

Durbin Financial Advisors, Inc.

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of Durbin Financial Advisors, Inc. (“DFA”). If you have any questions about the contents of this brochure, please contact us at 800-805-9764. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about DFA is also available on the SEC’s website at:
www.adviserinfo.sec.gov.

Material Changes

DFA's most recent update to Part 2 of Form ADV was made in March 2010. DFA's business activities have not changed materially since the time of that update. However, in 2010 the SEC required significant changes to the content and format of Part 2 of Form ADV. This brochure, which reflects those changes, is materially different from brochures or Part 2 of Form ADV used by DFA in prior years.

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Advisory Business

DFA was founded in 1999 and is owned by Paul J. Durbin ("DFA's Principal" or the "Principal"). As of December 31, 2011 DFA managed \$30.2 million on a discretionary basis on behalf of approximately 39 clients.

DFA primarily provides customized investment management services to high-net-worth individuals and associated trusts, estates, pension and profit sharing plans, and other legal entities. DFA

DFA works with each client to establish an appropriate investment profile. DFA provides investment consulting services that relate to matters such as allocation of assets among different classes, portfolio diversification, managing portfolio risk, and other general economic and financial topics. Account supervision is guided by the stated objectives of the client (e.g., conservative, moderate, and aggressive), and all managed accounts are and will be maintained with an independent custodian.

Below are some of the factors and guidelines that are followed when managing a client's portfolio:

- 1) Client investment objectives are identified by assessing the client's risk tolerance based upon their age, income, education, need for cash flows, investment goals, and emotional tolerance for volatility. The information provided by the client will be collected during client meetings, telephone conferences, and/or questionnaires;
- 2) After analyzing a client's financial situation and formulating an asset allocation strategy, DFA implements the investment strategy, and generally invests client assets in domestic and international stocks, bonds, mutual funds, and exchange traded funds ("ETFs");
- 3) Capital market conditions and client circumstances are monitored; and
- 4) Portfolio adjustments are made as appropriate to reflect significant changes in any or all of the above variables.

Fees and Compensation

For investment supervisory services, DFA charges most of its clients an annual investment management fee based upon the percentage of assets under management calculated at 1% per annum. Clients authorize DFA in writing to deduct fees automatically from their brokerage accounts. DFA has waived or negotiated lower fees for certain clients, such as employees' family members. DFA reserves the right to adjust the fee schedule for accounts depending on the size and type of account and the services required.

Investment management fees are billed at the end of each calendar quarter, with fractional months being billed on a pro-rata basis. The fee will be calculated as a percentage of the market value of all assets in a client's account on the last trading day of each calendar quarter. For new accounts, DFA begins charging the investment management fee based on the date of the advisory agreement with the client. No adjustments are made for contributions and/or withdrawals during a calendar quarter. If a client terminates the investment management agreement with DFA in the middle of a billing period DFA will invoice the client for an amount that is pro-rated based on the number of days that the account was managed.

Either DFA or the client may terminate the investment advisory agreement at any time. Upon termination, the fees charged for advisory services will be pro-rated and the client is responsible to pay for services rendered until the termination of the agreement.

Clients should be aware of their responsibility to verify the accuracy of the fee calculation submitted to the custodian by DFA, as the custodian will not determine whether the fee has been properly calculated. DFA provides the client with a separate copy of each invoice, setting forth the basis for the calculation.

In addition to DFA's investment management fees, clients bear trading costs and custodial fees. To the extent that clients' accounts are invested in mutual funds, these funds pay a separate layer of management, trading, and administrative expenses. A description of these fees and expenses are available in each fund's prospectus.

In addition to investment management services, DFA provides other financial planning services including, but not limited to, retirement planning, estate planning, and business capital, acquisition and succession planning. Fees for those other planning services may be based either on an hourly fee arrangement or based on a fixed fee. When based hourly, the fee ranges from \$300 to \$500 per hour, at a rate quoted to the client prior to the performance of any services. Such fees shall be due and payable when services are rendered. The fixed fee will be negotiated with the client prior to the performance of any service but would generally range from \$1,000 to \$25,000.

A client may cancel the financial planning agreement and receive a full refund if DFA is notified within five business days after signing an agreement. If cancellation occurs thereafter, the client is responsible only for fees and expenses incurred to that point. In such an event, an itemized invoice will be provided documenting the expenses that were incurred.

Performance Based Fees and Side-by-Side Management

DFA does not charge performance fees. Some investment advisers experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to DFA.

Types of Clients

DFA primarily provides customized investment management services to high-net-worth individuals and associated trusts, estates, pension and profit sharing plans, and other legal entities. DFA's minimum account size is generally \$250,000, but for family members of clients or in other situations, this amount is waived or negotiated.

Methods of Analysis, Investment Strategies and Risk of Loss

DFA's Principal reviews fundamental analysis on all securities recommended for client accounts. This analysis varies depending on the security in question, but often involves the review of various reports and analyses available to DFA either through its custody relationship or that DFA purchases from third party providers. Generally, in the case of equity securities, DFA also reviews and analyzes charts relating to trading price and volume information as to that security as well as various other technical indicators when deciding how or when to enter, exit or maintain a particular position.

For stocks and bonds the analysis generally includes a review of:

- The issuer's management;
- The amount and volatility of past profits or losses;
- The issuer's assets and liabilities, as well as any material changes from historical norms;

- Prospects for the issuer's industry, as well as the issuer's competitive position within that industry; and
- Any other factors considered relevant.

For mutual funds and ETFs the analysis generally includes a review of:

- The fund's management team;
- The fund's historical risk and return characteristics;
- The fund's exposure to sectors and individual issuers;
- The fund's fee structure; and
- Any other factors considered relevant.

DFA primarily invests for relatively long time horizons, often for a year or more. However, market developments could cause DFA to sell securities more quickly.

Depending on a client's investment experience and objectives, DFA might engage in option writing involving either covered calls or cash secured equity puts. The use of option writing poses additional risks that are discussed in detail with any clients who are considering the use of these investment vehicles.

All investing involves a risk of loss.

Disciplinary Information

DFA and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Other Financial Industry Activities and Affiliations

DFA and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

DFA has adopted a written code of ethics that is applicable to all employees. Among other things, the code requires DFA and its employees to act in clients' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on many types of personal securities transactions. DFA's restrictions on personal securities trading apply to employees, as well as employees' family members living in the same household. A copy of DFA's code of ethics is available upon request.

DFA's employees are generally permitted to trade alongside client accounts as long as they receive the average price that is applicable to clients and pay their share of any transaction costs. However, no employees are allowed to participate in partially filled orders until all clients' orders have been filled. DFA's Principal monitors employee trading, relative to client trading, to ensure that employees do not engage in improper transactions.

DFA maintains a watch list of securities that are being considered for client accounts, as well as securities already held in client accounts. Any proposed employee transaction involving securities on the watch list requires preclearance from DFA's Principal. DFA's Principal does not grant preclearance where it would appear that an employee's trading could disadvantage DFA's clients.

Under certain circumstances an employee might invest in a security that is not considered suitable for client accounts because of size, liquidity, or other factors. A change in these factors could result in the security becoming more suitable for clients, but DFA's Principal might not allow the security to be purchased for client accounts in order to avoid even the appearance of employees trading ahead of clients. In DFA's experience, it is rare for an employee's personal trading to limit clients' investment opportunities, but such a situation may arise from time to time.

Brokerage Practices

DFA participates in the Charles Schwab Institutional program. DFA generally recommends that clients arrange for their assets to be held with Charles Schwab & Co. ("Schwab"). DFA is independently owned and operated and is not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities on DFA's or the client's instruction to them. While DFA requests that a client use Schwab as custodian/broker, the client will decide whether to do so and, if the client chooses to do so, will open the account with Schwab by entering into an account agreement directly with Schwab. DFA does not open the account for the client, although DFA may assist the client in doing so. If the client does not wish to place assets with Schwab, then DFA will not manage the account. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor.

Soft Dollar Benefits

DFA receives certain products and services from Schwab free of charge or at discounted rates. These products and services include:

- The receipt of duplicate client confirmations, statements, and other account information;
- Direct advisory fee debiting capabilities;
- Proprietary and third-party research services;
- Access to an electronic network for order entry, including the simultaneous entry of trades on behalf of multiple client accounts;

DFA does not believe that clients whose accounts are held by Schwab bear any additional costs in connection with DFA's receipt of the products and services. Furthermore, Schwab's provision of these products and services is not contingent upon DFA formally committing any specific amount of business to Schwab. However, DFA would not receive these products and services if client accounts were not held in custody and traded by Schwab. DFA's receipt of these products and services creates a conflict of interest in connection with DFA's recommendation of Schwab. Also, some of the products and services listed above benefit clients whose accounts are held by other custodians, which could create a conflict of interest between the clients at Schwab, who are indirectly paying for the products and services, and the clients at other custodians who may benefit from the products and services.

Best Execution Reviews

On at least an annual basis DFA's Principal evaluates the pricing and services offered by Schwab with those offered by other reputable firms. DFA has sought to make a good-faith determination that Schwab provides clients with good services at competitive prices. However, clients should be aware that this determination could have been influenced by DFA's receipt of products and services from Schwab. Historically DFA has concluded that Schwab is as good as, or better than, the other firms that have been considered. DFA would notify its clients if it were to determine that another firm offered better pricing and services than Schwab.

Aggregated Trades

Transactions for each client account generally will be effected independently, unless DFA decides to purchase or sell the same securities for a number of client accounts simultaneously. In that case, orders for the same security are "batched" or aggregated in an effort to ensure that all clients receive the same average price and incur trading costs that are the same as would be paid if they were trading individually. Employees may be included side-by-side in aggregated client trades. If an order is partially filled, clients will have their orders filled on a randomized basis; DFA will seek to complete any unfilled client orders on the next trading day. Employees of DFA are excluded from aggregated trades whenever client orders are only partially filled. In determining whether a particular client is included in an aggregated trade, DFA takes into account cash availability and need, suitability, investment objectives and guidelines and other factors deemed appropriate in making investment allocation decisions.

Client Referrals

DFA does not compensate Schwab or any other custodian or broker/dealer for referring client accounts.

Review of Accounts

Accounts under DFA's management are monitored on an ongoing basis by DFA's Principal who reviews each account in detail on at least an annual basis, as well as in connection with each client meeting. On at least a quarterly basis DFA's Principal also reviews a number of reports that are designed to identify accounts that are outside the expected ranges for returns, exposure to asset classes, and exposure to industry sectors. Reviews of client accounts will also be triggered if a client changes his or her investment objectives, or if, in the judgment of DFA's Principal, the market, political, or economic environment changes materially.

Clients receive account statements directly from their custodian or broker/dealer on at least a quarterly basis. DFA may supplement these custodial statements with reports provided during client meetings or as requested.

Client Referrals and Other Compensation

DFA does not pay any portion of its advisory fees to any other investment adviser in connection with that adviser's referral of a client to DFA. Other than the previously described products and services that DFA receives from Schwab, DFA does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

Custody

All clients' accounts are held in custody by unaffiliated broker/dealers or banks, but DFA can access many clients' accounts through its ability to debit advisory fees. For this reason DFA is considered to have custody of client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by DFA.

Investment Discretion

DFA has investment discretion over all clients' accounts. Clients grant DFA trading discretion through the execution of a limited power of attorney included in DFA's advisory contract.

Clients can place reasonable restrictions on DFA's investment discretion. For example, some clients have asked DFA not to buy securities of a particular company, or securities issued by companies in certain industries, or not to sell certain securities where the client has a particularly low tax basis. In addition, in some cases, due to the terms of a client's employer, prospective purchases of a security must first be presented to that client's employer to ensure that the client is not otherwise prohibited from acquiring such company's securities.

Voting Client Securities

Notwithstanding DFA's discretionary authority to make investment decisions on behalf of a client, DFA will not exercise proxy voting authority over client securities. The obligation to vote client proxies shall at all times rest with the client. Clients are not precluded from contacting DFA for advice or information about a particular proxy vote. However, DFA shall not be deemed to have proxy voting authority solely as a result of providing such advice to a client.

Should DFA inadvertently receive proxy information for a security held in a client's account, then DFA will forward that information on to the client, but will not take any further action with respect to the voting of such proxy. Upon termination of its agreement with a client, DFA will make a good faith and reasonable attempt to forward proxy information inadvertently received by DFA on behalf of a client to the forwarding address provided by the client to DFA.

Financial Information

DFA has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.