

**FORM ADV**

**Uniform Application for Investment Adviser Registration**

**Part II - Page 1**

OMB APPROVAL	
OMB Number:	3235-0049
Expires:	February 28, 2011
Estimated average burden hours per response:	4.07

Name of Investment Adviser: Urban Financial Advisory Corporation						
Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone number:
	221 N. LaSalle Street, Suite 764	Chicago	Illinois	60101	( 312)	379-0150

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any governmental authority.**

**Table of Contents**

<b><u>Item Number</u></b>	<b><u>Item</u></b>	<b><u>Page</u></b>
1	Advisory Services and Fees .....	2
2	Types of Clients .....	2
3	Types of Investments .....	3
4	Methods of Analysis, Sources of Information and Investment Strategies .....	3
5	Education and Business Standards .....	4
6	Education and Business Background .....	4
7	Other Business Activities .....	4
8	Other Financial Industry Activities or Affiliations .....	4
9	Participation or Interest in Client Transactions .....	5
10	Conditions for Managing Accounts .....	5
11	Review of Accounts .....	5
12	Investment or Brokerage Discretion .....	6
13	Additional Compensation .....	6
14	Balance Sheet .....	6
	Continuation Sheet .....	Schedule F
	Balance Sheet, if required .....	Schedule G

**(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)**

**Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

**1. A. Advisory Services and Fees.** (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

**Applicant:**

- |                                     |   |       |   |
|-------------------------------------|---|-------|---|
| <input checked="" type="checkbox"/> | (1) Provides investment supervisory services .....  | 60    | % |
| <input type="checkbox"/>            | (2) Manages investment advisory accounts not involving investment supervisory services .....  | _____ | % |
| <input type="checkbox"/>            | (3) Furnishes investment advice through consultations not included in either service described above ....   | _____ | % |
| <input type="checkbox"/>            | (4) Issues periodicals about securities by subscription .....   | _____ | % |
| <input type="checkbox"/>            | (5) Issues special reports about securities not included in any service described above .....   | _____ | % |
| <input type="checkbox"/>            | (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities ..... | _____ | % |
| <input checked="" type="checkbox"/> | (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities .....   | 40    | % |
| <input type="checkbox"/>            | (8) Provides a timing service .....   | _____ | % |
| <input type="checkbox"/>            | (9) Furnishes advice about securities in any manner not described above .....   | _____ | % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? ..... Yes  No

C. Applicant offers investment advisory services for: (check all that apply)

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management      | <input type="checkbox"/> (4) Subscription fees |
| <input checked="" type="checkbox"/> (2) Hourly charges                               | <input type="checkbox"/> (5) Commissions       |
| <input checked="" type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other             |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

**2. Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals                      | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations                    |
| <input type="checkbox"/> B. Banks or thrift institutions                | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies                        | <input type="checkbox"/> G. Other (describe on Schedule F)   |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans |  |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |  |  |
|--|--|
| <input type="checkbox"/> A. Equity securities  | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                             | <input type="checkbox"/> I. Options contracts on:                          |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter                     | <input type="checkbox"/> (1) securities                                    |
| <input checked="" type="checkbox"/> (3) foreign issuers  | <input type="checkbox"/> (2) commodities                                   |
| <input type="checkbox"/> B. Warrants   | <input type="checkbox"/> J. Futures contracts on:                          |
| <input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> (1) tangibles                                     |
| <input type="checkbox"/> D. Commercial paper   | <input type="checkbox"/> (2) intangibles                                   |
| <input checked="" type="checkbox"/> E. Certificates of deposit                                 | <input type="checkbox"/> K. Interests in partnerships investing in:        |
| <input checked="" type="checkbox"/> F. Municipal securities                                    | <input checked="" type="checkbox"/> (1) real estate                        |
| <input type="checkbox"/> G. Investment company securities:                                     | <input type="checkbox"/> (2) oil and gas interests                         |
| <input checked="" type="checkbox"/> (1) variable life insurance                                | <input checked="" type="checkbox"/> (3) other (explain on Schedule F)      |
| <input checked="" type="checkbox"/> (2) variable annuities                                     | <input checked="" type="checkbox"/> L. Other (explain on Schedule F)       |
| <input checked="" type="checkbox"/> (3) mutual fund shares                                     |  |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

A. Applicant's security analysis methods include: (check those that apply)

- |   |   |
|---|---|
| (1) <input type="checkbox"/> Charting               | (4) <input type="checkbox"/> Cyclical                                 |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (3) <input type="checkbox"/> Technical              |   |

B. The main sources of information applicant uses include: (check those that apply)

- |   |   |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input type="checkbox"/> Timing services  |
| (2) <input type="checkbox"/> Inspections of corporate activities              | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input type="checkbox"/> Company press releases   |
| (4) <input checked="" type="checkbox"/> Corporate rating services             | (8) <input type="checkbox"/> Other (explain on Schedule F)  |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |   |   |
|---|---|
| (1) <input checked="" type="checkbox"/> Long term purchases (securities held at least a year) | (5) <input type="checkbox"/> Margin transactions  |
| (2) <input type="checkbox"/> Short term purchases (securities sold within a year)             | (6) <input type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days)                         | (7) <input checked="" type="checkbox"/> Other (explain on Schedule F)   |
| (4) <input type="checkbox"/> Short sales  |   |

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? .....  Yes  No  
(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

**7. Other Business Activities.** (check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients.
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
  - (1) broker-dealer
  - (2) investment company
  - (3) other investment adviser
  - (4) financial planning firm
  - (5) commodity pool operator, commodity trading adviser or futures commission merchant
  - (6) banking or thrift institution
  - (7) accounting firm
  - (8) law firm
  - (9) insurance company or agency
  - (10) pension consultant
  - (11) real estate broker or dealer
  - (12) entity that creates or packages limited partnerships

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? . . .  Yes  No

(If yes, describe on Schedule F the partnerships and what they invest in.)

**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? Yes  No

(If yes, describe on Schedule F)

**11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Applicant generally reviews all accounts on a quarterly basis. Such reviews may include:

- a survey of value and quality rating changes of securities within accounts,
- an analysis of liquidity positions and client liquidity requirements from accounts,
- determination of steps necessary to deploy investment policy developed for the particular accounts,
- discussions with brokers and clients regarding the status of the portfolio and investment policy.

B. Describe below the nature and frequency of regular reports to clients on their accounts.

Clients receive monthly statements from the custodian of their investment assets. In addition, clients generally receive from the applicant quarterly reports which analyze the change in account value during the quarter and asset allocation for the portfolio. Account performance is compared to various general indices and peer manager performance figures. The status of account deployment against originally developed policy and immediate plans for the following quarter are also discussed within the quarterly report.

Applicant: Urban Financial Advisory Corporation	SEC File Number: 801- 47160	Date: 10/13/09
--	--------------------------------	-------------------

**12. Investment or Brokerage Discretion.**

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- |  |  |   |
|--|--|---|
| (1) securities to be bought or sold? .....               | Yes<br><input checked="" type="checkbox"/> | No<br><input type="checkbox"/>            |
| (2) amount of the securities to be bought or sold? ..... | Yes<br><input checked="" type="checkbox"/> | No<br><input type="checkbox"/>            |
| (3) broker or dealer to be used? .....                   | Yes<br><input type="checkbox"/>            | No<br><input checked="" type="checkbox"/> |
| (4) commission rates paid? .....                         | Yes<br><input type="checkbox"/>            | No<br><input checked="" type="checkbox"/> |

- B. Does applicant or a related person suggest brokers to clients? ..... Yes  No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |   |                                 |   |
|---|---------------------------------|---|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... | Yes<br><input type="checkbox"/> | No<br><input checked="" type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? .....  | Yes<br><input type="checkbox"/> | No<br><input checked="" type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
  - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? ..... Yes  No

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Urban Financial Advisory Corporation	801- 47160	10/13/09

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Urban Financial Advisory Corporation		IRS Empl. Ident. No.:
Item of Form (identify)	Answer	
1.A.(1).	<p><b>ADVISORY SERVICES AND FEES</b></p> <p>Applicant provides investment supervisory services. Such supervisory services include the purchase and sale of securities and/or the selection of money managers and mutual funds. In all cases, the investment assets are held by an unaffiliated custodian. Such services also include cash flow planning, consultation regarding asset allocation theory and investment strategy, and the screening analysis of investment managers, mutual funds and ongoing performance attribution reporting for accounts being monitored. Clients either pay a quarterly fee based upon assets under management (between .04% (four basis points) and .025% (two and a half basis points)) depending on the size of the portfolio, generally subject to a \$400 per quarter minimum fee or pay a fixed quarterly fee on a pre-negotiated basis. An initial portfolio set up fee may also apply and is generally \$500. Any fees paid to Applicant are separate from and in addition to any custodial, management, transaction or other fees that may be assessed to the client by custodians, mutual funds (including fees assessed at the fund level which reduce the net asset value of the fund) or separate money managers. Compensation is payable quarterly in advance and a pro rata portion is refunded if client terminates service. A client may terminate advisory services any time by written notice to the Applicant.</p>	
1.A.(3).	<p>Applicant furnished investment advice through consultations not described above primarily through fee only personal financial planning engagements with individuals. Clients are charged exclusively on a per project or an hourly basis quoted in advance as applicant does not receive any product based fees such as commissions, loads or referral fees.</p>	
3.L.	<p><b>TYPES OF INVESTMENTS</b></p> <p>Applicant may offer advice on direct participation investments in all areas listed in response to part 3. K. including non-exchange listed debt and equity securities.</p>	
4.A.(5) and 4.C.(7)	<p><b>METHODS OF ANALYSIS, SOURCES OF INFORMATION, AND INVESTMENT STRATEGIES</b></p> <p>Applicant develops financial plans and investment policies based upon individual needs, objectives and opinions and thus, no standard investment strategy is utilized. Most frequently, however, applicant tends to plan for acquisitions of securities on a long-term basis utilizing modern portfolio theory. Margin transactions, option writing and short-term purchases are discouraged.</p>	
6.	<p><b>EDUCATION AND BUSINESS BACKGROUND</b></p> <p>Steven D. Urban is the sole shareholder of the applicant and was born in 1957. He received a BBA in Finance and Business Economics from the University of Notre Dame in 1979. He received a J.D. from the DePaul University College of Law in 1985 and is licensed to practice law in the State of Illinois. He is a licensed Certified Public Accountant (1988), Certified Investment Management Analyst (1996) and a Certified Financial Planner (1987). He has devoted his full time and energies to Urban Financial Advisory Corporation since January 1, 2000 although he has run the firm on a part-time basis</p>	

**Complete amended pages in full, circle amended items and file with execution page (page 1).**

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant: Urban Financial Advisory Corporation	SEC File Number: 47160 801-	Date: 09/25/09
--	-----------------------------------	-------------------

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:		IRS Empl. Ident. No.:
Item of Form (identify)	Answer	
7.A. and B.	<p>since February, 1990. From February 1990 through December 1999, he was employed by BP plc(formerly British Petroleum)</p> <p><b>OTHER BUSINESS ACTIVITIES</b></p> <p>The firm's primary business is personal financial advisory services, including comprehensive financial planning, retirement and estate planning; also tax and compliance and legal services. Approximately 50% of Applicant's time is spent on such activities.</p>	
9.E.	<p><b>PARTICIPATION OR INTEREST IN CLIENT TRANSACTION</b></p> <p>The sole shareholder of applicant may from time to time buy or sell securities for himself that are also recommended to clients. Due to the relative size and type of applicant and client purchases and sales, as well as the fact that only mutual funds are generally involved, no restrictions or internal procedures are used for such transactions. Clients are informed that applicant may make such purchases and sales at time periods non-coincidental with their own purchases and sales.</p>	

**Complete amended pages in full, circle amended items and file with execution page (page 1).**

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant: Urban Financial Advisory Corporation	SEC File Number: 801- 47160	Date: 09/25/09
--	--------------------------------	-------------------

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:		IRS Empl. Ident. No.:
Item of Form (identify)	Answer	
10.	<p><b>CONDITIONS FOR MANAGING ACCOUNTS</b></p> <p>Applicant generally imposes a minimum dollar value of \$1,000,000 in assets for initiating services, although in certain circumstances this may be waived.</p>	
12.A.1 and 2.	<p><b>INVESTMENT OR BROKERAGE DISCRETION</b></p> <p>The limitations on the securities purchased or sold within any account are generally specified in planning sessions with the client prior to initiation of management of the account and are embodied within the investment policy for the portfolio.</p>	
12.B.	<p>Brokers may be suggested to clients based upon perceived service and value to be received by the client. Reasonableness of commissions is determined by comparison to those of other brokers. Discounts from broker published commission rates are considered in the comparison. The availability of investment product such as third party mutual funds within centralized accounts is also considered in evaluating brokers. The value of products, research and services given to the applicant is not a factor in selecting a broker for the client as no implicit or explicit agreement to receive such products, research or services exist between applicant and any broker. On occasion, the applicant may be provided software by a broker which is utilized by the applicant to electronically access client account data.</p> <p>Generally, trading is done on a client by client basis. Exceptions to this practice occur when large blocks of stock associated with employee stock option plans are sold, or when a large bond position is acquired to be allocated to more than one client account. In this situation, UFAC may aggregate sales of the security involved. When transactions are so aggregated, the actual sales price will be averaged and each client will be deemed to have sold or purchased his share of the security at the average price. Transaction costs will be shared pro rata by all clients participating in the aggregated transaction.</p>	
Rule 204(A)-1	<p><b>CODE OF ETHICS</b></p> <p>The applicant is guided by its Code of Ethics in rendering all services. The applicant deems its primary duty to the best interests of its clients and all operations of the firm are guided by this premise. Any advice rendered to or action taken on behalf of clients is only after a thorough consideration and understanding of their financial situation and best interest.</p> <p>The Code of Ethics prohibits supervised persons from engaging in activities from which there is a conflict of interest.</p> <p>UFAC will provide a copy of the Code of Ethics to any client or prospective client upon request.</p>	

**Complete amended pages in full, circle amended items and file with execution page (page 1).**