

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

OMB APPROVAL

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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> <hr/> (Last) (First) (Middle) <u>C/O IGSB, INC.</u> <u>1485 E VALLEY ROAD, SUITE H</u> <hr/> (Street) <u>SANTA BARBARA CA 93108</u> <hr/> (City) (State) (Zip)	2. Date of Event Requiring Statement (Month/Day/Year) <u>06/25/2015</u>	3. Issuer Name and Ticker or Trading Symbol <u>APPFOLIO INC [APPF]</u> <hr/> 4. 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)	5. If Amendment, Date of Original Filed (Month/Day/Year) <hr/> 6. Individual or Joint/Group Filing (Check Applicable Line) <input type="checkbox"/> Form filed by One Reporting Person <input checked="" type="checkbox"/> Form filed by More than One Reporting Person
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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)
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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)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			
Series B Convertible Preferred Stock	(1)	(1)	Class B Common Stock ⁽²⁾ (3)	264,229 ⁽⁴⁾	(1)	I ⁽⁴⁾	By IGSB IVP II, LLC
Series B-1 Convertible Preferred Stock	(1)	(1)	Class B Common Stock ⁽²⁾ (3)	132,665 ⁽⁴⁾	(1)	I ⁽⁴⁾	By IGSB IVP II, LLC
Series B-1 Convertible Preferred Stock	(1)	(1)	Class B Common Stock ⁽²⁾ (3)	18,627 ⁽⁵⁾	(1)	I ⁽⁵⁾	By Internal Venture Fund II, LLC
Series A Convertible Preferred Stock	(1)	(1)	Class B Common Stock ⁽²⁾ (3)	8,065 ⁽⁶⁾	(1)	I ⁽⁶⁾	By IGSB IVP III, LLC
Series B Convertible Preferred Stock	(1)	(1)	Class B Common Stock ⁽²⁾ (3)	1,512 ⁽⁶⁾	(1)	I ⁽⁶⁾	By IGSB IVP III, LLC
Series B-2 Convertible Preferred Stock	(1)	(1)	Class B Common Stock ⁽²⁾ (3)	748,391 ⁽⁶⁾	(1)	I ⁽⁶⁾	By IGSB IVP III, LLC
Series B-3 Convertible Preferred Stock	(1)	(1)	Class B Common Stock ⁽²⁾ (3)	300,691 ⁽⁶⁾	(1)	I ⁽⁶⁾	By IGSB IVP III, LLC
Series B Convertible Preferred Stock	(1)	(1)	Class B Common Stock ⁽²⁾ (3)	5,041 ⁽⁷⁾	(1)	I ⁽⁷⁾	By IGSB Internal Venture Fund III, LLC
Series B-2 Convertible Preferred Stock	(1)	(1)	Class B Common Stock ⁽²⁾ (3)	445,471 ⁽⁷⁾	(1)	I ⁽⁷⁾	By IGSB Internal Venture Fund III, LLC
Series B-3 Convertible Preferred Stock	(1)	(1)	Class B Common Stock ⁽²⁾ (3)	300,691 ⁽⁷⁾	(1)	I ⁽⁷⁾	By IGSB Internal Venture Fund III, LLC
Series B Convertible Preferred Stock	(1)	(1)	Class B Common Stock ⁽²⁾ (3)	5,041 ⁽⁸⁾	(1)	I ⁽⁸⁾	By Ospre-Point Capital, LLC
Series A Convertible Preferred Stock	(1)	(1)	Class B Common Stock ⁽²⁾ (3)	8,748 ⁽⁹⁾	(1)	I ⁽⁹⁾	By BV Capital Fund LP
Series B Convertible Preferred Stock	(1)	(1)	Class B Common Stock ⁽²⁾ (3)	2,999 ⁽⁹⁾	(1)	I ⁽⁹⁾	By BV Capital Fund LP

**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)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			
Series A Convertible Preferred Stock	(1)	(1)	Class B Common Stock ⁽²⁾ (3)	45 ⁽¹⁰⁾	(1)	I ⁽¹⁰⁾	By Mayfield XI Fund LP
Series B Convertible Preferred Stock	(1)	(1)	Class B Common Stock ⁽²⁾ (3)	16 ⁽¹⁰⁾	(1)	I ⁽¹⁰⁾	By Mayfield XI Fund 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 CA 93108
BARBARA

(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 CA 93108
BARBARA

(City) (State) (Zip)

Explanation of Responses:

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- Mr. Rauth possesses sole voting and dispositive power over, but disclaims any pecuniary interest in, these Series B Shares.
- 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.
- 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.

Remarks:

Exhibit List: Exhibit 24.1 Power of Attorney

Investment Group of Santa
Barbara, LLC, By: Kimberly
Shea, attorney-in-fact for 06/25/2015
Timothy K. Bliss, Member
/s/ Kimberly Shea, attorney-in-
fact for William R. Rauth III 06/25/2015

** 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 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).

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

POWER OF ATTORNEY

The undersigned hereby constitutes and appoints Kimberly Shea and C. Craig Carlson, or any of them signing individually, the undersigned's true and lawful attorney-in-fact (each, an "Attorney-in-Fact") to:

- (1) complete and execute, for and on behalf of the undersigned, in the undersigned's capacity as a director and/or the beneficial owner of more than ten percent (10.0%) of any class of any equity security of AppFolio, Inc., a Delaware corporation (the "Company"), Forms 3, 4 and 5, and Schedules 13D and 13G, and such other forms and documents, including any amendments to any of the foregoing, as such Attorney-In-Fact shall in his or her discretion determine to be required or advisable pursuant to Section 16(a) and Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations promulgated thereunder, or any successor laws and regulations, as a consequence of, or in respect of, the undersigned's ownership, acquisition or disposition of securities of the Company;
- (2) do and perform any and all acts for and on behalf of the undersigned which may be necessary or desirable to complete and execute any such forms and schedules, including any amendments thereto, and timely file such forms and schedules, including any amendments thereto, with the United States Securities and Exchange Commission (the "SEC"), and any securities exchange or similar authority; and
- (3) take any other action of any type whatsoever in connection with the foregoing which, in the opinion of such Attorney-in-Fact, may be of benefit to, in the best interest of, or legally required by, the undersigned, it being understood that the documents executed by such Attorney-in-Fact on behalf of the undersigned pursuant to this Power of Attorney shall be in such form and shall contain such information as such Attorney-in-Fact may approve in such Attorney-in-Fact's discretion.

The undersigned hereby grants to each such Attorney-in-Fact full power and authority to do and perform each and every act and thing whatsoever requisite, necessary or proper to be done in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as the undersigned might or could do if personally present, with full power of substitution and revocation, hereby ratifying and confirming all that each such Attorney-in-Fact, or each such Attorney-in-Fact's substitute or substitutes, shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted. The undersigned acknowledges that each of the foregoing Attorneys-in-Fact, in serving in such capacity at the request of the undersigned, are not assuming, nor is the Company assuming, any of the undersigned's responsibilities to comply with Section 16(a) and Section 13(d) of the Exchange Act.

The undersigned agrees that each such Attorney-in-Fact may rely entirely on information furnished orally or in writing by the undersigned to each such Attorney-in-Fact. The undersigned also agrees to indemnify and hold harmless the Company and each such Attorney-in-Fact against any losses, claims, damages or liabilities (or actions in these respects) that arise out of or are based on any untrue statement or omission of necessary facts in the information provided by the undersigned to such Attorney-in-Fact for purposes of executing, acknowledging, delivering and filing Forms 3, 4 and 5, and Schedules 13D and 13G, including any amendments thereto, and agrees to reimburse the Company and each such Attorney-in-Fact for any legal or other expenses reasonably incurred in connection with investigating or defending against any such loss, claim, damage, liability or action.

This Power of Attorney shall remain in full force and effect until the undersigned is no longer required to file Forms 3, 4 and 5, or Schedules 13D and 13G, with respect to the undersigned's holdings of and transactions in securities issued by the Company, unless earlier revoked by the undersigned in a signed writing delivered to the foregoing Attorneys-in-Fact.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 22nd day of June, 2015.

/s/ William R. Rauth, III

William R. Rauth, III