

APPFOLIO INC  
Form SC 13D/A  
October 14, 2015

**13D**

**CUSIP No. 03783C100**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**SCHEDULE 13D  
Under the Securities Exchange Act of 1934  
(Amendment No. 1)\***

**AppFolio, Inc.**

**(Name of Company)**

**Class A Common Stock, par value \$0.0001 per share**

**(Title of Class of Securities)**

**03783C100**

**(CUSIP Number)**

**Kimberly Shea**

**Vice President of Finance**

**IGSB, Inc.**

Edgar Filing: APPFOLIO INC - Form SC 13D/A

**1485 E Valley Road, Suite H**

**Santa Barbara, CA 93108**

**(805) 969-9292**

*With a copy to:*

**Ben A. Frydman, Esq.**

**Stradling Yocca Carlson & Rauth, P.C.**

**660 Newport Center Drive, Suite 1600**

**Newport Beach, CA 92660**

**(949) 725-4150**

**(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)**

**October 6, 2015**

**(Date of Event Which Requires Filing of this Statement)**

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. "

**Note:** Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See section 240.13d-7 for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a person's initial filing on this form with respect to subject class of securities, and for any subsequent amendment containing information which would alter disclosures in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 ( Act ) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).



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1. NAMES OF REPORTING PERSONS

**IGSB IVP II, LLC**

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a) " (b) "

3. SEC USE ONLY

4. SOURCE OF FUNDS (see instructions)

**WC**

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) (see instructions) "

6. CITIZENSHIP OR PLACE OF ORGANIZATION

**California**

NUMBER OF 7. SOLE VOTING POWER

SHARES

BENEFICIALLY

**0**

8. SHARED VOTING POWER

OWNED BY

EACH

**4,620,529**

REPORTING 9. SOLE DISPOSITIVE POWER

PERSON

WITH

**0**  
**10.** SHARED DISPOSITIVE POWER

**4,620,529**  
**11.** AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

**4,620,529**  
**12.** CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (see instructions) "

**13.** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

**37.1%**  
**14.** TYPE OF REPORTING PERSON (see instructions)

**OO**

\* IGSB IVP II, LLC may be deemed to share beneficial ownership of a total of 4,620,529 of the Company's Class B Shares, which are convertible at any time into a like number of the Company's Class A Shares. This percentage is calculated based on a total of 7,821,666 shares of Class A Common Stock outstanding as of October 6, 2015, plus the 4,620,529 Class A Shares into which those Class B Shares are convertible.

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1. NAMES OF REPORTING PERSONS

**IGSB Internal Venture Fund II, LLC**

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a) " (b) "

3. SEC USE ONLY

4. SOURCE OF FUNDS (see instructions)

**WC**

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) (see instructions) "

6. CITIZENSHIP OR PLACE OF ORGANIZATION

**California**

NUMBER OF 7. SOLE VOTING POWER

SHARES

BENEFICIALLY 0

8. SHARED VOTING POWER

OWNED BY

EACH

REPORTING 2,430,577  
9. SOLE DISPOSITIVE POWER

PERSON

WITH

**0**  
**10.** SHARED DISPOSITIVE POWER

**2,430,577**  
**11.** AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

**2,430,577**  
**12.** CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (see instructions)

**13.** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

**23.8%**  
**14.** TYPE OF REPORTING PERSON (see instructions)

**OO**

\* IGSB Internal Venture Fund II, LLC may be deemed to share beneficial ownership of a total of 2,430,577 of the Company's Class B Shares, which are convertible at any time into a like number of the Company's Class A Shares. This percentage is calculated based on a total of 7,821,666 shares of Class A Common Stock outstanding as of October 6, 2015, plus the 2,430,577 Class A Shares into which those Class B Shares are convertible.

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1. NAMES OF REPORTING PERSONS

**IGSB IVP III, LLC**

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a) " (b) "

3. SEC USE ONLY

4. SOURCE OF FUNDS (see instructions)

**WC**

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) (see instructions) "

6. CITIZENSHIP OR PLACE OF ORGANIZATION

**California**

NUMBER OF 7. SOLE VOTING POWER

SHARES

BENEFICIALLY 0

8. SHARED VOTING POWER

OWNED BY

EACH

REPORTING 3,855,274  
9. SOLE DISPOSITIVE POWER

PERSON



WITH

**0**  
**10.** SHARED DISPOSITIVE POWER

**3,855,274**  
**11.** AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

**3,855,274**  
**12.** CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (see instructions) "

**13.** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

**33.0%**  
**14.** TYPE OF REPORTING PERSON (see instructions)

**OO**

\* IGSB IVP III, LLC may be deemed to share beneficial ownership of a total of 3,855,274 of the Company's Class B Shares, which are convertible at any time into a like number of the Company's Class A Shares. This percentage is calculated based on a total of 7,821,666 shares of Class A Common Stock outstanding as of October 6, 2015, plus the 3,855,274 Class A Shares into which those Class B Shares are convertible.

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1. NAMES OF REPORTING PERSONS

**IGSB Internal Venture Fund III, LLC**

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a) " (b) "

3. SEC USE ONLY

4. SOURCE OF FUNDS (see instructions)

**WC**

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) (see instructions) "

6. CITIZENSHIP OR PLACE OF ORGANIZATION

**California**

NUMBER OF 7. SOLE VOTING POWER

SHARES

BENEFICIALLY 0

8. SHARED VOTING POWER

OWNED BY

EACH

REPORTING 993,627 9. SOLE DISPOSITIVE POWER

PERSON

WITH

**0**  
**10. SHARED DISPOSITIVE POWER**

**993,627**

**11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON**

**993,627**

**12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (see instructions) "**

**13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)**

**11.3%**

**14. TYPE OF REPORTING PERSON (see instructions)**

**OO**

\* IGSB Internal Venture Fund III, LLC may be deemed to share beneficial ownership of a total of 993,627 of the Company's Class B Shares, which are convertible at any time into a like number of the Company's Class A Shares. This percentage is calculated based on a total of 7,821,666 shares of Class A Common Stock outstanding as of October 6, 2015, plus the 993,627 Class A Shares into which those Class B Shares are convertible.

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1. NAMES OF REPORTING PERSONS

**Investment Group of Santa Barbara, LLC**

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a) " (b) "

3. SEC USE ONLY

4. SOURCE OF FUNDS (see instructions)

**WC**

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) (see instructions) "

6. CITIZENSHIP OR PLACE OF ORGANIZATION

**California**

NUMBER OF 7. SOLE VOTING POWER

SHARES

BENEFICIALLY 0

8. SHARED VOTING POWER

OWNED BY

EACH

REPORTING 9. SOLE DISPOSITIVE POWER

**4,848,901**

PERSON

WITH

**0**  
**10. SHARED DISPOSITIVE POWER**

**4,848,901**

**11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON**

**4,848,901**

**12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (see instructions) "**

**13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)**

**38.3%**

**14. TYPE OF REPORTING PERSON (see instructions)**

**OO**

\* Investment Group of Santa Barbara, LLC may be deemed to share beneficial ownership of a total of 4,848,901 of the Company's Class B Shares, which are convertible at any time into a like number of the Company's Class A Shares. This percentage is calculated based on a total of 7,821,666 shares of Class A Common Stock outstanding as of October 6, 2015, plus the 4,848,901 Class A Shares into which those Class B Shares are convertible.

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1. NAMES OF REPORTING PERSONS

**Timothy K. Bliss**

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a) " (b) "

3. SEC USE ONLY

4. SOURCE OF FUNDS (see instructions)

**AF, PF**

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) (see instructions) "

6. CITIZENSHIP OR PLACE OF ORGANIZATION

**United States of America**

NUMBER OF 7. SOLE VOTING POWER

SHARES

BENEFICIALLY 7,770,382  
8. SHARED VOTING POWER

OWNED BY

EACH

REPORTING 4,848,901  
9. SOLE DISPOSITIVE POWER

PERSON

WITH **7,770,382**  
**10.** SHARED DISPOSITIVE POWER

**4,848,901**  
**11.** AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

**12,619,283**  
**12.** CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (see instructions) "

**13.** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

**61.9%\***  
**14.** TYPE OF REPORTING PERSON (see instructions)

**IN**

\* Mr. Bliss may be deemed to own, beneficially, (i) a total of 12,577,603 of the Company's outstanding Class B Shares, which are convertible at any time into a like number of the Company's Class A Shares, and (ii) 41,680 of the Company's outstanding Class A Shares. This percentage is calculated based on a total of 7,821,666 shares of Class A Common Stock outstanding as of October 6, 2015, plus the additional 12,577,603 Class A Shares into which those Class B Shares are convertible. However, Mr. Bliss disclaims beneficial ownership of 4,848,901 of those Class B Shares and, therefore, of the Class A Shares into which those Class B Shares are convertible. See Item 5 below in this Amendment No. 1.

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1. NAMES OF REPORTING PERSONS

**Maurice J. Duca**

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a) " (b) "

3. SEC USE ONLY

4. SOURCE OF FUNDS (see instructions)

**AF, PF**

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) (see instructions) "

6. CITIZENSHIP OR PLACE OF ORGANIZATION

**United States of America**

NUMBER OF 7. SOLE VOTING POWER

SHARES

BENEFICIALLY

**891,900**

8. SHARED VOTING POWER

OWNED BY

EACH

**4,848,901**

REPORTING 9. SOLE DISPOSITIVE POWER

PERSON



WITH **891,900**  
**10.** SHARED DISPOSITIVE POWER

**4,848,901**  
**11.** AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

**5,740,801**  
**12.** CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (see instructions) "

**13.** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

**45.3%\***  
**14.** TYPE OF REPORTING PERSON (see instructions)

**IN**

\* Mr. Duca may be deemed to own beneficially (i) 4,848,901 of the Company's outstanding Class B Shares, which are convertible at any time into a like number of the Company's Class A Shares, and (ii) 891,900 of the Company's outstanding Class A Shares. This percentage is calculated based on a total of 7,821,666 shares of Class A Common Stock outstanding as of October 6, 2015, plus the additional 4,848,901 Class A Shares into which those Class B Shares are convertible. However, Mr. Duca disclaims beneficial ownership of those 4,848,901 Class B Shares and, therefore, of the Class A Shares into which those Class B Shares are convertible. See Item 5 below in this Amendment No. 1.

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1. NAMES OF REPORTING PERSONS

**William R. Rauth III**

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a) " (b) "

3. SEC USE ONLY

4. SOURCE OF FUNDS (see instructions)

**AF, PF**

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) (see instructions) "

6. CITIZENSHIP OR PLACE OF ORGANIZATION

**United States of America**

NUMBER OF 7. SOLE VOTING POWER

SHARES

BENEFICIALLY

**5,041**

8. SHARED VOTING POWER

OWNED BY

EACH

**4,848,901**

REPORTING 9. SOLE DISPOSITIVE POWER

PERSON

WITH **5,041**  
**10.** SHARED DISPOSITIVE POWER

**4,848,901**  
**11.** AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

**4,853,942**  
**12.** CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (see instructions) "

**13.** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

**38.3%\***  
**14.** TYPE OF REPORTING PERSON (see instructions)

**IN**

\* Mr. Rauth may be deemed to be the beneficial owner of a total of 4,853,942 of the Company's Class B Shares, which are convertible at any time into a like number of the Company's Class A Shares. This percentage is calculated based on a total of 7,821,666 shares of Class A Common Stock outstanding as of October 6, 2015, plus the additional 4,853,942 Class A Shares into which those Class B Shares are convertible. However, Mr. Rauth disclaims beneficial ownership of the 4,848,901 of those Class B Shares and, therefore, of the Class A Shares into which those 4,848,901 Class B Shares are convertible. See Item 5 below in this Amendment No. 1.

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Pursuant to Rule 13d-2 under the Act, this Amendment No. 1 to Schedule 13D (this Amendment) amends and supplements the Schedule 13D filed on July 7, 2015 (the Schedule 13D), which relates to the Class A Common Stock, par value \$0.0001 per share (Class A Common Stock or Class A Shares), of Appfolio, Inc., a Delaware corporation (the Company).

This Amendment is being filed on behalf of (i) IGSB IVP II, a California limited liability company (IVP 2); (ii) IGSB Internal Venture Fund II, a California limited liability company (Venture Fund 2); (iii) IGSB IVP III, a California limited liability company (IVP 3); (iv) IGSB Internal Venture Fund III, a California limited liability company (Venture Fund 3 and together with IVP 2, Venture Fund 2 and IVP 3, the Investment Funds); Investment Group of Santa Barbara, LLC, a California limited liability company (IGSB), (vi) Timothy K. Bliss, an individual (Mr. Bliss), who also is one of the directors of the Company; (vii) Maurice J. Duca, an individual (Mr. Duca); and (viii) William R. Rauth III, an individual (Mr. Rauth), who also is one of the directors of the Company. Mr. Bliss is the sole manager of IVP 2 and Venture Fund 2. IGSB is the managing member of IVP 3 and Venture Fund 3 and Messrs. Bliss, Duca and Rauth are the managing members of IGSB. The Investment Funds, IGSB and Messrs. Bliss, Duca and Rauth, shall sometimes be referred to, collectively, in this Amendment No. 1 as the Reporting Persons.

Note: The Reporting Persons are filing this Amendment to report the following purchases, on October 6, 2015, of shares of Company Class B Common Stock (Class B Shares): (i) 2,796,615 Class B Shares by IVP 3 and (ii) 242,424 Class B Shares by Venture Fund 3, as further described below. Those Class B Shares are convertible at any time at the option of the holders thereof, on a one share-for-one share basis, into the Company's Class A Shares.

All capitalized terms used in this Amendment No. 1 that are not defined herein have the meanings given to such terms in the originally filed Schedule 13D.

**Item 3. Source and Amount of Funds.**

Item 3 is hereby amended by inserting the following at the end thereof:

The purchase price paid for the Class B Shares purchased, respectively, by IVP 3 and Venture Fund 3 on October 6, 2015 was \$16.50 per Share. IVP 3 and Venture Fund 3 each used working capital to fund their purchases of Class B Shares.

**Item 4. Purpose of Transaction**

Item 4 in the Schedule 13D is hereby amended by adding the following immediately after the first paragraph thereof:

The respective purchases of Class B Shares by IVP 3 and Internal Venture Fund 3 on October 6, 2015 were made because of the belief by the members of IGSB, which is the managing member of IVP 3 and Internal Venture Fund 3, that the Company's Common Stock represented, and continues to represent, an attractive investment. In the future, Messrs. Bliss, Duca and Rauth, acting together and in their capacities as managing members of IGSB, may cause IVP 3 or Internal Venture Fund 3 to acquire additional Class B Shares or Class A Shares or to dispose of any of the Class B Shares or Class A Shares over which they have dispositive power, based on such factors as market conditions,

their evaluations of the Company's performance and prospects and such other factors as may be deemed relevant by them.

**Item 5. Interest in Securities of the Company**

Item 5 in the Schedule 13D is hereby amended and restated in its entirety to read as follows:

IVP 2 and Venture Fund 2 are the owners of 4,620,529 and 2,430,577 Class B Shares, respectively. As the sole managing member of IVP 2 and Venture Fund 2, Mr. Bliss possesses the sole power to vote and dispose of those Class B Shares. In addition, Mr. Bliss possesses sole voting and dispositive power with respect to (i) 41,680 Class A Shares which he owns directly, and (ii) a total of 635,758 Class A Shares which he may acquire at any time, at his option, by conversion of a like number of Class B Shares directly owned by him, and (iii) 41,838 Class A Shares which

he may acquire at any time, at his option, by conversion of a like number of Class B Shares that he owns indirectly through a family trust. None of IGSB and Messrs. Duca and Rauth possesses voting or dispositive power over and each of them disclaims beneficial ownership of the Class A Shares owned by IVP 2 and Venture Fund 2.

IVP 3 and Venture Fund 3 are the owners of 3,855,274 and 993,627 Class B Shares, respectively. IGSB, as the manager of both IVP 3 and Venture Fund 3, and Messrs. Bliss, Duca and Rauth, as the managing members of IGSB, may be deemed to share voting and dispositive power over, and, therefore, may be deemed to share beneficial ownership of, a total of 4,848,901 Class A Shares into which the aggregate number of the Class B Shares owned by IVP 3 and Venture Fund 3 are convertible. However, decisions regarding the voting, disposition and conversion of the Class B Shares that are owned by IVP 3 and Venture Fund 3 require the unanimous approval of Messrs. Bliss, Duca and Rauth and, therefore, none of them may, individually, exercise voting or dispositive power over those Class B Shares. As a result, each of them disclaims beneficial ownership of those Class B Shares and, therefore, also of the 4,848,901 Class A Shares into which those Class B Shares are convertible.

Mr. Duca possesses sole voting and dispositive power with respect to (i) 300,070 of the Company's outstanding Class A Shares, which he owns directly, and (ii) a total of 591,830 Class A Shares owned by pension trusts of which Mr. Reece is sole trustee.

Mr. Rauth possesses sole voting and dispositive power over a total of 5,041 of the Company's Class B Shares which are owned by a limited liability company of which Mr. Rauth is the sole manager. Those 5,041 Class B Shares are convertible, at the option of Mr. Rauth, into a like number of the Company's Class A Shares.

Except for the purchases, on October 6, 2015, of Class B Shares by IVP 3 and Venture Fund 3 that are described above in this Amendment No. 1, none of the Reporting Persons effectuated any transactions in any Class A Shares, or any Class B Shares that are convertible into Class A Shares, during the past 60 days.

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SIGNATURES

After reasonable inquiry and to the best of the undersigned's knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Date: October 14, 2015

**Investment Group of Santa Barbara, LLC**

By: /s/ KIMBERLY SHEA  
Kimberly Shea  
Title: Attorney-In-Fact

**IGSB Internal Venture Fund II, LLC**

By: /s/ KIMBERLY SHEA  
Kimberly Shea  
Title: Attorney-In-Fact

**IGSB IVP II, LLC**

By: /s/ KIMBERLY SHEA  
Kimberly Shea  
Title: Attorney-In-Fact

**IGSB Internal Venture Fund III, LLC**

By: Investment Group of Santa Barbara, LLC

By: /s/ KIMBERLY SHEA  
Kimberly Shea  
Title: Attorney-In-Fact

**IGSB IVP III, LLC**

By: Investment Group of Santa Barbara, LLC

By: /s/ KIMBERLY SHEA  
Kimberly Shea  
Title: Attorney-In-Fact

**Timothy K. Bliss**  
**Maurice J. Duca**  
**William R. Rauth III**

/s/ KIMBERLY SHEA  
Kimberly Shea, Attorney-In-Fact