

David L. Bonuccelli & Associates, Inc.

Item 1 – Cover Page

Form ADV Part 2A Brochure

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This Brochure provides information about the qualifications and business practices of David L. Bonuccelli & Associates, Inc. (“DLB”). If you have any questions about the contents of this Brochure, please contact us at (916) 567-6666 and/or dave.bonuccelli@dlb-assoc.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.

DLB is a registered investment advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training. The oral and written communications of an advisor provide you with information from which you can determine whether to hire or retain an advisor.

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

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Item 2 – Material Changes

No material changes to our firm's brochure have been made since the last annual update dated March 31, 2011.

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Item 4 – Advisory Business

Company Background and Ownership Structure

Founded in 1990, DLB is a real estate investment consulting and advisory firm. We are a Registered Investment Advisor with the Securities and Exchange Commission as well as a licensed broker with the California Department of Real Estate. DLB has been providing a full range of services to public pension funds, tax exempt public and private institutional investors, corporations, non-profit foundations and endowment funds, family trusts, and individual investors for over twenty (20) years.

Our services, which include, but are not limited to, independent fiduciary review and advisory services, acquisition/disposition services, debt resolution/restructuring, and asset management/property management services are structured to accommodate each of our client's specific objectives and goals. Our independent fiduciary review and advisory services may include projects as broad as investment planning and portfolio evaluation, or as narrow as pooled fund reviews and property-level transactions. Acquisition/disposition services consist of strategic planning, transaction structuring, capital sourcing, and due diligence for a single asset or an entire portfolio. We also provide asset management and property management services to our clients for both individual asset holdings and portfolios. All services are non-discretionary and are based on a set of pre-determined investment guidelines and objectives as defined by the individual client.

Our professionals are dedicated to providing the highest level of service to our clients in order to maximize the benefits of owning and investing in real estate. We provide hands-on personal attention to each of our clients and tailor our services to their specific needs. We place a great deal of emphasis on understanding our clients' goals and objectives. Our combined experience and in-depth knowledge of the real estate industry along with the strong relationships we have built with other professionals such as mortgage and lease brokers, developers, architects, engineers, lenders, attorneys, etc., provide us with the tools necessary to devise the most effective means of meeting or exceeding our clients' goals and objectives.

The development of a long-term, mutually beneficial relationship between a client and advisor is the very foundation of our business. The building and fostering of these relationships is crucial to successful investment management. The degree of success achieved in these relationships is what ultimately becomes the measure of a firm's desirability and reliability; namely, its reputation. We are proud of the reputation we have earned in the real estate advisory industry by consistently meeting or exceeding our clients' goals and objectives from the start of a transaction through its logical end.

The ownership structure of our firm is one of corporate ownership, 100% owned by David L. Bonuccelli and his wife, Deborah J. Bonuccelli.

We currently have six (6) full time employees, excluding Mr. David Bonuccelli. Employees do not participate in the equity ownership and there is no specific compensation or bonus arrangement with employees. No employees accept or receive compensation for the sale of securities or other investment products.

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Services

DLB advises clients with respect to investments in single assets or portfolios involving commercial real estate and commercial real estate mortgages. We provide non-discretionary investment services based on investment guidelines and objectives as developed and set forth by each individual client. Such advisory services, including independent fiduciary services for public pension plan clients, generally include:

1. Acquisitions:
 - a. Review of all submitted real estate opportunities for potential of meeting investment criteria as outlined by each client;
 - b. Preparation of financial analysis and comparison to others in the market;
 - c. Make investment recommendations to clients; and
 - d. Assist client in all aspects of acquisition transaction including negotiations with seller, performance of due diligence procedure, and escrow closing.
2. Dispositions:
 - a. Review of market conditions to determine if disposition strategy is appropriate;
 - b. Assist client with marketing of asset for sale; and
 - c. Assist client in all aspects of disposition transaction including negotiations with buyer, preparation of due diligence materials, and escrow closing.
3. Asset Management/Property Management:
 - a. Provide full service asset management and/or property management services based on service contract with clients.
4. Commercial Mortgage Loans:

In connection with Commercial Mortgage Loan Services DLB works closely with the clients appointed legal counsel and outside loan brokers to:

 - a. Assist client with obtaining loans for to be acquired assets as well as existing assets;
 - b. Assist client with obtaining re-finance loans assets with existing debt; and
 - c. Assist clients with the payoff, transfer, or defeasance of loans in connection dispositions, etc.

Assets Under Management

As of December 31, 2011, DLB had \$162.5 million of Assets Under Management.

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Item 5 – Fees and Compensation

Fee arrangements vary by type of asset, transaction, and/or client and are subject to negotiation. The specific manner in which fees are charged by DLB Inc. is established in a client's written agreement with DLB. DLB will generally bill its fees either on a monthly or quarterly basis.

Fees for advisory services and/or asset management/property management services include:

1. Fees billed on an hourly basis;
2. Fees billed at a fixed fee or fixed rate per month based on total assets under management;
and
3. Fees for asset acquisitions and dispositions are generally billed at a fixed fee per transaction.

Fees are billed and paid in arrears with the exception of acquisition and disposition fees which are normally paid through escrow when the transaction closes.

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Item 6 – Performance Fees and Side-by-Side Management

DLB does not charge performance based fees.

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Item 7 – Types of Clients

DLB provides services to public pension funds, corporations, family trusts, and individual investors. While we do not have a specific required account size we are very selective in our acceptance of clients and, as a result, maintain a relatively small portfolio of clients. We believe that by being both selective in our hiring and choosing to focus on a limited number of clients, we confine ourselves to clients of only the highest quality which we can serve with superior service.

Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss

Methods of Analysis

Investment guidelines and objectives are developed and set forth by each individual client. Real estate transactions are analyzed using the income capitalization approach to value (direct capitalization and discounted cash flow methods). These methods are based on the premise that value is created by the expected future income to be derived from the property, and that this value is represented by the present worth of the rights to this income. This approach involves estimating the annual net income the property will earn and converting it into value. This process, called capitalization, is accomplished by dividing the net income, before payment of debt service, by a capitalization rate. This rate will vary because of such factors as risk, time, interest or capital investment, and recapture of the depreciating asset.

Rental Income Analysis: One of the first steps in the income capitalization approach is to estimate the total possible gross income a property can generate, usually measured over a one-year period. In order to accomplish this, rents being achieved at the subject property are reviewed, as well as market rents for comparable properties.

Vacancy: The second income capitalization approach step is to project a vacancy rate and the income loss attributable thereto. Vacancy and collection loss is the allowance for a reduction in potential gross income attributable to vacancies, tenant turnover, and non-payment of rent. This loss should reflect typical investor expectation over a specific holding period, assumed or projected.

The third step in the income capitalization approach analysis is to project expenses for the coming year, including costs for proper third party management. Based on historical and market data, the coming year's expenses are projected.

This method is called “Direct Capitalization”

Related to “Direct Capitalization” is the “Discounted Cash Flow Method”. In this method, the periodic cash flows (which consist of net operating income less capital costs) and a reversionary value are developed and discounted to a present value using an internal rate of return that is determined by analyzing current investor yield requirements for similar investments.

Information for financial analyses is obtained from local real estate brokers, loan brokers, and industry publications.

Investment Strategies

Investment strategies are developed by each individual client; however, DLB does provide assistance to our client in the development of those strategies by providing financial analyses for potential real estate acquisitions and dispositions. Our services are non-discretionary and all investment strategies are based on investment guidelines and objectives as developed and set forth by each individual client.

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Risk of Loss

Risk is an inherent part of investing. The possibility that an investment's actual return will be different than expected; includes the possibility of losing some or all of the original investment. Clients should evaluate the risks and merits of all prospective investments and obtain information from independent source in order to make informed investment decisions.

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Item 9 – Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of DLB or the integrity of DLB's management. Neither DLB nor any of its principals or employees is currently subject to, nor have they been subject to, any legal or disciplinary events of a material nature.

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Item 10 – Financial Industry Affiliations

DLB holds a Corporate license with the California Department of Real Estate with David L. Bonuccelli, President, Chief Financial Officer, and Director, is listed as the designated officer.

David L. Bonuccelli is licensed by the California Department of Real Estate as a Broker.

Blair C. Bonuccelli, Asset Manager, is licensed by the California Department of Real Estate as a Salesperson.

Wendy G. Powell, Senior Executive Vice President and Chief Financial Officer, is licensed with the State of California as a Certified Public Accountant with an Inactive Status.

The following is a list of Licenses and Memberships:

- Registered Investment Advisor with the Securities and Exchange Commission
- California Department of Real Estate Corporate Broker
- Member of CRE Financial Council
- Associate Member of the State Association of County Retirement Systems
- Corporate Member of the Sacramento Area Council of Trade & Organization
- Corporate Sponsor of the Urban Land Institute.

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Item 11 – Code of Ethics and Participation in Client Transactions

Code of Ethics

DLB has adopted a Code of Ethics for the purposes of guiding its employees in their ethical obligations. Our Code of Ethics includes requirements that all employees:

1. Place the interests of Advisory Clients first.
2. Avoid taking inappropriate advantage of their position.
3. Conduct all personal investment transactions in full compliance with this Code including both pre-clearance and reporting requirements.
4. Confidentiality - All employees are prohibited from revealing information relating to the investment intentions, activities, or portfolios of Advisory Clients except to persons whose responsibilities require knowledge of the information.
5. Company Policy regarding the Acceptance of Gifts, Solicitation of Gifts and Giving of Gifts.
6. Company Opportunities - Employees may not take personal advantage of any opportunity properly belonging to any Advisory Client or DLB & Associates.
7. Undue influence – Employees shall not cause or attempt to cause any Advisory Client to purchase, sell, or hold any security or other investment (i.e., real estate) in a manner calculated to create any personal benefit to such Access Person.
8. Reporting, Review, and Record Keeping - All violations of the Ethics Code must be reported promptly to the Chief Compliance Officer (“CCO”).
9. Sanctions for Violations of the Ethics Code.
10. Personal Securities Holdings Reports.

DLB will provide a copy of the Code of Ethics upon request.

Participation in Client Transactions

David L. Bonuccelli is the General Partner, as well as a Limited Partner, in three (3) Limited Partnerships in which a group of clients has invested as the Limited Partners: West Marine Plaza, L.P., 7803 Madison Investors, L.P., and Gold Express Pac Capital, L.P. All of these Limited Partnerships invested in real estate assets and Mr. Bonuccelli’s investment was made concurrent with the other Limited Partners investments and was required by such Limited Partners as a condition to the investment. Disclosure as to potential conflicts of interest has been disclosed to the Limited Partners and all fees paid to Mr. Bonuccelli and DLB are disclosed to the Limited Partners.

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Item 12 – Brokerage Practices

DLB generally does not make recommendations to clients with regards to real estate brokers; however, if requested DLB can provide clients with contact information for brokers at the major real estate firms in the local area. Neither DLB nor any of its employees receive fees for referrals.

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Item 13 – Review of Accounts

DLB provides quarterly written reports to its clients. If a more frequent review is warranted, this is performed.

All advisory clients are advised that it remains their responsibility to advise DLB of any changes in their investment objectives and/or financial situation.

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Item 14 – Client Referrals and Other Compensation

DLB may suggest a real estate broker for leasing activities or for acquisition/disposition services or a loan broker for financing of acquisitions. Client may at their absolute and sole discretion contract with a broker of their choice. All commission paid by clients to such brokers are pursuant to contracts entered into by clients and are at market rates. Applicant does not share in such commissions. Recommendations are generally based on location and type of real estate in order to match a broker with appropriate expertise.

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Item 15 – Custody

In connection with property/asset management activities, which is not a material part of our business, Mr. Bonuccelli has signature authority on property operating accounts. The accounts are clearly segregated from both DLB accounts, as well as Mr. Bonuccelli's personal accounts, and are held in financial institutions in accounts which are (i) in DLB's name as Trustee for a client/investor or (ii) in the client/investors name.

Reports are sent to clients/investors on a quarterly basis and include detailed general ledgers and copies of bank statements and reconciliations for review.

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Item 16 – Investment Discretion

All services are non-discretionary and are based on a set of pre-determined investment guidelines and objectives as defined by the individual client.

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Item 17 – Proxy Voting

DLB does not vote proxies on behalf of its clients.

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Item 18 – Financial Information

Registered investment advisors are required in some cases to provide certain financial information and or disclosures about their financial condition. DLB has no financial conditions that are reasonably likely to impair our ability to meet our contractual commitments to our clients.

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Item 19 – State Registered Advisors

DLB is not a State Registered Advisor.