

APPFOLIO INC  
Form 3  
June 25, 2015

# FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL

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## INITIAL STATEMENT OF 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

(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. Date of Event Requiring Statement

(Month/Day/Year)  
06/25/2015

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

4. Relationship of Reporting Person(s) to Issuer

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

(Check all applicable)

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

1. Title of Security  
(Instr. 4)

2. Amount of Securities Beneficially Owned  
(Instr. 4)

3. Ownership Form:  
Direct (D)  
or Indirect (I)  
(Instr. 5)

4. Nature of Indirect Beneficial Ownership  
(Instr. 5)

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

SEC 1473 (7-02)

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### Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security  
(Instr. 4)

2. Date Exercisable and Expiration Date  
(Month/Day/Year)

3. Title and Amount of Securities Underlying Derivative Security  
(Instr. 4)

Date Exercisable

Expiration Date

Title

Amount or Number of Shares

4. Conversion or Exercise Price of Derivative Security

5. Ownership Form of Derivative Security:  
Direct (D)  
or Indirect (I)

6. Nature of Indirect Beneficial Ownership  
(Instr. 5)

(Instr. 5)

Series B Convertible Preferred Stock	Â <u>(1)</u>	Â <u>(1)</u>	Class B Common Stock <u>(2)</u> <u>(3)</u>	264,229 <u>(4)</u>	\$ <u>(1)</u>	I <u>(4)</u>	By IGSB IVP II, LLC
Series B-1 Convertible Preferred Stock	Â <u>(1)</u>	Â <u>(1)</u>	Class B Common Stock <u>(2)</u> <u>(3)</u>	132,665 <u>(4)</u>	\$ <u>(1)</u>	I <u>(4)</u>	By IGSB IVP II, LLC
Series B-1 Convertible Preferred Stock	Â <u>(1)</u>	Â <u>(1)</u>	Class B Common Stock <u>(2)</u> <u>(3)</u>	18,627 <u>(5)</u>	\$ <u>(1)</u>	I <u>(5)</u>	By Internal Venture Fund II, LLC
Series A Convertible Preferred Stock	Â <u>(1)</u>	Â <u>(1)</u>	Class B Common Stock <u>(2)</u> <u>(3)</u>	8,065 <u>(6)</u>	\$ <u>(1)</u>	I <u>(6)</u>	By IGSB IVP III, LLC
Series B Convertible Preferred Stock	Â <u>(1)</u>	Â <u>(1)</u>	Class B Common Stock <u>(2)</u> <u>(3)</u>	1,512 <u>(6)</u>	\$ <u>(1)</u>	I <u>(6)</u>	By IGSB IVP III, LLC
Series B-2 Convertible Preferred Stock	Â <u>(1)</u>	Â <u>(1)</u>	Class B Common Stock <u>(2)</u> <u>(3)</u>	748,391 <u>(6)</u>	\$ <u>(1)</u>	I <u>(6)</u>	By IGSB IVP III, LLC
Series B-3 Convertible Preferred Stock	Â <u>(1)</u>	Â <u>(1)</u>	Class B Common Stock <u>(2)</u> <u>(3)</u>	300,691 <u>(6)</u>	\$ <u>(1)</u>	I <u>(6)</u>	By IGSB IVP III, LLC
Series B Convertible Preferred Stock	Â <u>(1)</u>	Â <u>(1)</u>	Class B Common Stock <u>(2)</u> <u>(3)</u>	5,041 <u>(7)</u>	\$ <u>(1)</u>	I <u>(7)</u>	By IGSB Internal Venture Fund III, LLC
Series B-2 Convertible Preferred Stock	Â <u>(1)</u>	Â <u>(1)</u>	Class B Common Stock <u>(2)</u> <u>(3)</u>	445,471 <u>(7)</u>	\$ <u>(1)</u>	I <u>(7)</u>	By IGSB Internal Venture Fund III, LLC
Series B-3 Convertible Preferred Stock	Â <u>(1)</u>	Â <u>(1)</u>	Class B Common Stock <u>(2)</u> <u>(3)</u>	300,691 <u>(7)</u>	\$ <u>(1)</u>	I <u>(7)</u>	By IGSB Internal Venture Fund III, LLC
Series B Convertible Preferred Stock	Â <u>(1)</u>	Â <u>(1)</u>	Class B Common Stock <u>(2)</u> <u>(3)</u>	5,041 <u>(8)</u>	\$ <u>(1)</u>	I <u>(8)</u>	By Ospre-Point Capital, LLC

Series A Convertible Preferred Stock	Â <sup>(1)</sup>	Â <sup>(1)</sup>	Class B Common Stock <sup>(2)</sup> <sup>(3)</sup>	8,748 <sup>(9)</sup>	\$ <sup>(1)</sup>	I <sup>(9)</sup>	By BV Capital Fund LP
Series B Convertible Preferred Stock	Â <sup>(1)</sup>	Â <sup>(1)</sup>	Class B Common Stock <sup>(2)</sup> <sup>(3)</sup>	2,999 <sup>(9)</sup>	\$ <sup>(1)</sup>	I <sup>(9)</sup>	By BV Capital Fund LP
Series A Convertible Preferred Stock	Â <sup>(1)</sup>	Â <sup>(1)</sup>	Class B Common Stock <sup>(2)</sup> <sup>(3)</sup>	45 <sup>(10)</sup>	\$ <sup>(1)</sup>	I <sup>(10)</sup>	By Mayfield XI Fund LP
Series B Convertible Preferred Stock	Â <sup>(1)</sup>	Â <sup>(1)</sup>	Class B Common Stock <sup>(2)</sup> <sup>(3)</sup>	16 <sup>(10)</sup>	\$ <sup>(1)</sup>	I <sup>(10)</sup>	By Mayfield XI Fund LP

## 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	Â X	Â X	Â	Â
Investment Group of Santa Barbara, LLC C/O IGSB, INC. 1485 E VALLEY ROAD, SUITE H SANTA BARBARA, CA 93108	Â	Â X	Â	Â

## Signatures

Investment Group of Santa Barbara, LLC, By: Kimberly Shea, attorney-in-fact for Timothy K. Bliss, Member

06/25/2015

\_\_Signature of Reporting Person

Date

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

06/25/2015

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 5(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) None of the Series of Convertible Preferred Stock have expiration dates. However, each share of Convertible Preferred Stock, irrespective of its Series, will automatically convert into 0.25 of a share of Class B Common Stock prior to the consummation of the Company's initial public offering (the "IPO"). 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

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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 Series B and Series B-1 Preferred 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 Series B and Series B-1 Shares.
- (5) These Series B-1 Preferred 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 Series B-1 Shares.
- (6) These Series A, Series B, Series B-2 and Series B-3 Preferred 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 Series B, Series B-2 and Series B-3 Preferred 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 Series B Shares.
- (9) Mr. Rauth does not possess or share voting or dispositive power over any of these Series A or Series B 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 Series A or Series B Shares and disclaims beneficial ownership of all of these Shares, except to the extent of his pecuniary interest in these Shares.

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### Remarks:

ExhibitÂ List:

ExhibitÂ 24.1 PowerÂ ofÂ Attorney

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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