

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

OMB APPROVAL	
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>RAUTH WILLIAM R III</u> (Last) (First) (Middle) <u>C/O IGSB, INC.</u> <u>1485 E VALLEY ROAD, SUITE H</u> (Street) <u>SANTA BARBARA CA 93108</u> (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>APPFOLIO INC [APFF]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner Officer (give title below) Other (specify below)
	3. Date of Earliest Transaction (Month/Day/Year) <u>06/25/2015</u>	
		6. Individual or Joint/Group Filing (Check Applicable Line) Form filed by One Reporting Person <input checked="" type="checkbox"/> Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Series B Convertible Preferred Stock	(1)	06/25/2015		C			1,056,916	(1)	(1)	Class B Common Stock	264,229	\$0.00	0	I	By IGSB IVP II, LLC
Class B Common Stock	(2)(3)	06/25/2015		C		264,229 ⁽⁴⁾		(2)(3)	(2)(3)	Class A Common Stock	264,229	\$0.00	264,229	I ⁽⁴⁾	By IGSB IVP II, LLC
Series B-1 Convertible Preferred Stock	(1)	06/25/2015		C			530,660	(1)	(1)	Class B Common Stock	132,665	\$0.00	0	I	By IGSB IVP II, LLC
Class B Common Stock	(2)(3)	06/25/2015		C		132,665 ⁽⁴⁾		(2)(3)	(2)(3)	Class A Common Stock	132,665	\$0.00	396,894	I ⁽⁴⁾	By IGSB IVP II, LLC
Series B-1 Convertible Preferred Stock	(1)	06/25/2015		C			74,508	(1)	(1)	Class B Common Stock	18,627	\$0.00	0	I	By Internal Venture Fund II, LLC
Class B Common Stock	(2)(3)	06/25/2015		C		18,627 ⁽⁵⁾		(2)(3)	(2)(3)	Class A Common Stock	18,627	\$0.00	18,627	I ⁽⁵⁾	By Internal Venture Fund II, LLC
Series A Convertible Preferred Stock	(1)	06/25/2015		C			32,260	(1)	(1)	Class B Common Stock	8,065	\$0.00	0	I	By IGSB IVP III, LLC
Class B Common Stock	(2)(3)	06/25/2015		C		8,065 ⁽⁶⁾		(2)(3)	(2)(3)	Class A Common Stock	8,065	\$0.00	8,065	I ⁽⁶⁾	By IGSB IVP III, LLC
Series B Convertible Preferred Stock	(1)	06/25/2015		C			6,049	(1)	(1)	Class B Common Stock	1,512	\$0.00	0	I	By IGSB IVP III, LLC
Class B Common Stock	(2)(3)	06/25/2015		C		1,512 ⁽⁶⁾		(2)(3)	(2)(3)	Class A Common Stock	1,512	\$0.00	9,577	I ⁽⁶⁾	By IGSB IVP III, LLC
Series B-2 Convertible Preferred Stock	(1)	06/25/2015		C			2,993,564	(1)	(1)	Class B Common Stock	748,391	\$0.00	0	I	By IGSB IVP III, LLC
Class B Common Stock	(2)(3)	06/25/2015		C		748,391 ⁽⁶⁾		(2)(3)	(2)(3)	Class A Common Stock	748,391	\$0.00	757,968	I ⁽⁶⁾	By IGSB IVP III, LLC
Series B-3 Convertible Preferred Stock	(1)	06/25/2015		C			1,202,763	(1)	(1)	Class B Common Stock	300,691	\$0.00	0	I	By IGSB IVP III, LLC

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Class B Common Stock	(2)(3)	06/25/2015		C		300,691 ⁽⁶⁾		(2)(3)	(2)(3)	Class A Common Stock	300,691	\$0.00	1,058,659	I ⁽⁶⁾	By IGSB IVP III, LLC
Series B Convertible Preferred Stock	(1)	06/25/2015		C			20,162	(1)	(1)	Class B Common Stock	5,041	\$0.00	0	I	By IGSB Internal Venture Fund III, LLC
Class B Common Stock	(2)(3)	06/25/2015		C		5,041 ⁽⁷⁾		(2)(3)	(2)(3)	Class A Common Stock	5,041	\$0.00	5,041	I ⁽⁷⁾	By IGSB Internal Venture Fund III, LLC
Series B-2 Convertible Preferred Stock	(1)	06/25/2015		C			1,781,883	(1)	(1)	Class B Common Stock	445,471	\$0.00	0	I	By IGSB Internal Venture Fund III, LLC
Class B Common Stock	(2)(3)	06/25/2015		C		445,471 ⁽⁷⁾		(2)(3)	(2)(3)	Class A Common Stock	445,471	\$0.00	450,512	I ⁽⁷⁾	By IGSB Internal Venture Fund III, LLC
Series B-3 Convertible Preferred Stock	(1)	06/25/2015		C			1,202,763	(1)	(1)	Class B Common Stock	300,691	\$0.00	0	I	By IGSB Internal Venture Fund III, LLC
Class B Common Stock	(2)(3)	06/25/2015		C		300,691 ⁽⁷⁾		(2)(3)	(2)(3)	Class A Common Stock	300,691	\$0.00	751,203	I ⁽⁷⁾	By IGSB Internal Venture Fund III, LLC
Series B Convertible Preferred Stock	(1)	06/25/2015		C			20,163	(1)	(1)	Class B Common Stock	5,041	\$0.00	0	I	By Ospre-Point Capital, LLC
Class B Common Stock	(2)(3)	06/25/2015		C		5,041 ⁽⁸⁾		(2)(3)	(2)(3)	Class A Common Stock	5,041	\$0.00	5,041	I ⁽⁸⁾	By Ospre-Point Capital, LLC
Series A Convertible Preferred Stock	(1)	06/25/2015		C			34,992	(1)	(1)	Class B Common Stock	8,748	\$0.00	0	I	By BV Capital Fund II LP
Class B Common Stock	(2)(3)	06/25/2015		C		8,748 ⁽⁹⁾		(2)(3)	(2)(3)	Class A Common Stock	8,748	\$0.00	8,748	I ⁽⁹⁾	By BV Capital Fund II LP
Series B Convertible Preferred Stock	(1)	06/25/2015		C			11,996	(1)	(1)	Class B Common Stock	2,999	\$0.00	0	I	By BV Capital Fund II LP
Class B Common Stock	(2)(3)	06/25/2015		C		2,999 ⁽⁹⁾		(2)(3)	(2)(3)	Class A Common Stock	2,999	\$0.00	11,747	I ⁽⁹⁾	By BV Capital Fund II LP
Series A Convertible Preferred Stock	(1)	06/25/2015		C			180	(1)	(1)	Class B Common Stock	45	\$0.00	0	I	By Mayfield XI LP
Class B Common Stock	(2)(3)	06/25/2015		C		45 ⁽¹⁰⁾		(2)(3)	(2)(3)	Class A Common Stock	45	\$0.00	45	I ⁽¹⁰⁾	By Mayfield XI LP
Series B Convertible Preferred Stock	(1)	06/25/2015		C			64	(1)	(1)	Class B Common Stock	16	\$0.00	0	I	By Mayfield XI LP
Class B Common Stock	(2)(3)	06/25/2015		C		16 ⁽¹⁰⁾		(2)(3)	(2)(3)	Class A Common Stock	16	\$0.00	61	I ⁽¹⁰⁾	By Mayfield XI LP

1. Name and Address of Reporting Person*

[RAUTH WILLIAM R III](#)

(Last) (First) (Middle)

C/O IGSB, INC.

1485 E VALLEY ROAD, SUITE H

(Street)

SANTA BARBARA CA 93108

(City) (State) (Zip)

1. Name and Address of Reporting Person*

Investment Group of Santa Barbara, LLC

(Last) (First) (Middle)

C/O IGSB, INC.

1485 E VALLEY ROAD, SUITE H

(Street)

SANTA BARBARA CA

93108

(City)

(State)

(Zip)

Explanation of Responses:

1. Each share of Convertible Preferred Stock, irrespective of its Series, automatically converted into 0.25 of a share of Class B Common Stock prior to the consummation of the initial public offering (the "IPO") of AppFolio, Inc. (the "Company"). The Class B Common Stock has not been registered, and it is not expected that the Class B Common Stock will be registered in the future, under the Securities Exchange Act of 1934, as amended.
2. Each share of Class B Common Stock is convertible, at any time at the option of the holder, into one share of Class A Common Stock. In addition, shares of Class B Common Stock that are transferred after the consummation of the Company's IPO will convert automatically, on a one share-for-one share basis, into shares of Class A Common Stock, except for (i) any transfers, by a partnership or limited liability company that was a registered holder of shares of Class B Common Stock prior to the consummation of the IPO, made to anyone who was a partner or member of any such partnership or limited liability company prior to the consummation of the IPO, and (ii) any transfer to a "qualified recipient" as defined in the Company's amended and restated certificate of incorporation.
3. All outstanding shares of Class B Common Stock will convert automatically into shares of Class A Common Stock, on a one share-for-one share basis, on the date when the number of the Company's outstanding shares of Class B Common Stock represents less than 10% of the sum of its outstanding shares of Class A Common Stock and Class B Common Stock.
4. These Shares are owned of record by IGSB IVP II, LLC, which is a private investment fund. Mr. Rauth does not possess or share voting or dispositive power over, but does have a pecuniary interest in, these Shares.
5. These Shares are held of record by IGSB Internal Venture Fund II, LLC, which is a private investment fund. Mr. Rauth does not possess or share voting or investment power over, but does have a pecuniary interest in, these Shares.
6. These Shares are held of record by IGSB IVP III, LLC ("IGSB IVP 3"), which is a private investment fund managed by Investment Group of Santa Barbara, LLC ("IGSB"). Mr. Rauth is one of three members of IGSB and all decisions regarding the voting and disposition of these Shares requires the unanimous approval of the three members. As a result, Mr. Rauth may be deemed to share voting and dispositive power over these Shares with IGSB and its other two members. However, Mr. Rauth disclaims beneficial ownership of these Shares except to the extent of his pecuniary interest therein.
7. These Shares are held of record by IGSB Internal Venture Fund III, LLC ("IGSB Venture Fund 3"), which is a private investment fund also managed by IGSB. Mr. Rauth is one of three members of IGSB and all decisions regarding the voting and disposition of these Shares requires the unanimous approval of the three members. As a result, Mr. Rauth may be deemed to share voting and dispositive power over these Shares with IGSB and its other two members. However, Mr. Rauth does not have and he disclaims any pecuniary interest in the Shares owned by IGSB Venture Fund 3.
8. Mr. Rauth possesses sole voting and dispositive power over, but disclaims any pecuniary interest in, these Shares.
9. Mr. Rauth does not possess or share voting or dispositive power over any of these Shares and disclaims beneficial ownership of these Shares, except to the extent of his pecuniary interest in these Shares.
10. Mr. Rauth does not possess or share voting or dispositive power over any of these Shares and disclaims beneficial ownership of all of these Shares, except to the extent of his pecuniary interest in these Shares.

Remarks:

Investment Group of Santa
Barbara, LLC, By: /s/ Kimberly
Shea, attorney-in-fact for 07/06/2015
Timothy K. Bliss, Member and
Vice President

/s/ Kimberly Shea, attorney-in-
fact for William R. Rauth, III 07/06/2015

** Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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