

APPFOLIO INC  
Form SC 13G  
December 30, 2015

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

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SCHEDULE 13G  
Under the Securities Exchange Act of 1934

AppFolio, Inc.  
(Name of Issuer)

Class A Common Stock  
(Title of Class of Securities)

03783C100  
(CUSIP Number)

December 21, 2015  
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

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

The information required in 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 ("Exchange Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act.

(Continued on following pages)

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CUSIP No.

NAME OF REPORTING PERSONS

1

Clarity Ventures, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A  
GROUP (a)

2

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

4

SOLE VOTING POWER

5

0

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON WITH

SHARED VOTING POWER

6

5,000

SOLE DISPOSITIVE POWER

7

0

SHARED DISPOSITIVE POWER

8

5,000

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

5,000

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN  
SHARES

10

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0.1%

11

TYPE OF REPORTING PERSON

PN

12

CUSIP No.

NAME OF REPORTING PERSONS

1 Meadowridge Ventures, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)

2

3 SEC USE ONLY

CITIZENSHIP OR PLACE OF ORGANIZATION

4 Delaware

SOLE VOTING POWER

5

NUMBER OF SHARES

0

BENEFICIALLY

SHARED VOTING POWER

OWNED BY EACH

6

5,700

REPORTING

SOLE DISPOSITIVE POWER

PERSON WITH

7

0

8 SHARED DISPOSITIVE POWER

5,700

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9 5,700

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

10

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11 0.1%

TYPE OF REPORTING PERSON

12 PN

CUSIP No.

NAME OF REPORTING PERSONS

1 Steven L. Karan Revocable Trust dated the 29th day of October, 2014

CHECK THE APPROPRIATE BOX IF A MEMBER OF A  
2 GROUP (a)

(b)

3 SEC USE ONLY

CITIZENSHIP OR PLACE OF ORGANIZATION

4 California

SOLE VOTING POWER

5

0

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON WITH

SHARED VOTING POWER

6

557,654

SOLE DISPOSITIVE POWER

7

0

SHARED DISPOSITIVE POWER

8

557,654

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

557,654

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN  
10 SHARES

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

6.7%

TYPE OF REPORTING PERSON

12

OO

CUSIP No.

NAME OF REPORTING PERSONS

1 Hughes Family Trust dated 8/7/03

CHECK THE APPROPRIATE BOX IF A MEMBER OF A  
2 GROUP (a)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION  
California

SOLE VOTING POWER

5  
NUMBER OF  
SHARES

0

SHARED VOTING POWER

BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON WITH

6  
45,264

SOLE DISPOSITIVE POWER

7  
0

SHARED DISPOSITIVE POWER

8  
45,264

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9  
45,264

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN  
10 SHARES

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11  
0.6%

TYPE OF REPORTING PERSON

12  
OO

CUSIP No.

NAME OF REPORTING PERSONS

1 Steven L. Karan

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)

2 (b)

3 SEC USE ONLY

CITIZENSHIP OR PLACE OF ORGANIZATION

4 United States of America

SOLE VOTING POWER

5 NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH 293,765

SHARED VOTING POWER

6 568,354

SOLE DISPOSITIVE POWER

7 293,765

SHARED DISPOSITIVE POWER

8 568,354

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9 862,119

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

10

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11 10.1%

TYPE OF REPORTING PERSON

12 IN

CUSIP No.

1 NAME OF REPORTING PERSONS  
Jason F. Hughes

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A  
GROUP (a)

(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION  
United States of America

5 SOLE VOTING POWER

NUMBER OF SHARES 39,467

6 SHARED VOTING POWER

BENEFICIALLY OWNED BY EACH 55,964

7 SOLE DISPOSITIVE POWER

REPORTING PERSON WITH 39,467

8 SHARED DISPOSITIVE POWER

55,964

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

95,431

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN  
SHARES

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

1.2%

12 TYPE OF REPORTING PERSON  
IN

CUSIP No.

NAME OF REPORTING PERSONS

1  
Clarity Ventures, Inc.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A  
GROUP (a)

2

(b)

3  
SEC USE ONLY

CITIZENSHIP OR PLACE OF ORGANIZATION

4  
Delaware

SOLE VOTING POWER

5

NUMBER OF  
SHARES

0

BENEFICIALLY

SHARED VOTING POWER

OWNED BY

6

EACH

10,700

REPORTING

SOLE DISPOSITIVE POWER

PERSON WITH

7

0

SHARED DISPOSITIVE POWER

8

10,700

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

10,700

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN  
SHARES

10

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

0.1%

TYPE OF REPORTING PERSON

12

CO



Item 1(a). Name of Issuer:

AppFolio, Inc.

Item 1(b). Address of Issuer's Principal Executive Offices:

50 Castilian Drive  
Goleta, CA 93117

Item 2(a). Name of Person Filing:

This Schedule 13G is being jointly filed by Clarity Ventures, L.P. ("Clarity LP"), Meadowridge Ventures, L.P. ("Meadowridge"), and Clarity Ventures, Inc. ("Clarity GP" and together with Clarity LP and Meadowridge, the "Entities"); the Steven L. Karan Revocable Trust dated the 29th day of October, 2014 ("Karan Trust") and the Hughes Family Trust dated 8/7/03 ("HFT" and together with the Karan Trust, the "Trusts"); and Steven L. Karan and Jason F. Hughes (collectively, the "Individuals" and together with the Entities and the Trusts, the "Reporting Persons") with respect to shares of Class A Common Stock, par value \$0.0001 of AppFolio, Inc.

Item 2(b). Address of Principal Business Office or, if None, Residence:

The address of the principal business office of the Reporting Persons is:

1482 East Valley Road, Suite 300  
Santa Barbara, CA 93108.

Item 2(c). Citizenship:

Clarity LP and Meadowridge are Delaware limited partnerships. Clarity GP is a Delaware corporation. The Trusts are organized in California. The Individuals are citizens of the United States of America.

Item 2(d). Title of Class of Securities:

Class A Common stock, par value \$0.0001.

Item 2(e). CUSIP Number:

03783C100

Item 3. If this statement is filed pursuant to Rule 13d-1(b), or 13d-2(b) or (c), check whether the person filing is a:

Not applicable.

Item 4. Ownership.

A. Clarity Ventures, L.P.

(a) Amount beneficially owned: 5,000

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- (b) Percent of Class: 0.1%
- (c) Number of shares as to which Clarity LP has:
  - (i) Sole power to vote or to direct the vote: 0
  - (ii) Shared power to vote or to direct the vote: 5,000
  - (iii) Sole power to dispose or to direct the disposition of: 0
  - (iv) Shared power to dispose or to direct the disposition of: 5,000

B. Meadowridge Ventures, L.P.

- (a) Amount beneficially owned: 5,700
- (b) Percent of Class: 0.1%
- (c) Number of shares as to which Meadowridge has:
  - (i) Sole power to vote or to direct the vote: 0
  - (ii) Shared power to vote or to direct the vote: 5,700
  - (iii) Sole power to dispose or to direct the disposition of: 0
  - (iv) Shared power to dispose or to direct the disposition of: 5,700

C. Steven L. Karan Revocable Trust dated the 29th day of October, 2014

- (a) Amount beneficially owned: 557,654
- (b) Percent of Class: 6.7%
- (c) Number of shares as to which the Karan Trust has:
  - (i) Sole power to vote or to direct the vote: 0
  - (ii) Shared power to vote or to direct the vote: 557,654
  - (iii) Sole power to dispose or to direct the disposition of: 0
  - (iv) Shared power to dispose or to direct the disposition of: 557,654

D. Hughes Family Trust dated 8/7/03

- (a) Amount beneficially owned: 45,264
- (b) Percent of Class: 0.6%
- (c) Number of shares as to which HFT has:
  - (i) Sole power to vote or to direct the vote: 0
  - (ii) Shared power to vote or to direct the vote: 45,264
  - (iii) Sole power to dispose or to direct the disposition of: 0
  - (iv) Shared power to dispose or to direct the disposition of: 45,264

E. Steven L. Karan

- (a) Amount beneficially owned: 862,119
- (b) Percent of Class: 10.1%
- (c) Number of shares as to which Mr. Karan has:
  - (i) Sole power to vote or to direct the vote: 293,765
  - (ii) Shared power to vote or to direct the vote: 568,354
  - (iii) Sole power to dispose or to direct the disposition of: 293,765
  - (iv) Shared power to dispose or to direct the disposition of: 568,354

F. Jason F. Hughes

- (a) Amount beneficially owned: 95,431



- (b) Percent of Class: 1.2%
- (c) Number of shares as to which Mr. Hughes has:
  - (i) Sole power to vote or to direct the vote: 39,467
  - (ii) Shared power to vote or to direct the vote: 55,964
  - (iii) Sole power to dispose or to direct the disposition of: 39,467
  - (iv) Shared power to dispose or to direct the disposition of: 55,964

G. Clarity Ventures, Inc.

- (a) Amount beneficially owned: 10,700
- (b) Percent of Class: 0.1%
- (c) Number of shares as to which Clarity GP has:
  - (i) Sole power to vote or to direct the vote: 0
  - (ii) Shared power to vote or to direct the vote: 10,700
  - (iii) Sole power to dispose or to direct the disposition of: 0
  - (iv) Shared power to dispose or to direct the disposition of: 10,700

The percentage ownership for each of the Reporting Persons is based on 7,821,666 shares of the Issuer's Class A Common Stock, par value \$0.0001 ("Class A Shares"), issued and outstanding on October 25, 2015, as disclosed in the Issuer's quarterly report on Form 10-Q for the quarterly period ended September 30, 2015, filed by the Issuer with the U.S. Securities and Exchange Commission on November 9, 2015.

Clarity LP directly owns 5,000 Class A Shares. Meadowridge directly owns 5,700 Class A Shares. Clarity LP and Meadowridge are controlled by Clarity GP, their general partner. Accordingly, Clarity GP may be deemed to beneficially own the shares of common stock held by Meadowridge and Clarity LP. As President and 100% owner of Clarity GP, Steven L. Karan may be deemed to beneficially own the shares held by Meadowridge and Clarity LP because he has the ultimate voting and dispositive power over such shares. In addition, as an authorized officer of Clarity GP, Jason F. Hughes may also be deemed to beneficially own the shares held by Meadowridge and Clarity LP because he shares voting and dispositive power over such shares.

The Karan Trust directly owns 0 Class A Shares and 557,654 shares of the Issuer's Class B Common Stock, par value \$0.0001 per share ("Class B Shares"). As the Trustee of the Karan Trust, Steven L. Karan may be deemed to beneficially own the shares held by the Karan Trust because he has the ultimate voting and dispositive power over such shares.

HFT directly owns 0 Class A Shares and 45,264 Class B Shares. As a Co-Trustee of HFT, Jason F. Hughes may be deemed to beneficially own the shares held by HFT because he has the ultimate voting and dispositive power over such shares.

Steven L. Karan directly owns 175,025 Class A Shares and 118,740 Class B Shares. Jason F. Hughes directly owns 12,890 Class A Shares and 26,577 Class B Shares.

Clarity GP does not directly own any Class A Shares or Class B Shares.

By virtue of the understandings between them, the Reporting Persons may be deemed to have formed a “group” as defined in Rule 13d-5(b)(1). Collectively, the “group” may be deemed to have voting and dispositive power over a combined 11.1% of the Class A Shares, which percentage accounts for the Class B Shares held by the Reporting Persons. In this regard, the Class B Shares are immediately convertible into Class A Shares, which necessitates that the Class B Shares owned by the Reporting Persons be included in the calculation of the Reporting Persons' beneficial ownership of Class A Shares.

Item 5. Ownership of Five Percent or Less of a Class.

Not applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Not applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company or Control Person.

Not applicable.

Item 8. Identification and Classification of Members of the Group.

For a list of the members of the group filing this Schedule 13G, refer to Exhibit A.

Item 9. Notice of Dissolution of Group.

Not applicable.

Item 10. Certifications.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect, other than activities solely in connection with a nomination under § 240.14a-11.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: December 30, 2015

Clarity Ventures, L.P.

By: Clarity Ventures, Inc., General Partner

By: /s/ Steven L. Karan

Name: Steven L. Karan

Title: President

Meadowridge Ventures, L.P.

By: Clarity Ventures, Inc., General Partner

By: /s/ Steven L. Karan

Name: Steven L. Karan

Title: President

Steven L. Karan Revocable Trust dated the  
29th day of October, 2014

By: /s/ Steven L. Karan

Name: Steven L. Karan

Title: Trustee

Hughes Family Trust dated 8/7/03

By: /s/ Jason F. Hughes

Name: Jason F. Hughes

Title: Co-Trustee

[Signature page to Schedule 13G]

**Clarity Ventures, Inc.**

By: /s/ Steven L. Karan  
Name: Steven L. Karan  
Title: President

**Individuals**

/s/ Steven  
L. Karan  
Steven L.  
Karan

/s/ Jason F.  
Hughes  
Jason F.  
Hughes

[Signature page to Schedule 13G]

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LIST OF EXHIBITS

Exhibit No. Description

A Group Members

B Joint Filing Agreement

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Exhibit A

Group Members

Clarity Ventures, L.P.

Meadowridge Ventures, L.P.

Steven L. Karan Revocable Trust dated the 29th day of October, 2014

Hughes Family Trust dated 8/7/03

Steven L. Karan

Jason F. Hughes

Clarity Ventures, Inc.

A-1

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Exhibit B

Joint Filing Agreement

In accordance with Rule 13d-1(k) promulgated under the Securities Exchange Act of 1934, as amended, the undersigned hereby agree to the joint filing with all other Reporting Persons (as such term is defined in the Schedule 13G referred to below) on behalf of each of them a statement on Schedule 13G (including amendments thereto) with respect to the Class A Common Stock, par value \$0.0001 per share of AppFolio, Inc., a Delaware corporation, and that this Agreement may be included as an Exhibit to such joint filing. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

[Signature pages follow]

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IN WITNESS WHEREOF, the undersigned hereby execute this Agreement as of December 30, 2015.

Clarity Ventures, L.P.

By: Clarity Ventures, Inc., General Partner

By: /s/ Steven L. Karan  
Name: Steven L. Karan  
Title: President

Meadowridge Ventures, L.P.

By: Clarity Ventures, Inc., General Partner

By: /s/ Steven L. Karan  
Name: Steven L. Karan  
Title: President

Steven L. Karan Revocable Trust dated the 29th day of October, 2014

By: /s/ Steven L. Karan  
Name: Steven L. Karan  
Title: Trustee

Hughes Family Trust dated 8/7/03

By: /s/ Jason F. Hughes  
Name: Jason F. Hughes  
Title: Co-Trustee

[Signature Page to Joint Filing Agreement to Schedule 13G]

**Clarity Ventures, Inc.**

By: /s/ Steven L. Karan  
Name: Steven L. Karan  
Title: President

**Individuals**

/s/ Steven  
L. Karan  
Steven L.  
Karan

/s/ Jason F.  
Hughes  
Jason F.  
Hughes

[Signature Page to Joint Filing Agreement to Schedule 13G]