

Item 1: Cover Sheet

INFORMATIONAL BROCHURE

March 25, 2011

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This brochure provides information about the qualifications and business practices of Houlihan Financial Resource Group, Ltd., Ltd. If you have any questions about the contents of this brochure, please contact us at 703-796-0800 or via email at ryan@houlihanfinancial.com. 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 Houlihan Financial Resource Group, Ltd., Ltd. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Statement of Material Changes

There are no material changes to content in this ADV Part 2. The format of the Part 2 is changed.

Item 3: Table of Contents**TABLE OF CONTENTS**

Item	Description	Page
1	Cover Sheet	1
2	Statement of Material Changes	2
3	Table of Contents	3
4	Advisory Business	4
5	Fees and Compensation	5
6	Performance Based Fees	6
7	Types of Clients	6
8	Methods of Analysis, Investment Strategies and Risk of Loss	6
9	Disciplinary Information	7
10	Other Financial Industry Affiliations	7
11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	7
12	Brokerage Practices	8
13	Review of Accounts	9
14	Client Referrals and Other Compensation	9
15	Custody	9
16	Investment Discretion	9
17	Voting Client Securities	9
18	Financial Information	10

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HOULIHAN FINANCIAL RESOURCE GROUP, LTD., LTD.

4. Advisory Business

Houlihan Financial Resource Group, Ltd., Ltd. has been in business since 1999. The firm's professionals, including Patricia P. Houlihan, the firm's only principal owner, has been in the business of providing investment advice to clients for over 40 years.

Houlihan Financial Resource Group, Ltd., Ltd. provides personalized financial planning and/or investment management services. Clients advised may include individuals, trusts, foundations, pensions and corporations.

Financial Planning

We offer clients financial planning services. In most cases, the client will supply to Houlihan Financial Resource Group, Ltd. information including income, investments, savings, insurance, age and many other items that are helpful to the firm in assessing your financial goals. The information is typically provided during personal interviews and supplemented with written information. Once the information is received, we will discuss your financial needs and goals with you, and compare your current financial situation with the goals you state. Once these are compared, we will create a financial plan to help you meet your goals.

The plan is intended to be a suggested blueprint of how to meet your goals. Not every plan will be the same for every client. Each plan is specific to the client who requested it. Because the plan is based on information supplied by you, it is very important that you accurately and completely communicate to us the information we need. Also, your personal life may change as your engagement with us progresses. It is very important that you continually update us with any changes so that if the updates require changes to your plan, we can make those changes. Otherwise, your plan may no longer be appropriate.

Once you have your financial plan, the implementation decision is yours. If you decide to have Houlihan Financial Resource Group, Ltd. manage your investment portfolio, you will become an asset management client.

Asset Management

Houlihan Financial Resource Group, Ltd. requires each investment management client relationship to place at least \$1,000,000 under our management. We may waive this account minimum under certain circumstances, at our discretion.

If you wish us to manage your investment accounts, we will ask you to provide us with investment guidelines so that we can create an asset allocation based on your needs and objectives. These guidelines can be developed with our help or you can create them yourself. Some examples of guidelines include your risk tolerance, your investment time horizon, portfolio

income requirements and individual personal investing preferences..

Asset management services may be provided on either a “discretionary” or “non-discretionary” basis. When Houlihan Financial Resource Group, Ltd. is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation guidelines. If any changes are needed to your investments, we will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You may receive at your request written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive monthly statements from your account custodian. Clients engaging us on a discretionary basis will be asked to grant a Limited Power of Attorney (giving us discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and Houlihan Financial Resource Group, Ltd..

When a client engages us to provide investment management services on a non-discretionary basis, we monitor the accounts in the same way as for discretionary services. The difference is that changes to your account will not be made until we have confirmed with you (either verbally or in writing) that our proposed change is acceptable to you.

As of March 24, 2011, Houlihan Financial Resource Group, Ltd. has 394 discretionary accounts, totaling \$138,425,360 of assets under management, and 10 non-discretionary accounts, totaling \$1,040,150 of assets under management, for a total amount of assets under management of \$139,465,510 across 404 accounts.

5. Fees and Compensation

A. Fees Charged

All investment management clients will be required to execute an Investment Management Agreement that will describe the type of management services to be provided and the fees, among other items.

Financial planning fees are on an hourly basis. Fees range from \$125 per hour to \$400 per hour, depending upon the staff member performing the work. Lower cost staff members will be utilized when appropriate. While multi-year projections and summaries may be appropriate in some cases, services, unless agreed to otherwise, are project-oriented, generated upon client request and, therefore are not continuous. Agreements for financial planning services terminate on presentation of the financial plan, and therefore any updates can be provided for a fee upon request. Clients should be aware that any changes to their circumstances can change the appropriateness of their financial plan, and so Houlihan Financial Resource Group, Ltd. should be made aware of these changes as soon as practical so the plan may be properly updated.

B. Fee Payment

Fees for financial planning will be billed to each client. Fees for asset management will be deducted directly from each client’s account unless we have agreed otherwise. The management fee generally ranges from 0.50% to 1.0% per annum. Fees are paid quarterly, in advance, and the

value used for the fee calculation is the close of the first market day of the quarter. This means that if your annual fee is 1.00%, then each quarter we will multiply the value of your account by 1.00% then divide by 4 to calculate our fee. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to Houlihan Financial Resource Group, Ltd. unless we have agreed otherwise.

C. Other Fees

There are a number of other fees that can be associated with holding and investing in securities. You will be responsible for fees including transaction fees for the purchase or sale of a mutual fund or Exchange Traded Fund, or commissions for the purchase or sale of a stock. Expenses of a fund will not be included in management fees, as they are deducted from the value of the shares by the mutual fund manager. For complete discussion of expenses related to each mutual fund or ETF you should read a copy of the prospectus issued by that fund. Houlihan Financial Resource Group, Ltd. can provide or direct you to a copy of the prospectus for any fund that we recommend to you.

Please make sure to read Section 10 of this informational brochure, where we discuss broker-dealer and custodial issues.

D. *Pro-rata* Fees

If you become a client during a quarter, you will pay a management fee for the number of days left in that quarter. If you terminate our relationship during a quarter, you will be charged a management fee for only that portion of the quarter in which you were a client, and the remainder will be refunded to your account. Once your notice of termination is received, we will charge the fee through the date of transfer of your assets.

E. Compensation for the Sale of Securities.

Neither Houlihan Financial Resource Group, Ltd. nor any of its professionals receive any additional compensation related to the sale of securities on behalf of the firm's clients.

6. **Performance Based Fees.**

Fees will not be based upon a share of capital gains or capital appreciation of your accounts (otherwise known as "performance based fees").

7. **Types of Clients.**

Clients advised may include individuals, trusts, foundations, pensions and corporations.

8. **Methods of Analysis, Investment Strategies and Risk of Loss**

It is important for you to know and remember that all investments carry risks.

Each client's portfolio will be invested according to that client's investment objectives. We determine these objectives by interviewing the client and/or asking the client to put these objectives in writing. Once we ascertain your investment objectives, we will develop a customized target asset allocation. The allocation to different asset classes is based on many different factors, including but not limited to: historical performance, current market conditions,

your current financial situation, your financial goals, and your investment time horizon. Because we develop an investment strategy based on your personal situation and financial goals, your asset allocation guidelines may be similar to or different from another client's.

Once we have designed your asset allocation guidelines, we will buy or sell securities in your portfolio to meet the guidelines of the asset allocation strategy. It is important to remember that because market conditions can vary greatly, your asset allocation guidelines are not necessarily strict rules. Rather, we review accounts individually, and may deviate from the guidelines as we believe necessary.

The specific securities we recommend for your account will depend on market conditions and our research at the time. Generally, we recommend a mix of mutual funds, stocks, bonds and exchange traded funds, though we may utilize other types of securities on an as-needed basis. We research securities on a fundamental basis, which means that we review what we believe the value of the security is, and what we think it will be in the future. We base our conclusions on publicly available research, such as: corporate filings, press releases, competitor analyses, and in some cases research we receive from our custodian or other market analyses. We will also occasionally utilize technical analyses, which means that we will review the past behaviors of the security and the markets in which it trades for signals as to what might happen in the future.

There are always risks to investing. It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks:** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks:** Markets can, as a whole, go up or down. There is no guarantee of a positive return. Adding additional securities does not always help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk:** When investing in another country, changes in foreign exchange rates may impact the value of your investment when the currency is converted back to your home currency.
- **Regulatory Risk:** Changes in laws and regulations from any government can change the market value of companies subject to such regulations. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws may impact the return on these investments.
- **Risks Related to Investment Term:** If you require us to liquidate your portfolio during adverse market conditions you may not realize as much value as you would have had the investment had the opportunity to regain its value.
- **Purchasing Power Risk:** This is the risk that an investment rate of return may not keep up with the rate of inflation.
- **Business Risk:** Not all business have the same certainty of income and stability of cash flow.
- **Financial Risk:** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk:** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.

9. Disciplinary Information

None to report.

10. Other Financial Industry Activities and Affiliations

There are no relationships between Houlihan Financial Resource Group, Ltd. and any other party within the financial industry.

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

A copy of our Code of Ethics is available upon request.

Employees of Houlihan Financial Resource Group, Ltd. may purchase for their own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be pre-cleared through the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

12. Brokerage Practices

A. Recommendation of Broker-Dealer

Houlihan Financial Resource Group, Ltd. recommends that investment accounts be held in custody by Fidelity Institutional Brokerage Group ("Fidelity") and/or Schwab Advisor Services ("Schwab"). Schwab and Fidelity offer enhanced services to independent investment advisors. These services include custody of securities, trade execution platforms, and access to research not available to the general public. Both Schwab and Fidelity are wholly independent from Houlihan Financial Resource Group, Ltd.. It is expected that most, if not all, transactions in a given client account will be cleared through the custodian of that account in its capacity as a broker-dealer.

Houlihan Financial Resource Group, Ltd. has chosen to recommend Schwab and Fidelity to its clients based on a variety of factors. These include, but are not limited to, commission costs. Both Schwab and Fidelity have what can be considered discounted commission rates. However, in choosing a broker-dealer or custodian to recommend, we are most concerned with the value the client receives for the cost paid, not just the cost. Schwab and Fidelity add value beyond commission cost. Other factors that may be considered in determining overall value include speed and accuracy of execution, financial strength, knowledge and experience of staff, research and service. Schwab and Fidelity also have arrangements with many mutual funds that enable us to purchase these mutual funds for client accounts at reduced transaction charges (as opposed to other broker-dealers). Schwab and Fidelity have very high market shares of the investment adviser business which makes them the most experienced in matters likely to arise for our clients. Houlihan Financial Resource Group, Ltd. re-evaluates the use of Schwab and Fidelity at least annually to determine if they are still the best value for our clients.

Schwab and Fidelity provide us with some non-cash benefits (not available to retail customers) in return for placing client assets with them or executing trades through them. Such non-cash benefits are referred to as "soft dollars." Currently, these benefits come in the form of investment research and sponsored attendance at various investment seminars. We may also receive such

items as investment software, books and research reports. These products, services, or educational seminars are items that will play a role in determining how to invest client accounts. If there is any item that has a multi-use aspect, mixed between investment and non-investment purposes, Houlihan Financial Resource Group, Ltd. will determine a reasonable allocation of investment to non-investment use and soft dollars will be allocated only to the investment portion of the product (and we will pay the remaining cost). Houlihan Financial Resource Group, Ltd. receives a benefit from these services, as otherwise we would be compiling the same research ourselves. This may cause us, or another adviser, to want to place more client accounts with a broker-dealer/custodian such as Schwab or Fidelity, solely because of these added benefits. However, the value to all of our clients of these benefits is included in our evaluation of custodians. Products and services received via soft dollars will generally be used for the benefit of all clients. However, it is possible that a given client's trades will generate soft dollars that acquire products and/or services that are not ultimately utilized for that same client's account. Soft dollars provide additional value, and are accordingly considered in determining which broker-dealer or custodian to utilize as part of our best execution analysis.

We do not consider whether Schwab, Fidelity or any other broker-dealer/custodian, refers clients to Houlihan Financial Resource Group, Ltd. as part of our evaluation of these broker-dealers.

We do not routinely recommend, request or require that a client direct us to execute trades through a specified broker-dealer.

B. Aggregating Trades

Instead of placing a number of trades for the same security for each account, we will, when appropriate, execute one block trade and then allocate the trade to appropriate accounts after execution. If an aggregate trade is not fully executed, the securities will be allocated to client accounts on a *pro rata* basis, except where doing so would create an unintended adverse consequence (For example, 1/4 of a share, or a position in the account or less than 1%.)

13. Review of Accounts

All accounts will be reviewed by one of Houlihan Financial Resource Group, Ltd. licensed professionals on a continuous basis. While formal reviews are conducted at least annually, it is expected that market conditions, or material changes to a client's circumstances will trigger a review of an account.

All clients will receive a quarterly report from Houlihan Financial Resource Group, Ltd., as well as statements from Schwab or Fidelity, and copies of all trade confirmations directly from Schwab or Fidelity. We encourage you to compare the information on your quarterly report prepared by Houlihan Financial Resource Group, Ltd. against the information in the statements provided directly from Schwab or Fidelity and alert us of any discrepancies.

14. Client Referrals and Other Compensation

Houlihan Financial Resource Group, Ltd. does not currently compensate any other person for referring clients to Houlihan Financial Resource Group, Ltd.. If this ever were to change, any client who was referred by a person receiving compensation from us would be made aware of the compensation, and any additional registration requirements would be addressed.

15. Custody

Houlihan Financial Resource Group, Ltd. does not have custody of client funds.

16. Investment Discretion

Please see Item 1 for a discussion of investment discretion.

17. Voting Client Securities

From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. It is the client's responsibility to vote or choose not to vote. A copy of our Proxy Voting Policy is available upon request.

18. Financial Information

Houlihan Financial Resource Group, Ltd. does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

Houlihan Financial Resource Group, Ltd. has discretion over most client accounts. There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.