

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 8-K

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**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 18, 2008

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

Utah  
(State or other jurisdiction of  
incorporation)

0-9341  
(Commission File Number)

87-0345941  
(IRS Employer Identification No.)

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

84123  
(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)

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## ITEM 8.01. Other Events.

### Completion of Acquisition of Southern Security Life Insurance Company.

On December 18, 2008, Security National Financial Corporation, through its wholly owned subsidiary, Security National Life Insurance Company ("Security National Life"), completed a stock purchase transaction with Southern Security Life Insurance Company, a Mississippi domiciled insurance company ("Southern Security"), and its shareholders to purchase all of the outstanding shares of common stock of Southern Security from its shareholders. Under the terms of the transaction as set forth in the Stock Purchase Agreement among Security National Life, Southern Security and the shareholders of Southern Security, Security National Life paid to the shareholders of Southern Security purchase consideration equal to \$1,352,139, representing the capital and surplus, interest maintenance reserve, and asset valuation reserve of Southern Security as of September 1, 2008, the date that Security National Life assumed administrative control over Southern Security, plus \$1,500,000, representing the ceding commission that had been paid on August 29, 2008, plus \$75,883, representing an allowance for the actual losses experienced by Southern Security in the second quarter ended June 30, 2008, less certain adjustments. Thus, the total purchase price before adjustments was \$2,928,022.

As of December 31, 2007, Southern Security had 24,323 policies in force and approximately 393 agents. For the year ended December 31, 2007, Southern Security had revenues of \$4,231,000 and a net loss of \$496,000. As of December 31, 2007, the statutory assets and the capital and surplus of Southern Security were \$24,402,000 and \$758,000, respectively. As of June 30, 2008, the statutory assets and the capital and surplus of Southern Security were \$24,780,000 and \$713,000, respectively.

As adjustments to the purchase consideration, the shareholders of Southern Security deposited at closing \$175,000 of the purchase consideration into an interest bearing escrow account as the deposit amount (the "Deposit Amount"). This Deposit Amount is to be held for a period of six months from the closing date ("the Holdback Period") and used to pay the amount of any adjustments required under the terms of the Stock Purchase Agreement. At the end of the Holdback Period, the escrow agent agrees to transfer the remaining amounts of the Deposit Amount, following the payment of any adjustments, into a real estate deposit account to be held and distributed in accordance with the terms of the escrow agreement. The shareholders additionally deposited at closing \$268,500 of the purchase consideration into an interest bearing escrow account as the real estate deposit amount (the "Real Estate Deposit Amount"). This Real Estate Deposit Amount represents about 50% of the total outstanding balance on a loan that Southern Security had made to Wade Nowell Funeral Homes, Inc. in the form of a promissory note, which note is secured by a funeral home property in Collins, Mississippi. The Real Estate Deposit Amount will be increased by the amount of funds transferred from the Deposit Amount at the end of the Holdback Period.

The shareholders have granted to Security National Life a security interest in the Real Estate Deposit Amount to secure payment of the promissory note also secured by the funeral home in Collins, Mississippi. Beginning on September 1, 2009, the escrow agent agrees to release to the shareholders on a pro rata basis an amount equal to the principal reduction of the promissory note that has occurred during the preceding August 1 through July 31 period, until such time as the Real Estate Deposit Amount (including funds transferred from the Deposit Amount) and any accrued interest, have been paid to the shareholders. However, no payments will be made to the shareholders from the Real Estate Deposit Amount if the note is in default. In the event there is a default in the payment of the note, Security National Life has the right to receive payment from the Real Estate Deposit Amount for the amount of such default or to foreclose on the note pursuant to the terms thereunder and to receive payment from the Real Estate Deposit Amount in an amount equal to the full amount of any losses and expenses incurred by Security National Life as a result of such default and enforcement of its rights pursuant thereto. The shareholders have the right to refinance the existing debt on the note.

As further adjustments, Southern Security transferred its interest in a certain trust, known as the Nowell Legacy Trust, to the shareholders at closing and the purchase consideration to be paid to the shareholders was reduced by \$316,026, the admitted value of the trust as reflected in the financial statements of Southern Security on September 1, 2008, the date that Security National Life assumed administrative control over Southern Security under the terms of the Stock Purchase Agreement. Finally, the purchase consideration was reduced by \$84,081 for payments that Security National Life made in behalf of the shareholders for legal and accounting fees and other expenses, and by \$163,715 at the instruction of the shareholders to pay off a promissory note with Ray-Nowell Funeral Home, Inc., which was secured by funeral home properties in Senatobia, Mississippi.

The Stock Purchase Agreement further provides that Security National Life and Southern Security each agree to enter into a reinsurance agreement contemporaneous with the execution of such Stock Purchase Agreement. Under the terms of this reinsurance agreement, Security National Life is required to reinsure all of the in force and future insurance liabilities of Southern Security. Security National Life will also assume complete administrative control of all of the then current and future insurance related business operations of Southern Security at such time as Security National Life notifies Southern Security in writing that it is capable of assuming administrative control over such insurance related business operations, provided Security National Life assumes administrative control no later than September 1, 2008.

Administrative control over the insurance related operations of Southern Security is to include control over day-to-day business expenses, trade, debt, locations of business operations, employees, employee compensation, compensation to offices and directors, cash flow, deposits and bank accounts. Upon assuming administrative control, Security National Life will be given access to the records, files and computer systems of Southern Security and will have the right to transfer or move such records, files and computer systems to other offices and locations in which Security National transacts business. Security National Life notified Southern Security in writing that it would assume administrative control over the insurance related operations of Southern Security as of September 1, 2008. On September 1, 2008, Security National Life assumed said administrative control over the insurance related operations of Southern Security.

On August 29, 2008, in furtherance of the requirements of the Stock Purchase Agreement, Security National Life and Southern Security entered into a reinsurance agreement (the "Reinsurance Agreement") to reinsure the majority of the in force business of Southern Security, as reinsurer, to the extent permitted by the Mississippi Department of Insurance. Pursuant to the terms of the Reinsurance Agreement, Security National Life paid a ceding commission to Southern Security in the amount of \$1,500,000.

As a result of the Reinsurance Agreement, certain insurance business and operations of Southern Security was transferred to Security National Life, including all policies in force as of the administrative control date. Any future business by Southern Security would be covered by this Reinsurance Agreement. It is estimated that as of September 1, 2008, when Security National Life assumed administrative control over the insurance related business operations of Southern Security, Southern Security transferred approximately \$23,600,000 in assets and liabilities to Wachovia Bank, N.A. of St. Louis, Missouri, as custodian for Security National Life pursuant to the Reinsurance Agreement and the Custodial Agreement among Southern Security, Security National Life, and Wachovia Bank N.A. Following the completion of the stock purchase transaction, Southern Security will continue to sell and service life insurance, annuity products, and funeral plan insurance.

The shareholders further agree pursuant to the terms of the Stock Purchase Agreement that after the closing of the transaction they will not induce any policyholder to terminate any policy issued by Southern Security. Moreover, the shareholders agree that all policyholder lists, insurance applications, policyholder information, knowledge of business operations and sales methods, and all other materials of Southern Security are the property of Southern Security and that such information and property may not be used by any of the shareholders without written approval by Security National Life. The agreement expressly allows Russ Nowell, who is currently president of Southern Security, to engage in the insurance business, including to sell or solicit new policies on behalf of any competitor of Southern Security or Security National Life, including new policies to existing policyholders, provided that no replacement of inforce policies occurs and Mr. Nowell does not solicit existing policyholders of Southern Security concerning inforce policies or utilize information gained as an officer of Southern Security to solicit existing policyholders regarding in force business. In the event any shareholder breaches any of such covenants, Security National Life may obtain immediate injunctive relief prohibiting further breach of such obligations against the shareholder and such shareholder will be liable for liquidated damages in the amount of two year's annual premium for all policies that are terminated as a result of such shareholder's activities.

**ITEM 9.01. Financial Statements and Exhibits**

- (c) Exhibits
- 10.1 Stock Purchase Agreement among Security National Life Insurance Company, Southern Security Life Insurance Company, and the shareholders of Southern Security Life Insurance Company(1)
- 10.2 Reinsurance Agreement among Security National Life Insurance Company, Southern Security Life Insurance Company, and the shareholders of Southern Security Life Insurance Company, including the Custodial Agreement (2)
- 10.3 Escrow Agreement among Security National Life Insurance Company, Southern Security Life Insurance Company, the shareholders of Southern Security Life Insurance Company, and Mackey Price Thompson & Ostler as escrow agent.

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- (1) Incorporated by reference from Report on Form 8-K, as filed on August 25, 2008.  
(2) Incorporated by reference from Report on Form 8-K, as filed on September 17, 2008.

**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: January 6, 2009

By: /s/ Scott M. Quist  
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Scott M. Quist, President

## ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the "Escrow Agreement") is made and entered into this 18<sup>th</sup> day of December, 2008, by and among SECURITY NATIONAL LIFE INSURANCE COMPANY, a Utah corporation ("Security National"), SOUTHERN SECURITY LIFE INSURANCE COMPANY, INC., a Mississippi corporation ("Southern Security"), the SHAREHOLDERS OF SOUTHERN SECURITY LIFE INSURANCE COMPANY, INC. that have executed the Agreement by Shareholders of Southern Security Life Insurance Company to Sell Shares in Stock Purchase Transaction (the "Shareholders"), and MACKEY PRICE THOMPSON & OSTLER, a Utah professional corporation (the "Escrow Agent") (each of the foregoing parties is referred to singly, as a "Party" and collectively, as the "Parties"). Capitalized terms appearing in the Escrow Agreement but not otherwise defined herein shall have the same meanings assigned to them in the Stock Purchase Agreement.

### WITNESSETH:

WHEREAS, on August 13, 2008, Security National, Southern Security, and the Shareholders entered into a stock purchase agreement (the "Stock Purchase Agreement") in which the Shareholders agreed to sell to Security National, and Security National agreed to purchase from the Shareholders, all of the issued and outstanding shares of stock of Southern Security in consideration for purchase consideration payable to the Shareholders, as defined in Section 1.2 of the Stock Purchase Agreement, on a pro rata basis in an amount to include the following: (i) the Capital and Surplus of Southern Security as of the date that Security National assumed administrative control over Southern Security, which was on September 1, 2008, (ii) plus the interest maintenance reserve and the asset valuation reserve of Southern Security, as if the administrative control date of September 1, 2008, (iii) plus an allowance not to exceed \$100,000 for actual losses experienced by Southern Security in the second quarter ended June 30, 2008, which allowance shall not exceed \$100,000 even if the actual losses experienced by Southern Security in the second quarter ended June 30, 2008, or any subsequent quarter are in excess of \$100,000, (iv) less certain adjustments (the "Purchase Consideration"); and

WHEREAS, Security National, Southern Security and the Shareholders desire to establish this escrow for the purpose of holding the funds to be deposited into an interest bearing escrow account (the "Escrow Account") in accordance with amended terms of the Stock Purchase Agreement and distributing such funds pursuant to amended terms of such agreement; and

WHEREAS, Escrow Agent is willing to receive the funds contemplated by the amended terms of the Stock Purchase Agreement and to hold and distribute the same in accordance with the amended terms of such agreement; and

WHEREAS, in Section 1.2(c) of the Stock Purchase Agreement, the Shareholders agree at the closing of the transaction, as defined in Section 2.1 of the Stock Purchase Agreement (the "Closing") to deposit \$175,000 (the "Deposit Amount") of the Purchase Consideration into the Escrow Account with the Escrow Agent, which amount is to be used to pay the amount of any adjustments in the Stock Purchase Agreement, including any adjustments in Sections 1.2(c), (d) and (e) thereunder (the "Adjustments"); and

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WHEREAS, in Section 1.2(d) of the Stock Purchase Agreement, the Shareholders further agree at Closing to deposit \$537,000 of the Purchase Consideration (the "Real Estate Deposit Amount") into the interest bearing Escrow Account, which amount represents approximately 50% of the total outstanding balances on the promissory notes that Southern Security has entered into with Ray-Nowell Funeral Home, Inc. and Wade Nowell Funeral Homes, Inc. (the "Notes"), which Notes are secured by funeral home properties in Senatobia, Mississippi and Collins, Mississippi, respectively, of which the Shareholders agree to grant to Security National a security interest in the Real Estate Deposit Amount to secure payment of their Notes. Beginning on September 1, 2009, and continuing on the same date of each year thereafter, the Escrow Agent is to release to the Shareholders on a pro rata basis, as more fully described in Section 1.2(d) of the Stock Purchase Agreement, certain amounts equal to the combined principal reduction of the Notes that has occurred during the preceding August 1 through July 31 period, until such time as the Real Estate Deposit Amount, including any accrued interest thereon, has been paid to the Shareholders; and

WHEREAS, the Escrow Agent agrees to make payments from the Deposit Amount and the Real Estate Deposit Amount to the Shareholders on a pro rata basis pursuant to the amended terms and conditions of Section 1.2(c) and 1.2(d) of the Stock Purchase Agreement; and

WHEREAS, Security National, Southern Security and each of the Shareholders desire to modify the terms of the Stock Purchase Agreement by entering into an escrow agreement containing terms and conditions that amend certain terms and conditions of the Stock Purchase Agreement, and to the extent such amended terms and conditions of the escrow agreement are inconsistent with those in the Stock Purchase Agreement, such amended terms and conditions shall be controlling and shall constitute an amendment to the Stock Purchase Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Delivery of Documents into Escrow. Security National and Southern Security herewith deliver the following documents to Escrow Agent to be held and disposed of by Escrow Agent strictly in accordance with the terms of this Escrow Agreement:

- (a) A copy of the Stock Purchase Agreement and any amendments thereto.
- (b) A certified shareholders list of Southern Security dated the Closing Date (the "Certified Shareholders List") with the names and addresses of each of the Shareholders and the number of shares held by each of the shareholders as of the Closing Date.
- (c) A copy of a statement of the Capital and Surplus of Southern Security as of September 1, 2008.
- (d) A copy of the Note that Southern Security entered into.

2. Delivery of Cash into Escrow. The Shareholders herewith deliver cash in the form of immediately available U.S. Dollars by bank wire transfer into the Escrow Agreement in the amount of Four Hundred Forty-three Thousand Five Hundred Dollars (\$443,500) to U.S. Bank, N.A., 170 South Main Street, 6<sup>th</sup> Floor, Salt Lake City, Utah 84101; Attn: David H. Green, Vice President.

3. Investment of Escrow Funds. Any funds held in the Escrow Account shall be invested by the Escrow Agent, in the Escrow Agent's discretion in accordance with terms and conditions set forth in Section 5 below, in an interest bearing account held by the Escrow Agent.

4. Distribution of Escrow Funds.

(a) The Shareholders agree at closing to deposit \$175,000 of the Purchase Consideration into the interest bearing Escrow Account as the Deposit Amount. This amount shall be held for a period of six months from the Closing Date (the "Holdback Period") and used to pay the amount of any adjustments in the Stock Purchase Agreement, including any adjustments described in Sections 1.2(c), (d) and (e) thereunder. The amount of the adjustments shall be determined during the Holdback Period. At the end of the Holdback Period, Security National shall provide written notice of the amount and a description of the adjustments to be charged against the Deposit Amount to the Shareholders and the Escrow Agent at the addresses specified in Section 7 below. Not less than ten (10) days after the notice has been provided to the Shareholders, the Escrow Agent agrees to transfer the remaining amounts of the Deposit Amount, following the payment of any such adjustments, into the Real Estate Deposit Amount to be held and distributed in accordance with the terms of Section 4(b) below;

(b) The Shareholders further agree at Closing to deposit \$268,500 of the Purchase Consideration into the interest bearing Escrow Account as the Real Estate Deposit Amount. This amount represents approximately 50% of the total outstanding balance on the promissory note that Southern Security has entered into with Wade Nowell Funeral Homes, Inc. (the "Note"), which Note is secured by a funeral home property in Collins, Mississippi. The Real Estate Deposit Amount shall be increased by the amount of funds transferred from the Deposit Amount (following payment of any adjustments) after the Holdback Period. The Shareholders agree to grant to Security National a security interest in the Real Estate Deposit Amount to secure payment of the Note. Except as set forth below, beginning on September 1, 2009, and continuing on the same date of each year thereafter, the Escrow Agent shall release to the Shareholders on a pro rata basis an amount equal to the principal reduction of said Note that has occurred during the preceding August 1 through July 31 period, until such time as the Real Estate Deposit Amount (including any funds transferred from the Deposit Amount), and any accrued interest thereon, have been paid to the Shareholders. Such payments shall be made according to the requirements of Section 4(d) below. However, the Escrow Agreement shall make no payments to the Shareholders from the Real Estate Deposit Amount if the Note is in default. In the event there is a default in the payment of the Note, Security National shall have the right to receive payment from the Real Estate Deposit Amount for the amount of such default or to foreclose on the Note pursuant to the terms thereunder and shall be entitled to receive payment from the Real Estate Deposit Amount in an amount equal to the full amount of any losses and expenses incurred by Security National as a result of such default and the enforcement of its rights pursuant thereto. The Shareholders and Security National agree that the Shareholders have the right, but not the obligation, to refinance the existing debt on the Note;

(c) Security National agrees to guarantee the payment of interest at the rate of four percent (4%) per annum on the funds transferred from the Deposit Amount to the Real Estate Deposit Amount after the Holdback Period. The guaranteed four percent (4%) interest shall include the interest earned from the interest bearing Escrow Account on the funds transferred from the Deposit Amount. As the annual payments are made to the Shareholders pursuant to Section 4(b) above in the amount equal to the principal reduction of the Note that has accrued during the preceding August 1 through July 31 period, the amounts paid to the Shareholders for such principal reduction shall be apportioned on a pro rata basis to the amount of funds transferred from the Deposit Amount after the Holdback Period and the amount of funds in the Real Estate Deposit Amount prior to the receipt of such funds from the Deposit Amount. Thus, the funds transferred from the Deposit Amount after the Holdback Period to the Real Estate Deposit Amount shall earn interest at the rate of four percent (4%) per annum until such funds are distributed to the Shareholders by means of annual principal reduction payments;

(d) Upon the completion and satisfaction of the required distributions set forth in Sections 4(b) above, the Escrow Agent shall distribute the remaining funds in the Escrow Account to the Shareholders on a pro rata basis to the number of shares of Southern Security common stock held by the Shareholders on the Closing Date, as set forth on the Certified Shareholders List. Such payments to the Shareholders shall be in the form of cashier's checks payable to the order of each of the Shareholders as named on the Certified Shareholders List and delivered to the address specified in writing by each of the Shareholders.

5. Responsibility of the Escrow Agent. The Escrow Agent accepts the escrow arrangements set forth in this Escrow Agreement upon the terms and conditions hereof and undertakes to act solely as depository for the escrow funds, with no obligations to Security National, Southern Security, or the Shareholders except as specifically set forth herein. The Parties hereto agree that the following terms and conditions shall govern and control with respect to the rights, duties, liabilities and immunities of the Escrow Agent hereunder.

(a) Until escrowed payments are distributed as provided herein, the Escrow Agent shall maintain such funds in an interest bearing account, as provided herein.

(b) The duties and obligations of the Escrow Agent shall be determined solely by the express provisions of this Escrow Agreement, and no implied covenants, duties or obligations shall be read into this Escrow Agreement against the Escrow Agent, nor shall it have, or be deemed to have, any duties or responsibilities under the provisions of any other agreements between the other Parties hereto.

(c) The Escrow Agent shall not be liable for any error of judgment, or any actions taken, or omitted by it in good faith, or mistake of fact or law, or for anything it may do or refrain from doing in connection therewith, except its own gross negligence or willful misconduct.

(d) The Escrow Agent may rely and shall be protected from acting in good faith in reliance upon resolution, direction, certificate, statement, approval, notice, court order, or other document, not only unto its due execution and the validity and effectiveness of its provisions, but also as to the truth of any information therein contained, which it in good faith believes to be genuine and what purports to be.

(e) The Escrow Agent may consult with counsel or other experts of its own choice and any opinion of its own choice and any opinion of counsel or written opinion of such other experts shall be full and complete authorization and protection with respect to any action taken or omitted by the Escrow Agent hereunder in good faith and in accordance with such opinion of counsel or opinion of such other experts within the area of their respective expertise.

(f) The Escrow Agent may execute any of its powers or responsibilities hereunder and exercise any rights hereunder either directly or by or through its agent or attorneys.

(g) The Escrow Agent shall not be responsible for and shall not be under a duty to examine into or pass upon, the validity, binding effect, execution or sufficiency of this Escrow Agreement or of any agreement, amendment or supplement hereto nor shall the Escrow Agent be accountable for the source of the escrow funds.

(h) Except as otherwise specifically provided herein, the Escrow Agent may deal with Security National, its parent company or its affiliates, in the same manner and to the same extent and with like effect as if it were not the Escrow Agent hereunder.

(i) If any controversy or dispute arises between the Parties hereto or with any third party with respect to the subject matter of the escrow described herein, the Escrow Agent shall not be required to determine the same or take any action, but may await the settlement of any such controversy or dispute by final appropriate legal proceedings or otherwise as the Escrow Agent may require, and in such event the Escrow Agent shall not be liable for interest or damage, except that the Escrow Agent shall not deliver the escrow funds in any manner other than in accordance with Section 4 hereof. In addition, the Escrow Agent shall have the right to commence such interpleader or other legal proceedings or actions, or take or withhold any other actions, as are reasonably necessary or appropriate pending resolution of such controversy or dispute. The Escrow Agent shall be entitled to retain counsel to represent it in any controversy or dispute relating to this Escrow Agreement.

6. Termination. This Escrow Agreement shall terminate upon distribution of all of the funds in the Escrow Account pursuant to Section 4 hereof.

7. Manner of Notice. All notices required by this Escrow Agreement or which one party desires to serve on another party, shall be in writing and shall be deemed given or made when delivered to such party personally, or three days after mailing to such party by bonded courier, by registered or certified mail, postage prepaid, return receipt requested, or by first-class mail, postage prepaid, to the addresses specified below:

If to Security National, to:

Security National Life Insurance Company  
5300 South 360 West, Suite 250  
Salt Lake City, Utah 84123  
Attn: Scott M. Quist, President  
Facsimile No. (801) 264-1060  
Telephone No. (801) 265-9882

or to such other address or addresses as Security National shall hereinafter designate by notice to the other parties as herein provided; and

If to Southern Security, to:

Southern Security Life Insurance Company, Inc.  
211 Ball Drive  
P.O. Box 924  
Louisville, Mississippi 39339  
Attn: Russell C. Nowell, President  
Facsimile No.: (622) 779-4155  
Telephone No.: (622) 779-4113

or to such other address or addresses as Southern Security shall hereinafter designate by notice to the other parties as herein provided;

If to Shareholders, to:

Shareholders of Southern Security Life Insurance Company  
211 Ball Drive  
P.O. Box 924  
Louisville, Mississippi 39339  
Facsimile No.: (622) 779-4155  
Telephone No.: (622) 779-4113

or to such other address or addresses as the Shareholders shall hereinafter designate by notice to the other parties as herein provided;

With a copy to:

Julie M. McPeak, Esq.  
Burr & Forman, LLP  
700 Two American Center  
3102 West End Avenue  
Nashville, Tennessee 37207  
Facsimile No.: (615) 724-3290  
Telephone No.: (615) 724-3200

If to Escrow Agent, to:

Mackey Price Thompson & Ostler  
57 West 200 South, Suite 350  
Salt Lake City, Utah 84101  
Attn: Randall A. Mackey, Esq.  
Facsimile No.: (801) 575-5006  
Telephone No.: (801) 575-5000

or to such other address or addresses as the Escrow Agent shall hereinafter designate by notice to the other parties as herein provided.

8. Governing Law. This Escrow Agreement shall be enforced and construed in accordance with the laws of the State of Mississippi.

9. Counterparts. This Escrow Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

10. Time. Time is of the essence of this Escrow Agreement.

11. Headings. The subject headings of the paragraphs contained in this Escrow Agreement are included for purposes of convenience only and shall not control or affect the meaning, construction or interpretation of any of the provisions of this Escrow Agreement.

12. Assignment of Interest. Each Shareholder has the right to assign his respective share of escrowed funds. Any such assignment shall be completed by a written assignment containing the notarized signature of the Shareholder. The assignment shall contain the name and address of the assignee. A duplicate original of the Assignment shall be delivered to the Escrow Agent by certified mail, return receipt requested. The Escrow Agent shall have no liability for delivering the escrowed funds to an assignee as directed by a Shareholder.

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement as of the day and year first above written.

SECURITY NATIONAL LIFE INSURANCE COMPANY

By: /s/ Scott M. Quist  
Scott M. Quist, President

SOUTHERN SECURITY LIFE INSURANCE COMPANY, INC.

By: /s/ Russell C. Nowell  
Its: President

THE SHAREHOLDERS:

/s/ Russell C. Nowell  
Russell C. Nowell

/s/ Janet Nowell Massey  
Janet Nowell Massey

Estate of Genece Nowell

/s/ Michael Pierce  
Michael Pierce, Temporary Administrator

/s/ Harold B. Nowell, Sr.  
Harold B. Nowell, Sr.

H&R II, L.P., as Shareholder

By: H&R I, Inc. as Managing General Partner of  
H&R II, L.P.

By: /s/ Harold B. Nowell, III  
\_\_\_\_\_  
Harold B. Nowell, III, Individually,  
President, and as Shareholder of H&R I, Inc.

By: /s/ Russell C. Nowell  
\_\_\_\_\_  
Russell C. Nowell, Individually, and as Shareholder  
of H&R I, Inc.

By: H. Bernard Nowell, Jr. Irrevocable Trust, as  
Limited Partner of H&R II, L.P.

By: /s/ Harold B. Nowell, III  
\_\_\_\_\_  
Harold B. Nowell, III, as Trustee

THE ESCROW AGENT:

MACKEY PRICE THOMPSON & OSTLER

By: /s/ Randall A. Mackey  
\_\_\_\_\_  
Randall A. Mackey, President