

APPFOLIO INC

Form 4

December 15, 2016

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF  
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
30(h) of the Investment Company Act of 1940

## OMB APPROVAL

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(Print or Type Responses)

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)

2. Issuer Name **and** Ticker or Trading  
Symbol  
APPFOLIO INC [APPF]

3. Date of Earliest Transaction  
(Month/Day/Year)  
12/14/2016

4. If Amendment, Date Original  
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to  
Issuer

(Check all applicable)

☒ Director ☒ 10% Owner  
☐ Officer (give title below) ☐ Other (specify below)

6. Individual or Joint/Group Filing(Check  
Applicable Line)  
☒ 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)
				(A) or (D)			
			Code	V	Amount	(D)	Price

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

**Persons who respond to the collection of  
information contained in this form are not  
required to respond unless the form  
displays a currently valid OMB control  
number.**

SEC 1474  
(9-02)

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

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. P Der

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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)									(Ins
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			
Class B Common Stock	\$ 0	11/22/2016	G	V		5,000	<u>(1)(2)</u>	<u>(1)(2)</u>	Class A Common Stock	5,000			
Class B Common Stock	\$ 0	12/14/2016	J <sup>(3)</sup>		847		<u>(1)(2)</u>	<u>(1)(2)</u>	Class A Common Stock	847		\$	
Class B Common Stock	\$ 0						<u>(1)(2)</u>	<u>(1)(2)</u>	Class A Common Stock	<u>(1)</u> <u>(2)</u>			
Class B Common Stock	\$ 0						<u>(1)(2)</u>	<u>(1)(2)</u>	Class A Common Stock	<u>(1)</u> <u>(2)</u>			
Class B Common Stock	\$ 0						<u>(1)(2)</u>	<u>(1)(2)</u>	Class A Common Stock	<u>(1)</u> <u>(2)</u>			
Class B Common Stock	\$ 0						<u>(1)(2)</u>	<u>(1)(2)</u>	Class A Common Stock	<u>(1)</u> <u>(2)</u>			
Class B Common Stock	\$ 0						<u>(1)(2)</u>	<u>(1)(2)</u>	Class A Common Stock	<u>(1)</u> <u>(2)</u>			
Class B Common Stock	\$ 0						<u>(1)(2)</u>	<u>(1)(2)</u>	Class A Common Stock	<u>(1)</u> <u>(2)</u>			
Class B Common Stock	\$ 0						<u>(1)(2)</u>	<u>(1)(2)</u>	Class A Common Stock	<u>(1)</u> <u>(2)</u>			
Class B Common Stock	\$ 0						<u>(1)(2)</u>	<u>(1)(2)</u>	Class A Common Stock	<u>(1)</u> <u>(2)</u>			
Class B Common Stock	\$ 0						<u>(1)(2)</u>	<u>(1)(2)</u>	Class A Common Stock	<u>(1)</u> <u>(2)</u>			
Class B Common Stock	\$ 0						<u>(1)(2)</u>	<u>(1)(2)</u>	Class A Common Stock	<u>(1)</u> <u>(2)</u>			
Class B Common Stock	\$ 0						<u>(1)(2)</u>	<u>(1)(2)</u>	Class A Common Stock	<u>(1)</u> <u>(2)</u>			
Class B Common Stock	\$ 0						<u>(1)(2)</u>	<u>(1)(2)</u>	Class A Common Stock	<u>(1)</u> <u>(2)</u>			
Class B Common Stock	\$ 0						<u>(1)(2)</u>	<u>(1)(2)</u>	Class A Common Stock	<u>(1)</u> <u>(2)</u>			

Stock				Stock
Class B				Class A
Common	\$ 0	(1)(2)	(1)(2)	Common
Stock				Stock
Class B				Class A
Common	\$ 0	(1)(2)	(1)(2)	Common
Stock				Stock
Class B				Class A
Common	\$ 0	(1)(2)	(1)(2)	Common
Stock				Stock

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
RAUTH WILLIAM R III C/O IGSB, INC. 1485 E. VALLEY ROAD, SUITE H SANTA BARBARA, CA 93108	X	X		

## Signatures

William R. Rauth, III, By:/s/ Kimberly Shea, as attorney-in-fact for William R. Rauth, III

12/15/2016

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

\* 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).

- (1) The shares of Class B Common Stock ("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 share of AppFolio's Class A Common Stock (the "Class A Shares"). In addition, Class B Shares that are sold or otherwise transferred 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 A 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).

- (2) (Continued from Footnote 1) However, 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 the Company's outstanding Class B Shares represents less than 10% of the sum of AppFolio's outstanding Class A and Class B Shares.

- (3) These Class B Shares were received as a result of a pro rata liquidating distribution by a limited liability company of which the Reporting Person was a non-managing member. The limited liability company did not receive any consideration for the distribution of the Class B Shares to the Reporting Person. As a non-managing member of the limited liability company, the Reporting Person (i) did not have a beneficial ownership interest in these Shares prior to their distribution to him by the limited liability company and (ii) did not have control over the limited liability company's decision to distribute all of the Class B Shares that it had owned or over the nature, terms or timing of the liquidating distribution by the limited liability company.

- (4) These Class B Shares are owned by IGSB IVP III LLC, a private investment fund ("IVP III"), which is managed by Investment Group of Santa Barbara LLC ("IGSB"). The Reporting Person is one of the three members of IGSB and all decisions regarding the voting, conversion, transfer or other disposition of Class B Shares owned by IVP III require the unanimous approval of all three members. As a result, the Reporting Person may be deemed to share voting and dispositive power, with IGSB and its other two members, over the Class B Shares owned by IVP III. However, the Reporting Person disclaims beneficial ownership of these shares, except to the extent of any pecuniary interest he may have therein.

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These Class B Shares are owned by IGSB Venture Fund III LLC, a private investment fund that is managed by IGSB. The Reporting Person is one of the three members of IGSB and all decisions regarding the voting, conversion and transfer or other disposition of these

- (5) Class B Shares require the unanimous approval of all three members. As a result, the Reporting Person may be deemed to share voting and dispositive power over these Class B Shares with IGSB and its other two members. However, the Reporting Person disclaims beneficial ownership of these Shares, except to the extent of any pecuniary interest he may have therein.

These Class B Shares are owned by an irrevocable trust established for one of the Reporting Person's grandchildren. The Reporting

- (6) Person is the trustee of the trust and, therefore, may be deemed to possess sole voting and dispositive power over the Class B Shares owned by it. However, the Reporting Person disclaims any pecuniary interest in these Class B Shares.

These Class B Shares are owned by an irrevocable trust established for another of the Reporting Person's grandchildren. The Reporting

- (7) Person is the trustee of the trust and, therefore, may be deemed to possess sole voting and dispositive power over the Class B Shares owned by it. However, the Reporting Person disclaims any pecuniary interest in these Class B Shares.

- (8) These Class B Shares are owned by Ospre-Point Capital, LLC. In his capacity as sole manager of Ospre-Point Capital, the Reporting Person possesses sole voting and dispositive power with respect to, but disclaims any pecuniary interest in, these Shares.

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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