

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>BLISS TIMOTHY K</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 [APPF]</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>11/21/2017</u>			
			4. If Amendment, Date of Original Filed (Month/Day/Year)		6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person 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			
Class A Common Stock	11/21/2017		J ⁽¹⁾		41,680 ⁽¹⁾	D	(1)	0	D	
Class A Common Stock								13,072	I ⁽²⁾	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
Class B Common Stock	(3)(4)	11/21/2017		J ⁽⁵⁾		41,680 ⁽⁵⁾		(3)(4)	(3)(4)	Class A Common Stock	41,680	(5)	677,438 ⁽⁶⁾	D	
Class B Common Stock	(3)(4)							(3)(4)	(3)(4)	Class A Common Stock	(3)(4)		550,981	I ⁽⁷⁾	By Family Trust
Class B Common Stock	(3)(4)							(3)(4)	(3)(4)	Class A Common Stock	(3)(4)		3,855,274	I ⁽⁸⁾	By IGSB IVP III
Class B Common Stock	(3)(4)							(3)(4)	(3)(4)	Class A Common Stock	(3)(4)		993,627	I ⁽⁹⁾	By IGSB IVF III
Class B Common Stock	(3)(4)							(3)(4)	(3)(4)	Class A Common Stock	(3)(4)		49,016	I ⁽¹⁰⁾	By Grantor Trust
Class B Common Stock	(3)(4)							(3)(4)	(3)(4)	Class A Common Stock	(3)(4)		49,016	I ⁽¹¹⁾	By Grantor Trust
Class B Common Stock	(3)(4)							(3)(4)	(3)(4)	Class A Common Stock	(3)(4)		0 ⁽¹²⁾⁽¹³⁾	I	See Footnotes ⁽¹²⁾⁽¹³⁾

Explanation of Responses:

- The Reporting Person transferred these shares of AppFolio Class A Common Stock ("Class A Shares") solely in exchange for his receipt of a like number of shares of AppFolio Class B Common Stock ("Class B Shares") in a private transaction.
- These Class A Shares are owned by IGSB IVP III, LLC ("IVP III"), a private investment fund managed by Investment Group of Santa Barbara LLC ("IGSB"). Mr. Bliss is one of three members of IGSB and all decisions regarding the voting and disposition of these Shares require the unanimous approval of all three of IGSB's members. As a result, Mr. Bliss may be deemed to share voting and dispositive power over these Shares with IGSB and its other two members. However, Mr. Bliss disclaims beneficial ownership of these Shares, except to the extent of any pecuniary interest he may have therein.
- The Class B Shares do not have an expiration date. Each Class B Share is convertible, at any time at the option of the holder, into one Class A Share of AppFolio Common Stock. In addition, Class B Shares that are transferred by the Reporting Person will convert automatically, on a one share-for-one share basis, into Class A Shares, except for (i) any transfer by a partnership or limited liability company that was a registered holder of Class B Shares prior to June 30, 2015 that is made to anyone who was a partner or member of any such partnership or limited liability company prior to June 30, 2015, and (ii) any transfer to a "qualified recipient" (as defined in AppFolio's Amended and Restated Certificate of Incorporation).
- All of the outstanding Class B Shares will convert automatically into Class A Shares, on a one share-for-one share basis, on the date when the number of AppFolio's outstanding Class B Shares represents less than 10% of the sum of its Class A Shares and Class B Shares that are then outstanding.
- These Class B Shares were acquired by the Reporting Person solely in exchange for his transfer of a like number of Class A Shares, as reported in Table I herein and described in Note (1) above.
- Reflects a reduction of 509,143 Class B Shares, which the Reporting Person had owned directly, as a result of his contribution, on March 9, 2016, of those Class B Shares to a revocable family trust of which the Reporting Person is a trustee and, in that capacity, the Reporting Person continues to possess voting and dispositive power over those Shares. As a result, this contribution effectuated a change in the form of the Reporting Person's beneficial ownership only and the Reporting Person did not receive any consideration for this contribution.
- Reflects the increase in the number of Class B Shares owned by the Reporting Person's family trust as a result of the contribution, described in Note (6) above, by the Reporting Person of 509,143 Class B Shares that he had previously owned directly.

8. These Class B Shares are owned by IVP III which, as described in Note (2) above, is managed by IGSB. Mr. Bliss is one of the three members of IGSB and all decisions regarding the voting, conversion and disposition of these Class B Shares require the unanimous approval of all three members. As a result, Mr. Bliss may be deemed to share voting and dispositive power over these Class B Shares with IGSB and its other two members. However, Mr. Bliss disclaims beneficial ownership of these Class B Shares, except to the extent of his pecuniary interest therein.

9. These Class B Shares are owned by IGSB Internal Venture Fund III LLC ("IGSB IVF III"), a private investment fund managed by IGSB. Mr. Bliss is one of the three members of IGSB and all decisions regarding the voting, conversion and disposition of these Class B Shares require the unanimous approval of all three members. As a result, Mr. Bliss may be deemed to share voting and dispositive power over these shares with IGSB and its other two members. However, Mr. Bliss disclaims beneficial ownership of these Class B Shares, except to the extent of any pecuniary interest he may have therein.

10. These Class B Shares are owned by a grantor trust. The Reporting Person is the trustee of that trust and, in that capacity, possesses sole voting and dispositive power over these Class B Shares. However, he is not a beneficiary of the trust and does not have and he disclaims any pecuniary interest in these Class B Shares.

11. These Class B Shares are owned by another grantor trust. The Reporting Person is the trustee of that trust and, in that capacity, possesses sole voting and dispositive power over these Class B Shares. However, he is not a beneficiary of the trust and does not have and he disclaims any pecuniary interest in these Class B Shares.

12. In a Form 4 filed on December 22, 2015, the Reporting Person reported that (i) IGSB Cimarron Bonus Fund, LLC (the "Cimarron Fund") received a total of 84,630 Class B Shares in pro rata liquidating distributions from two limited liability companies in which it had been a member, (ii) as managing member of the Cimarron Fund the Reporting Person possessed sole voting and dispositive power over those Class B Shares, but (iii) he did not have, and he disclaimed, any pecuniary interest in those Class B Shares.

13. (continued from footnote 12) In December 2016, the Cimarron Fund was liquidated and dissolved and all of the Class B Shares that had been owned by it were distributed, on a pro-rata basis, to those of its members who had a pecuniary interest in those Class B Shares. Because the Reporting Person did not have a pecuniary interest in those Class B Shares, he did not receive any Shares in that distribution and, as a result of the distribution, he ceased to be the beneficial owner of the Class B Shares formerly owned by the Cimarron Fund.

Remarks:

[Timothy K. Bliss By: /s/
Kimberly Shea, Attorney-in-Fact 11/21/2017
for Timothy K. Bliss](#)

** 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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