limitation on Liability. No employee of the Company or member of the Board or Committee shall be subject to any liability with respect to duties under the Plan unless the person acts fraudulently or in bad faith. To the extent permitted by law, the Company shall indemnify each member of the Board or Committee, and any employee of the Company with duties under the Plan, who was or is a party, or is threatened to be made a party, to any threatened, pending or completed proceeding, whether civil, criminal, administrative or investigative, by reason of such person's conduct in the performance of duties under the Plan.

ARTICLE 7.

MISCELLANEOUS

1.1 Benefits Not Alienable. Other than as provided above, benefits under this Plan may not be assigned or alienated, whether voluntarily or involuntarily. Any unauthorized attempt at assignment, transfer, pledge or other disposition shall be without effect.

1.2 Unsecured General Creditor. The Plan shall at all times be considered entirely unfunded and no provision shall at any time be made with respect to segregating assets of any Participant for payment of any amounts hereunder. The Plan constitutes a mere promise of the Company to make payments to Participants in the future and, subject to Section 4.1, Participants have rights only as unsecured general creditors of the Company.

1.3 No Enlargement of Rights. This Plan is strictly a voluntary undertaking on the part of the Company and shall not be deemed to constitute a contract between the Company and any Participant to be consideration for, or an inducement to, or a condition of, the employment of any

Participant. Nothing contained in the Plan shall be deemed to give the right to any Participant to be retained by the Company as a Nonemployee Director of the Company or otherwise or to otherwise interfere with any right of the Company. The Company will have no duty or obligation to any Participant to warn, advise or otherwise inform such Participant as to the time or manner of exercising any right under the Plan. The Company has no duty or obligation to reduce the tax consequences resulting from a Participant's rights to benefits under the Plan. The payments made in accordance with the Plan are in addition to any other benefits or compensation to which a Participant may be entitled or for which he or she may be eligible, whether funded or unfunded, by reason of his or her employment by the Company.

1.4 Amendment and Termination. The Plan may be amended, modified, or terminated by the Administrator in its sole discretion at any time and from time to time; provided, however, that no such amendment, modification, or termination shall impair any rights to benefits under the Plan prior to such amendment, modification, or termination; further, provided, that any termination of the Plan and any distributions made in connection with such termination shall, in each case, be made in accordance with the requirements of Section 409A of the Code and Treasury Regulation Section 1.409A-3(j)(4)(ix).

1.5 No Tax or Other Representations. The Company makes no representation with respect to the state, federal, financial, estate planning or the securities implications of the Plan. Participants should consult with their own tax, financial and legal advisors with respect to their participation in the Plan.

1.6 Governing Law. The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan shall be governed by and determined in accordance with the laws of the State of Delaware without giving effect to conflicts-of-laws principles.

1.7 Section 409A of the Code. All Accounts under the Plan that are intended to be "deferred compensation" subject to Section 409A shall be interpreted, administered and construed to comply with Section 409A, and all Accounts under the Plan that are intended to be exempt from Section 409A shall be interpreted, administered and construed to comply with and preserve such exemption. The Administrator shall have full authority to give effect to the intent of the foregoing sentence. Notwithstanding the foregoing, neither the Company nor any member of the Board shall have any liability to any person in the event Section 409A of the Code applies to any Account in a manner that results in adverse tax consequences for the Participant or any of his or her Beneficiaries or transferees.

1.8 Conflicts. In the case of any conflict or potential inconsistency between the Plan and a provision of any Account or Deferral Election, the Plan shall govern, unless otherwise determined by the Administrator.

1.9 Severability. Should any provision or portion of this Plan be held to be unenforceable or invalid for any reason, the remaining provisions and portions of this Plan shall be unaffected by such holding.

1.10 Captions and Section Headings. Captions and section headings used herein are for convenience only, and are not part of this Plan and shall not be used in construing it.

1.11 Electronic Delivery. Any reference herein to a "written" agreement, document or notice shall include any agreement or document delivered electronically or posted on the Company's intranet.

DEFERRAL ELECTION FORM

On this December ___, 2021, the undersigned, ____________________________, does hereby irrevocably elect to defer the receipt of the Compensation set forth in Exhibit A (the "Deferred Compensation") from AppFolio, Inc., a Delaware corporation (the "Company"), until the "Deferred Payment Date" set forth in Exhibit A, pursuant to the Nonemployee Director Deferred Compensation Plan of the Company (the "Deferred Plan"), which, but for this election, would be received by the undersigned during the year ending December 31, 2022. Capitalized terms used but not defined herein have the meanings ascribed to such terms in the Deferral Plan.

By executing this election form, the undersigned acknowledges and agrees that the receipt of the Deferred Compensation, along with any and all amounts payable in respect of the Deferred Compensation pursuant to the Deferred Plan, shall be deferred pursuant to the Deferred Plan until the Deferred Payment Date set forth above or, if sooner, the date of payment as determined under the Deferred Plan (the "Deferral Period"). The undersigned acknowledges that the delivery of the Deferred Compensation and any rights to transfer or otherwise assign or alienate the Deferred Compensation shall be deferred at least until the end of the Deferral Period, except as explicitly set forth in the Deferred Plan.

The undersigned does hereby acknowledge that the deferral election made on this Deferral Election Form is irrevocable, and such deferral election will be governed by the terms and conditions of the Deferred Plan.

ACKNOWLEDGED AND ACCEPTED:

DIRECTOR	**COMPANY**
__________ Print Name	APPFOLIO, INC.
__________ Signature	By: __________ Name: Title:

Exhibit A

Deferred Compensation

<table>
<tr><th>Type of Deferred Compensation</th><th>Amount of Deferred Compensation</th><th>Deferred Payment Date</th></tr>
<tr><td>☐ Cash Compensation

☐ Convert Cash Compensation into Converted Restricted Stock Units</td><td>[Choose and complete only one of the following.]

☐ $___________

☐ ___________ %

☐ For the following quarter(s):
☐ January 1 – March 31
☐ April 1 – June 30
☐ July 1 – September 30
☐ October 1 – December 31</td><td>[Choose and complete only one of the following.]

☐ Specified Payment Date
☐ A lump sum on this date: ___________
☐ Equal installments per fixed schedule over ___________ [Not to exceed 15] year(s) beginning on date: ___________
☐ Monthly
☐ Quarterly
☐ Annually

☐ Separation from Service

☐ First to Occur of Specified Payment Date or Separation from Service [Also Complete Specified Payment Date section above.]</td></tr>
<tr><td>☐ Stock Compensation</td><td>[Choose and complete only one of the following.]

☐ ___________ Shares under the following Award: ____________________________

☐ ___________ %

☐ For the following quarter(s):
☐ January 1 – March 31
☐ April 1 – June 30
☐ July 1 – September 30
☐ October 1 – December 31</td><td>[Choose and complete only one of the following.]

☐ Specified Payment Date
☐ A lump sum on this date: ___________
☐ Equal installments per fixed schedule over ___________ [Not to exceed 15] year(s) beginning on date: ___________
☐ Monthly
☐ Quarterly
☐ Annually

☐ Separation from Service

☐ First to Occur of Specified Payment Date or Separation from Service [Also Complete Specified Payment Date section above.]</td></tr>
</table>

Initials:
AppFolio, Inc.: _____
Participant: _____

Exhibit 21.1

List of Subsidiaries of the Registrant

Subsidiary	Jurisdiction
AppFolio Utility Management, Inc.	California
AppFolio Investment Management, Inc.	California
Dynasty Marketplace, Inc.	Delaware
AppFolio Insurance Services, Inc.	California
RentLinx LLC	Michigan
Terra Mar Insurance Company, Inc.	Hawaii

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-236818, No. 333-229970, No. 333-223231, No. 333-216274, No. 333-209792, and No. 333-206179) of AppFolio, Inc. of our report dated February 28, 2022 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
February 28, 2022

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jason Randall, certify that:

1. I have reviewed this Annual Report on Form 10-K of AppFolio, 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 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 Rules13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer 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: February 28, 2022

/s/ Jason Randall
Jason Randall
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Fay Sien Goon, certify that:

1. I have reviewed this Annual Report on Form 10-K of AppFolio, 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 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 Rules13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer 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: February 28, 2022

/s/ Fay Sien Goon
Fay Sien Goon
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The following certifications are hereby made in connection with the Annual Report on Form 10-K of AppFolio, Inc. (the “Company”) for the period ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”):

I, Jason Randall, President and Chief Executive Officer of the Company, hereby 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, (i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented.

Date: February 28, 2022

By: /s/ Jason Randall
Jason Randall
President and Chief Executive Officer

I, Fay Sien Goon, Chief Financial Officer of the Company, hereby 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, (i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented.

Date: February 28, 2022

By: /s/ Fay Sien Goon
Fay Sien Goon
Chief Financial Officer