SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended September 30, 2005	Commission File Number: 0-9341

SECURITY NATIONAL FINANCIAL CORPORATION
Exact Name of Registrant.

UTAH	87-0345941
(State or other jurisdiction of incorporation or organization	IRS Identification Number

5300 South 360 West, Salt Lake City, Utah	84123
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including Area Code (801) 264-1060

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class A Common Stock, $2.00 par value	5,566,229
Title of Class	Number of Shares Outstanding as of September 30, 2005
Class C Common Stock, $.20 par value	6,326,592
Title of Class	Number of Shares Outstanding as of September 30, 2005

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES

FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2005

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SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited)

	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004
Revenues:				
Insurance premiums and other considerations	$ 6,437,047	$ 6,516,327	$20,329,776	$19,316,466
Net investment income	5,475,357	4,097,144	14,918,458	11,895,451
Net mortuary and cemetery sales	2,472,330	2,909,252	8,203,514	8,862,139
Realized gains on investments and other assets	15,379	142,240	38,693	147,563
Mortgage fee income	21,055,796	12,908,022	51,321,888	48,231,477
Other 104,684	124,817	415,004	555,003	
Total revenues	35,560,593	26,697,802	95,227,333	89,008,099
Benefits and expenses:				
Death benefits	3,385,292	3,127,355	9,810,767	10,025,473
Surrenders and other policy benefits	226,244	278,353	1,049,121	1,049,526
Increase in future policy benefits	2,233,110	2,255,143	7,304,025	6,258,223
Amortization of deferred policy and pre-need acquisition costs and costs of insurance acquired	667,554	638,872	2,276,595	3,403,664
General and administrative expenses:				
Commissions	15,267,155	10,675,849	39,592,775	37,476,010
Salaries	3,960,552	3,622,953	11,709,035	10,930,883
Other 5,882,937	4,630,235	15,798,339	14,370,675	
Interest expense	1,502,491	479,263	3,171,612	1,538,829
Cost of goods and services sold of the mortuaries and cemeteries	479,794	612,711	1,594,750	1,750,055
Total benefits and expenses	33,605,129	26,320,734	92,307,019	86,803,338
Earnings before income taxes	1,955,464	377,068	2,920,314	2,204,761
Income tax expense	(628,751)	33,548	(762,218)	(492,324)
Minority interest	--	39,695	--	63,400
Net earnings	$ 1,326,713	$ 450,311	$ 2,158,096	$ 1,775,837
Net earnings per common share	$0.22	$0.08	$0.35	$0.31
Weighted average outstanding common shares	6,159,174	5,714,812	6,119,472	5,686,157
Net earnings per common share -assuming dilution	$0.22	$0.08	$0.35	$0.31
Weighted average outstanding common hares- assuming dilution	6,159,919	5,715,207	6,143,984	5,799,244

See accompanying notes to condensed consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

Assets:	September 30, 2005	December 31, 2004
Insurance-related investments:		
Fixed maturity securities held to maturity, at amortized cost	$67,989,329	$69,984,761
Fixed maturity securities available for sale, at market	8,708,842	11,066,025
Equity securities available for sale, at market	4,238,019	4,166,769
Mortgage loans on real estate and construction loans, net of allowance for losses	67,562,857	65,831,586
Real estate, net of accumulated depreciation and allowances for losses	9,852,443	9,709,129
Policy, student and other loans	12,445,927	13,312,471
Short-term investments	2,426,021	4,628,999
Total insurance-related investments	173,223,438	178,699,740
Restricted assets of cemeteries and mortuaries	5,413,673	5,176,463
Cash	11,017,755	15,333,668
Receivables:		
Trade contracts	5,875,986	5,333,891
Mortgage loans sold to investors	60,418,850	47,167,150
Receivable from agents	1,708,548	1,416,211
Receivable from officers	--	1,540
Other	1,483,406	1,120,157
Total receivables	69,486,790	55,038,949
Allowance for doubtful accounts	(1,215,654)	(1,302,368)
Net receivables	68,271,136	53,736,581
Policyholder accounts on deposit with reinsurer	6,608,138	6,689,422
Cemetery land and improvements held for sale	8,453,367	8,547,764
Accrued investment income	2,050,876	1,743,721
Deferred policy and pre-need contract acquisition costs	22,902,608	20,181,818
Property and equipment, net	10,569,353	10,520,665
Cost of insurance acquired	12,749,013	14,053,497
Excess of cost over net assets of acquired subsidiaries	683,191	683,191
Other	2,635,887	1,107,230
Total assets	$324,578,435	$316,473,760

See accompanying notes to condensed consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)
(Unaudited)

	September 30 2005	December 31, 2004
Liabilities:		
Future life, annuity, and other policy benefits	$229,331,535	$224,529,539
Unearned premium reserve	2,922,678	2,254,991
Bank loans payable	9,174,805	10,442,106
Notes and contracts payable	2,295,156	2,888,539
Deferred pre-need cemetery and funeral contract revenues	10,826,575	10,762,357
Accounts payable	1,542,696	1,064,269
Funds held under reinsurance treaties	1,153,691	1,184,463
Other liabilities and accrued expenses	9,162,491	6,371,343
Income taxes	12,795,178	11,497,967
Total liabilities	279,204,805	270,995,574
Commitments and contingencies	--	--
Minority interest	--	3,813,346
Stockholders' Equity:		
Common stock:		
Class A: $2.00 par value, authorized 10,000,000 shares, issued 6,757,796 shares in 2005 and 6,755,870 shares in 2004	13,515,592	13,511,740
Class C: convertible, $0.20 par value, authorized 7,500,000 shares, issued 6,458,152 shares in 2005 and 6,468,199 shares in 2004	1,291,630	1,293,641
Total common stock	14,807,222	14,805,381
Additional paid-in capital	15,003,094	14,922,851
Accumulated other comprehensive (loss) and other items, net of deferred taxes	1,122,644	(11,352)
Retained earnings	17,523,205	15,365,259
Treasury stock at cost (1,191,567 Class A shares and 131,560 Class C shares in 2005; 1,315,075 Class A shares and 79,103 Class C shares in 2004, held by affiliated companies)	(3,082,535)	(3,417,299)
Total stockholders' equity	45,373,630	41,664,840
Total liabilities and stockholders' equity	$324,578,435	$316,473,760

See accompanying notes to condensed consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30, 2005	2004
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	$(2,019,241)	$52,172,785
Cash flows from investing activities:		
Securities held to maturity:		
Purchase - fixed maturity securities	(5,484,347)	(35,298,358)
Calls and maturities - fixed maturity securities	7,381,707	6,013,487
Securities available for sale:		
Sales - equity securities	1,992,991	2,662,122
Purchases of short-term investments	(11,924,755)	(27,167,080)
Sales of short-term investments	14,127,733	24,542,798
Purchases of restricted assets	(169,310)	(231,902)
Mortgage, policy, and other loans made	(58,817,295)	(50,980,016)
Payments received for mortgage, policy, and other loans	57,737,641	28,538,130
Purchases of property and equipment	(1,403,476)	(926,685)
Purchases of real estate	(2,995,748)	(1,830,045)
Cash paid for purchase of subsidiary	--	(304,042)
Sale of real estate	2,294,238	238,502
Net cash (used in) provided by investing activities	2,739,379	(54,743,089)
Cash flows from financing activities:		
Annuity and pre-need contract receipts	4,237,386	3,898,324
Annuity and pre-need contract withdrawals	(7,111,885)	(7,532,453)
Repayment of bank loans and notes and contracts payable	(2,575,517)	(3,851,225)
Stock options exercised	--	--
Sale (Purchase) of Treasury Stock	413,965	110,299
Net cash used in financing activities	(5,036,051)	(7,375,055)
Net change in cash	(4,315,913)	(9,945,359)
Cash at beginning of period	15,333,668	19,704,358
Cash at end of period	$11,017,755	$9,758,999

See accompanying notes to condensed consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
September 30, 2005 (Unaudited)

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2005, are not necessarily indicative of the results that may be expected for the year ending December 31, 2005. For further information, refer to the consolidated financial statements and footnotes thereto for the year ended December 31, 2004 included in the Company's Annual Report on Form 10-K (file number 0-9341).

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The estimates susceptible to significant change are those used in determining the liability for future policy benefits and claims, those used in determining valuation allowances for mortgage loans on real estate, and those used in determining the estimated future costs for pre-need sales. Although some variability is inherent in these estimates, management believes the amounts provided are fairly stated in all material respects.

2. Comprehensive Income

For the three months ended September 30, 2005 and 2004, total comprehensive income amounted to $2,586,656 and $515,113, respectively.

For the nine months ended September 30, 2005 and 2004, total comprehensive income amounted to $3,292,092 and $1,988,307, respectively.

3. Stock-Based Compensation

The Company accounts for stock-based compensation under the recognition and measurement principles of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations. The Company has adopted SFAS No. 123, "Accounting for Stock-Based Compensation". In accordance with the provisions of SFAS 123, the Company has elected to continue to apply Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB Opinion No. 25"), and related interpretations in accounting for its stock option plans. In accordance with APB Opinion No. 25, no compensation cost has been recognized for these plans. Had compensation cost for these plans been determined based upon the fair value at the grant date consistent with the methodology prescribed under SFAS No. 123, net earnings for the nine months ended September 30, 2005 and 2004 would have been reduced by the following:

	Nine Months Ended September 30, 2005	2004
Net earnings as reported	$2,158,096	$1,775,837
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	--	--
Pro forma net earnings	$2,158,096	$1,775,837

	Nine Months Ended September 30, 2005	2004
Net earnings per common share:		
Basic - as reported	$0.35	$0.31
Basic - pro forma	$0.35	$0.31
Diluted - as reported	$0.35	$0.31
Diluted - pro forma	$0.35	$0.31

4. Earnings Per Share

Basic earnings per share includes Class A and Class C shares, which are convertible on a 10-for-1 equivalent, to Class A common stock outstanding. The basic and diluted earnings per share amounts were calculated as follows:

	Three Months Ended September 30, 2005	2004
Numerator:		
Net income	$ 1,326,713	$ 450,311
Denominator:		
Denominator for basic earnings per share-weighted -average shares	6,159,174	5,714,812
Effect of dilutive securities:		
Employee stock options	168	--
Stock appreciation rights	577	395
Dilutive potential common shares	745	395
Denominator for diluted earnings per share-adjusted weighted-average shares and assumed conversions	6,159,919	5,715,207
Basic earnings per share	$0.22	$.08
Diluted earnings per share	$0.22	$.08

	Nine Months Ended September 30, 2005	2004
Numerator:		
Net income	$2,158,096	$1,775,837
Denominator:		
Denominator for basic earnings per share-weighted-average shares	6,119,472	5,686,157
Effect of dilutive securities:		
Employee stock options	23,971	111,590
Stock appreciation rights	541	1,497
Dilutive potential common shares	24,512	113,087
Denominator for diluted earnings per share-adjusted weighted-average shares and assumed conversions	$6,143,984	5,799,244
Basic earnings per share	$0.35	$0.31
Diluted earnings per share	$0.35	$0.31

5. Business Segment

	Life Insurance	Cemetery/ Mortuary	Mortgage	Reconciling Items	Consolidated
For the Three Months Ended September 30, 2005					
Revenues from external customers	$8,927,439	$2,796,506	$23,836,648	$ --	$35,560,593
Intersegment revenues	1,297,110	30,668	92,743	(1,420,521)	--
Segment profit (loss) before income taxes	470,689	(23,454)	1,508,229	--	1,955,464
For the Three Months Ended September 30, 2004					
Revenues from external sources	$8,819,017	$3,172,449	$14,706,336	$ --	$26,697,802
Intersegment revenues	1,866,654	38,336	69,074	(1,974,064)	--
Segment profit (loss) before income taxes	595,525	172,395	(390,852)	--	377,068
For the Nine Months Ended September 30, 2005					
Revenues from external sources	$28,505,978	$9,130,423	$57,590,932	$ --	$95,227,333
Intersegment revenues	3,666,646	69,003	255,783	(3,991,432)	--
Segment profit (loss) before income taxes	1,806,834	398,433	715,047	--	2,920,314
Identifiable assets	309,087,308	49,244,698	18,645,032	(52,398,603)	324,578,435
For the Nine Months Ended September 30, 2004					
Revenues from external sources	$25,885,019	$9,628,455	$53,494,625	$ --	$89,008,099
Intersegment revenues	5,818,153	38,336	191,158	(6,047,647)	--
Segment profit (loss) before income taxes	1,621,209	695,290	(111,738)	--	2,204,761
Identifiable assets	306,437,782	46,140,543	18,258,337	(51,835,770)	319,000,892

6. Merger Transaction

Effective January 1, 2005, Security National Life and SSLIC Holding Company, a wholly owned subsidiary of Security National Life, completed a merger transaction with Southern Security Life Insurance Company. Under the terms of the merger and pursuant to the Agreement and Plan of Reorganization, dated August 25, 2004, among Security National Life, SSLIC Holding Company and Southern Security Life Insurance Company, including the amendment thereto dated December 27, 2004, SSLIC Holding Company was merged with and into Southern Security Life Insurance Company, which resulted in (i) Southern Security Life Insurance Company becoming a wholly-owned subsidiary of Security National Life Insurance Company, and (ii) the unaffiliated stockholders of Southern Security Life Insurance Company, holding an aggregate of 490,816 shares of common stock, or 23.3% of the outstanding shares, becoming entitled to receive $3.84 in cash for each issued and outstanding share of their common stock of Southern Security Life Insurance Company, or an aggregate of $1,884,733.

As a result of the merger, the separate existence of SSLIC Holding Company ceased as Southern Security Life Insurance Company became the surviving corporation of the merger. Southern Security Life Insurance Company continues to be governed by the laws of the State of Florida, and its separate corporate existence continues unaffected by the merger. In addition, as a result of the merger, Security National Life owns all of the issued and outstanding common shares of Southern Security Life Insurance Company. Security National Financial Corporation, through its affiliates, Security National Life Insurance Company and SSLIC Holding Company, owned 76.7% of the Company's outstanding common shares prior to the merger.

The minority shareholders interest in assets and liabilities were recorded at book value. Due to the purchase price of the minority shares being less than book value, there was a gain of $1,678,463. This gain was used to reduce the Deferred Acquisition Costs by $1,187,044 and Cost of Insurance Acquired by $491,419. Proforma disclosure information, as though the business combination has been completed as of January 1, 2004, has not been included because the change would not have been material.

The purpose of the merger is to terminate the registration of the common stock of Southern Security Life Insurance Company under the Securities Exchange Act of 1934 (by reducing the number of its stockholders of record to fewer than 300 stockholders) and the Nasdaq listing of the common stock, reduce expenses associated with such registration and listing, and provide the stockholders an opportunity to sell their shares in an illiquid trading market without incurring brokerage commissions. As a result of becoming a non-reporting company, Southern Security Life Insurance Company is no longer required to file periodic reports with the SEC, including among other things, annual reports on Form 10-K and quarterly reports on Form 10-Q, and is no longer subject to the SEC's proxy rules. In addition, its common stock is no longer eligible for trading on the Nasdaq SmallCap Market.

7. Recent Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board (FASB) issued Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51", and subsequently issued a revision to this Interpretation in December 2003. This Interpretation addresses the consolidation by business enterprises of variable interest entities as defined in the Interpretation. The Interpretation applies to those variable interest entities considered to be special-purpose entities no later than December 31, 2003. The Interpretation must also be applied to all other variable interest entities no later than March 31, 2005. The adoption of Interpretation No. 46 did not have a material impact on the Company's financial position or results of operations.

In December 2004, FASB revised SFAS 123 to Share-Based Payment ("SFAS 123(R)"). SFAS 123(R) provides additional guidance on determining whether certain financial instruments awarded in share-based payment transactions are liabilities. SFAS 123(R) also requires that the cost of all share-based transactions be recorded in the financial statements. The revised pronouncement must be adopted by the Company by January 1, 2006. Implementation of SFAS 123(R) will not have a significant impact on the Company's consolidated financial statements in the period of implementation. However, any future stock options granted could have a significant impact on the Company's consolidated financial statements.

In June 2005, the FASB issued SFAS No. 154, Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20, Accounting Changes, and FASB No. 3, Reporting Accounting Changes in Interim Financial Statements. Statement 154 applies to all voluntary changes in accounting principle, and changes the requirements for accounting for and reporting of a change in accounting principle. Statement 154 requires retrospective application to prior periods' financial statements of a voluntary change in accounting principle unless it is impracticable. It is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. Earlier application is permitted for accounting changes and corrections of errors made occurring in fiscal years beginning after June 1, 2005. The Company expects that the adoption of SFAS 154 will not have a material impact on its financial statements.

8. Other Business Activities

The Company has determined that a marketing employee of Security National Life Insurance Company has embezzled a total of $275,000 from the Company. The Company's audit committee has conducted a formal investigation of the matter and advised the Company's Board of Directors and registered public independent accountants of the embezzlement. Management is in the process of attempting to recover a portion of the embezzled funds. The Company has fidelity bond coverage with a $50,000 deductible, but there can be no assurance that the Company will be successful in obtaining any recovery of the embezzled funds from the insurer. The Company has accrued a liability of $200,000 in order to reflect the loss that may occur from this embezzlement as well as potential additional losses related to the employees mismanagement of the related business activity.

The City of Phoenix has commenced condemnation proceedings, in order to construct a light rail facility on the Camelback Funeral Home property. The condemnation has resulted in the cessation of funeral operations at Camelback on January 1, 2005. The land ($289,289) and building ($390,480) are being carried at December 31, 2004 book value pending finalization of the purchase contract and sale price, of which the City of Phoenix has placed $1,200,000 in escrow.

9. Subsequent Event

On September 23, 2005, the Company, through its subsidiaries, Security National Life Insurance Company and Southern Security Life Insurance Company, entered into a stock purchase agreement with Memorial Insurance Company of America, an Arkansas domiciled insurance company ("Memorial Insurance Company"), to purchase all of the outstanding shares of common stock of Memorial Insurance Company. Under the terms of the stock purchase agreement, the shareholders of Memorial Insurance Company will receive $13,500,000 in consideration for all of the outstanding common shares of Memorial Insurance Company, with each shareholder to receive a pro rata share of the total amount of the purchase consideration based upon the number of shares such shareholder owns. The shareholders will receive a total $13,500,000 for their shares by means of distributions, with Security National Life Insurance Company and Southern Security Life Insurance Company simultaneously contributing sufficient capital and surplus to Memorial Insurance Company to maintain its status as an admitted insurer in good standing in the state of Arkansas.

For federal and state tax purposes, the transaction will be treated as a part sale, part redemption of the Memorial Insurance Company stock. At the closing of the transaction, the shareholders of Memorial Insurance Company agree to sell their shares of Memorial Insurance Company stock to Security National Life Insurance Company and Southern Security Life Insurance Company, such shares representing all of the issued and outstanding stock of Memorial Insurance Company, free and clear of all liens, claims, and encumbrances. Following completion of the transaction, Memorial Insurance Company will become a wholly owned subsidiary of Southern Security Life Insurance Company.

As of December 31, 2004, Memorial Insurance Company had 100,170 policies in force and 50 agents. For the year ended December 31, 2004, Memorial Insurance Company had revenues of $4,893,000 and net income of $2,158,000. As of December 31, 2004, the statutory assets and the capital and surplus of Memorial Insurance Company were $45,048,000 and $12,303,000, respectfully.

Under the terms of the stock purchase agreement, the shareholders agree, where applicable following the closing of the transaction, to maintain any existing policies from Memorial Insurance Company that were previously sold through such shareholders' funeral and mortuary businesses and to avoid replacing any of such policies with the policies of other insurance companies. The shareholders further agree to use their reasonable best efforts to support the business and operations of Memorial Insurance Company, including, where applicable, to maintain a business relationship with Memorial Insurance Company to the extent such a business relationship existed prior to such closing.

Moreover, Security National Life Insurance Company and Southern Security Life Insurance Company agree to maintain the corporate offices of Memorial Insurance Company at its current location in Blytheville, Arkansas. Furthermore, Security National Life Insurance Company and Southern Security Life Insurance Company agree to use their best efforts, following the closing, to assist Memorial Insurance Company in retaining the sales agents and brokers in its business and operations. Security National Life Insurance Company anticipates completing the transaction on or about December 9, 2005. The obligations to complete the transaction are contingent upon approval of the transaction by the Arkansas Insurance Department. A hearing has been scheduled on December 9, 2005 with the commissioner of the Arkansas Insurance Department to consider the request by Security National Life Insurance Company and Southern Security Life Insurance Company to approve the transaction.

At the closing of the transaction, Security National Life Insurance Company and Memorial Insurance Company each agree to enter into a reinsurance agreement to reinsure the majority of the in force business of Memorial Insurance Company to Security National Life Insurance Company, as reinsurer, to the extent permitted by the Arkansas Insurance Department. The parties to the reinsurance agreement will consist of Security National Life Insurance Company, Memorial Insurance Company, and the Arkansas Insurance Department. The assets and liabilities to be reinsured under the reinsurance agreement shall be deposited into a trust account, in which Zions Bancorporation, a national banking corporation, has agreed to act as trustee. Under the terms of the reinsurance agreement, in the event of the insolvency of Security National Life Insurance Company, Zions Bancorporation will transfer the assets and liabilities held in trust to the Arkansas Insurance Department for purposes of the administration of the assets and liabilities with respect to such insolvency.

On October 20, 2005, Security National Life Insurance Company and Southern Security Life Insurance Company submitted a Form A application to the Arkansas Insurance Department. The Form A application included a proposed reinsurance agreement and a trust agreement that Security National Life Insurance Company intends to enter into with Memorial Insurance Company and the Arkansas Insurance Department.

Upon approval of the reinsurance agreement by the Arkansas insurance department, certain insurance business and operations of Memorial Insurance Company will be transferred to Security National Life Insurance Company, as of the effective date of the reinsurance agreement, including all policies in force as of the effective date thereof, except for certain policies. Any future insurance business by Memorial Insurance Company will be covered by this reinsurance agreement. It is anticipated that all of the business and operations of Memorial Insurance Company will be transferred to Security National Life Insurance Company under the terms of the reinsurance agreement, except for capital and surplus of approximately $1,000,000. Thus, it is estimated that approximately $30,091,000 in assets and liabilities will be transferred from Memorial Insurance Company to Security National Life Insurance Company pursuant to the reinsurance agreement.

At the closing of the stock purchase transaction, Memorial Insurance Company will issue a $30,091,000 note to Security National Life Insurance Company payable, together with accrued interest, within 30 days from the date of issuance. The note is to be repaid in cash or in assets to be transferred to Security National Life Insurance Company. The note will be secured by the assets owned by Memorial Insurance Company. In addition, Southern Security Life Insurance Company will contribute $2,200,000 to Memorial Insurance Company at closing in consideration for the surplus note. It is anticipated that Memorial Insurance Company will repay the surplus note in early 2006 using the proceeds from the sale of the investments in common stocks currently held in its investment portfolio.

10. Derivative Loan Commitments

In the third quarter 2005 the Company's mortgage banking activities implemented new practices as it relates to interest rate lock commitments and forward commitments to sell loans to third-party investors. The Company has also implemented a hedging strategy for these transactions. A mortgage loan commitment binds the Company to lend funds to a qualified borrower at a specified interest rate and within a specified period of time, generally up to 30 days after inception of the rate lock. Such a commitment is referred to as a derivative loan commitment if the loan that will result from exercise of the commitment will be held for sale under Statement of Financial Accounting Standards No. 133 ("SFAS 133"), Accounting for Derivative Instruments and Hedging Activities, as amended by Statement of Financial Accounting Standards No. 149 ("SFAS 149"), Amendment of Statement 133 on Derivative Instruments and Hedging Activities. As such, loan commitments that are derivatives and have an effective hedging strategy, must be recognized at fair value on the consolidated balance sheet with changes in their fair values recorded as part of other comprehensive income from mortgage banking operations.

In determining the fair value of its derivative loan commitments for economic purposes, the Company considers the value that would be generated when the loan arising from exercise of the loan commitment is sold to third party investors. That value consists of the price, including mortgage servicing release values, that is expected upon the sale of the loans to third-party investors.

In estimating their fair values, the Company also assigns a probability to a loan commitment based on an expectation that it will not be exercised and the loan will not be funded. This probability is commonly referred to as fallout.

The Company is exposed to price risk due to the potential impact of changes in interest rates on the values of the derivative loan commitments from the time a derivative loan commitment is made to an applicant to the time the loan that would result from the exercise of that loan commitment is funded. Managing price risk is complicated by the fact that the ultimate percentage of derivative loan commitments that will be exercised (i.e., the number of loan commitments that will be funded) fluctuates. The probability that a loan will not be funded within the terms of the commitment is driven by a number of factors - in particular, the change, if any, in mortgage rates subsequent to inception of the rate lock. However, many borrowers continue to exercise derivative loan commitments even when interest rates have fallen.

In general, the probability of funding increases if mortgage rates rise and decreases if mortgage rates fall. This is due primarily to the relative attractiveness of current mortgage rates compared to the applicant's committed rate. The probability that a loan will not be funded within the terms of the derivative loan commitments also is influenced by the source of the applications (retail, broker or correspondent channels), proximity to rate lock expiration, purpose for the loan (purchase or refinance) product type and the application approval status. The Company has developed fallout estimates using historical observed data that take into account all of the variables, as well as renegotiations of rate and point commitments that tend to occur when mortgage rates fall. These fallout estimates are used to estimate the number of loans that it expects to be funded within the terms of the derivative loan commitments and are updated periodically to reflect the most current data. Once a loan is closed, it is classified as a loan receivable-held for sale.

The Company utilizes various derivative instruments to economically hedge the price risk associated with its outstanding derivative loan commitments. Management expects these derivatives will experience changes in fair value opposite to changes in fair value of the derivative loan commitments, thereby reducing earnings volatility related to the recognition in earnings of changes in the values of the commitments. The instruments used to economically hedge the fair value of the derivative loan commitments include forward loan sales commitments and other free-standing derivatives such as options and U.S. Treasury futures. A forward loan sales commitment protects the Company from losses on sales of the loans arising from exercise of the loan commitments by securing the ultimate sales price and delivery date of the loans. The Company takes into account various factors and strategies in determining the portion of the mortgage pipeline (derivative loan commitments) it wants to hedge economically.

Included in Other Comprehensive Income is the significant components of these transactions as follows:

Gain on forward loan sale commitments	$1,259,000
Gain on derivative loan commitments	227,000
	$1,486,000

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The Company's operations over the last several years generally reflect three trends or events which the Company expects to continue: (i) increased attention to "niche" insurance products, such as the Company's funeral plan policies and traditional whole-life products; (ii) emphasis on cemetery and mortuary business; and (iii) capitalizing on historically lower interest rates by originating and refinancing mortgage loans.

During the nine months ended September 30, 2005, Security National Mortgage Company ("SNMC") experienced an increase in revenue and expenses due to the increase in loan volume of its operations. SNMC is a mortgage lender incorporated under the laws of the State of Utah. SNMC is approved and regulated by the Federal Housing Administration (FHA), a department of the U.S. Department of Housing and Urban Development (HUD), to originate mortgage loans that qualify for government insurance in the event of default by the borrower. SNMC obtains loans primarily from independent brokers and correspondents. SNMC funds the loans from internal cash flows and lines of credit from financial institutions. SNMC receives fees from the borrowers and other secondary fee from third party investors who purchase the loans from SNMC. SNMC primarily sells all of its loans to third party investors and does not retain servicing to these loans. SNMC pays the brokers and correspondents a commission for loans that are brokered through SNMC. SNMC originated and sold 9,421 ($1,516,694,000) and 8,790 ($1,368,000,000) loans, respectively, for the nine months ended September 30, 2005 and 2004.

Results of Operations

Third Quarter of 2005 Compared to Third Quarter of 2004
(rounded to nearest thousand)

Total revenues increased by $8,863,000, or 33.2%, to $35,561,000 for the three months ended September 30, 2005, from $26,698,000 for the three months ended September 30, 2004. Contributing to this increase in total revenues was an increase of $8,148,000 in mortgage fee income and an increase of $1,378,000 in net investment income.

Insurance premiums and other considerations decreased by $79,000, or 1.2%, to $6,437,000 for the three months ended September 30, 2005, from $6,516,000 for the comparable period in 2004. This decrease was primarily due to fewer insurance premiums that were realized on new insurance sales.

Net investment income increased by $1,378,000, or 33.6%, to $5,475,000 for the three months ended September 30, 2005, from $4,097,000 for the comparable period in 2004. This increase was primarily attributable to additional borrower interest income from increased long-term bond purchases and mortgage loans over the comparable period in 2004.

Net mortuary and cemetery sales decreased by $437,000, or 15.0%, to $2,472,000 for the three months ended September 30, 2005, from $2,909,000 for the comparable period in 2004. This reduction in mortuary sales was due to reduced pre-need property sales and the loss of sales from the Camel Back Funeral Home as a result of the City of Phoenix having commenced condemnation proceedings in order to construct a light rail facility on the funeral home property.

Mortgage fee income increased by $8,148,000, or 63.1%, to $21,056,000 for the three months ended September 30, 2005, from $12,908,000 for the comparable period in 2004. This increase was primarily attributable to an increase in the number of loan originations during the third quarter of 2005 due to the opening of new offices and increased production in exiting offices, which resulted in the financing of a greater number of mortgage loans.

Total benefits and expenses were $33,605,000, or 94.5% of total revenues for the three months ended September 30 2005, as compared to $26,321,000, or 98.6% of total revenues for the comparable period in 2004. The higher margin in 2005 was due to fixed expenses that did not increase proportionally with the increase in revenues.

Death benefits, surrenders and other policy benefits, and increase in future policy benefits increased by an aggregate of $184,000, or 3.3%, to $5,845,000 for the three months ended September 30, 2005, from $5,661,000 for the comparable period in 2004. This increase was primarily the result of an increase in death benefits.

Amortization of deferred policy acquisition costs and costs of insurance acquired increased by $29,000, or 4.5%, to $668,000 for the three months ended September 30, 2005, from $639,000 for the comparable period in 2004. This increase was primarily due to the growth of policies in force.

General and administrative expenses increased by $6,182,000, or 32.7%, to $25,111,000 for the three months ended September 30, 2005, from $18,929,000 for the comparable period in 2004. This increase resulted primarily from an increase in commissions due to the additional mortgage loan originations that SecurityNational Mortgage Company made during the third quarter of 2005.

Interest expense increased by $1,023,000, or 213.5%, to $1,502,000 for the three months ended September 30, 2005, from $479,000 for the comparable period in 2004. This increase was primarily due to the increased use of warehouse lines of credit required for the funding of loans by SecurityNational Mortgage Company.

Cost of goods and services sold of the mortuaries and cemeteries decreased by $133,000, or 21.7%, to $480,000 for the three months ended September 30, 2005, from $613,000 for the comparable period in 2004. This reduction in the cost of goods and services sold of the mortuaries and cemeteries was due to the reduced costs of at-need merchandise at the Company's mortuaries and cemeteries and the loss of sales from the Camelback Funeral Home as a result of the City of Phoenix having commenced condemnation proceedings in order to construct a light rail facility on the funeral home property.

Nine Months Ended September 30, 2005 Compared to Nine Months Ended September 30, 2004 (rounded to nearest thousand)

Total revenues increased by $6,219,000,or 7.0%, to $95,227,000 for the nine months ended September 30, 2005, from $89,008,000 for the nine months ended September 30, 2004. Contributing to this increase in total revenues was a $3,090,000 increase in mortgage fee income, a $3,023,000 increase in net investment income, and a $1,013,000 increase in insurance premiums.

Insurance premiums and other considerations increased by $1,013,000, or 5.2%, to $20,330,000 for the nine months ended September 30, 2005, from $19,317,000 for the comparable period in 2004. This increase was primarily due to the additional insurance premiums realized from new insurance sales.

Net investment income increased by $3,023,000, or 25.4%, to $14,918,000 for the nine months ended September 30, 2005, from $11,895,000 for the comparable period in 2004. This increase was primarily attributable to additional borrower interest income from increased long-term bond purchases and mortgage loans over the comparable period in 2004.

Net mortuary and cemetery sales decreased by $659,000, or 7.4%, to $8,203,000 for the nine months ended September 30, 2005, from $8,862,000 for the comparable period in 2004. This reduction in mortuary sales was primarily due to a reduction in pre-need property sales and the loss of sales from the Camelback Funeral Home as a result of the City of Phoenix having commenced condemnation proceedings in order to construct a light rail facility on the funeral home property.

Mortgage fee income increased by $3,090,000, or 6.4%, to $51,322,000 for the nine months ended September 30, 2005, from $48,232,000 for the comparable period in 2004. This increase was primarily attributable to an increase in the number of loan originations during the first nine months of 2005 due to the opening of new offices and increased production in existing offices, which resulted in the financing of a greater number of mortgage loans.

Total benefits and expenses were $92,307,000, or 96.9% of total revenues for the nine months ended September 30, 2005, as compared to $86,803,000, or 97.5% of total revenues for the comparable period in 2004. The higher margin in 2005 was due to fixed expenses that did not increase proportionally with the increase in revenues.

Death benefits, surrenders and other policy benefits, and increase in future policy benefits increased by an aggregate of $831,000, or 4.8%, to $18,164,000 for the nine months ended September 30, 2005, from $17,333,000 for the comparable period in 2004. This increase was primarily the result of an increase in reserves for policyholders.

Amortization of deferred policy and pre-need acquisition costs and costs of insurance acquired decreased by $1,127,000, or 33.1%, to $2,277,000 for the nine months ended September 30, 2005, from $3,404,000, for the comparable period in 2004. This decrease was primarily due to recognition of improvement in persistency.

General and administrative expenses increased by $4,323,000, or 6.9%, to $67,100,000 for the nine months ended September 30, 2005, from $62,777,000, for the comparable period in 2004. This increase resulted primarily from an increase in commissions due to the additional mortgage loan originations that SecurityNational Mortgage Company made during the nine months ended September 30, 2005.

Interest expense increased by $1,633,000 or 106.1%, to $3,172,000 for the nine months ended September 30, 2005, from $1,539,000, for the comparable period in 2004. This increase was primarily due to the increased use of warehouse lines of credit required for the funding of loans by SecurityNational Mortgage Company.

Cost of goods and services sold of the mortuaries and cemeteries decreased by $155,000, or 8.9%, to $1,595,000, for the nine months ended September 30, 2005, from $1,750,000 for the comparable period in 2004. This reduction in the cost of goods and services sold of the mortuaries and cemeteries was due to the reduced costs of at-need merchandise at the Company's mortuaries and cemeteries and the loss of sales from the Camelback Funeral Home, as a result of the City of Phoenix having commenced condemnation proceedings in order to construct a light rail facility on the funeral home property.

Liquidity and Capital Resources

The Company's life insurance subsidiaries and cemetery and mortuary subsidiaries realize cash flow from premiums, contract payments and sales on personal services rendered for cemetery and mortuary business, from interest and dividends on invested assets, and from the proceeds from the maturity of held-to-maturity investments, or sale of other investments. The mortgage subsidiary realizes cash flow from fees generated by originating and refinancing mortgage loans and interest earned on mortgages sold to investors. The Company considers these sources of cash flow to be adequate to fund future policyholder and cemetery and mortuary liabilities, which generally are long-term, and adequate to pay current policyholder claims, annuity payments, expenses on the issuance of new policies, the maintenance of existing policies, debt service, and operating expenses.

The Company attempts to match the duration of invested assets with its policyholder and cemetery and mortuary liabilities. The Company may sell investments other than those held-to-maturity in the portfolio to help in this timing; however, to date, that has not been necessary. The Company purchases short-term investments on a temporary basis to meet the expectations of short-term requirements of the Company's products.

The Company's investment philosophy is intended to provide a rate of return, which will persist during the expected duration of policyholder and cemetery and mortuary liabilities regardless of future interest rate movements.

The Company's investment policy is to invest predominantly in fixed maturity securities, mortgage loans, and the warehousing of mortgage loans on a short-term basis before selling the loans to investors in accordance with the requirements and laws governing the life insurance subsidiaries. Bonds owned by the life insurance subsidiaries amounted to $76,698,000 as of September 30, 2005, compared to $81,051,000 as of December 31, 2004. This represents 50% and 45% of the total insurance-related investments as of September 30, 2005, and December 31, 2004, respectively. Generally, all bonds owned by the life insurance subsidiaries are rated by the National Association of Insurance Commissioners. Under this rating system, there are nine categories used for rating bonds. At September 30, 2005 and December 31, 2004, 2% ($1,664,000) and 2% ($1,659,000) of the Company's total investment in bonds were invested in bonds in rating categories three through six, which are considered non-investment grade.

The Company has classified certain of its fixed income securities, including high-yield securities, in its portfolio as available for sale, with the remainder classified as held to maturity. However, in accordance with Company policy, any such securities purchased in the future will be classified as held to maturity. Business conditions, however, may develop in the future which may indicate a need for a higher level of liquidity in the investment portfolio. In that event the Company believes it could sell short-term investment grade securities before liquidating higher-yielding longer-term securities.

The Company is subject to risk based capital guidelines established by statutory regulators requiring minimum capital levels based on the perceived risk of assets, liabilities, disintermediation, and business risk. At September 30, 2005, and December 31, 2004, the life insurance subsidiary exceeded the regulatory criteria.

The Company's total capitalization of stockholders' equity and bank debt and notes payable was $56,844,000 as of September 30, 2005, as compared to $54,995,000 as of December 31, 2004. Stockholders' equity as a percent of capitalization increased to 80% as of September 30, 2005, from 76% as of December 31, 2004.

Lapse rates measure the amount of insurance terminated during a particular period. The Company's lapse rate for life insurance in 2004 was 9.0%, as compared to a rate of 8.6 % for 2003. The 2005 lapse rate to date has been approximately the same as 2004.

At September 30, 2005, $27,335,000 of the Company's consolidated stockholders' equity represents the statutory stockholders' equity of the Company's life insurance subsidiaries. The life insurance subsidiaries cannot pay a dividend to its parent company without the approval of insurance regulatory authorities.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no significant changes since the annual report Form 10-K filed for the year ended December 31, 2004.

Item 4. Controls and Procedures

a) Evaluation of disclosure controls and procedures

Under the supervision and with the participation of the Company's management, including its principal executive officer and principal financial officer, the Company evaluated the effectiveness of the design and operation of its disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of September 30, 2005. Based on this evaluation, the Company's principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective and adequately designed to ensure that the information required to be disclosed by the Company in the reports it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms.

b) Changes in internal controls over financial reporting

During the quarter ended September 30, 2005, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect its internal control over financial reporting.

Part II Other Information:

Item 1. Legal Proceedings

An action was brought against the Company in May 2001 by Glenna Brown Thomas, individually and as personal representative of the Estate of Lynn W. Brown, in the Third Judicial Court, Salt Lake County, Utah. The action asserts that Memorial Estates, Inc. delivered to Lynn W. Brown six stock certificates totaling 2,000 shares of its common stock in 1970 and 1971. Mr. Brown died in 1972. It is also asserted that at the time the 2,000 shares were issued and outstanding, the shares represented a 2% ownership of Memorial Estates. It is further alleged that Mr. Brown was entitled to preemptive rights and, after the issuance of the stock to Mr. Brown, there were further issuances of stock without providing written notice to Mr. Brown or his estate of his right to purchase more stock.

It is further asserted that Thomas has the right to the transfer of Brown's shares on the books of Security National Financial Corporation as well as Memorial Estates, and to the restoration of Brown's proportion of share ownership in Memorial Estates at the time of his death by issuance and delivery to Thomas of sufficient shares of the Company's publicly traded and unrestricted stock in exchange for the 2,000 shares of Memorial Estates stock, including payment of all dividends from the date of Thomas's demand. The formal discovery cutoff was January 15, 2004. The Company has been verbally informed that Thomas will dismiss the case but such dismissal has not been communicated in writing. Until the case is actually dismissed, the Company intends to vigorously defend the matter, including the assertion that the statute of limitations bars the claims in their entirety.

The Company received a letter dated November 9, 2004 on behalf of Charles Hood, who worked at Singing Hills Memorial Park in El Cajon, California. He was hired in April 2003 as a groundskeeper with his work concluding on October 30, 2003. Mr. Hood claims that he wrote a letter to the Company outlining his concerns regarding the operation of the cemetery and claims, as a result, that he was terminated. Even though he recognizes his relationship was as an at-will employee, Mr. Hood's claims against the Company include, but are not limited to, wrongful termination, violation of labor laws, whistleblower retaliation and infliction of emotional distress. The letter proposes a settlement in the amount of $275,000.

On September 21, 2005, Mr. Hood filed a complaint against the Company and its wholly owned subsidiaries, Singing Hills Memorial Park and Memorial Estates, Inc., in the Superior Court of the State of California for the County of San Diego (Case No. GIE028978). The complaint includes causes of action for wrongful termination in violation of public policy, retaliation in violation of public policy, race discrimination in violation of the California Fair Employment and Housing Act, retaliation in violation of such act, and intentional infliction of emotional distress. Damages, including punitive damages, are sought with no specific amount set forth in the complaint, together with attorney's fees, interest and costs of the lawsuit. The Company disputes the claims in the complaint and asserts that Mr. Hood was not wrongfully terminated but had voluntarily quit as an employee of the Company. Formal discovery has commenced. The Company intends to vigorously defend against the action.

The Company also received a letter dated November 29, 2004 on behalf of Roger Gornichec, who the Company recognizes as having been an independent contractor. The attorney who wrote the letter on behalf of Mr. Hood also wrote the letter on behalf of Mr. Gornichec. Mr. Gornichec concluded his services as an agent selling insurance in the spring of 2003 and his license to sell cemetery plots was not renewed in the summer of 2004. Mr. Gornichec asserts that he was an employee contrary to the Company's position.

The claims made on behalf of Mr. Gornichec include, but are not limited to, wrongful termination in violation of public policy, misrepresentation, age discrimination, whistle-blower retaliation, interference with economic advantage, breach of contract, breach of the covenant of good faith and fair dealing, and infliction of emotional distress. Mr. Gornichec also claims that he is owed a certain amount from a retirement plan. The letter proposes a settlement in the amount of $420,000. Based on its investigation, the Company believes that Mr. Gornichec was an independent contractor, not an employee, and that the claims and the settlement amount sought are not justified. Mr. Gornichec also filed a complaint with the California Department of Fair Employment and Housing. He has obtained a right to sue letter but no litigation has commenced. If the matter is not resolved and litigation ensues, the Company is prepared to vigorously defend the action.

The Company is a defendant in various other legal actions arising from the normal conduct of business. Management believes that none of the actions will have a material effect on the Company's financial position or results of operations. Based on management's assessment and legal counsel's representations concerning the likelihood of unfavorable outcomes, no amounts have been accrued for the above claims in the consolidated financial statements.

Item 2. Changes in Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

At the annual stockholders meeting held on July 8, 2005, the following matters were acted upon: (i) seven directors consisting of George R. Quist, Scott M. Quist, J. Lynn Beckstead, Jr., Charles L. Crittenden, Dr. Robert G. Hunter, H. Craig Moody and Norman G. Wilbur were elected to serve until the next annual stockholders meeting or until their respective successors are elected and qualified (for George R. Quist, with Class A and Class C shares voting, 11,073,336 votes were cast in favor of election, no votes were cast against election, and there were 22,106 abstentions; for Scott M. Quist, with Class A and Class C shares voting, 11,092,859 votes were cast in favor of election, no votes were cast against election, and there were 2,583 abstentions; for J. Lynn Beckstead, Jr., with Class A shares voting, 5,073,477 votes were cast in favor of election, no votes were cast against election, and there were 22,525 abstentions; for Charles L. Crittenden, with Class A and Class C shares, 11,091,275 votes were cast in favor of election, no votes were cast against election, and there were 4,167 abstentions; for Dr. Robert G. Hunter, with Class A and Class C shares voting, 11,092,160 votes were cast in favor of election, no votes cast against election, and there were 3,282 abstentions; for H. Craig Moody, with Class A shares voting, 5,073,851 votes were cast in favor of election, no votes cast against election, and there were 22,151 abstentions; and for Norman G. Wilbur, with Class A and Class C shares voting, 11,093,438 votes were cast in favor of election, no votes were cast against election, and there were 2,004 abstentions); and (ii) the appointment of Hansen, Barnett & Maxwell, P.C. as the Company's registered pubic independent accountants for the fiscal year ending December 31, 2005 was ratified (with 11,093,475 votes cast for appointment, 1,967 votes against appointment, and there were 28,714 abstentions).

Item 5. Other Information

On September 23, 2005, the Company, through its subsidiaries, Security National Life Insurance Company and Southern Security Life Insurance Company, entered into a stock purchase agreement with Memorial Insurance Company of America, an Arkansas domiciled insurance company ("Memorial Insurance Company"), to purchase all of the outstanding shares of common stock of Memorial Insurance Company. Under the terms of the stock purchase agreement, the shareholders of Memorial Insurance Company will receive $13,500,000 in consideration for all of the outstanding common shares of Memorial Insurance Company, with each shareholder to receive a pro rata share of the total amount of the purchase consideration based upon the number of shares such shareholder owns. The shareholders will receive a total $13,500,000 for their shares by means of distributions, with Security National Life Insurance Company and Southern Security Life Insurance Company simultaneously contributing sufficient capital and surplus to Memorial Insurance Company to maintain its status as an admitted insurer in good standing in the state of Arkansas.

For federal and state tax purposes, the transaction will be treated as a part sale, part redemption of the Memorial Insurance Company stock. At the closing of the transaction, the shareholders of Memorial Insurance Company agree to sell their shares of Memorial Insurance Company stock to Security National Life Insurance Company and Southern Security Life Insurance Company, such shares representing all of the issued and outstanding stock of Memorial Insurance Company, free and clear of all liens, claims, and encumbrances. Following completion of the transaction, Memorial Insurance Company will become a wholly owned subsidiary of Southern Security Life Insurance Company.

As of December 31, 2004, Memorial Insurance Company had 100,170 policies in force and 50 agents. For the year ended December 31, 2004, Memorial Insurance Company had revenues of $4,893,000 and net income of $2,158,000. As of December 31, 2004, the statutory assets and the capital and surplus of Memorial Insurance Company were $45,048,000 and $12,303,000, respectfully.

Under the terms of the stock purchase agreement, the shareholders agree, where applicable following the closing of the transaction, to maintain any existing policies from Memorial Insurance Company that were previously sold through such shareholders' funeral and mortuary businesses and to avoid replacing any of such policies with the policies of other insurance companies. The shareholders further agree to use their reasonable best efforts to support the business and operations of Memorial Insurance Company, including, where applicable, to maintain a business relationship with Memorial Insurance Company to the extent such a business relationship existed prior to such closing.

Moreover, Security National Life Insurance Company and Southern Security Life Insurance Company agree to maintain the corporate offices of Memorial Insurance Company at its current location in Blytheville, Arkansas. Furthermore, Security National Life Insurance Company and Southern Security Life Insurance Company agree to use their best efforts, following the closing, to assist Memorial Insurance Company in retaining the sales agents and brokers in its business and operations. Security National Life Insurance Company anticipates completing the transaction on or about December 9, 2005. The obligations to complete the transaction are contingent upon approval of the transaction by the Arkansas Insurance Department. A hearing has been scheduled on December 9, 2005 with the commissioner of the Arkansas Insurance Department to consider the request by Security National Life Insurance Company and Southern Security Life Insurance Company to approve the transaction.

At the closing of the transaction, Security National Life Insurance Company and Memorial Insurance Company each agree to enter into a reinsurance agreement to reinsure the majority of the in force business of Memorial Insurance Company to Security National Life Insurance Company, as reinsurer, to the extent permitted by the Arkansas Insurance Department. The parties to the reinsurance agreement will consist of Security National Life Insurance Company, Memorial Insurance Company, and the Arkansas Insurance Department. The assets and liabilities to be reinsured under the reinsurance agreement shall be deposited into a trust account, in which Zions Bancorporation, a national banking corporation, has agreed to act as trustee. Under the terms of the reinsurance agreement, in the event of the insolvency of Security National Life Insurance Company, Zions Bancorporation will transfer the assets and liabilities held in trust to the Arkansas Insurance Department for purposes of the administration of the assets and liabilities with respect to such insolvency.

On October 20, 2005, Security National Life Insurance Company and Southern Security Life Insurance Company submitted a Form A application to the Arkansas Insurance Department. The Form A application included a proposed reinsurance agreement and a trust agreement that Security National Life Insurance Company intends to enter into with Memorial Insurance Company and the Arkansas Insurance Department.

Upon approval of the reinsurance agreement by the Arkansas insurance department, certain insurance business and operations of Memorial Insurance Company will be transferred to Security National Life Insurance Company, as of the effective date of the reinsurance agreement, including all policies in force as of the effective date thereof, except for certain policies. Any future insurance business by Memorial Insurance Company will be covered by this reinsurance agreement. It is anticipated that all of the business and operations of Memorial Insurance Company will be transferred to Security National Life Insurance Company under the terms of the reinsurance agreement, except for capital and surplus of approximately $1,000,000. Thus, it is estimated that approximately $30,091,000 in assets and liabilities will be transferred from Memorial Insurance Company to Security National Life Insurance Company pursuant to the reinsurance agreement.

At the closing of the stock purchase transaction, Memorial Insurance Company will issue a $30,091,000 note to Security National Life Insurance Company payable, together with accrued interest, within 30 days from the date of issuance. The note is to be repaid in cash or in assets to be transferred to Security National Life Insurance Company. The note will be secured by the assets owned by Memorial Insurance Company. In addition, Southern Security Life Insurance Company will contribute $2,200,000 to Memorial Insurance Company at closing in consideration for the surplus note. It is anticipated that Memorial Insurance Company will repay the surplus note in early 2006 using the proceeds from the sale of the investments in common stocks currently held in its investment portfolio.

The Company has determined that a marketing employee of Security National Life Insurance Company has embezzled a total of $275,000 from the Company. The Company's audit committee has conducted a formal investigation of the matter and advised the Company's Board of Directors and registered public independent accountants of the embezzlement. Management is in the process of attempting to recover a portion of the embezzled funds. The Company has fidelity bond coverage with a $50,000 deductible, but there can be no assurance that the Company will be successful in obtaining any recovery of the embezzled funds from the insurer.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

3.1. Articles of Restatement of Articles of Incorporation (7) 3.2. Amended Bylaws (10)

4.1. Specimen Class A Stock Certificate (1) 4.2. Specimen Class C Stock Certificate (1)

4.3 Specimen Preferred Stock Certificate and Certificate of Designation of Preferred Stock (1)

10.1 Restated and Amended Employee Stock Ownership Plan and Trust Agreement (1)

10.2 1993 Stock Option Plan (3)

10.3 2000 Director Stock Option Plan (4)

10.4 2003 Stock Option Plan (9)

10.5 Deferred Compensation Agreement with George R. Quist (2)

10.6 Promissory Note with George R. Quist (5)

10.7 Deferred Compensation Plan (6)

10.8 Coinsurance Agreement between Security National Life and Acadian (7)

10.9 Assumption Agreement among Acadian, Acadian Financial Group, Inc., Security National Life and the Company (7)

10.10 Asset Purchase Agreement among Acadian, Acadian Financial Group, Inc., Security National Life and the Company (7)

10.11 Promissory Note with Key Bank of Utah (8)

10.12 Loan and Security Agreement with Key Bank of Utah (8)

10.13 Stock Purchase and Sale Agreement with Ault Glazer & Co. Investment Management LLC (10)

10.14 Stock Purchase Agreement with Paramount Security Life Insurance Company (11)

10.15 Reinsurance Agreement between Security National Life Insurance Company and Guaranty Income Life Insurance Company (12)

10.16 Employment agreement with J. Lynn Beckstead, Jr. (12)

10.17 Employment agreement with Scott M. Quist

10.18 Agreement and Plan of Reorganization among Security National Life Insurance Company, SSLIC Holding Company, and Southern Security Life Insurance Company (14)

10.19 Agreement and Plan of Merger among Security National Life Insurance Company, SSLIC Holding Company, and Southern Security Life Insurance Company (15)

10.20 Agreement to repay indebtedness and to convey option with Monument Title, LC.

10.21 Stock Purchase Agreement with Memorial Insurance Company of America and the Shareholders of Memorial Insurance Company that have executed the Agreement by Shareholders of Memorial Insurance Company of America to Sell Shares in Stock Purchase Transaction (16)

22 Subsidiaries of the Registrant

Certification pursuant to 18 U.S.C. Section 1350 as enacted by Section 302 of the Sarbanes-Oxley Act of 2002 Certification pursuant to 18 U.S.C. Section 1350 as enacted by Section 302 of the Sarbanes-Oxley Act of 2002 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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(1) Incorporated by reference from Registration Statement on Form S-1, as filed on June 29, 1987
(2) Incorporated by reference from Annual Report on Form 10-K, as filed on March 31, 1989
(3) Incorporated by reference from Annual Report on Form 10-K, as filed on March 31, 1994
(4) Incorporated by reference from Schedule 14A Definitive Proxy Statement, filed August 29, 2000, relating to the Company's Annual Meeting of Shareholders
(5) Incorporated by reference from Annual Report on Form 10-K, as filed on April 16, 2001
(6) Incorporated by reference from Annual Report on Form 10-K, as filed on April 3, 2002
(7) Incorporated by reference from Report on Form 8-K-A as filed on January 8, 2003
(8) Incorporated by reference from Annual Report on Form 10-K, as filed on April 15, 2003
(9) Incorporated by reference from Schedule 14A Definitive Proxy Statement, Filed on June 5, 2003 relating to the Company's Annual Meeting of Shareholders
(10) Incorporated by reference from Report on Form 10-Q, as filed on November 14, 2003
(11) Incorporated by reference from Report on Form 8-K, as filed on March 30, 2004
(12) Incorporated by reference from Report on Form 10-K, as filed on March 30, 2004
(13) Incorporated by reference from Report on Form 10-Q, as filed on August 13, 2004
(14) Incorporated by reference from Report on Form 8-K, as filed on August 30, 2004
(15) Incorporated by reference from Report on Form 10-K, as filed on April 15, 2005
(16) Incorporated by reference from Report on Form 8-K, as filed on September 28, 2005

Subsidiaries of the Registrant

(b) Reports on Form 8-K:

Incorporated by reference from Report on Form 8-K, as filed on August 11, 2005 Incorporated by reference from Report on Form 8-K, as filed on September 28, 2005

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

REGISTRANT

SECURITY NATIONAL FINANCIAL CORPORATION
Registrant

DATED: November 14, 2005

By: George R. Quist,

Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

DATED: November 14, 2005

By: Stephen M. Sill

Vice President, Treasurer and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
18 U.S.C. ss. 1350,
AS ENACTED BY
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, George R. Quist, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Security National Financial Corporation.

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15-d-15(e)) for the registrant to have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period covered in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 14, 2005

By: George R. Quist
Chairman of the Board and
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
18 U.S.C. ss. 1350,
AS ENACED BY
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen M. Sill, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Security National Financial Corporation.

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15-d-15(e)) for the registrant to have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period covered in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 14, 2005

By: Stephen M. Sill
Vice President, Treasurer and
Chief Financial Officer

EXHIBIT 32.1
CERTIFICATION PURSUANT TO
18 U.S.C. ss. 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Security National Financial Corporation (the "Company") on Form 10-Q for the period ending September 30, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, George R. Quist, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 14, 2005

By: George R. Quist
Chairman of the Board and
Chief Executive Officer

EXHIBIT 32.2
CERTIFICATION PURSUANT TO
18 U.S.C. ss. 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Security National Financial Corporation (the "Company") on Form 10-Q for the period ending September 30, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen M. Sill, Vice President, Treasurer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 14, 2005

By: Stephen M. Sill
Vice President, Treasurer and
Chief Financial Officer