SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A-1

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

Date of Report
(Date of Earliest Event Reported): December 17, 1998

SECURITY NATIONAL FINANCIAL CORPORATION
(Exact name of registrant as specified in this Charter)

Utah	0-9341	87-0345941
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

5300 South 360 West, Suite 310 Salt Lake City, Utah	84123
(Address of principal executive offices)	(Zip Code)

Registrant's Telephone Number,
Including Area Code: (801) 264-1060

Does Not Apply
(Former name or former address, if changed since last report)

ITEM 2. Acquisition of Consolidare Enterprises, Inc.

On December 17, 1998, Security National Financial Corporation (the "Company") completed the acquisition of Consolidare Enterprises, Inc., a Florida corporation ("Consolidare") pursuant to the terms of the Acquisition Agreement which the Company entered into on April 17, 1998 with Consolidare and certain shareholders of Consolidare for the purchase of all of the outstanding shares of common stock of Consolidare. Consolidare owns approximately 57.4% of the outstanding shares of common stock of Southern Security Life Insurance Company, a Florida corporation ("SSLIC"), and all of the outstanding shares of stock of Insuradyne Corp., a Florida corporation ("Insuradyne"). SSLIC is a Florida domiciled insurance company with total assets of approximately $82.1 million. SSLIC is currently licensed to transact business in 14 states. SSLIC's total revenues for the year ended December 31, 1997 were $11,695,756. SSLIC had a net income of $195,000 for fiscal 1997.

As consideration for the purchase of the shares of Consolidare, the Company paid to the stockholders of Consolidare at closing an aggregate of $12,248,194. In order to pay the purchase consideration, the Company obtained $6,250,000 from bank financing, with the balance of $5,998,194 obtained from funds then currently held by the Company. In addition to the purchase consideration, the Company to cause SSLIC to pay, on the closing date, $1,050,000 to George Pihakis, the President and Chief Executive Officer of SSLIC prior to closing, as a lump sum settlement of the executive compensation agreement between SSLIC and Mr. Pihakis.

Following the closing of the Acquisition Agreement, SSLIC Holding Company, a Utah corporation and a newly formed wholly-owned subsidiary of Security National Life Insurance Company, was merged into Consolidare with Consolidare the surviving corporation pursuant to the terms of the Agreement and Plan of Merger dated December 17, 1998 between Consolidare and SSLIC Holding Company. As a result of the merger, Consolidare became a wholly-owned subsidiary of Security National Life Insurance Company and continues to own 57.4% of the outstanding shares of common stock of SSLIC.

In connection with the acquisition of Consolidare, the Company entered into an Administrative Services Agreement dated December 17, 1998 with SSLIC. Under the terms of the agreement, the Company has agreed to provide SSLIC with certain defined administrative and financial services, including accounting services, financial reports and statements, actuarial, policyholder services, underwriting, data processing, legal, building management, marketing advisory services and investment services. In consideration for the services to be provided by the Company, SSLIC shall pay the Company an administrative services fee of $250,000 per month, provided, however, that such fee shall be reduced to zero for so long as the capital and surplus of SSLIC is less than or equal to $6,000,000, unless SSLIC and the Company otherwise agree in writing and such agreement is approved by the Florida Department of Insurance.

The administrative services fee may be increased, beginning on January 1, 2001, to reflect increases in the Consumer Price Index, over the index amount as of January 1, 2000. The Administrative Services Agreement shall remain in effect for an initial term expiring on December 16, 2003. The term of the agreement may be automatically extended for additional one-year terms unless either the Company or SSLIC shall deliver a written notice on or before September 30 of any year stating to the other its desire not to extend the term of the agreement. However, in no event can the agreement be terminated prior to December 16, 2003.

On December 28, 1998, Capitol Indemnity Corporation, a shareholder of SSLIC, filed a Notice of Appeal with the Florida District Court of Appeal for the First District (Capitol Indemnity Corporation vs. State of Florida, Department of Insurance, Case No. 24318-98-C), appealing the final order entered by the Florida Department of Insurance (the "Department") on November 25, 1998, which approved the Company"s acquisition of Consolidare. Capitol Indemnity Corporation and another SSLIC shareholder had previously taken exceptions to the acquisition application which the Company had filed with the Department on May 20, 1998. Following a hearing before the Hearing Examiner for the Department with respect to the exceptions, the Department issued a final order approving the application. The Company believes there is no basis to the appeal of the Department's final order by Capitol Indemnity Corporation.

ITEM 7. Financial Statements and Exhibits.

(a) The following consolidated financial statements of Consolidare and subsidiaries are included herein:

Independent Auditors' Reports

Balance Sheets as of December 31, 1997 and 1996

Statements of Income for the years ended December 31, 1997, 1996 and 1995

Statements of Shareholders' Equity for the years ended December 31, 1997, 1996 and 1995

Statements of Cash Flows for the years ended December 31, 1997, 1996 and 1995

Notes to Financial Statements

Condensed Balance Sheet as of September 30, 1998 (unaudited)

Condensed Statements of Income for the nine months ended September 30, 1998 and 1997 (unaudited)

Condensed Statements of Shareholders' Equity for the nine months ended September 30, 1998 (unaudited)

Condensed Statements of Cash Flows for the nine months ended September 30, 1998 and 1997 (unaudited)

Notes to Condensed Interim Financial Statements (unaudited)

(b) The following pro forma statements of Security National Financial Corporation are included herein:

Pro Forma Condensed Consolidated Balance Sheet as of September 30, 1998 (unaudited)

Pro Forma Condensed Consolidated Statement of Income for the nine months ended September 30, 1998 (unaudited)

Pro Forma Condensed Consolidated Statement of Income for the year ended December 31, 1997 (unaudited)

Notes to Pro Forma Condensed Consolidated Financial Statements (unaudited)

(c) Exhibits

10.1. Acquisition Agreement among Security National Financial Corporation, Consolidare Enterprises, Inc. and certain shareholders of Consolidare (including related exhibits).*

10.2. Agreement and Plan of Merger between Consolidare Enterprises, Inc. and SSLIC Holding Company.**

10.3. Administrative Services Agreement between Security National Financial Corporation and Southern Security Life Insurance Company.

27. Financial Data Schedule for the periods December 31, 1997, 1996 and 1995 included herewith.

* Incorporated by reference from Report on Form 8-K, as filed on May 11, 1998.

** Incorporated by reference from Report on Form 8-K, as filed on January 4, 1999.

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 hereunto duly authorized.

SECURITY NATIONAL FINANCIAL CORPORATION
(Registrant)

Date: March 4, 1999

By: Scott M. Quist
First Vice President,
General Counsel and Treasurer

Exhibit Index

Current Report on Form 8-K

SECURITY NATIONAL FINANCIAL CORPORATION

Exhibit No.

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*Incorporated by reference from Report on Form 8-K, as filed on May 11, 1998.

**Incorporated by reference from Report on Form 8-K, as filed on January 4, 1999.

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
September 30, 1998
(In Thousands)

ASSETS	
Investments:	
Fixed maturities held to maturity at amortized costs (fair value $6,627,107)	$ 6,436
Securities available for sale, at fair value	
Fixed maturities (cost of $31,492,707)	
Equity securities	32,702
(cost of $202,422)	202
Policy and student loans	8,184
TOTAL INVESTMENTS	47,524
Cash	8,372
Accrued investment income	920
Policyholder account balances on deposit with reinsurer	8,533
Other receivables	1,889
Deferred policy acquisition costs	13,389
Property and equipment - at cost, less accumulated depreciation	2,621
TOTAL ASSETS	$ 83,248

See notes to financial statements

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
September 30, 1998
(In Thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY	
LIABILITIES	
Future policy benefits and policyholder account balances	$54,357
Unearned premiums	6,487
Other policy claims and benefits payable	718
Funds held in reinsurance with reinsurer	1,397
Deferred income taxes	883
Other liabilities	1,633
Convertible subordinated debentures	1,875
TOTAL LIABILITIES	67,350
Minority interest	6,499
Net excess of underlying equity in net assets of subsidiaries over cost	343
SHAREHOLDERS' EQUITY	
Common stock, $.25 par value: Authorized - 5,850,000 shares issued and outstanding- 3,961,340 shares	990
Additional paid-in capital	3,342
Unrealized appreciation of securities	309
Retained earnings	4,888
Common stock held in treasury at cost (578,196 shares)	(473)
Total stockholders' equity	9,056
Total liabilities and stockholders'equity	$83,248

See notes to financial statements.

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
Nine Months Ending September 30,
(In Thousands)

	1998	1997
REVENUES		
Premium, policy charges, net of reinsurance	$ 5,807	$ 6,036
Net investment income	2,806	2,692
Realized gains on investments	414	430
	9,027	9,158
BENEFITS, LOSSES, and EXPENSES		
Benefits, claims and losses	3,692	3,469
Underwriting, acquisition, and insurance expenses	4,981	5,920
	8,673	9,389
INCOME (LOSS) BEFORE FEDERAL INCOME TAXES	354	(231)
Federal income taxes (benefit)	125	(244)
INCOME BEFORE MINORITY INTEREST	229	13
Minority Interest	125	27
NET INCOME (LOSS)	$104	$(14)

See notes to financial statements.

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(UNAUDITED)
(In Thousands)

	Balance at 12/31/97	Net Income	Increase in Market Value	Balance at 09/30/98
Common Stock	$ 990	$	$	$ 990
Additional paid-in Capital	3,342			3,342
Unrealized Appreciation in Securities	153		156	309
Retained Earnings	4,784	104		4,888
Treasury Shares	(473)			(473)
Total Shareholders' Equity	$ 8,796	$ 104	$ 156	$ 9,056

See notes to financial statements.

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
Nine Months Ending September 30,
(In Thousands)

	1998	1997
Cash flows provided by (used in) operating activities:		
Net income (loss)	$ 104	$ (14)
Adjustments to reconcile net income to net cash provided by operating activities:		
Net realized gains on sale of investments	(414)	(430)
Depreciation	218	109
Deferred income taxes	125	(244)
Amortization of deferred policy acquisition costs	2,088	2,741
Acquisition costs deferred	(1,020)	(1,437)
Minority interest in net income of subsidiary	125	27
Changes in operating assets and liabilities:		
Increase in accrued investment income	(283)	(367)
Increase in future policy benefits and policyholder account balances	2,252	1,655
Decrease in unearned premium	(622)	(806)
(Decrease) increase in other assets and liabilities	(29)	149
Net cash provided by (used in) operating activities	2,544	1,383
Cash flows from Investing Activities		
Purchase of investments	(6,783)	(32,560)
Sales or maturities of investments	11,245	32,577
Net change in policy and student loans	(239)	(261)
Acquisition of property and equipment	(69)	(13)
Net cash provided by (used in) investing activities	4,154	(257)

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
Nine Months Ending September 30,
(In Thousands)

	1998	1997
Cash flows from financing activities		
Receipt from universal life and annuities	2,070	1,916
Return of policyholder account balances for universal life and annuities	(3,480)	(2,809)
Net cash used in financing activities	(1,410)	(893)
Net increase in cash	5,288	233
Cash at beginning of year	3,084	957
Cash at end of year	$ 8,372	$ 1,190

See notes to financial statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

Note 1) Consolidare Enterprises, Inc., (the Company) is a holding company for its subsidiaries, Southern Security Life Insurance Company, ("Southern Security") and Insuradyne. The primary business activities are the marketing, underwriting and servicing of life insurance products through Southern Security and Insuradyne. The accompanying unaudited interim financial statements for the Company have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. However these financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. The operating results are not indicative of the results which might be expected for a twelve month period. Footnote disclosures which would substantially duplicate the footnotes included in the 1997 audited consolidated financial statements have been omitted. Please refer to the footnotes of the 1997 consolidated financial statements included elsewhere herein.

Note 2) On December 17, 1998, Security National Financial Corporation (Security National) purchased all of the outstanding shares of common stock of the Company. As consideration for the purchase of the shares of the Company, Security National, paid to the stockholders of the Company at closing an aggregate of $12,248,194. In order to pay the purchase consideration, Security National obtained $6,250,000 from bank financing, with the balance of $5,998,194 obtained from funds then currently held by the Company. In addition to the purchase consideration, Security National to cause Southern Security to pay, on the closing date, $1,050,000 to George Pihakis, the President and Chief Executive Officer of Southern Security prior to closing, as a lump sum settlement of the executive compensation agreement between Southern Security and Mr. Pihakis.

Following the closing of the Acquisition Agreement, SSLIC Holding Company, a Utah corporation and a newly formed wholly-owned subsidiary of Security National Life Insurance Company was merged into the Company with the Company being the surviving corporation pursuant to the terms of the Agreement and Plan of Merger dated December 17, 1998 between the Company and SSLIC Holding Company. As a result of the merger, the Company became a wholly-owned subsidiary of Security National Life Insurance Company and continues to own 57.4% of the outstanding shares of common stock of Southern Security.

Item 7 (b) Pro Forma Financial Information

The accompanying unaudited pro forma condensed consolidated financial statements give effect to the acquisition of the Company by Security National. The adjustments to the pro forma condensed consolidated balance sheet assume that the acquisition took place on September 30, 1998, while the adjustments to the pro forma condensed consolidated statements of income assume that the acquisition was consummated on the first day of the year ended December 31, 1997. The pro forma adjustments and the assumptions on which they are based are described in the accompanying notes to pro forma condensed consolidated financial statements.

Item 7 (b) Pro Forma Financial Information (Continued)

The pro forma information for Security National is taken from the Form 10-Q and Form 10-K as filed with the Securities and Exchange Commission for the third quarter ended September 30, 1998 and year ended December 31, 1997. The pro forma information for the Company is obtained from the financial statements presented elsewhere in this Form 8-K filing. The pro forma condensed consolidated financial statements are presented for illustrative purposes only and should be read in conjunction with the financial statements referred to in the two preceding sentences.

The pro forma condensed consolidated financial statements are not necessarily indicative of the results that actually would have occurred if the acquisition had been in effect as of and for the period presented or that may be achieved in periods subsequent to the acquisition.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Pro Forma condensed Consolidated Balance Sheet as of September 30, 1998
(Unaudited)
(In Thousands)

	Security National Financial Corporation	Consolidare Enterprises Inc.	Pro Forma Adjustments	Pro Forma Consolidated
Fixed maturities held to maturity at amortized cost	$ 42,718	$ 6,436	$ 191 (b)	$ 49,345
Securities available for sale at market	4,587	32,904		37,491
Mortgage loans	10,321			10,321
Real Estate	7,974			7,974
Other invested assets	9,747	8,284		18,031
Total investments	75,347	47,624	191	123,162
Cash	1,065	8,272	(5,998) (a) (1,050) (g)	2,289
Receivables, net	26,575	10,421		36,996
Land and improvements	8,544			8,544
Deferred acquisition costs and cost of insurance acquired	7,845	13,390	14,911 (c) (13,390)(c)	22,756
Property, plant and equipment, net	6,988	2,621		9,609
Other assets	3,263	920		4,183
Total assets	$129,627	$ 83,248	$ (5,336)	$207,539
Policyholder obligations	$ 79,214	$ 61,560	$	$140,774
Bank loans payable	7,432		6,250 (a)	13,682
Notes and contracts payable	3,575			3,575
Convertible debentures	1,875		(1,875) (f)	
Estimated future costs of pre-need sales	6,305			6,305
Other liabilities	6,864	3,915	350 (d) (374)(g)	10,755
Total liabilities	103,390	67,350	4,351	175,091
Minority interest	6,499		(288)(g)	6,211
Excess equity	343		(343)(e)	
Common stock	9,832	990	1,875 (f) (2,865)(e)	9,832
Paid in capital	9,259	3,342	(3,342)(e)	9,259
Unrealized appreciation on investments	662	309	(309)(e)	662
Retained earnings	8,280	4,888	(4,888)(e) (388)(g) 388 (e)	8,280
Treasury stock at cost	(1,796)	(473)	473 (e)	(1,796)
Total stockholders' equity	26,237	9,056	(9,056)	26,237
Total liabilities and stockholders' equity	$129,627	$ 83,248	$ (5,336)	$207,539

See notes to pro forma condensed consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Pro Forma condensed Consolidated Statement of Income (Unaudited)
For the Nine Months Ended September 30, 1998
(In Thousands)

	Security National Financial Corporation	Consolidare Enterprises Inc.	Pro Forma Adjustments	Pro Forma Consolidated
Revenue:				
Premiums	$ 4,523	$ 5,808	$	$ 10,331
Investment income	5,587	2,805	(211) (j) (14) (i)	8,167
Realized gains (losses)	103	414		517
Mortuary and cemetery income	6,966			6,966
Mortgage fee income	6,687			6,687
Other	52			52
Total revenue	23,918	9,027	(225)	32,720
Benefits and Expenses:				
Death and policy benefits	2,577	3,333		5,910
Increase in future policy benefits	2,481	359		2,840
Amortization of DPAC	994	2,088	(2,088) (k) 2,237 (k)	3,231
General and administrative expenses	13,947	2,893	(760) (l)	16,080
Interest Expense	683		316 (h)	999
Cost of goods and services of mortuaries and cemeteries	2,264			2,264
Total benefits and expenses	22,946	8,673	(295)	31,324
Earnings before income tax expense	972	354	70	1,396
Income tax expense	225	125	16 (m)	366
Minority Interest		125		125
Net income	$ 747	$ 104	$54	$ 905

See notes to pro forma condensed consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Pro Forma condensed Consolidated Statement of Income (Unaudited)
For the Twelve Months Ended December 31, 1997
(In Thousands)

	Security National Financial Corporation	Consolidare Enterprises Inc.	Pro Forma Adjustments		Pro Forma Consolidated
Revenue:					
Premiums	$ 6,141	$ 7,644	$		$ 13,785
Investment income	7,140	3,590	(282)	(j)	10,429
			(19)	(i)	
Realized gains (losses)	253	506			759
Mortuary and cemetery income	9,231				9,231
Mortgage fee income	5,662				5,662
Other	49				49
Total revenue	28,476	11,740	(301)		39,915
Benefits and Expenses:					
Death and policy benefits	3,695	4,307			8,002
Increase in future policy benefits	2,975	124			3,099
Amortization of DPAC	1,132	3,175	(3,175)	(k)	4,114
			2,982	(k)	
General and administrative expenses	15,361	3,787	(1,014)	(l)	18,134
Interest Expense	948		422	(h)	1,370
Cost of goods and services of mortuaries and cemeteries	2,696				2,696
Total benefits and expenses	26,807	11,393	(785)		37,415
Earnings before income tax expense	1,669	347	484		2,500
Income tax expense	360	114	111	(m)	585
Minority Interest		122			122
Net income	$ 1,309	$ 111	$ 373		$ 1,793

See notes to pro forma condensed consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Pro Forma Condensed Consolidated Financial Statements (Unaudited)

Note 1. Basis of Presentation

The accompanying unaudited pro forma condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for pro forma financial information and with the instructions to Form 8-K and Article II of Regulation S-X. The acquisition will be accounted for as a purchase by Security National. The pro forma adjustments presented are estimates as of the periods presented and do not necessarily reflect the actual amounts that will be booked on the actual purchase date and subsequent adjustments required for an appropriate pro forma presentation have been included.

On December 17, 1998, Security National Financial Corporation (Security National) purchased all of the outstanding shares of common stock of the Company. As consideration for the purchase of the shares the Company, Security National, paid to the stockholders of the Company at closing an aggregate of $12,248,194. In order to pay the purchase consideration, Security National obtained $6,250,000 from bank financing, with the balance of $5,998,194 obtained from funds then currently held by the Company. In addition to the purchase consideration, Security National to cause Southern Security to pay, on the closing date, $1,050,000 to George Pihakis, the President and Chief Executive Officer of Southern Security prior to closing, as a lump sum settlement of the executive compensation agreement between Southern Security and Mr. Pihakis.

Following the closing of the Acquisition Agreement, SSLIC Holding Company, a Utah corporation and a newly formed wholly-owned subsidiary of Security National Life Insurance Company was merged into the Company with the Company the surviving corporation pursuant to the terms of the Agreement and Plan of Merger dated December 17, 1998 between the Company and SSLIC Holding Company. As a result of the merger, the Company became a wholly-owned subsidiary of Security National Life Insurance Company and continues to own 57.4% of the outstanding shares of common stock of Southern Security.

Note 2. Pro Forma Adjustments

The following pro forma adjustments are made to the unaudited condensed consolidated balance sheet as if the acquisition and related transactions occurred September 30, 1998. Reference numbers correspond to those on the statement.

a. To reflect the payment of $5,998,194 in cash and the borrowing of $6,250,000 to acquire the outstanding shares of the Company.

b. To adjust assets of the Company to market value as of the date of acquisition.

c. To eliminate the Company's historical deferred policy acquisition costs and establish a new asset representing the present value of future profits on the insurance contracts acquired.

d. To accrue certain nonrecurring expenses that include but are not limited to, attorney and accounting fees, acquisition finder fees, and other acquisition related costs.

e. To eliminate the Company's historical equity.

Note 2. Pro Forma Adjustments (Continued)

f. To convert the Company's convertible debenture to equity in accordance with the Purchase Agreement.

g. To reflect the payment of $1,050,000 to George Pihakis as a lump sum settlement of the executive compensation agreement between Southern Security and Mr. Pihakis.

The following pro forma adjustments are made to the unaudited condensed consolidated statements of income as if the Company's acquisition and related transactions occurred at the beginning of the periods presented. Reference numbers correspond to those presented on the statements.

h. To reflect Security National's interest expense on the $6,250,000 borrowed to partially finance the Company acquisition.

i. To reflect the amortization of premiums and accretion of discounts on investments based on purchased values.

j. To reflect investment income lost on the $5,998,000 cash paid by Security National to finance the acquisition of the Company and the $1,050,000 cash paid for the lump sum settlement of the executive compensation agreement between Southern Security and George Pihakis, the President and Chief Executive Officer of Southern Security prior to the acquisition.

k. To eliminate the Company's amortization of deferred policy acquisition costs and cost of insurance acquired and reflect the amortization of the new cost of insurance acquired established by Security National.

l. To reflect decreases in operating expenses due to the consolidation of administrative functions.

m. To reflect the tax effect for the pro forma adjustments.

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES

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Independent Auditors' Report

Board of Directors
Consolidare Enterprises, Inc.
and subsidiaries:

We have audited the accompanying consolidated balance sheets of Consolidare Enterprises, Inc. and subsidiaries (the "Company") as of December 31, 1997 and 1996 and the related consolidated statements of income, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 1997. In addition we have audited the financial statement schedules listed in the accompanying index. These consolidated financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Consolidare Enterprises, Inc. and subsidiaries as of December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1997 in conformity with generally accepted accounting principles. Also, in our opinion, the financial statement schedules, when considered in relation to the consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the exhibit is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the audit procedures applied in the audits of the consolidated financial statements, and in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Orlando, Florida
April 21, 1998, except as to
note 16, which is as of
December 17, 1998

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 1997 and 1996

	1997	1996
Assets		
Investments (note 3):		
Fixed maturities held to maturity (fair value of $10,631,003 and $15,140,919 at December 31, 1997 and 1996, respectively)	$10,501,712	14,974,962
Securities available for sale, at fair value:		
Fixed maturities (cost $30,880,390 and $24,298,618 at December 31, 1997 and 1996, respectively)	31,483,324	24,476,239
Equity securities (cost $800,000 and $-0- at December 31, 1997 and 1996, respectively)	839,973	--
Policy and student loans (notes 3 and 9)	7,945,381	7,315,809
Short-term investments	100,000	4,539,106
Other invested assets	--	13,100
Total investments	50,870,390	51,319,216
Cash and cash equivalents	3,083,560	956,576
Accrued investment income	637,460	687,699
Deferred policy acquisition costs (note 4)	14,457,483	15,893,401
Policyholder account balances on deposit with reinsurer (note 8)	8,667,241	8,522,449
Reinsurance receivable (note 8)	359,688	379,692
Receivables:		
Agents' balances	590,368	611,975
Other	330,671	369,099
Income tax receivable	171,285	--
Property and equipment, net, at cost (note 5)	2,670,203	2,785,666
	$81,838,349	81,525,773

See accompanying notes to consolidated financial statements

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 1997 and 1996

	1997	1996
Liabilities and Shareholders' Equity		
Policy liabilities and accruals (notes 7 and 8):		
Future policy benefits	$1,409,031	985,720
Policyholders' account balances	52,335,511	52,347,996
Unearned premiums	7,108,662	8,249,190
Other policy claims and benefits payable	427,649	293,221
Other policyholders' funds, dividends and endowment accumulations	59,686	59,596
Funds held in reinsurance treaty with reinsurer (note 8)	1,339,927	1,193,366
Convertible subordinated debentures (note 10)	1,875,300	1,875,300
Other liabilities	1,312,044	1,335,192
Deferred income taxes (note 11)	550,700	155,100
Income taxes payable	--	104,288
	66,418,510	66,598,969
Minority interest	6,272,129	6,032,609
Net excess of underlying equity in net assets of subsidiary over cost (note 6)	351,082	360,123
Shareholders' equity (notes 2, 10 and 12):		
Common stock, $.25 par: authorized 5,850,000 shares, issued and outstanding 3,961,340 shares	990,335	990,335
Capital in excess of par	3,342,375	3,342,375
Unrealized appreciation (depreciation) of securities (note 3)	152,922	(5,099)
Accumulated earnings (note 11)	4,784,377	4,673,458
Common stock held in treasury, at cost (578,196 and 573,940 shares in 1997 and 1996, respectively)	(527,245)	(520,861)
Capital in excess of par-treasury stock	53,864	53,864
	8,796,628	8,534,072
Contingencies and commitments (notes 8, 9 and 14)		
	$81,838,349	81,525,773

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES
Consolidated Statements of Income

December 31, 1997, 1996 and 1995

	1997	1996	1995
Revenues:			
Premium and policy charges	$7,499,760	7,702,639	7,919,361
Surrender fee income	1,057,961	1,243,061	1,441,008
Less reinsurance ceded	(914,071)	(1,030,673)	(1,201,432)
	7,643,650	7,915,027	8,158,937
Net investment income (notes 3 and 9)	3,589,596	3,529,339	3,027,985
Realized gain on investments (note 3)	506,795	869,502	60,237
	11,740,041	12,313,868	11,247,159
Benefits, losses and expenses:			
Annuity, death, surrender and other benefits	4,307,013	3,818,562	4,061,096
Increase (decrease) in future policy benefits	124,461	(5,201)	(12,971)
Amortization of deferred policy acquisition costs (note 4)	3,174,750	2,945,386	2,733,919
Operating expenses	3,786,511	3,574,675	3,043,657
	11,392,735	10,333,422	9,825,701
Income before income taxes	347,306	1,980,446	1,421,458
Income tax expense (note 11)	114,066	311,636	220,350
Income before minority interest	233,240	1,668,810	1,201,108
Minority interest in net income of subsidiary	122,321	562,288	455,810
	$ 110,919	1,106,522	745,298

See accompanying notes to consolidated financial statements.

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES

Consolidated Statements of Shareholders' Equity

Years ended December 31, 1997, 1996 and 1995

	Common stock	Capital in excess of par	Unrealized appreciation (depreciation of securities
Balances, December 31, 1994:	$990,335	3,342,375	(296,038)
Net income	--	--	--
Unrealized appreciation of equity securities investments	--	--	609,613
Balances, December 31, 1995	990,335	3,342,375	313,575
Net income	--	--	--
Unrealized appreciation of equity securities investments	--	--	(318,674)
Balances, December 31, 1996	990,335	3,342,375	(5,099)
Net income	--	--	--
Unrealized appreciation of equity securities investments	--	--	158,021
Purchase of treasury stock	--	--	--
Balances, December 31, 1997	$990,335	3,342,375	152,922

See accompanying notes to consolidated financial statements.

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES

Consolidated Statements of Shareholders' Equity

Years ended December 31, 1997, 1996 and 1995

	Accumulated earnings (note 2)	Common stock held in treasury	Capital in excess of treasury	Total
Balances, December 31, 1994:	2,821,638	(520,861)	53,864	6,391,313
Net income	745,298	--	--	745,298
Unrealized appreciation of equity securities investments	--	--	--	609,613
Balances, December 31, 1995	3,566,936	(520,861)	53,864	7,746,224
Net income	1,106,522	--	--	1,106,522
Unrealized appreciation of equity securities investments	--	--	--	(318,674)
Balances, December 31, 1996	4,673,458	(520,861)	53,864	8,534,072
Net income	110,919	--	--	110,919
Unrealized appreciation of equity securities investments	--	--	--	158,021
Purchase of treasury stock	(6,384)	--		(6,384)
Balances, December 31, 1997	4,784,377	(527,245)	53,864	8,769,628

See accompanying notes to consolidated financial statements.

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

December 31, 1997, 1996 and 1995

	1997	1996	1995
Cash flows from operating activities:			
Net income	$110,919	1,106,522	745,298
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	232,471	173,601	182,971
Amortization of excess of underlying cost in net assets of subsidiary over	(9,041)	4,968	(6,871)
Net realized gains on investments	(506,795)	(873,298)	(60,237)
Minority interest in net income of subsidiary	122,321	562,288	455,810
Loss on disposal of property, plant, and equipment	100	--	918
Deferred income taxes	232,100	56,900	(241,000)
Amortization of deferred policy acquisition costs	3,174,750	2,945,386	2,733,919
Acquisition costs deferred	(1,793,916)	(1,704,836)	(2,392,505)
Change in assets and liabilities affecting cash provided by operating activities:			
(Increase) decrease in:			
Accrued investment income	50,239	(48,890)	(33,958)
Other invested assets	13,100	--	--
Receivables	60,035	(265,686)	168,537
Reinsurance receivable	20,004	134,649	(191,157)
Income tax receivable	(171,285)	--	214,455
Increase (decrease) in:			
Unearned premiums	(1,114,188)	(962,941)	(427,955)
Other policy claims and benefits payable and future policy benefits	557,739	36,488	(96,568)
Policyholder account balances	2,065,521	2,332,863	2,388,047
Funds held in reinsurance treaty	146,561	215,950	276,714
Dividend and endowment accumulations	90	2,152	2,069
Other liabilities	(23,148)	(143,472)	(365,930)
Income taxes payable	(104,288)	51,588	52,700
Net cash provided by operating activities	3,063,289	3,624,232	3,405,257

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES
(Continued)

Consolidated Statements of Cash Flows

Years Ended December 31, 1997, 1996 and 1995

	1997	1996	1995
Cash flows from investing activities:			
Purchase of investments held to maturity	--	(1,965,240)	(3,492,860)
Purchase of investments available for sale	(32,704,906)	(8,085,785)	(3,754,242)
Purchase of equity securities	(3,316,249)	--	--
Net change in short-term investments	4,439,106	(3,040,006)	376,658
Net change in other investments	2,178	7,605	8,476
Net (increase) decrease in policy and student loans	(629,572)	2,655,845	(1,104,685)
Proceeds from maturities of held to maturity securities	4,488,354	2,165,750	1,135,203
Proceeds from sale of available for sale securities	--	635,533	141,150
Proceeds from sale of available for sale securities	29,049,745	6,367,780	2,664,089
Acquisition of furniture and equipment	(35,779)	(60,561)	(204,142)
Net cash provided by (used in) investing activities	1,292,877	(1,319,079)	(4,230,353)
Cash flows from financing activities:			
Receipts from universal life and certain annuity policies credited to policyholder account balances	4,042,137	5,213,760	5,609,910
Return of policyholder account balances on universal life and certain annuity policies	(6,264,935)	(5,904,692)	(5,334,176)
Proceeds from short-term borrowings	--	2,500,000	3,250,000
Repayment of short-term borrowings	--	(3,900,553)	(2,741,270)
Purchase of treasury stock	(6,384)	--	--
Net cash provided by (used in) financing activities	(2,229,182)	(2,091,485)	784,464
Increase (decrease) in cash and cash equivalents	2,126,984	213,668	(40,632)
Cash and cash equivalents at beginning of year	956,576	742,908	783,540
Cash and cash equivalents at end of year	$3,083,560	956,576	742,908

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES (Continued)
Consolidated Statements of Cash Flows
Years Ending December 31, 1997, 1996 and 1995

	1997	1996	1995
Supplemental disclosures of cash flow information:			
Interest paid during the year	$267,320	279,325	292,165
Income taxes paid during the year	$212,615	208,326	284,782
Change in market value adjustments:			
Investments available for sale -			
Fixed maturities	425,313	(557,065)	2,109,314
Equity securities	39,973	(418,345)	406,612
Change in deferred acquisition costs	(55,084)	181,196	(1,669,168)
Change in premium deposit funds	26,340	(95,241)	871,220
Deferred income tax asset (liability)	(163,500)	333,800	(651,000)
Other	2,178	(1,872)	204
Change related to minority interest	(117,199)	238,853	(457,569)
Net change in unrealized appreciation (depreciation)	$ 158,021	(318,674)	609,613

See accompanying notes to consolidated financial statements.

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 1997, 1996 and 1995

(1) Nature of Business and Summary of Significant Accounting Policies

(a)Nature of Business

The primary business purpose of Consolidare Enterprises, Inc. ("Consolidare") and its subsidiaries (the "Company") is the issuance of long duration universal life insurance contracts. Prior to 1986, the Company's business included traditional whole life insurance and annuity contracts. The majority of the Company's business is conducted in the states of Florida (43%), Georgia (13%) and Texas (14%). The Company is licensed to conduct business in an additional eight states, none of which individually accounts for more than 10% of the Company's total business.

The following is a description of the most significant risks facing the Company and how the Company mitigates those risks:

Legal/Regulatory Risk is the risk that changes in the legal or regulatory environment in which an insurer operates will create additional expenses not anticipated by the insurer in pricing its products. That is, regulatory initiatives designed to reduce insurer profits, new legal theories or insurance company insolvencies through guaranty fund assessments may create costs for the insurer beyond those recorded in the consolidated financial statements. The Company seeks to mitigate this risk through geographic marketing of their insurance products.

Credit Risk is the risk that issuers of securities owned by the Company will default or that other parties, including reinsurers, which owe the Company money, will not pay. The Company minimizes this risk by adhering to a conservative investment strategy, by maintaining sound reinsurance and by providing for any amounts deemed uncollectible.

Interest Rate Risk is the risk that interest rates will change and cause a decrease in the value of an entity's investments. This change in rates may cause certain interest-sensitive products to become uncompetitive or may cause disintermediation. The Company mitigates this risk by charging fees for nonconformance with certain policy provisions, by offering products that transfer this risk to the purchaser, and/or by attempting to match the maturity schedule of its assets with the expected payouts of its liabilities. To the extent that liabilities come due more quickly than assets mature, an insurer would have to sell assets prior to maturity and potentially recognize a gain or loss.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary and its 57 percent owned subsidiary. The wholly-owned subsidiary consists of Insuradyne Corporation of Florida, which provides underwriting services for insurance agencies. The 57 percent owned subsidiary, Southern Security Life Insurance Company ("Southern Security"), is publicly traded and sells life insurance and annuity contracts. Significant intercompany accounts, transactions and profits have been eliminated in the consolidated financial statements.

Southern Security is included in the accompanying consolidated financial statements, on the basis of generally accepted accounting principles ("GAAP") which vary from reporting practices prescribed or permitted by regulatory authorities (see note 2).

(c) Agency Relationship

Insuradyne, a wholly owned subsidiary of Consolidare, underwrites and sells life insurance polices exclusively for Southern Security. Therefore the income generated by Insuradyne is wholly dependent upon the continued operations of Southern Security.

(d) Use of Estimates

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported income and benefits and other deductions during the reporting period. Actual results could differ significantly from those estimates.

The estimates susceptible to significant change are those used in determining the liability for future policy benefits and claims, deferred income taxes and deferred policy acquisition costs. Although some variability is inherent in these estimates, management believes that the amounts provided are adequate.

(e) Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

(f) Investments

Investments in all debt securities and those equity securities with readily determinable market values be classified into one of three categories: held-to-maturity, trading or available-for-sale. Classification of investments is based upon management's current intent. Debt securities which management has a positive intent and ability to hold until maturity are classified as securities held-to-maturity and are carried at amortized cost. Unrealized holding gains and losses on securities held-to-maturity are not reflected in the consolidated financial statements. Debt and equity securities that are purchased for short-term resale are classified as trading securities. Trading securities are carried at fair value, with unrealized gains and losses included in earnings. All other debt and equity securities not included in the above two categories are classified as securities available-for-sale. Securities available-for-sale are carried at fair value, with unrealized holding gains and losses reported as a separate component of shareholders' equity, net of tax and a valuation allowance against deferred acquisition costs. At December 31, 1997 and 1996, the Company did not have any investments categorized as trading securities.

Net unrealized appreciation or depreciation of equity securities relates to assets owned by Southern Security. The Company's equity interest (57 percent) in such unrealized appreciation or depreciation is included in a separate shareholder's equity account. The specific identification method is used in determining the cost of investments sold.

The Company's carrying value for investments in the held-to-maturity and available-for-sale categories is reduced to its estimated realizable value if a decline in the market value is deemed other than temporary. Such reductions in carrying values are recognized as realized losses and charged to income.

Interest on fixed maturities and short-term investments is recorded as income as it accrues on the principal amounts outstanding, adjusted for amortization of premiums and discounts computed by the scientific method, which approximates the effective yield method. Realized gains and losses on disposition of investments are included in net income. The cost of investments sold is determined on the specific identification method. Dividends are recorded as income on the ex-dividend dates.

Policy loans and student loans are carried at the unpaid principal balance, less any amounts deemed to be uncollectible. No policy loans are made for amounts in excess of the cash surrender value of the related policy. Accordingly, policy loans are fully collateralized by the related liabilities for future policy benefits for traditional insurance policies and the policyholders' account balances for interest sensitive policies.

(g) Deferred Policy Acquisition Costs

The costs of acquiring new business net of the effects of reinsurance, principally commissions and those home office expenses that tend to vary with and are primarily related to the production of new business, have been deferred. Deferred policy acquisition costs applicable to non-universal life policies are being amortized over the premium-paying period of the related policies in a manner which will charge each year's operations in direct proportion to the estimated receipt of premium revenue over the life of the policies. Premium revenue estimates are made using the same interest, mortality and withdrawal assumptions as are used for computing liabilities for future policy benefits. Acquisition costs relating to universal life policies are being amortized at a constant rate based on the present value of the estimated gross profit amounts expected to be realized over the life of the policies. Deferred policy acquisition costs are adjusted to reflect the impact of unrealized gains and losses on fixed maturity securities available for sale.

The Company has performed several tests concerning the recoverability of deferred acquisition costs. These methods include those typically used by many companies in the life insurance industry. Further, the Company conducts a sensitivity analysis of its assumptions that are used to estimate the future expected gross profits, which management has used to determine the future recoverability of the deferred acquisition costs.

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 1997, 1996 and 1995

(h) Depreciation

Depreciation of property and equipment is being provided on the straight-line method over the estimated useful lives of the assets.

(i) Liability for Future Policy Benefits

The liability for future policy benefits has been provided on a net level premium method based upon investment yields, withdrawals, mortality and other assumptions which were appropriate at the time the policies were issued. Such estimates are based upon industry data and Southern Security's past experience adjusted to provide for possible adverse deviation from the estimates.

(j) Recognition of Premium Revenue and Related Costs

Premiums are recognized as revenue as follows:

Universal life policies - premiums received from policyholders are reported as deposits. Cost of insurance and expense charges, which are charged against the policyholder account balance, are recognized as revenue as earned. Amounts assessed against the policyholder account balance that represent compensation to Southern Security for services to be provided in future periods are reported as unearned premiums and recognized in income using the same assumptions and factors used to amortize acquisition costs capitalized.

Annuity contracts with flexible terms - premiums received from policyholders are reported as deposits.

All other policies - premiums received from policyholders are recognized as revenue over the premium paying period.

(k) Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(l) Reclassification

Certain amounts presented in 1996 and 1995 consolidated financial statements have been reclassified to conform to the 1997 presentation.

(2) Basis of Financial Information of Insurance Subsidiary

As discussed at note 1(c), the accounts of Southern Security as included in the consolidated financial statements of the Company are reported in accordance with GAAP. The more significant generally accepted accounting principles applied in the preparation of these accounts that differ from life insurance statutory accounting practices prescribed or permitted by regulatory authorities (which are primarily designed to demonstrate solvency) are as follows:

(a) Costs of acquiring new business are deferred and amortized, rather than being charged to operations as incurred.

(b) The liability for future policy benefits and expenses is based on conservative estimates of expected mortality, morbidity, interest, withdrawals, and future maintenance and settlement expenses, rather than on statutory rates for mortality and interest.

(c) The liability for policyholder funds associated with universal life and certain annuity contracts represent policy account balances before applicable surrender charges, rather than on the statutory rates for mortality and interest.

(d) Investments in securities are reported as described in note 1(f), rather than in accordance with valuations established by the National Association of Insurance Commissioners ("NAIC"). Pursuant to NAIC valuations, bonds eligible for amortization are reported at amortized value; other securities are carried at values prescribed by or deemed acceptable by NAIC including common stocks, other than stocks of affiliates, at market value.

(e) Deferred income taxes, if applicable, are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

(f) The statutory liabilities for the asset valuation reserve and interest maintenance reserve have not been provided for in the consolidated financial statements.

(g) Certain assets, principally receivables from agents and equipment, are reported as assets rather than being treated as nonadmitted and charged directly to surplus.

(h) Realized gains or losses on the sale or maturity of investments are included in the consolidated statement of income and are not recorded net of taxes and amounts transferred to the interest maintenance reserve as required by statutory accounting practices.

(i) Certain obligations from a note payable that are treated as shareholders' equity for statutory purposes are treated as a liability of Southern Security and eliminated upon consolidation within the Company under generally accepted accounting principles.

(j) Reinsurance assets and liabilities are reported on a gross basis rather than shown on a net basis as permitted by statutory accounting practices.

A reconciliation of net income of Southern Security, before eliminations, for the years ended December 31, 1997, 1996 and 1995 and shareholders' equity, before eliminations, as of December 31, 1997 and 1996 between the amounts reported on a statutory basis and the related amounts presented on the basis of generally accepted accounting principles is as follows:

	Net income Years ended December 31, 1997	1996	1995
As reported on a statutory basis	$45,398	1,022,182	232,180
Adjustments:			
Deferred policy acquisition costs, net	(1,472,840)	(1,346,695)	(290,344)
Future policy benefits, unearned premiums and policyholders' funds	1,644,330	1,626,090	1,006,862
Deferred income taxes	(198,100)	(16,900)	221,000
Asset valuation reserve	--	--	--
Interest maintenance reserve	129,109	(18,221)	24,909
Unrealized gains	--	--	--
Non-admitted assets	--	--	--
Capital and surplus note	--	--	--
Other adjustments, net	47,313	126,049	(79,704)
Net increase	149,812	370,323	882,723
As reported on a GAAP basis	$195,210	1,392,505	1,114,903

Under applicable insurance laws and regulations, Southern Security is required to maintain minimum surplus as to policyholders, determined in accordance with regulatory accounting practices, in the aggregate amount of $1,900,000.

A reconciliation of net income of Southern Security, before eliminations, for the years ended December 31, 1997, 1996 and 1995 and shareholders' equity, before eliminations, as of December 31, 1997 and 1996 between the amounts reported on a statutory basis and the related amounts presented on the basis of generally accepted accounting principles is as follows:

	Shareholders' equity December 31, 1997	1996
As reported on a statutory basis	9,316,922	9,283,928
Adjustments:		
Deferred policy acquisition costs, net	15,451,689	16,979,611
Future policy benefits, unearned premiums and policyholders' funds	(8,915,443)	(10,643,224)
Deferred income taxes	(949,700)	(588,100)
Asset valuation reserve	465,452	307,364
Interest maintenance reserve	338,845	209,736
Unrealized gains	602,934	177,621
Non-admitted assets	698,024	795,659
Capital and surplus note	(1,000,000)	(1,000,000)
Other adjustments, net	123,295	138,993
Net increase	6,815,096	6,377,660
As reported on a GAAP basis	16,132,018	15,661,588

Under applicable insurance laws and regulations, Southern Security is required to maintain minimum surplus as to policyholders, determined in accordance with regulatory accounting practices, in the aggregate amount of $1,900,000.

Consolidare's ability to pay dividends, service convertible subordinated debentures and meet certain other cash flow requirements is dependent on certain fees, commissions and dividends paid to it by Southern Security. The payment of dividends by Southern Security is subject to the regulation of the State of Florida Department of Insurance. A dividend may be paid without prior Florida Insurance Commissioner's approval if the dividend is equal to or less than the greater of: (a) 10% of Southern Security's statutory surplus as to policyholders' derived from realized net operating profits on its business and net realized capital gains; or (b) Southern Security's entire statutory net operating profits and realized net capital gains derived during the immediately preceding calendar year, if Southern Security will have statutory surplus as to policyholders equal to or exceeding 115% of the minimum required statutory surplus as to policyholders after the dividend is made. As a result of such restrictions, the maximum dividend payable by Southern Security during 1998 without prior approval is approximately $45,400.

The Risk-Based Capital ("RBC") for Life and/or Health Insurers Model Act (the "Model Act") was adopted by the NAIC in 1992. The main purpose of the Model Act is to provide a tool for insurance regulators to evaluate the capital of insurers. Based on calculations using the appropriate NAIC formula, Southern Security exceeded the RBC requirements at December 31, 1997.

(3) Investments

(a) Equity Securities and Fixed Maturities

Equity securities consist of $839,973 and $-0- of common stock at December 31, 1997 and 1996, respectively. Unrealized appreciation in investments in equity securities for the years ended December 31, 1997 and 1996 is $39,973 and $-0-, respectively.

The amortized cost and estimated fair values of investments in fixed maturities are as follows:

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated market value
December 31, 1997:				
Held to maturity:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies (guaranteed)	$2,516,052	53,948	--	2,570,000
Corporate securities	6,976,738	79,620	4,277	7,052,081
Special revenue and special assessment obligations and all nonguaranteed obligations of agencies and authorities of governments and their political subdivisions	1,008,922	--	--	1,008,922
	10,501,712	133,568	4,277	10,631,003

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated market value
Available for sale:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies (guaranteed)	9,301,191	173,517	--	9,474,708
Corporate securities	21,481,892	429,907	--	21,911,799
Special revenue and special assessment obligations and all nonguaranteed obligations of agencies and authorities of governments and their political subdivisions	97,307	--	490	96,817
	30,880,390	603,424	490	31,483,324
	41,382,102	736,992	4,767	42,114,327

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 1997, 1996 and 1995

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated market value
December 31, 1996:				
Held to maturity:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies (guaranteed)	$4,503,477	76,523	15,000	4,565,000
Corporate securities	9,461,064	125,340	4,385	9,582,019
Special revenue and special assessment obligations and all nonguaranteed obligations of agencies and authorities of governments and their political subdivisions	1,010,421	--	16,521	993,900
	14,974,962	201,863	35,906	15,140,919

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 1997, 1996 and 1995

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated market value
Available for sale:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies (guaranteed)	20,383,080	288,882	108,210	20,563,752
Corporate securities	3,585,084	24,331	26,415	3,583,000
Special revenue and special assessment obligations and all nonguaranteed obligations of agencies and authorities of governments and their political subdivisions	330,454	--	967	329,487
	24,298,618	313,213	135,592	24,476,239
	$39,273,580	515,076	171,498	42,114,327

Unrealized (depreciation) appreciation of fixed maturities for years ending December 31, 1997 and 1996 is $388,847 and $(720,253), respectively.

The amortized cost and estimated fair value of fixed maturities at December 31, 1997, by contractual maturity, are summarized below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties:

Fixed maturity securities held-to-maturity:

	Amortized cost	Estimated fair value
Due in one year or less	$3,949,982	3,960,500
Due after one year through five years	5,281,472	5,400,245
Due after ten years	261,336	261,336
	9,492,790	9,622,081
Mortgage backed securities	1,008,922	1,008,922
	$10,501,712	10,631,003

Fixed maturity securities available-for-sale:

	Amortized cost	Estimated fair value
Due after one year through five years	$9,130,069	9,229,142
Due after five years through ten years	15,121,559	15,477,301
Due after ten years	6,531,455	261,336
	30,783,083	31,386,507
Mortgage backed securities	97,307	96,817
	$30,880,390	31,483,324

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 1997, 1996 and 1995

Proceeds from sale of equity securities and fixed maturities available for sale and related realized gains and losses are summarized as follows:

	1997	1996	1995
Proceeds from sale of equity securities	$2,873,980	2,885,010	854,339
Proceeds from sale of fixed maturities available for sale	$26,175,765	3,482,770	1,809,750
Fixed maturities:			
Gross realized gains	278,904	15,013	145,136
Gross realized (losses)	(150,045)	(18,881)	(119,908)
Equity securities:			
Gross realized gains	357,731	930,919	55,543
Other realized (losses)	--	(57,620)	(20,540)
	$486,590	869,431	60,231

Certain of the fixed maturity securities classified as held to maturity were called during the years ended December 31, 1997, 1996 and 1995, resulting in gross realized gains of $20,205, $71 and $6, respectively.

(b)Concentrations of Credit Risk

At December 31, 1997 and 1996, the Company did not hold any unrated or less-than-investment grade corporate debt securities. The Company also invests in subsidized and unsubsidized student loans totaling $244,361 and $514,483 at December 31, 1997 and 1996, respectively, which are guaranteed by agencies of the U.S. government. Subsequent to December 31, 1997, all of those loans were sold at their unpaid principal balance.

(c)Investment Income

Net investment income for the years ended December 31, 1997, 1996 and 1995 is summarized as follows:

	1997	1996	1995
Interest:			
Fixed maturities	$2,918,006	2,581,198	2,319,914
Policy and student loans	401,621	526,820	483,382
Short-term investments	276,627	312,665	362,960
Other	--	178,205	--
Dividends on equity securities	16,189	31,245	28,247
	3,612,443	3,630,133	3,194,503
Less investment expenses	22,847	100,794	166,518
	$3,589,596	3,529,339	3,027,985

(d) Investments on Deposit

At December 31, 1997 and 1996 certain investments were on deposit with the Insurance Departments of the following states in order to comply with statutory regulations:

	1997	1996
Florida	$1,727,034	1,718,751
Alabama	100,000	100,000
South Carolina	304,816	306,028
Georgia	254,013	255,024
Indiana	199,317	199,752
	$2,585,180	2,579,555

Certain of these assets, totaling approximately $850,000 for each of the years ended December 31, 1997 and 1996, are restricted for the future benefit of policyholders in a particular state.

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 1997, 1996 and 1995

(4)Deferred Policy Acquisition Costs

Deferred policy acquisition costs as of December 31, 1997, 1996 and 1995 are summarized as follows:

	1997	1996	1995
Deferred policy acquisition costs, beginning of year	$15,893,401	16,952,755	18,963,322
Policy acquisition costs deferred:			
Commissions	928,742	717,668	1,031,767
Underwriting and issue costs	450,800	652,868	805,794
Other	414,374	334,300	554,955
Change in unrealized gains (losses)	(55,084)	181,196	(1,669,164)
	1,738,832	1,886,032	723,352
Amortization of deferred policy acquisition costs	3,174,750	2,945,386	2,733,919
Deferred policy acquisition costs, end of year	$14,457,483	15,893,401	16,952,755

(5) Property and Equipment

Property and equipment as of December 31, 1997 and 1996 is summarized as follows:

	1997	1996
Land	$ 982,027	982,027
Building and improvements	2,169,975	2,173,955
Furniture and equipment	1,057,586	1,019,621
	4,209,588	4,175,603
Less accumulated depreciation	1,539,385	1,389,937
	$2,670,203	2,785,666

Depreciation expense for the years ended December 31, 1997, 1996 and 1995 totaled $145,912, $151,950 and $150,213, respectively.

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 1997, 1996 and 1995

(6) Excess of Underlying Equity in Net Assets of Subsidiary Over Cost

Consolidare has purchased certain outstanding common stock of Southern Security over a period of years beginning in 1977. The Company's acquisition of common stock of Southern Security can be summarized as follows:

Year ending December 31,	Number of shares purchased (1)	Cumulative percentage of ownership
1977	677,656	37.25%
1978	1,320	37.32
1979	26,294	38.77
1980	24,720	39.57
1981	28,380	41.10
1982	53,832	44.00
1983	30,000	45.66
1984	20,640	46.77
1985	57,480	49.89
1987	53,892	52.81
1988	18,000	53.80
1989	8,400	54.30
1990	14,080	55.00
1991	64,615	58.51
1992	2,999	58.67
1993	7,000	57.09
1995	1,188	57.15
1996	5,000	57.40
	1,095,496	

(1)Gives retroactive effect to Southern Security stock split during 1990.

At December 31, 1997 and 1996, net excess of the underlying equity in net assets of Southern Security over Consolidare's cost of purchasing Southern Security stock consists of the following:

	1997	1996
Gross cost in excess of equity in underlying assets	$456,010	456,010
Less accumulated amortization (based on straight-line method over 40 years)	(223,475)	(212,075)
	232,535	243,935
Gross equity in underlying assets in excess of cost	817,645	817,645
Less accumulated amortization (based on straight-line method over 40 years)	(234,028)	(213,587)
	583,617	604,058
Net excess of underlying equity in net assets of subsidiary over cost	$351,082	360,123

(7) Future Policy Benefits

Future policy benefits, exclusive of universal life and flexible term annuities, as of December 31, 1997 and 1996 are summarized as follows:

	1997	1996
Life insurance	$ 1,103,462	672,913
Annuities	295,525	304,394
Accident and health insurance	10,044	8,413
Total future policy benefits	$1,409,031	985,720

Life insurance in-force aggregated approximately $1.2 billion and $1.3 billion at December 31, 1997 and 1996, respectively.

Mortality and withdrawal assumptions are based upon Southern Security's experience and actuarial judgment with an allowance for possible unfavorable deviations from the expected experience.

The mortality table used in calculating benefit reserves is the 1965-1970 Basic Select and Ultimate for Males.

For non-universal life policies written during 1983 through 1987, interest rates used are 8 percent for policy years one through five, decreasing by .1 percent per year for policy years six through twenty, to 6.5 percent for policy years twenty-one and thereafter. For non-universal life policies written in 1982 and prior, interest rates vary, depending on policy type, from 7 percent for all policy years to 6 percent for policy years one through five and 5 percent for years six and thereafter. For universal life policies written since 1988, the interest rate used is a credited rate based upon the Company's investment yield less 1 percent.

(8) Reinsurance

Southern Security routinely cedes and, to a limited extent, assumes reinsurance to limit its exposure to loss on any single insured. Ceded insurance is treated as a risk and liability of the assuming companies. As of December 31, 1997, ordinary insurance coverage in excess of $75,000 is reinsured; however, for some policies previously issued, the first $30,000, $40,000 or $50,000 was retained and the excess ceded. The retention limit for some substandard risks is less than $75,000. Reinsured risks would give rise to liability to Southern Security only in the event that the reinsuring company might be unable to meet its obligations under the reinsurance agreement in force, as Southern Security remains primarily liable for such obligations. Under these contracts, Southern Security ceded premiums of $432,486, $448,327 and $525,662 included in the Company's balance of reinsurance ceded, and received recoveries of $131,449, $608,355 and $204,171 included in the Company's balance of annuity, death and other benefits for the years ended December 31, 1997, 1996 and 1995, respectively.

On December 31, 1992, the Company entered into a reinsurance agreement ceding an 18% share of all universal life policies in force at December 31, 1992 as a measure to manage the future needs of the Company. The reinsurance agreement is a co-insurance treaty entitling the assuming company to 18% of all future premiums, while making the assuming company responsible for 18% of all future claims and policyholder loans relating to the ceded policies. In addition, the Company receives certain commission and expense reimbursements.

For the years ended December 31, 1997, 1996 and 1995, Southern Security ceded premiums of $481,585, $582,346 and $675,770, included in reinsurance ceded, and received recoveries of $503,159, $367,295 and $459,090, included in annuity, death and other benefits, respectively. The funds held in reinsurance treaties with the reinsurer of $1,339,927 and $1,193,366 represent the 18% share of policy loans ceded to the reinsurer at December 31, 1997 and 1996, respectively.

(9) Notes Payable

As of December 31,1997, Southern Security had an unused line of credit of $5,000,000 which is secured by student loans equaling 115% of the unpaid principal balance. The note bears interest at a variable rate per annum payable monthly and expires on September 18, 2007.

Interest expense relating to these notes payable during the years ended December 31, 1997, 1996 and 1995 totaled $-0-, $12,094 and $26,240, respectively, and is included in net investment income.

(10) Convertible Subordinated Debentures and Convertible Preferred Stock

Pursuant to a private offering memorandum dated May 1989, the Company issued $858,600 of 15 percent convertible subordinated debentures (the "Debentures") with interest payable semi-annually and 38,160 shares of Class B redeemable convertible preferred stock (the "Preferred Stock") for $30 per share. The Preferred Stock paid cumulative dividends monthly at an annual interest rate of 27.5 percent to shareholders.

On September 1, 1992, the Company redeemed all of the outstanding Debentures and Preferred Stock. The holders of the Debentures had the option of either (1) redeeming the Debentures for a redemption price equal to 109% of the principal amount plus accrued interest; (2) converting the Debentures into shares of common stock of the Company at a conversion price of $1.50 per share of common stock; or, (3) exchanging the Debentures for 14-1/4% convertible subordinated debentures (the "New Debentures") at 100% of the principal amount. The holders of the Preferred Stock had the option of either (1) redeeming the Preferred Stock at par value plus unpaid dividends; (2) converting each share of Preferred Stock into one share of common stock of the Company at a conversion price of $3.00 per share, or, (3) exchanging the Preferred Stock for the New Debentures at the par value of the Preferred Stock. All holders of the Debentures and Preferred Stock elected to receive the New Debentures, except for 2,440 shares of Preferred Stock and $54,900 of Debentures, which were redeemed at the cash conversion prices.

The Company issued $1,875,300 of the New Debentures. The New Debentures require the payment of interest monthly and are due September 1, 2002. The New Debentures are convertible, at the option of the holder, into shares of common stock at a conversion price of $2.10 per share, subject to adjustment, at any time prior to maturity. The New Debentures may be redeemed early, at the Company's option, upon payment of a premium. Interest expense relating to the New Debentures totaled approximately $267,000 during each of the years ended December 31, 1997, 1996 and 1995.

(11) Income Taxes

Income taxes for the years ended December 31, 1997, 1996 and 1995 are summarized as follows:

	1997	1996	1995
Current:			
Federal	$(125,084)	228,336	451,150
State	7,050	26,400	10,200
	(118,034)	254,736	461,350
Deferred:			
Federal	198,100	48,600	(208,700)
State	34,000	8,300	(32,300)
	232,100	56,900	(241,000)
	$114,066	311,636	220,350

The principal elements of deferred income tax expense consist of the following:

	1997	1996	1995
Deferred policy acquisition costs	$(433,000)	(391,500)	(783,300)
Future policy benefits	694,000	532,000	305,300
Difference in bases in investments	--	--	299,500
Other	(28,900)	(83,600)	(62,500)
	$232,100	56,900	(241,000)

Consolidare and its wholly-owned subsidiaries file consolidated income tax returns. Southern Security files separate income tax returns. Income taxes are comprised of combined income taxes for Consolidare and its wholly-owned subsidiaries and Southern Security.

Differences between the "expected" tax (computed by applying the federal corporate income tax rate of 34% to income before income taxes) and actual tax expense for the years ended December 31, 1997, 1996 and 1995 consisted of:

	1997	1996	1995
Computed "expected" tax expense	121,558	693,000	497,500
Increase (reduction) in income taxes resulting from:			
Small life insurance company deduction	(76,000)	(346,000)	(340,200)
Changes in the valuation allowance for deferred tax assets, allocated to income tax expense	11,100	64,900	62,600
State taxes, net of federal income tax benefit	27,093	22,902	(14,600)
(Over)/under accrual of prior year expense	23,800	(112,300)	(4,000)
Other, net	6,515	(10,866)	19,050
	114,066	311,636	220,350

Under tax laws in effect prior to 1984, a portion of a life insurance company's gain from operations was not currently taxed but was accumulated in a memorandum "Policyholders' Surplus Account". As a result of the Tax Reform Act of 1984, the balance of the Policyholders' Surplus Account has been frozen as of December 31, 1983 and no additional amounts will be accumulated in this account. The balance of the account will continue to be taxed, as under previous laws, if any of the following conditions occur:

(a) The Policyholders' Surplus Account exceeds a prescribed maximum;

(b) Distributions, other than stock dividends, are made to shareholders in excess of Policyholder Surplus Account as defined by prior law; or

(c) The entity ceases to quality for taxation as a life insurance company.

At December 31, 1997, Policyholders' Surplus Account aggregated approximately $236,000. Neither the Company nor Southern Security recorded deferred income taxes totaling approximately $80,000 relating to this amount as there is no plan to distribute the amounts in the policyholder's surplus in the foreseeable future.

The Tax Reform Act of 1986 enacted a new separate parallel tax system referred to as the Alternative Minimum Tax (AMT) system. AMT is based on a flat rate applied to a broader tax base. It is calculated separately from the regular Federal income tax and the higher of the two taxes is paid. The excess of the AMT over regular tax is a tax credit, which can be carried forward indefinitely to reduce regular tax liabilities of future years. In 1997, 1996 and 1995, AMT for Southern Security exceeded its regular tax by $11,100, $64,900 and $62,600, respectively. At December 31, 1997, the AMT tax credit available to reduce future regular tax totaled $409,600.

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 1997 and 1996 are presented below:

	1997	1996
Deferred tax assets:		
Unearned premiums, due to deferral of "front-end" fee	$2,760,000	3,180,000
Policy liabilities and accruals, principally due to adjustments to reserves for tax purposes	1,540,000	1,814,000
Deferred policy acquisition costs related to unrealized appreciation (depreciation)	81,200	68,900
Other	120,000	141,900
Alternative minimum tax credit carry-forwards	409,600	398,500
Total gross deferred tax assets	4,910,800	5,603,300
Less valuation allowance	(409,600)	(398,500)
Net deferred tax assets	4,501,200	5,204,800
Deferred tax liabilities:		
Deferred acquisition costs, principally due to deferrals	(4,779,000)	(5,212,000)
Other	(31,000)	(81,100)
Unrealized appreciation	(241,900)	(66,800)
Total gross deferred tax liabilities	(5,051,900)	(5,359,900)
Net deferred tax liability	$(550,700)	(155,100)

The net change in the total valuation allowance for the years ended December 31, 1997, 1996 and 1995 was an increase of $11,100, $64,900 and $62,600, respectively. It is management's opinion that it is more likely than not that the results of future operations will generate sufficient taxable income to realize the net deferred tax assets.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods which the deferred tax assets are deductible, management believes it is more likely than not the Company will realize the benefits of these deductible differences, net of the existing valuation allowances at December 31, 1997.

(12) Agents' Incentive Stock Bonus Plan

The Company has an incentive bonus plan for agents that was adopted January 1, 1995 by the Company's Board of Directors and is effective through December 31, 2001. Agents that qualify under the plan have the option to purchase shares of common stock. The number of shares of common stock is determined, on the date of the award, as the number of whole shares equal to the award based on the applicable stock price as of December 31 of the year in which the agent qualified for the bonus. For each share of common stock purchased by the agent, the Company will concurrently award an equivalent number of shares to the agent.

The first awards were granted in 1997 under this plan. The Company incurred expenses of approximately $13,000 relating to the Company's matching number of shares. If the agent, does not purchase the shares within the designated period, then the agent forfeits their rights to purchase the shares of common stock as well as the matching number of shares to be contributed by the Company.

(13) Disclosures About Fair Value of Financial Instruments

Statement of Financial Accounting Standards No. 107 "Disclosures About Fair Value of Financial Instruments" (SFAS 107) requires the Company to disclose estimated fair value information. The following methods and assumptions were used by the Company in estimating fair values of financial instruments as disclosed herein:

Cash and cash equivalents, short-term investments and policy and student loans: The carrying amount reported in the balance sheet for these instruments approximate their fair value.

Investment securities available-for-sale and held-to-maturity: Fair value for fixed maturity and equity securities is based on quoted market prices at the reporting date for those or similar investments.

Policyholders' account balances: The fair values for policyholders' account balances are based on their approximate surrender values.

The following table presents the carrying amounts and estimated fair values of financial instruments held at December 31, 1997 and 1996. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties.

	1997		1996	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Financial assets:				
Fixed maturities held to maturity (see note 3)	$10,501,712	10,631,003	$14,974,962	15,140,919
Fixed maturities available for sale (see note 3)	31,483,324	31,483,324	24,476,239	24,476,239
Equity securities available for sale	839,973	839,973	--	--
Policy and student loans	7,945,381	7,945,381	7,315,809	7,315,809
Short-term investments	100,000	100,000	4,539,106	4,539,106
Cash and cash equivalents	3,083,560	3,083,560	956,756	956,756
Financial liabilities:				
Policy liabilities-policyholders' account balances	52,335,511	43,862,974	52,347,996	43,751,355

(14) Legal Proceedings

Lawsuits against the Company have arisen in the normal course of the Company's business. However, contingent liabilities arising from litigation and other matters are not considered material in relation to the financial position and operating results of the Company.

To the best of the Company's knowledge, it has no potential or pending contingent liabilities that might be material to the Company's financial condition, results of operations or liquidity pursuant to product or environmental liabilities.

(15) Year 2000

The Company is aware of potential problems certain computer systems face with respect to the year 2000, and has investigated various solutions. Present plans call for the conversion to be completed by the end of 1998. It is estimated to cost approximately $200,000, which would not have a material impact on the Company.

Testing for hardware problems will be done during the second quarter of 1999, although the Company is not expecting any problems which could not be solved before December 31, 1999.

(16) Subsequent Event

On December 17, 1998, Security National Life Financial Company ("Security National") completed the acquisition of the Company pursuant to the terms of the Acquisition Agreement which had been entered into by the parties on April 17, 1998.

Following the closing of the Acquisition Agreement, the Company was merged into SSLIC Holding Company, a Utah Company.

Exhibit

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES

Financial Data Schedule

For the Periods Ending December 31, 1997, 1996 and 1995

	YTD December 31, 1997	YTD December 31, 1996	YTD December 31, 1995
Fixed maturities held for sale	$31,843,324	24,276,239	21,812,096
Fixed maturities held to maturity (carrying value)	10,501,712	14,974,962	15,165,395
Fixed maturities held to maturity (market value)	10,631,003	15,140,919	15,494,540
Investment in equity securities	839,973	--	1,715,386
Mortgage loans on real estate	--	--	--
Investment in real estate	--	--	--
Total investments	50,870,390	51,319,216	50,186,208
Cash and cash equivalents	3,083,560	956,576	742,908
Reinsurance recoverable on paid losses	359,688	379,692	514,341
Deferred policy acquisition costs	14,457,483	15,893,401	16,952,755
Total assets	81,838,349	81,525,773	81,068,250
Policy liabilities- future benefits, losses, claims	1,409,031	985,720	1,050,498
Policy liabilities- unearned premiums	7,108,662	8,249,190	9,116,890
Policy liabilities- other claims and benefits	427,649	293,221	191,955
Other policyholder funds	59,686	59,596	57,444
Notes payable,bonds, mortgages, and similar debt	1,875,300	1,875,300	1,875,300
Preferred stocks mandatory redemption	--	--	--
Preferred stock non-mandatory redemption	--	--	--
Common stock	990,335	990,335	990,335
Other stockholders' equity	3,342,375	3,342,375	3,342,375
Total liabilities and stockholders' equity	81,838,349	81,525,773	81,068,250
Premiums	7,643,650	7,915,019	8,158,938
Net investment income	3,589,596	3,529,339	3,027,985
Realized investment gains and losses	506,795	869,502	60,237
Other income	--	--	--
Benefits, claims, losses and settlement expenses	4,431,474	3,812,463	4,048,125
Underwriting acquisitions and insurance expenses- amortization of deferred policy acquisition costs	3,174,750	2,945,386	2,733,919

Schedule II
Page 2 of 2

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES

Financial Data Schedule

For the Periods Ending December 31, 1997, 1996 and 1995

	YTD December 31, 1997	YTD December 31, 1996	YTD December 31, 1995
Underwriting acquisitions and insurance expense other	3,786,511	3,574,675	3,043,657
Income or loss before taxes	347,306	1,980,446	1,421,458
Income tax expense	114,066	311,636	220,350
Income/loss continuing operations before minority interest	233,240	1,668,810	1,201,108
Discounted operations	--	--	--
Minority interest in net income of subsidiary	122,321	562,288	455,810
Extraordinary items	--	--	--
Cumulative effect-changes in accounting principles	--	--	--
Net income	110,919	1,106,522	745,298

See accompanying auditors' report.

Schedule III

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES

Supplementary Insurance Information

December 31, 1997, 1996 and 1995

	Deferred policy acquisition cost	Future policy benefits, losses claims and loss expenses	Policyholders' account balances	Unearned premiums	Other policy claims and benefits payable
1997 Life and Annuities	14,457,483	1,409,031	52,335,511	7,108,662	427,649
1996 Life and Annuities	15,893,401	985,720	52,347,996	8,249,190	293,221
1995 Life and Annuities	16,952,755	1,050,498	50,624,276	9,116,890	191,955

See accompanying auditors' report

Schedule III

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES

Supplementary Insurance Information

December 31, 1997, 1996 and 1995

	Premium revenue	Net investment income	Benefits claims losses and settlement expenses	Amortization of deferred policy acquisition costs	Other operating expenses
1997 Life and Annuities	7,643,650	3,589,596	4,431,474	3,174,750	3,786,511
1996 Life and Annuities	7,915,091	3,529,339	3,813,361	2,945,386	3,574,675
1995 Life and Annuities	8,158,938	3,027,985	4,048,125	2,733,919	3,043,657

See accompanying auditors' report

Schedule IV

CONSOLIDARE ENTERPRISES, INC. AND SUBSIDIARIES

Reinsurance

December 31, 1997, 1996 and 1995

	Gross amount	Ceded to other companies	Assumed from other companies	Net amount	Percentage of amount assumed to net
December 31, 1997:					
Life insurance in force	1,026,038,000	337,901,000	532,772,000	1,220,909,000	4.4%
Premiums:					
Life insurance	8,055,672	914,071	490,726	7,632,327	6.4%
Accident & health insurance	11,323	--	--	11,323	--
Total premiums	8,066,995	914,071	490,726	7,643,650	6.4%
December 31, 1996:					
Life insurance in force	1,165,948,000	386,084,000	537,743,000	1,317,607,000	41%
Premiums:					
Life insurance	8,415,790	1,030,673	528,636	7,913,753	6.7%
Accident & health insurance	1,274	--	--	1,274	--
Total premiums	8,417,064	1,030,673	528,636	7,915,027	6.7%
December 31, 1995:					
Life insurance in force	1,298,205,000	448,382,000	507,552,000	1,357,357,000	37%
Premiums:					
Life insurance	8,829,073	1,201,432	529,912	8,157,553	7%
Accident & health insurance	1,385	--	--	1,385	--
Total premiums	8,830,458	1,201,432	529,912	8,158,938	7%

See accompanying auditors' report

ADMINISTRATIVE SERVICES AGREEMENT

THIS AGREEMENT (the "Agreement") is effective as of December 17, 1998 (the "Effective Date") and is made and entered into by and between SOUTHERN SECURITY LIFE INSURANCE COMPANY, a Florida domiciled life insurance company ("SSLIC"), and SECURITY NATIONAL FINANCIAL CORPORATION, a Utah corporation ("SNFC").

WITNESSETH:

WHEREAS, SNFC is a holding company that provides certain financial and administrative advice and other services to its subsidiary corporations, including life insurance companies;

WHEREAS, SSLIC is a life insurance company engaged in the business of providing life, accident and health insurance;

WHEREAS, SSLIC's computer and administrative systems are not Year 2000 compliant and would take major modifications to achieve compliance, do not calculate statutory, GAAP, or federal income tax reserves nor is the system integrated but instead relies on two fundamentally different programs;

WHEREAS, SSLIC sees little likelihood of reducing its general and administrative expenses in the foreseeable future, given the nature of the system improvements that have to be made;

WHEREAS, SSLIC expended $3,600,000 in general and administrative expenses in 1994, $3,286,000 in general and administrative expenses in 1995, $3,577,000 in general and administrative expenses in 1996, and $3,233,000 in general and administrative expenses in 1997;

WHEREAS, SSLIC now desires to reduce its level of general and administrative expenses and to provide a greater level of certainty concerning the amount of general and administrative expenses in the future;

WHEREAS, SNFC, based upon the representations of SSLIC as to the status of its administrative systems, duties of employees, and other representations, is willing to provide said general and administrative services on a fixed price basis;

WHEREAS, the provision of such services contemplated by this agreement of necessity requires SNFC to make long-term commitments and plans such that it can provide such services; and

WHEREAS, SSLIC desires to retain SNFC to provide general and administrative advice and other services in accordance with the terms and conditions hereinafter contained, and SNFC desires to provide such services in accordance with such terms and conditions;

NOW, THEREFORE, in consideration of the mutual promises, covenants, representations and undertakings hereinafter contained, the parties hereto agree as follows:

ARTICLE I

Term and Termination

Section 1.1This Agreement shall commence on the Effective Date and shall remain in full force and effect for an initial term expiring on December 16, 2003, subject to extensions as provided below.

Section 1.2.Unless either SSLIC or SNFC shall deliver written notice (a "Non-Extension Notice") to the other of its desire not to extend the term of this agreement, on or before September 30th of any year (the "Applicable Year") during the term of this agreement, commencing after December 31, 2000 the term of this Agreement shall be extended for an additional year as of December 31st of such Applicable Year. Following delivery of a Non-Extension Notice during any Applicable Year in accordance with this Section, the term of this Agreement shall expire on December 31st of the second year following such Applicable Year (but in no event shall the Agreement expire prior to December 16, 2003) and shall not be extended to a later date except upon the mutual agreement of the parties hereto.

Section 1.3.Either party may elect to deliver a Non-Extension Notice in its sole discretion with or without cause.

Section 1.4. In the event of any material breach of any duty or obligation under this Agreement by either party to this Agreement, the other party may, at its sole discretion, terminate this Agreement by written notice sent to the breaching party at least one hundred twenty (120) days prior to the termination date stated in said notice; provided that the breaching party shall be entitled to remedy such breach within such one hundred twenty (120) day period, and in the event of such remedy, such termination shall be deemed not to have occurred pursuant to this Section 1.4.

Section 1.5. In the event that any required license, permit, approval or authorization of SNFC to perform or act under this Agreement is suspended or revoked for any reason whatsoever by any governmental authority or instrumentality with jurisdiction over the transactions contemplated hereby and the Company, and, for any reason, SNFC fails to restore such authorization or to commence and diligently pursue corrective action to restore such authorization within one hundred twenty (120) days from the date of notification to SNFC of such suspension or revocation, this Agreement may be terminated.

Section 1.6. This Agreement shall be automatically terminated without notice by SSLIC to SNFC in the event that SNFC files a petition in bankruptcy or becomes insolvent.

Section 1.7. Notwithstanding any other provision of this Section 1.7, the parties hereto may terminate this Agreement at any time by mutual consent in writing signed by both parties.

Section 1.8. Any termination of this Agreement shall not affect the rights and obligations of the parties hereto as to transactions or acts done or performed by either party prior to the effective date of termination.

ARTICLE II

Appointment, Authority and Duties of SNFC

Section 2.1. SSLIC hereby engages SNFC to provide SSLIC with the administrative and financial services described herein. Without limiting the generality of the foregoing, SNFC shall, directly or indirectly, and at the reasonable request and direction of the Board of Directors of SSLIC, perform or render the following administrative and financial services relating to:

A. Accounting Services. These services shall include policyholder billing, collection of policyholder premiums, payment of commissions, maintaining records of accounts receivable and accounts payable, payment of expenses, providing management reports to include budgeting and interim financial reports, payroll administration to the extent the Company has employees outside the scope of this Administrative Services Agreement, proper posting of financial transactions to the policyholder in force, among other items.

B. Financial Reports and Statements. Preparation of financial reports and statements to include the preparation of generally accepted accounting principles reports for submission to shareholders, including reports on Form 10-K and Form 10-Q for submission to the Securities and Exchange Commission, the preparation of statutory reports including quarterly and annual reports for the submission to the State of Florida Insurance Department and other relevant jurisdictions, other management reports to be agreed upon, periodic reports to the Internal Revenue Service, including tax returns, the management and payment of an audit fee with an acceptable certified public accounting firm, management of insurance department examinations, and the payment of the fees therefore.

C. Actuarial. SNFC shall make available all existing products of SNLIC or related subsidiaries, shall maintain reserves and reserve calculations for financial statement, including GAAP, statutory, and Federal Income Tax, and internal purposes, shall perform profitability analysis and shall be available for limited product development and/or product enhancement work.

D. Policyholder Services. Policyholder services shall handle all policyholder correspondence, shall calculate cash surrender values, maintain lapses, cancellations, reinstatement, and shall provide claim services, including investigation and administration of claims and the payment thereof.

E. Underwriting. To include the receipt of applications, analysis of said applications, and selection of risks to include the management of medical evaluation of such risks, requesting MIB reports, requesting and evaluating attending physician statements, medical examinations, and upon the acceptance of such risks the issuance of the policy.

F. Data Processing. To allow SSLIC access to the data processing system of SNFC and to provide data processing services such that the services contemplated by this Agreement can be provided on a timely basis, including new policy issue, policyholder services, accounting, in-force maintenance, commissions and other functions.

G. Legal. To include review of contracts, drafting or review of contracts for the purpose of agents or other purposes, and management of legal expenses incurred by SSLIC for litigation or otherwise.

H. Building Management. Leasing services to include the drafting of leases to insure the prompt receipt of monies, to insure the building is properly maintained, and to develop the excess property of the Company.

I. Marketing Advisory Services. To include agent licensing, calculation of commissions, payment of commissions, maintenance of the agency system, providing market analysis of various opportunities, and managing policy acquisition costs including commissions, advertising, marketing contests, sales conventions, and other items.

J. Investment Services. To provide investment services including the recommendation of publicly traded investments, mortgage loan services including purchase of loans and investments in mortgage warehouse lines, investment accounting including preparation of Schedule D of the Statutory Annual Statement, and investment maintenance including calls and redemption of securities.

Section 2.2.All services including underwriting, claims management and investment services provided to SSLIC hereunder are to be based upon the written criteria, standards and guidelines of SSLIC. In the absence of such written procedures, SNFC shall be entitled to rely upon its own best judgment in the respective matter. The standard shall be that of a prudent person managing his own affairs. SSLIC shall have the ultimate and final authority over all decisions and policies, including but not limited to, decisions and policies related to the acceptance, rejection or canceling of rights, the payment or nonpayment of claims and the purchase and sale of securities.

Section 2.3.Notwithstanding any other provision of this Agreement, it is understood that the business and affairs of SSLIC shall be managed by its Board of Directors, and to the extent delegated by such Board, by its appropriately designated officers. The Board of Directors and officers of SNFC shall not have any management prerogatives with respect to the business affairs or operations of SSLIC.

Section 2.4.All services provided by SNFC hereunder shall be performed in accordance with generally accepted professional standards, and, in this regard, SNFC shall (a) maintain a staff of competent and trained personnel, supplies and equipment for the purpose of performing its duties hereunder; (b) use reasonable efforts to service SSLIC diligently and faithfully, to promote and safeguard the best interests of SSLIC; and (c) perform all acts reasonably necessary to ensure the smooth and proper conduct of the subject business on behalf of SSLIC. SNFC may employ other persons or entities to furnish SNFC with statistical and other factual information, advice and assistance as SNFC may deem necessary or desirable for the proper and efficient conduct of its activities hereunder.

Section 2.5.Standard of care and standard of performance of duties. Duties and obligations of SNFC shall be provided in a manner consistent with the nature, type, timeliness, and amount of service that was provided by SSLIC's own employees. Where services are to be provided by SNFC that had not previously been provided by SSLIC's employees, the standard for such services shall be that of a reasonable person managing his own affairs engaged in similar service.

Section 2.6.It is contemplated that SNFC will hire certain current employees of SSLIC in order to accomplish the purpose of this Agreement. SSLIC agrees to cooperate in retaining such employees and in other ways to effectuate the purposes of this Agreement. SSLIC represents and agrees that all employees are "at will" employees not subject to any employment agreement or retirement plan.

Section 2.7.Warranties and Limitation of Liability. It is understood and agreed that SNFC will be using certain commercially available products to include software and computer hardware among others. SNFC specifically makes no guarantees, warranties, or otherwise regarding such items and the only such warranty or guaranty is that provided by the manufacturer. Furthermore, it is specifically agreed that in undertaking this Agreement SNFC is relying upon SSLIC's representation as to its needs, requirements, and past capabilities. SNFC makes no warranty or guaranty and accepts no liability with regards to its services. SNFC makes no warranty or guaranty with regards to its investment advice. SSLIC agrees that sixty (60) days after the payment of any month's service fee that it is foreclosed from raising any complaint with regards to the closed period. The parties remedy, in the case of material complaints, shall be termination of this Agreement in accordance with the provisions of Article I. There shall be no liability or consequential or incidental damages.

ARTICLE III

Charges, Expenses and Compensation of SNFC

Section 3.1.Except as otherwise provided in this Agreement, the Administrative Fee shall provide compensation for expenses incurred in the performance of SNFC's duties hereunder, including, without limitation, governmental fees, fees and expenses of independent auditors, legal fees in the ordinary course of business not to include extensive litigation, consulting fees in the ordinary course of business, custodian and transfer agent fees, brokerage fees and commissions, occupancy expenses (including a fair and reasonable charge for overhead) and other expenses, including expenses in connection with the execution of securities transactions on behalf of SSLIC. The parties comprehend that there may be expenses incurred by the Company outside the scope of this Administrative Services Agreement. Such expenses could include, for example, but not by way of limitation, extensive product development work by outside actuaries, litigation expense for outside counsel, and/or other extraordinary costs outside the scope of this Administrative Services Agreement. SNFC shall pre-approve and SSLIC shall pay such expenses promptly upon receipt of invoices therefore. SNFC may pay such pre-approved expenses, on the express understanding that SSLIC will promptly reimburse SNFC therefore upon receipt of reasonably acceptable proof of payment coupled with details of the nature of such payments.

Section 3.2.SNFC shall furnish at SNFC's own expense, executive, supervisory and other personnel and services in connection with the services of SNFC as contemplated by this Agreement.

Section 3.3.

(a)In full consideration for the services tendered by SNFC hereunder, during each year of the term of this Agreement, SSLIC shall pay to SNFC an Administrative Services Fee (the "Administrative Services Fee") of $250,000 per month, provided, however, that the Administrative Services Fee shall be reduced to zero for so long as the capital and surplus of SSLIC is less than or equal to $6,000,000, unless SSLIC and SNFC otherwise agree in writing and such agreement is approved by the Florida Department of Insurance.

(b)The Administrative Services Fee with respect to each calendar year shall be payable in twelve (12) monthly installments on the last day of each month such services were rendered.

(c)The Administrative Services Fee may be increased, beginning on January 1, 2001, to reflect increases in the Consumer Price Index - U.S. City Average - All Urban Consumers (the "Index"), as published by the United States Bureau of Labor Statistics, over the Index amount as of January 1, 2000. On the first fee adjustment date, the then current Index shall be compared to the Index established as of January 2000. On the second fee adjustment date, the Index on that date shall be compared to the Index established as of January 2001.

Section 3.4.Following the end of each month, SNFC shall send SSLIC a statement showing all expenses and costs of SNFC to be reimbursed and paid by SSLIC hereunder. Within fifteen (15) days following receipt of such statement, SSLIC shall pay to SNFC by check or wire transfer all amounts shown to be due thereon.

Section 3.5.All expenses that are shared by SSLIC and SNFC shall be allocated in a manner consistent with any requirements contained in the Florida Insurance Statutes, and any regulations promulgated thereunder, as amended from time to time, and the rules therefore set forth in The Accounting Practices and Procedures Manual for Life and Accident and Health Insurance Companies promulgated by the National Association of

Insurance Commissioners.

ARTICLE IV

Representations and Warranties

Section 4.1.SSLIC hereby represents and warrants to SNFC that it has full corporate power and authority to enter into this Agreement and that the officer executing this Agreement has full authority and right to do so on behalf of SSLIC.

Section 4.2.SNFC hereby represents and warrants to SSLIC that it has full corporate power and authority to enter into this Agreement, and that the officer executing this Agreement has full authority and right to do so on behalf of SNFC.

ARTICLE V

Compliance with the SSLIC Policies

SNFC covenants and agrees that the investment planning, investment advice and services that it furnishes SSLIC hereunder will be in accordance with the general investment policies of SSLIC set forth from time to time by its Board of Directors or any appropriate committee thereof, and in any memoranda or letter agreements to SNFC, in accordance with the criteria and limitations provided by Sections of the Florida Insurance Laws, as amended from time to time.

ARTICLE VI

Records

Section 6.1.SNFC agrees that it will maintain all records, memoranda, instructions and authorizations relating to the services performed hereunder on behalf of SSLIC (the "Records"). The Records shall (a) be and remain the property of SSLIC, (b) be open at all times to inspection and audit by SSLIC or its authorized representatives, and (c) shall be delivered to SSLIC upon written demand therefore provided that SNFC may retain a copy or duplicate of each Record, delivered to SSLIC pursuant to (d) and SSLIC will reimburse SNFC for all reasonable expenses incurred in delivering Records to SSLIC, including without limitation the cost to photocopy Records, copies of which are retained by SNFC, and delivery expenses.

Section 6.2.SNFC shall, at the request of SSLIC, assist and provide operational support in connection with any audit of any records with respect to the services provided hereunder that is undertaken by SSLIC's auditors, its firm of CPA's, its actuaries or the insurance department of any state or any other governmental agency.

Section 6.3.SNFC shall provide, upon SSLIC's reasonable request, any Records in its possession and control which are necessary to file any report required by any federal, state or local governmental agencies. If such Records are not timely provided, SNFC will pay any cost reasonably incurred by SSLIC in compiling the necessary information.

Section 6.4.The terms and conditions of this Agreement and the Records in the possession and the control of SNFC are confidential and shall be treated as such by SNFC and its employees.

ARTICLE VII

Independent Contractors

This Agreement is not a contract of employment and nothing herein contained shall be construed to created the relationship of employer and employee between SSLIC and SNFC. SNFC is an independent contractor and shall be free to exercise judgment and discretion with regard to its duties under this Agreement.

ARTICLE VIII

Notices

Section 8.1.All notices, requests, demands and other communications under this Agreement or in connection therewith shall be given or made as follows:

If to SSLIC:

Southern Security Life Insurance Company

755 Rinehart Road
Lake Mary, Florida 83746
Facsimile:(407) 323-9701

With copies to:

Don B. Long, Jr., Esq.
Johnston Barton Proctor & Powell LLP
2900 Amsouth/Harvest Plaza
1901 Sixth Avenue North
Birmingham, Alabama 35203-2618
Facsimile:(205) 458-9500

and

Randall A. Mackey, Esq.
Mackey Price & Williams
170 South Main Street, Suite 900
Salt Lake City, Utah 84101
Facsimile:(801) 575-5006

If to SNFC:

Security National Financial Corporation
5300 South 360 West, Suite 101
Salt Lake City, Utah 84123
Facsimile:(801) 265-9882

with a copy to:

Randall A. Mackey, Esq.
Mackey Price & Williams
170 South Main Street, Suite 900
Salt Lake City, Utah 84101
Facsimile:(801) 575-5006

Section 8.2.Any notice or communication required or permitted to be given in terms of this Agreement shall be valid and effective only if in writing.

Section 8.3.Either party may by written notice to the other sent by prepaid registered mail change its address to another physical address provided that change of address shall only become effective on the seventh (7th) day after dispatch of the notice.

Section 8.4.Any notice or communication sent by prepaid United States mail pursuant to this Agreement shall be deemed to have been received within ten (10) days of the date of posting. Any notice or communication sent by facsimile transmission pursuant to this Agreement shall be deemed to have been received on the day that such notice was transmitted and confirmation of receipt of transmission was received.

ARTICLE IX

Mediation

Section 9.1.In the event of any dispute or difference of opinion hereafter arising with respect to the rights and obligations or the parties under this Agreement (a "Dispute"), it is hereby mutually agreed that such Dispute shall be submitted to mediation and the parties hereto shall cooperate with any mediator appointed to seek a resolution of such Dispute.

Section 9.2.

(a)The mediation process shall begin upon written request (a "Mediation Request") being made by one party (the "Requesting Party") upon the other (the "Responding Party") which request shall designate a mediator (the "First Mediator"), who shall be an individual experienced in the insurance business.

(b)Within fifteen (15) days after receipt of a Mediation Request, the Responding Party shall either accept the First Mediator or by written notice to the Requesting Party designate an alternate mediator (the "Second Mediator"). The failure of the Responding Party to affirmatively accept the First Mediator or to designate the Second Mediator within such fifteen (15) days period shall be deemed to be an acceptance of the First Mediator.

(c)Unless the Second Mediator shall be accepted in writing by the Requesting Party within fifteen (15) days of the designation thereof, if the Second Mediator shall have been designated by the Responding Party, the First Mediator and the Second Mediator shall designate a mediator who shall be an individual experienced in the insurance business (the "Third Mediator") (together with the First Mediator and the Second Mediator, individually a "Mediator" and, collectively, the "Mediators") and the Third Mediator shall be deemed accepted by both parties.

(d) The parties hereto agree to make reasonable efforts requested by the Mediator accepted or deemed accepted hereunder (the "Accepted Mediator") to resolve the applicable Dispute for a period of thirty (30) days following acceptance of the Accepted Mediator.

Section 9.3.Each party shall bear one half of the expenses of the Mediators designated hereunder.

Section 9.4.Any meetings relating to mediation shall take place at a time and location mutually agreed upon by the parties to this Agreement. If the parties to this Agreement fail to agree upon a time and location, such meetings shall take place in Salt Lake City, Utah, at a time and location designated by the Accepted Mediator.

ARTICLE X
Miscellaneous

Section 10.1.This Agreement shall be governed by and interpreted according to the laws of the State of Utah and the parties agree to submit themselves to the jurisdiction of any competent Utah court, both state and federal.

Section 10.2.This Agreement embodies the final, complete and entire agreement between the parties with respect to the Matters set forth herein. No other representations, understandings or agreements have been made or relied upon in the making of this Agreement other than those specifically set forth or referred to herein.

Section 10.3.Any alterations, modifications, amendments, variations or additions to this Agreement shall only be valid if in writing and executed with the same formalities as this instrument.

Section 10.4.The failure of either party to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of such provisions, nor in any way to affect the validity of this Agreement, or any part thereof, or the rights of either party to thereafter enforce each and every such provision.

Section 10.5.This Agreement shall not be assigned, delegated, subdelegated, charged or otherwise disposed of by SSLIC without the prior express written consent of SNFC. Upon written notice to SSLIC, SNFC may assign, delegate, subdelegate, charge or otherwise transfer this Agreement and its obligations hereunder; provided that any such assignee, delegee, subdelegee, chargee or transferee agrees in writing to be bound hereunder.

Section 10.6.This Agreement may be executed in two separate counterparts, each of which shall be deemed to be an original hereof, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, SSLIC and SNFC have executed this Agreement as of the Effective Date.

SOUTHERN SECURITY LIFE INSURANCE COMPANY

By:________________________________
Its:_____________________________

SECURITY NATIONAL FINANCIAL CORPORATION

By:________________________________
Its:____________________________