

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

FORM 10-Q

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

For Quarter Ended September 30, 2003

Commission File Number: 0-9341

SECURITY NATIONAL FINANCIAL CORPORATION
Exact Name of Registrant.

UTAH

87-0345941

(State or other jurisdiction
of incorporation or organization)

IRS Identification Number

5300 South 360 West, Salt Lake City, Utah

84123

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including Area Code

(801) 264-1060

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

YES NO

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

Class A Common Stock, \$2.00 par value

4,284,012

Title of Class

Number of Shares Outstanding as of
September 30, 2003

Class C Common Stock, \$.20 par value

6,094,950

Title of Class

Number of Shares Outstanding as of
September 30, 2003

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2003

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

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2003	2002	2003	2002
Revenues:				
Insurance premiums and other considerations	\$17,342,353	\$10,319,892	\$5,752,258	\$3,627,683
Net investment income	13,630,206	8,504,297	5,264,666	3,052,659
Net mortuary and cemetery sales	8,026,021	7,954,592	2,730,776	2,717,806
Realized gains on investments and other assets	(2,207)	746,021	(2,207)	27,205
Mortgage fee income	76,979,168	34,828,830	24,067,019	15,988,606
Other	245,893	415,292	62,468	106,325
Total revenues	116,221,434	62,768,924	37,874,980	25,520,284
Benefits and expenses:				
Death benefits	9,768,115	4,298,196	2,725,055	1,325,095
Surrenders and other policy benefits	1,573,695	1,442,718	472,603	372,618
Increase in future policy benefits	4,921,318	3,628,655	2,113,665	1,569,539
Amortization of deferred policy acquisition costs and cost of insurance acquired	3,622,216	2,334,477	1,353,437	565,708
General and administrative expenses:				
Commissions	55,435,397	26,554,414	16,215,158	12,591,644
Salaries	10,378,702	8,308,534	3,421,014	2,925,397
Other 16,260,51	10,320,968	6,076,615	3,955,599	
Interest expense	3,130,982	1,013,868	1,331,544	491,072
Cost of goods and services sold of the mortuaries and cemeteries	1,699,005	1,515,575	575,267	535,029
Total benefits and expenses	106,789,942	59,417,405	34,284,358	24,331,701
Earnings before income taxes	9,431,492	3,351,519	3,590,622	1,188,583
Income tax expense	(3,065,751)	(825,614)	(1,145,524)	(294,796)
Minority interest (income) loss of subsidiary	17,219	18,263	31,625	3,898
Net earnings	\$6,382,960	\$2,544,168	\$2,476,723	\$897,685
Net earnings per common share	\$1.24	\$.54	\$.49	\$.19
Weighted average outstanding common shares	5,165,311	4,680,665	5,034,832	4,684,250
Net earnings per common share-assuming dilution	\$1.19	\$.51	\$.47	\$.18
Weighted average outstanding common shares assuming-dilution	5,378,996	5,013,965	5,252,132	5,083,126
See accompanying notes to consolidated financial statements				

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

	September 30, 2003 (Unaudited)	December 31, 2002
	-----	-----
Assets:		

Insurance-related investments:		
Fixed maturity securities held to maturity, at amortized cost	\$33,509,058	\$33,015,097
Fixed maturity securities available for sale, at market	17,841,657	18,514,943
Equity securities available for sale, at market	3,033,204	2,642,093
Mortgage loans on real estate	25,041,443	21,016,008
Real estate, net of accumulated depreciation and allowances for losses	8,863,328	9,331,248
Policy, student and other loans	10,924,403	10,974,165
Short-term investments	4,677,926	5,335,478
	-----	-----
Total insurance-related investments	103,891,019	100,829,032
	-----	-----
Restricted assets of cemeteries and mortuaries	5,310,865	5,332,736
	-----	-----
Cash	30,294,277	38,199,041
	-----	-----
Receivables:		
Trade contracts	9,786,737	11,358,027
Mortgage loans sold to investors	107,255,174	89,455,105
Receivable from agents	1,441,923	2,054,071
Receivable from officers	46,540	70,290
Other	1,593,581	1,131,977
	-----	-----
Total receivables	120,123,955	104,069,470
Allowance for doubtful accounts	(4,817,755)	(2,385,309)
	-----	-----
Net receivables	115,306,200	101,684,161
	-----	-----
Policyholder accounts on deposit with reinsurer	6,822,334	6,955,691
Land and improvements held for sale	8,573,388	8,429,215
Accrued investment income	1,316,052	928,287
Deferred policy and pre-need acquisition costs	16,879,934	15,917,257
Property, plant and equipment, net	11,004,751	10,921,635
Cost of insurance acquired	15,229,005	16,330,711
Excess of cost over net assets of acquired subsidiaries	683,191	683,191
Other	887,548	945,805
	-----	-----
Total assets	\$316,198,564	\$307,156,762
	=====	=====

See accompanying notes to consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (Continued)

	September 30, 2003 (Unaudited)	December 31, 2002
	-----	-----
Liabilities:		

Future life, annuity, and other policy benefits	\$218,603,200	\$215,980,207
Unearned premium reserve	1,945,307	1,914,700
Bank loans payable	14,986,969	16,113,227
Notes and contracts payable	3,430,279	3,160,009
Potential stock redemption	1,800,000	--
Deferred pre-need cemetery and funeral contracts revenues and estimated future cost of pre-need sales	10,559,213	10,002,396
Accounts payable	1,290,172	1,553,777
Funds held under reinsurance treaties	1,304,981	1,334,964
Other liabilities and accrued expenses	10,843,157	10,182,382
Income taxes	11,036,256	8,103,882
	-----	-----
Total liabilities	275,799,534	268,345,544
	-----	-----
Commitments and Contingencies	--	--
Minority interest	3,963,890	4,297,807
	-----	-----
Stockholders' Equity:		
Common stock:		
Class A: \$2.00 par value, authorized 10,000,000 shares, issued 5,561,233 shares in 2003 and 5,794,492 shares in 2002	11,122,466	11,588,984
Class C: \$0.20 par value, authorized 7,500,000 shares, issued 6,166,699 shares in 2003 and 6,182,669 shares in 2002	1,233,340	1,236,533
	-----	-----
Total common stock	12,355,806	12,825,517
Additional paid-in capital	10,316,658	11,280,842
Accumulated other comprehensive income (loss) and other items, net of deferred taxes	(846,100)	1,191,863
Retained earnings	18,134,598	11,992,542
Treasury stock at cost (1,277,221 Class A shares and 1,749 Class C shares in 2003; 1,151,811 Class A shares and 71,749 Class C shares in 2002, held by affiliated companies)	(3,525,822)	(2,777,353)
	-----	-----
Total stockholders' equity	36,435,140	34,513,411
	-----	-----
Total liabilities and stockholders' equity	\$316,198,564	\$307,156,762
	=====	=====

See accompanying notes to consolidated financial statements.

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

	Nine Months Ended September 30, 2003	2002
	----	----
Cash flows from operating activities:		
Net cash provided by operating activities	\$4,097,189	\$12,523,692
	-----	-----
Cash flows from investing activities:		
Securities held to maturity:		
Purchase - fixed maturity securities	(8,080,087)	(4,062,931)
Calls and maturities - fixed maturity securities	7,607,038	7,122,717
Securities available for sale:		
Calls and maturities - fixed maturity securities	360,000	3,301,497
Purchases of equity securities	(51,921)	(367)
Purchases of short-term investments	(15,608,535)	(8,334,285)
Sales of short-term investments	16,661,402	7,425,705
Purchases of restricted assets	41,009	(147,552)
Mortgage, policy, and other loans made	(17,258,017)	(4,707,046)
Payments received for mortgage, real estate, policy, and other loans	12,861,203	4,648,685
Purchases of property, plant, and equipment	(1,215,617)	(1,160,274)
Purchases of real estate	(1,012,284)	(1,501,405)
Sale of real estate	1,230,802	--
	-----	-----
Net cash (used in) provided by investing activities	(4,465,007)	2,584,744
	-----	-----
Cash flows from financing activities:		
Annuity receipts	4,422,489	6,153,617
Annuity withdrawals	(8,061,431)	(8,325,543)
Repayment of bank loans and notes and contracts payable	(3,174,736)	(1,659,228)
Stock options exercised	25,200	--
Proceeds from borrowings on bank loans and notes and contracts payable	--	186,594
Purchase of Treasury Stock	(748,468)	--
Sale of Treasury Stock	--	37,824
Other	--	--
	-----	-----
Net cash (used in) provided by financing activities	(7,536,946)	(3,606,736)
	-----	-----
Net change in cash	(7,904,764)	11,501,700
Cash at beginning of period	38,199,041	8,757,246
	-----	-----
Cash at end of period	\$30,294,277	\$20,258,946
	=====	=====

Non cash investing and financial activities

During the nine months ended September 30, 2003, the Company entered into a potential stock redemption agreement (see Note 7). As a result, the Company reclassified \$1,800,000 of common stock and additional paid-in capital to a liability.

See accompanying notes to consolidated financial statements.

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
September 30, 2003, (Unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2003, are

not necessarily indicative of the results that may be expected for the year ending December 31, 2003. For further information, refer to the consolidated financial statements and footnotes thereto for the year ended December 31, 2002, included in the Company's Annual Report on Form 10-K (file number 0-9341).

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

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

2. Comprehensive Income

For the nine months ended September 30, 2003 and 2002, total comprehensive income amounted to \$4,344,997 and \$2,357,975, respectively.

For the three months ended September 30, 2003 and 2002, total comprehensive income amounted to \$2,339,192 and \$807,461, respectively.

3. Stock-Based Compensation

The Company accounts for stock-based compensation under the recognition and measurement principles of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations. The Company has adopted SFAS No. 123, "Accounting for Stock-Based Compensation". In accordance with the provisions of SFAS 123, the Company has elected to continue to apply Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB Opinion No. 25"), and related interpretations in accounting for its stock option plans. In accordance with APB Opinion No. 25, no compensation cost has been recognized for these plans. Had compensation cost for these plans been determined based upon the fair value at the grant date consistent with the methodology prescribed under SFAS No. 123, the Company's net earnings for three months ended September 30, 2003, and 2002 would not have been effected. Net earnings for the nine months ended September 30, 2003 and 2002 would have been reduced by the following:

	Nine Months Ended September 30,	
	2003	2002
	----	----
Net earnings as reported	\$6,382,960	\$2,544,168
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(133,000)	--
	-----	-----
Pro forma net earnings	\$6,249,960	\$2,544,168
	=====	=====

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES Notes to Consolidated Financial Statements September 30, 2003 (Unaudited)

	Nine Months Ended September 30,	
	2003	2002
	----	----
Net earnings per common share:		
Basic - as reported	\$1.24	\$.54
Basic - pro forma	\$1.21	\$.54
Diluted - as reported	\$1.19	\$.51
Diluted - pro forma	\$1.16	\$.51

4. Earnings Per Share In accordance with SFAS 128, the basic and diluted earnings per share amounts were calculated as follows:

	Nine Months Ended September 30,	
	2003	2002
	----	----
Numerator:		
Net income	\$6,382,960	\$2,544,168
	=====	=====
Denominator:		
Denominator for basic earnings per share-weighted-average shares	5,165,311	4,680,665
	-----	-----
Effect of dilutive securities:		
Employee stock options	208,961	305,041
Stock appreciation rights	4,724	28,259
	-----	-----
Dilutive potential common shares	213,685	333,300
	-----	-----
Denominator for diluted earnings per share-adjusted		

weighted-average shares and assumed conversions	5,378,996 =====	5,013,965 =====
Basic earnings per share	\$1.24 =====	\$.54 =====
Diluted earnings per share	\$1.19 =====	\$.51 =====
	Three Months Ended September 30,	
	2003	2002
	----	----
Numerator:		
Net income	\$2,476,723 =====	\$ 897,685 =====
Denominator:		
Denominator for basic earnings per share-weighted-average shares	5,034,832 -----	4,684,250 -----
Effect of dilutive securities:		
Employee stock options	212,541	314,024
Stock appreciation rights	4,759 -----	84,852 -----
Dilutive potential common shares	217,300 -----	398,876 -----
Denominator for diluted earnings per share-adjusted weighted- average shares and assumed conversions	5,252,132 =====	5,083,126 =====
Basic earnings per share	\$.49 =====	\$.19 =====
Diluted earnings per share	\$.47 =====	\$.18 =====

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
September 30, 2003, (Unaudited)

5. Business Segment

	Life Insurance	Cemetery/ Mortuary	Mortgage	Reconciling Items	Consolidated
For the Nine Months Ended September 30, 2003 -----					
Revenues from external customers	\$ 22,137,919	\$ 8,880,150	\$85,203,365\$	--	\$116,221,434
Intersegment revenues	7,379,515	--	--	(7,379,515)	--
Segment profit	1,114,422	135,785	8,181,285	--	9,431,492
Identifiable assets	296,676,591	43,828,908	19,512,932	(43,819,867)	316,198,564
For the Nine Months Ended September 30, 2002 -----					
Revenues from external customers	\$ 14,844,979	\$ 9,454,018	\$38,469,927\$	--	\$ 62,768,924
Intersegment revenues	3,474,189	--	--	(3,474,189)	--
Segment profit	563,976	1,221,538	1,566,005	--	3,351,519
Identifiable assets	203,071,749	41,053,996	10,180,717	(34,485,755)	219,820,707
For the Three Months Ended September 30, 2003 -----					
Revenues from external customers	\$ 7,363,273	\$ 3,051,572	\$27,460,135\$	--	\$ 37,874,980
Intersegment revenues	2,675,710	--	--	(2,675,710)	--
Segment profit	511,322	225,413	2,853,887	--	3,590,622
For the Three Months Ended September 30, 2002 -----					
Revenues from external customers	\$ 5,083,781	\$ 3,005,034	\$17,431,469\$	--	\$ 25,520,284
Intersegment revenues	1,186,158	--	--	(1,186,158)	--
Segment profit	59,282	195,121	934,180	--	1,188,583

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
September 30, 2003, (Unaudited)

6. Recent Acquisition

On December 23, 2002, the Company completed an asset purchase transaction with Acadian Life Insurance Company, a Louisiana domiciled life insurance company ("Acadian Life"), in which it acquired from Acadian Life \$75,000,000 in assets and \$75,000,000 in insurance reserves through its wholly owned subsidiary, Security National Life Insurance Company, a Utah domiciled life insurance company. The acquired assets consist primarily of approximately 275,000 funeral insurance policies in force in the state of Mississippi. The assets were originally acquired by Acadian Life from Gulf National Life Insurance Company ("GNLIC") on June 6, 2001, consisting of all of GNLIC's insurance policies in force and in effect on June 1, 2001.

7. Potential Stock Redemption

The Company entered into an agreement with a stockholder in August 2003 wherein it purchased 124,000 shares of Class A Common Stock from this stockholder for \$6.00 per share. The purchase of these shares is reflected in treasury stock as of September 30, 2003.

Also under the terms of this agreement, this stockholder has agreed not to purchase or control, directly or indirectly, any additional shares of Class A or Class C common stock through August 2007, and on August 27, 2004, 2005 and 2006, this stockholder may request, but is not obligated to request, the Company to purchase an additional 100,000 shares of Class A common stock held by this stockholder for \$6.00 per share. In accordance with the Statement of Financial Accounting Standards ("SFAS") No. 150, the Company has recorded \$1,800,000 as a liability under the assumption that the stockholder could request the Company to purchase these shares, and has reduced stockholders' equity for the same amount. This amount has not been recorded at its present value because the discount is not material. The Company is not aware of the intention of the stockholder to exercise his right in the future. In the event that the stockholder does not exercise his right, the amount recorded as a liability will be reduced and stockholders' equity will be increased.

8. Recent Accounting Pronouncements

In April 2003, the FASB issued SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. This Statement is effective for contracts entered into or modified after June 30, 2003, with certain exceptions, and for hedging relationships designated after September 30, 2003. We are currently evaluating the effect that the adoption of SFAS No. 149 will have on our results of operations and financial position.

In January 2003, the FASB issued SFAS No. 46, "Consolidation of Variable Interest Entities." SFAS No. 46 is currently effective for periods beginning after December 15, 2003. SFAS No. 46 clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from a separate enterprise. Such entities are identified as Variable Interest Entities. The objective of SFAS No. 46 is to improve financial reporting by those separate enterprises involved with variable interest entities. If those separate enterprises have a controlling financial interest in a variable interest entity, the assets, liabilities, and results of the activities of the variable interest entity should be included in the financial statements with those of the business enterprise. Management does not believe the adoption of SFAS No. 46 will have a material effect on the Company's financial position or results of operations. SFAS No. 46 further requires the disclosure of certain information related to variable interest entities in which the Company holds a significant variable interest. The Company does not believe that it owns any such interests that require disclosure at this time.

Item 2. Management's Discussion and Analysis

Overview

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

During the nine months ended September 30, 2003, Security National Mortgage Company ("SNMC") experienced increases in revenue and expenses due to the increase in loan volume of its operations. SNMC is a mortgage lender incorporated under the laws of the State of Utah. SNMC is approved and regulated by the Federal Housing Administration (FHA), a department of the U.S. Department of Housing and Urban Development (HUD), to originate mortgage loans that qualify for government insurance in the event of default by the borrower. SNMC obtains loans primarily from independent brokers and correspondents. SNMC funds the loans from internal cash flows and lines of credit from financial institutions. SNMC receives fees from the borrowers and other secondary fees from third party investors who purchase the loans from SNMC. SNMC sells all of its loans to third party investors and does not retain servicing to these loans. SNMC pays the brokers and correspondents a commission for loans that are brokered through SNMC. SNMC originated and sold 14,487 (\$2,125,995,000) and 7,403 (\$1,075,229,000) loans respectively for the nine months ended September 30, 2003 and 2002.

On December 23, 2002, the Company completed an asset purchase transaction with Acadian Life Insurance Company, a Louisiana domiciled life insurance company, in which it acquired from Acadian Life \$75,000,000 in assets and \$75,000,000 in insurance reserves through its wholly owned subsidiary, Security National Life Insurance Company, a Utah domiciled life insurance company. The acquired assets consist primarily of approximately 275,000 funeral insurance policies in force in the state of Mississippi. The assets were originally acquired by Acadian Life from Gulf National Life Insurance Company ("GNLIC") on June 6, 2001, consisting of all of GNLIC's insurance policies in force and in effect on June 1, 2001.

Results of Operations

Nine Months Ended September 30, 2003 Compared to Nine Months Ended September 30, 2002

Total revenues increased by \$53,452,000, or 85.2%, to \$116,221,000 for the nine months ended September 30, 2003, from \$62,769,000 for the nine months ended September 30, 2002. Contributing to this increase in total revenues was a \$42,150,000 increase in mortgage fee income, a \$7,022,000 increase in insurance premiums and other considerations, and a \$5,126,000 increase in net investment income.

Insurance premiums and other considerations increased by \$7,022,000, or 68.0%, to \$17,342,000 for the nine months ended September 30, 2003, from \$10,320,000 for the comparable period in 2002. This increase was primarily due to the additional insurance premiums from the policies acquired in the asset purchase transaction with Acadian Life.

Net investment income increased by \$5,126,000, or 60.3%, to \$13,630,000 for the nine months ended September 30, 2003, from \$8,504,000 for the comparable period in 2002. This increase was primarily attributable to the additional investment income from the assets acquired in the asset purchase transaction with Acadian Life.

Net mortuary and cemetery sales increased by \$71,000, or 0.9%, to \$8,026,000 for the nine months ended September 30, 2003, from \$7,955,000 for the comparable period in 2002. This increase was primarily due to increased sales of cemetery properties.

Realized gains on investments and other assets decreased by \$748,000 or 100.3%, to \$(2,000) for the nine months ended September 30, 2003, from \$746,000 for the comparable period in 2002. The realized gains on investments and other assets in 2002 were from the sale of property at Lake Hills Cemetery.

Mortgage fee income increased by \$42,150,000, or 121.0%, to \$76,979,000 for the nine months ended September 30, 2003, from \$34,829,000 for the comparable period in 2002. This increase was primarily attributable to a greater number of loan originations during the nine months of 2003 due to lower interest rates resulting in more borrowers refinancing their mortgage loans.

Total benefits and expenses were \$106,790,000, or 91.9%, of total revenues for the nine months ended September 30, 2003, as compared to \$59,417,000, or 94.7%, of total revenues for the comparable period in 2002.

Death benefits, surrenders and other policy benefits, and increase in future policy benefits increased by an aggregate of \$6,893,000, or 73.6%, to \$16,263,000 for the nine months ended September 30, 2003, from \$9,370,000 for the comparable period in 2002. This increase was primarily due to the additional death benefits, surrenders and other policy benefits from the policies acquired in the asset purchase transaction with Acadian Life.

Amortization of deferred policy acquisition costs and cost of insurance acquired increased by \$1,288,000, or 55.2%, to \$3,622,000 for the nine months ended September 30, 2003, from \$2,334,000 for the comparable period in 2002. This increase was primarily due to the additional amortization of deferred policy acquisition costs and cost of insurance acquired from the additional policies acquired in the asset purchase transaction with Acadian Life.

General and administrative expenses increased by \$36,891,000, or 81.6%, to \$82,075,000 for the nine months ended September 30, 2003, from \$45,184,000 for the comparable period in 2002. This increase primarily resulted from an increase in commissions and other expenses due to additional mortgage loan originations having been made by the Company's mortgage subsidiary during the nine months of 2003.

Interest expense increased by \$2,117,000, or 208.8%, to \$3,131,000 for the nine months ended September 30, 2003, from \$1,014,000 for the comparable period in 2002. This increase was primarily due to additional warehouse lines of credit required for the additional mortgage loan originations by the Company's mortgage subsidiary.

Cost of goods and services sold of the mortuaries and cemeteries increased by \$184,000, or 12.1%, to \$1,699,000 for the nine months ended September 30, 2003, from \$1,515,000 for the comparable period in 2002. This increase was primarily due to increased costs of funeral products.

Third Quarter of 2003 Compared to Third Quarter of 2002

Total revenues increased by \$12,355,000, to \$37,875,000 for the three months ended September 30, 2003, from \$25,520,000 for the three months ended September 30, 2002. Contributing to this increase in total revenues was a \$8,078,000 increase in mortgage fee income, a \$2,124,000 increase in insurance premiums and other considerations, and a \$2,212,000 increase in net investment income.

Insurance premiums and other considerations increased by \$2,124,000, or 58.6%, to \$5,752,000 for the three months ended September 30, 2003, from \$3,628,000 for the comparable period in 2002. This increase was primarily due to the additional insurance premiums from the policies acquired in the asset purchase transaction with Acadian Life.

Net investment income increased by \$2,212,000, or 72.5%, to \$5,265,000 for the three months ended September 30, 2003, from \$3,053,000 for the comparable period in 2002. This increase was primarily attributable to the additional investment income from the assets acquired in the asset purchase transaction with Acadian Life.

Net mortuary and cemetery sales increased by \$13,000, or .5%, to \$2,731,000 for the three months ended September 30, 2003, from \$2,718,000 for the comparable period in 2002. This increase was primarily due to increased sales of cemetery properties.

Mortgage fee income increased by \$8,078,000, or 50.5 %, to \$24,067,000 for the three months ended September 30, 2003, from \$15,989,00 for the comparable period in 2002. This increase was primarily attributable to a greater number of loan originations during the third quarter of 2003, due to lower interest rates resulting in more borrowers refinancing their mortgage loans.

Total benefits and expenses were \$34,284,000, or 90.5%, of total revenues for the three months ended September 30 2003, as compared to \$24,332,000, or 95.3%, of total revenues for the comparable period in 2002.

Death benefits, surrenders and other policy benefits, and increase in future policy benefits increased by an aggregate of \$2,044,000, or 62.6%, to \$5,311,000 for the three months ended September 30, 2003, from \$3,267,000 for the comparable period in 2002. This increase was primarily due to the additional death benefits, surrenders and other policy benefits from the policies acquired in the asset purchase transaction with Acadian Life.

Amortization of deferred policy acquisition costs and cost of insurance acquired increased by \$787,000 or 139.2%, to \$1,353,000 for the three months ended September 30, 2003, from \$566,000 for the comparable period in 2002. This increase was primarily due to the additional amortization of deferred policy acquisition costs and cost of insurance acquired from the additional policies acquired in the asset purchase transaction with Acadian Life.

General and administrative expenses increased by \$6,240,000, or 32.0%, to \$25,713,000 for the three months ended September 30, 2003, from \$19,473,000 for the comparable period in 2002. This increase primarily resulted from an increase in commissions and other expenses due to additional mortgage loan originations having been made by the Company's mortgage subsidiary during the second quarter of 2003.

Interest expense increased by \$840,000, or 171.2%, to \$1,332,000 for the three months ended September 30, 2003, from \$491,000 for the comparable period in 2002. This increase was primarily due to additional warehouse lines of credit required for the additional mortgage loan originations by the Company's mortgage subsidiary.

Cost of goods and services sold of the mortuaries and cemeteries increased by \$40,000, or 7.5%, to \$575,000 for the three months ended September 30, 2003, from \$535,000 for the comparable period in 2002. This increase was primarily due to the increase in the cost of merchandise of funeral products.

Liquidity and Capital Resources

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

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

temporary basis to meet the expectations of short-term requirements of the Company's products. The Company's investment philosophy is intended to provide a rate of return, which will persist during the expected duration of policyholder and cemetery and mortuary liabilities regardless of future interest rate movements.

The Company's investment policy is to invest predominantly in fixed maturity securities, mortgage loans, and warehouse mortgage loans on a short-term basis before selling the loans to investors in accordance with the requirements and laws governing the life insurance subsidiaries. Bonds owned by the life insurance subsidiaries amounted to \$51,351,000 as of September 30, 2003, compared to \$51,530,000 as of December 31, 2002. This represents 49% and 51% of the total insurance-related investments as of September 30, 2003, and December 31, 2002, respectively. Generally, all bonds owned by the life insurance subsidiaries are rated by the National Association of Insurance Commissioners. Under this rating system, there are six categories used for rating bonds. At September 30, 2003 and December 31, 2002, 3% (\$1,785,000) and 4% (\$1,903,000) of the Company's total investment in bonds were invested in bonds in rating categories three through six, which are considered non-investment grade.

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

The Company has a substantial portion of its assets invested in cash, short-term investments and mortgage loans sold to investors. If market conditions were to change so that rates for these investments were to decline or if these investments and higher yielding long-term investments were not available, the Company's interest rate spread (excess interest earned over interest credited to policyholders) would be adversely affected and could result in significant decreases in the Company's overall profitability or losses.

The Company is subject to risk based capital guidelines established by statutory regulators requiring minimum capital levels based on the perceived risk of assets, liabilities, disintermediation, and business risk. At September 30, 2003, and December 31, 2002, the life insurance subsidiary exceeded the regulatory criteria.

The Company's total capitalization of stockholders' equity and bank debt and notes payable was \$54,852,000 as of September 30, 2003, as compared to \$53,787,000 as of December 31, 2002. Stockholders' equity as a percent of capitalization increased to 66% as of September 30, 2003, from 64% as of December 31, 2002.

Lapse rates measure the amount of insurance terminated during a particular period. The Company's lapse rate for life insurance in 2002 was 10.7% as compared to a rate of 13.2% for 2001. The 2003 lapse rate has been approximately the same as 2002.

At September 30, 2003, \$23,355,000 of the Company's consolidated stockholders' equity represents the statutory stockholders' equity of the Company's life insurance subsidiaries. The life insurance subsidiaries cannot pay a dividend to its parent company without the approval of insurance regulatory authorities.

Item 3. Quantitative and Qualitative Disclosure of Market Risk

There have been no significant changes since the annual report Form 10-K filed for the year ended December 31, 2002.

Item 4. Controls and Procedures

The Company's Chief Executive Officer and its Chief Financial Officer (the "Certifying Officers"), are responsible for establishing and maintaining disclosure controls and procedures for the Company. The Certifying Officers have concluded (based on their evaluation of these controls and procedures as of a date within 90 days of the filing of this report) that the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-14(c) under the Securities Exchange Act of 1934) are effective. No significant changes were made in the Company's internal controls or in other factors that could significantly affect those controls subsequent to the date of the evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Part II Other Information:

Item 1. Legal Proceedings

An action was brought against the Company in May 2001, by Glenna Brown Thomas individually and as personal representative of the Estate of Lynn W. Brown in the Third Judicial Court, Salt Lake County, Utah. The action asserts that Memorial Estates delivered to Lynn W. Brown six stock certificates representing 2,000 shares in 1970 and 1971. Mr. Brown died in 1972. It is asserted that at the time the 2,000 shares were issued and outstanding, such represented a 2% ownership of Memorial Estates. It is alleged Mr. Brown was entitled to preemptive rights and that after the issuance of the stock to Mr. Brown there were further issuances of stock without providing written notice to Mr. Brown or his estate with respect to an opportunity to purchase more stock. It is asserted among other things that the plaintiff "has the right to a transfer of Brown's shares to Thomas on defendants' (which includes Security National Financial Corporation as well as Memorial Estates, Inc.) books and to restoration of Brown's proportion of share ownership in Memorial at the time of his death by issuance and delivery to Thomas of sufficient shares of defendant's publicly traded and unrestricted stock in exchange for the 2,000 shares of Memorial stock and payment of all dividends from the date of Thomas's demand, as required by Article XV of the Articles of Incorporation." The formal discovery cutoff is January 15, 2004. Based on present information, the Company intends to vigorously defend the matter, including an assertion that the statute of limitations bars the claims.

An action was brought against Southern Security Life Insurance Company by National Group Underwriters, Inc. ("NGU") in state court in the State of Texas. The case was removed by the Company to the United States District Court for the Northern District of Texas, Fort Worth Division, with Civil No. 4:01-CV-403-E. An Amended Complaint was filed on or about July 18, 2001. The Amended Complaint asserted that NGU had a contract with the Company wherein NGU would submit applications for certain policies of insurance to be issued by the Company. It alleged that disputes had arisen between NGU and the Company with regard to the calculation and payment of certain advanced commissions as well as certain production bonuses.

NGU alleged that it had been damaged far in excess of the \$75,000 minimum jurisdictional limits of the Federal Court. NGU also sought attorney's fees and costs as well as prejudgment and postjudgment interest. A second amended complaint and a third amended complaint, which included a fraud claim, were filed. A motion was filed by the Company to dismiss the third amended complaint, including the fraud claim. The court denied the motion. The Company counterclaimed for what it claimed to be a debit balance owing to it pursuant to the relationship between the parties with said counterclaim seeking such from NGU (the amount subject to reduction as premiums are received). The Company also sought to recover attorney's fees and costs, as well as punitive damages on three of its causes of action. Certain discovery took place. The federal case was dismissed per stipulation. The matter was refiled in Texas state court, Tarrant County, Case No. 348 195490 02. The claims of the respective parties are essentially the same as set forth above, which claims against Southern Security Life Insurance Company include fraudulent inducement relative to entering into a contract, fraud, breach of contract, breach of duty of good faith and fair dealing, attorneys' fees and exemplary damages. Certain depositions have been taken since the filing again in state court and further discovery is anticipated. The Company intends to vigorously defend the matter as well as prosecute its counterclaim. A trial is presently set for July, 2004.

The Company is not a party to any other legal proceedings outside the ordinary course of the Company's business or to any other legal proceedings, which, if adversely determined, would have a material adverse effect on the Company or its business.

Item 2. Changes in Securities

NONE

Item 3. Defaults Upon Senior Securities

NONE

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

At the annual stockholders meeting held on July 11, 2003, the following matters were acted upon: (i) seven directors consisting of George R. Quist, J. Lynn Beckstead, Jr., Scott M. Quist, Charles L. Crittenden, Dr. Robert G. Hunter, H. Craig Moody and Norman G. Wilbur were elected to serve until the next annual stockholders meeting or until their respective successors are elected and qualified (for George R. Quist, Class A and Class C shares, 9,065,935 votes were cast in favor of election, no votes were cast against election and there were 13,542 abstentions; for J. Lynn Beckstead, Jr., Class A shares only, 3,594,399 votes were cast in favor of election, no votes were cast against election and there were 87,757 abstentions; for Scott M. Quist, Class A and Class C shares, 9,066,826 votes were cast in favor of election, no votes were cast against election and there were 12,651 abstentions; for Charles L. Crittenden, Class A shares only, 3,675,477 votes were cast in favor of election and no votes were cast against election and there were 6,552 abstentions; for Dr. Robert G. Hunter, Class A and Class C shares, 9,067,239 votes were cast in favor of election, no votes were cast against election and there were 12,238 abstentions; for H. Craig Moody, Class A and C shares, 9,067,174 votes were cast in favor of election, no votes cast against election and there were 12,303 abstentions; for Norman G. Wilbur, Class A and Class C shares, 9,067,239 votes were cast in favor of election, no votes were cast against election and there were 12,238 abstentions; (ii) the appointment of Tanner + Co., as the Company's independent accountants for the fiscal year ended December 31, 2003, was ratified (with 9,039,595 votes cast for appointment, 9,173 votes against appointment and 24,207 abstentions); and (iii) adoption of the 2003 Stock Option Plan and the reservation of 500,000 shares of Class A Common Stock and 1,000,000 shares of Class C Common Stock was ratified (with 7,772,537 votes cast for adoption, 300,330 votes cast against adoption and 15,071 abstentions).

Item 5. Other Information

NONE

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

- 3.1. Articles of Restatement of Articles of Incorporation (8)
- 3.2. Amended Bylaws
- 4.1. Specimen Class A Stock Certificate (1)
- 4.2. Specimen Class C Stock Certificate (1)
- 4.3. Specimen Preferred Stock Certificate and Certificate of Designation of Preferred Stock (1)
- 10.1 Restated and Amended Employee Stock Ownership Plan and Trust Agreement (1)
- 10.2 1993 Stock Option Plan (3)
- 10.3 2000 Director Stock Option Plan (5)

- 10.4 2003 Stock Option Plan (10)
- 10.5 Deferred Compensation Agreement with George R. Quist (2)
- 10.6 Employment Agreement with Scott M. Quist. (4)
- 10.7 Promissory Note with George R. Quist (6)
- 10.8 Deferred Compensation Plan (7)
- 10.9 Coinsurance Agreement between Security National Life and Acadian (8)
- 10.10 Assumption Agreement among Acadian, Acadian Financial Group, Inc., Security National Life and the Company (8)
- 10.11 Asset Purchase Agreement between Acadian, Acadian Financial Group, Inc., Security National Life and the Company (8)
- 10.12 Promissory Note with Key Bank of Utah (9)
- 10.13 Loan and Security Agreement with Key Bank of Utah (9)
- 10.14 Stock Purchase and Sale Agreement with Ault Glazer & Co. Investment Management LLC
- 31.1 Certification pursuant to 18 U.S.C. Section 1350 as enacted by Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification pursuant to 18 U.S.C. Section 1350 as enacted by Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
 - (1) Incorporated by reference from Registration Statement on Form S-1, as filed on June 29, 1987.
 - (2) Incorporated by reference from Annual Report on Form 10-K, as filed on March 31, 1989.
 - (3) Incorporated by reference from Annual Report on Form 10-K, as filed on March 31, 1994.
 - (4) Incorporated by reference from Annual Report on Form 10-K, as filed on March 31, 1998.
 - (5) Incorporated by reference from Schedule 14A Definitive Proxy Statement, filed August 29, 2000, relating to the Company's Annual Meeting of Shareholders.
 - (6) Incorporated by reference from Annual Report on Form 10-K, as filed on April 16, 2001.
 - (7) Incorporated by reference from Annual Report on Form 10-K, as filed on April 3, 2002.
 - (8) Incorporated by reference from Report on Form 8-K-A as filed on January 8, 2003.
 - (9) Incorporated by reference from Annual Report on Form 10-K, as filed on April 15, 2003.
 - (10) Incorporated by reference from Schedule 14A Definitive Proxy Statement, Filed on June 5, 2003, relating to the Company's Annual Meeting of Shareholders.

Subsidiaries of the Registrant

(b) Reports on Form 8-K:

No Current Report on Form 8-K was filed by the Company during the quarter ended September 30, 2003.

SIGNATURES

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

REGISTRANT

SECURITY NATIONAL FINANCIAL CORPORATION
Registrant

DATED: November 14, 2003

By: George R. Quist,

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

DATED: November 14, 2003

By: Stephen M. Sill

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

EXHIBIT 31.1
CERTIFICATION PURSUANT TO
18 U.S.C. ss. 1350,
AS ENACTED BY SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, George R. Quist, certify that:

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

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

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

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

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

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

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

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

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

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

Date: November 14, 2003

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

EXHIBIT 31.2
CERTIFICATION PURSUANT TO
18 U.S.C. ss. 1350,
AS ENACTED BY SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Stephen M. Sill, certify that:

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

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

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

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

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

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

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

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

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

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

Date: November 14, 2003

By: Stephen M. Sill
Vice President, Treasurer and
Chief Financial Officer
(Principal Financial and
Accounting Officer)

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

In connection with the Quarterly Report of Security National Financial Corporation (the "Company") on Form 10Q for the period ending September 30, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, George R. Quist, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

George R. Quist
Chief Executive Officer
November 14, 2003

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Security National Life Insurance Company and will be retained by Security National Life Insurance Company and furnished to the Securities and Exchange Commission or its staff upon request.

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

In connection with the Quarterly Report of Security National Financial Corporation (the "Company") on Form 10Q for the period ending September 30, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen M. Sill, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Stephen M. Sill
Chief Financial Officer
November 14, 2003

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Security National Life Insurance Company and will be retained by Security National Life Insurance Company and furnished to the Securities and Exchange Commission or its staff upon request.

AMENDED BYLAWS
OF
SECURITY NATIONAL FINANCIAL CORPORATION

AMENDED BYLAWS OF
SECURITY NATIONAL FINANCIAL CORPORATION

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AMENDED BYLAWS
OF
SECURITY NATIONAL FINANCIAL CORPORATION

ARTICLE 1
CORPORATE OFFICES

1.1 Business Office . The principal office of the Corporation shall be located at such place within the state of Utah, as may be determined by the Board of Directors. The Corporation may have such other offices, either within or without the state of Utah as the Board of Directors may designate or as the business of the Corporation may require from time to time.

1.2 Registered Office . The registered office of the Corporation shall be located within the state of Utah and may be, but need not be, identical with the principal office (if located within the state of Utah). The address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE 2
SHAREHOLDERS

2.1 Annual Meeting . The annual meeting of shareholders shall be held each year on a date and at a time designated by the Board of Directors. At the meeting, directors shall be elected and any other proper business may be transacted. If the election of directors shall not be held on the day designated for the annual meeting of the shareholders, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the shareholders.

2.2 Special Meetings . Special meetings of the shareholders may be called at any time by the chairman of the board, by the President, or by the Board of Directors. Special meetings of the shareholders may also be called by the holders of shares representing at least ten percent of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting by delivery of one or more signed and dated written demands for the meeting, stating the purpose or purposes for which it is to be held to the Corporation's Secretary or other designated officer.

2.3 Place of Meetings . Meetings of shareholders may be held at any place within or outside the state of Utah as designated by the Board of Directors. In the absence of any such designation, meetings shall be held at the principal office of the Corporation.

2.4 Notice of Meetings . Written or printed notice stating the place, date, and hour of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than 60 days before the date of the meeting, either personally, by facsimile, mail, or express courier by or at the direction of the chairman of the Board of Directors, the President, the Secretary, or the officer or person(s) calling the meeting, to each shareholder of record entitled to vote at such meeting or to any other shareholder entitled by the Utah Revised Business Corporation Act (the "Revised Act") or the Corporation's articles of incorporation to receive notice of the meeting.

2.5 Fixing of Record Date . For the purpose of determining shareholders of any voting group entitled to notice of or to vote at any meeting of shareholders, or shareholders entitled to take action without a meeting, or shareholders entitled to receive payment of any distribution or dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors may fix in advance a date as the record date. Such record date shall not be more than 70 days prior to the date on which the particular action requiring such determination of the shareholders is to be taken. If no record date is so fixed by the Board of Directors, the record date for determination of such shareholders shall be determined in accordance with the Revised Act.

2.6 Voting List . Unless otherwise directed by the Board of Directors, the Secretary of the Corporation shall prepare a list of the names of all of the shareholders who are entitled to be given notice of the meeting. The list shall be arranged by voting group, and within each voting group by class or series of shares. The list shall be alphabetical within each class or series and must show the address of, and the number of shares held by, each shareholder. The shareholder list must be made available for inspection by any shareholder in accordance with the Revised Act.

2.7 Shareholder Quorum and Voting Requirements. If the Corporation's articles of incorporation or the Revised Act provide for voting by a single voting group on a matter, action on that matter is taken when voted upon by that voting group. If the articles of incorporation or the Revised Act provide for voting by two or more voting groups on a matter, action on that matter is taken only when voted upon by each of those voting groups counted separately. One voting group may vote on a matter even though another voting group entitled to vote on the matter has not voted.

Shares entitled to vote as a separate voting group may take action on a matter at a meeting only if a quorum of those shares exists with respect to that matter. Unless the articles of incorporation, these amended bylaws or the Revised Act provide otherwise, a majority of the votes entitled to be cast on the matter by the voting group constitutes a quorum of that voting group for action on that matter.

Once a share is represented for any purpose at a meeting, including the purpose of determining that a quorum exists, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for the adjourned meeting.

If a quorum exists, action on a matter (other than the election of directors) by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the articles of incorporation, these amended bylaws, or the Revised Act require a greater number of affirmative votes.

2.8 Proxies . At all meetings of shareholders, a shareholder may vote in person, or vote by a proxy that is executed by the shareholder or that is executed by the shareholder's duly authorized agent or attorney-in-fact, or by an electronic transmission containing or accompanied by information that indicates that the shareholder, or the shareholders duly authorized agent or attorney-in-fact authorized the transmission. Such proxy shall be filed with the Secretary of the Corporation, the inspector of election, or any other person authorized to tabulate votes before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution unless otherwise provided in the proxy.

2.9 Voting Shares . Each outstanding share, regardless of class, and except as otherwise required by the Revised Act, shall be entitled to one vote, and each fractional share is entitled to a corresponding fractional vote, on each matter submitted to a vote at a meeting of the shareholders, except to the extent that the voting rights of the shares of any class or classes are limited or denied by the articles of incorporation of this Corporation as permitted by the Revised Act.

Redeemable shares are not entitled to vote after notice of redemption is mailed to the holders and a sum sufficient to redeem the shares has been deposited with a bank, trust company, or other financial institution under an irrevocable obligation to pay the holders the redemption price upon surrender of the shares.

Unless the articles of incorporation of this Corporation provide otherwise, at each election for directors, every shareholder entitled to vote at such election shall have the right to vote, in person or by proxy, all of the votes to which the shareholder's shares are entitled for as many persons as there are directors to be elected and for whose election such shareholder has a right to vote.

2.10 Shareholder Action Without a Meeting . Any action required to be taken at a meeting of the shareholders, or any other action that may be taken at a meeting of the shareholders, may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all the shareholders entitled to vote with respect to the subject matter thereof.

2.11 Waiver. A shareholder may waive any required notice in accordance with the Revised Act.

ARTICLE 3
BOARD OF DIRECTORS1

3.1 General Powers . All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board of Directors, subject to any limitation set forth in the articles of incorporation or in a shareholder's agreement authorized under the Revised Act.

3.2 Number of Directors and Qualification . The initial authorized number of directors shall be not less than five nor more than twelve unless otherwise specified from time to time by resolution of the Board of Directors, but shall not be less than three unless the number of shareholders of the Corporation is less than three, in which event the Corporation may have a number of directors equal to or greater than the number of shareholders. Directors need not be residents of the state of Utah. Every person elected to be a director who, after such election, shall cease to be a shareholder, shall cease to be a director and his office shall then become vacant.

3.3 Election and Term of Office . Directors shall be elected at each annual meeting of the shareholders to hold office until the next succeeding annual meeting. Each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified. No decrease in the authorized number of directors shall have the effect of shortening the term of any incumbent director.

3.4 Chairman of the Board of Directors . The Board of Directors may elect a Chairman of the Board of Directors, which person shall at all times be a director. The Chairman of the Board of Directors, if such a person is elected, shall, if present, preside at meetings of the Board of Directors and exercise and perform such other powers and duties as may from time to time be assigned to him by the Board of Directors or as may be prescribed by these amended bylaws. Unless otherwise restricted by law, the Chairman of the Board of Directors may also be given the duties of an officer of the Corporation, as well as serve as an officer, as determined by the Board of Directors. The period(s) of service by the Chairman of the Board of Directors shall be determined by the Board of Directors. In the absence of the Chairman of the Board of Directors, if elected, the Board of Directors may appoint another member of the Board of Directors to conduct the meeting(s) of the Board of Directors.

3.5 Regular Meetings . The Board of Directors may provide by resolution the time and place, either within or without the state of Utah, for the holding of regular meetings without notice other than such resolution.

3.6 Special Meetings . Special meetings of the Board of Directors for any purpose or purposes may be called at any time by or at the request of the Chairman of the Board of Directors, the President, or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the state of Utah, as the place for holding any special meeting of the Board of Directors.

3.7 Notice . Notice of the date, time, and place of any special meeting of the Board of Directors shall be delivered personally or by telephone to each director or sent by mail, express courier, or facsimile, charges prepaid, addressed to each director at that director's address as it is shown on the records of the Corporation. If the notice is mailed, it shall be deposited in the United States mail at least five days before the time of the holding of the meeting. If the notice is delivered personally, by express courier, or by telephone, facsimile, telegraph or electronic mail, it shall be delivered at least 48 hours before the meeting begins. Any oral notice given personally or by telephone may be communicated either to the director or to a person at the office of the director who the person giving notice has reason to believe will promptly communicate it to the director. Any director may waive notice of any meeting by delivering a written waiver to the Corporation to file in its corporate records, and attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where the director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened and does not thereafter vote for or consent to action taken at the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors needs to be specified in the notice or waiver of notice of such meeting.

3.8 Quorum . A majority of the authorized number of directors as fixed in accordance with these amended bylaws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than a majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice until a quorum shall be present.

3.9 Manner of Acting . The act of a majority of the directors present at a meeting at which a quorum is present shall, unless the act of a greater number of directors is required by the articles of incorporation of the Corporation or these amended bylaws, be the act of the Board of Directors.

3.10 Vacancies and Newly-Created Directorships . Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum, or by the affirmative vote of the majority of shares entitled to vote for directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. The term "vacancy" includes any directorship authorized under Section 3.2 but not filled by shareholders at the annual meeting, whether or not such directorship had a prior encumbrance.

3.11 Fees and Compensation . Directors may receive such compensation, if any, for their services and such reimbursement of expenses as may be fixed or determined by resolution of the Board of Directors. This section shall not be construed to preclude any director from serving the Corporation in any other capacity as an officer, agent, employee, or otherwise and receiving compensation for those services.

3.12 Presumption of Assent . A director who is present at a meeting of the Board of Directors when corporate action is taken is considered to have consented to the action taken at the meeting unless the director objects at the beginning of the meeting, or promptly upon arrival, to holding the meeting or transacting business at the meeting and does not thereafter vote for or consent to any action taken at the meeting, or the director contemporaneously requests his dissent or abstention as to any specific action to be entered into the minutes of the meeting, or the director causes written notice of a dissent or abstention as to a specific action to be received by the presiding officer of the meeting before adjournment of the meeting or by the Corporation promptly after adjournment of the meeting.

3.13 Resignations . A director may resign at any time by giving a written notice of resignation to either the Chairman of the Board of Directors, the President, a Vice President, or the Secretary or Assistant Secretary, if any. Unless otherwise provided in the resignation, the resignation shall become effective when the notice is received by an officer or director of the Corporation. If the resignation is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective.

3.14 Action by Written Consent . Any action required to be taken at a meeting of the Board of Directors of the Corporation or any other action that may be taken at a meeting of the Board of Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the directors. Such consent shall have the same legal effect as a unanimous vote of all the directors and may be described as such in any document or instrument. Action taken pursuant to this Section is effective when the last director signs a writing describing the action taken, unless the Board of Directors establishes a different effective date.

3.15 Meetings by Telephone Conference Call. Members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or committee, as the case may be, by means of conference telephone call or similar communications equipment by which all persons participating in the meeting can hear each other throughout the meeting. Participation in such a meeting shall constitute presence in person at such meeting.

3.16 Removal of Directors. The shareholders may remove one or more directors at a meeting called for that purpose if notice has been given that a purpose of the meeting is such removal. The removal may be with or without cause unless the articles of incorporation provide that directors may only be removed with cause. If a director is elected by a voting group of shareholders, only the shareholders of that voting group may participate in the vote to remove such director. A director may be removed only if the number of votes cast to remove such director exceeds the number of votes cast not to remove such director.

ARTICLE 4 COMMITTEES

4.1 Committees. The Board of Directors shall by resolution adopted by a majority of the Board of Directors designate from among its members an audit committee and may from time to time by resolution adopted by a majority of the Board of Directors designate from among its members one or more committees in addition to an audit committee, including, but not limited to, a compensation committee and an executive committee, each of which shall have such authority of the Board of Directors as may be specified in the resolution of the Board of Directors designating such committee; provided, however, that any such committee so designated shall not have any powers not allowed under the Revised Act. The chairman of any such committee shall be designated by the Board of Directors. Each committee must have at least three directors as members. The Board of Directors shall have power at any time to change the members of any such committee, designate alternate members of any such committee, and fill all vacancies therein. Any such committee shall serve at the pleasure of the Board of Directors.

4.2 Procedures, Meetings and Quorum. Meetings of any committee designated by the Board of Directors may be held at such times and places as the chairman of such committee shall from time to time determine. Notice of such meetings shall be given within the same times and by the same means as set forth in these amended bylaws for meetings of the Board of Directors. At every meeting of any such committee, the presence of a majority of all of the members of such committee shall be necessary for the transaction of business, and the action of any such committee must be authorized by the affirmative vote of a majority of the members present at such meeting at which a quorum is present. Any such committee shall keep minutes of its proceedings, and all action by such committee shall be reported to the Board of Directors at its meeting next succeeding such action.

ARTICLE 5 OFFICERS

5.1 Officers. Except as provided otherwise by a resolution of the Board of Directors, the officers of the Corporation shall be a President, one or more Vice Presidents as may be determined by resolution of the Board of Directors, a Secretary and a Treasurer. The principal officers of the Corporation shall be the President, Treasurer and Secretary and such offices shall be held by three separate natural persons. The Corporation may also have, at the discretion of the Board of Directors, one or more assistant secretaries, one or more assistant Treasurers, and such other officers as may be appointed by the Board of Directors. Officers need not be shareholders of the Corporation.

5.2 Appointment, Term of Office and Qualification. The officers of the Corporation shall be appointed by, and serve at the pleasure of, the Board of Directors, subject to any rights of an officer under any contract of employment. Appointment of officers shall take place annually or at such other intervals as the Board of Directors may determine, and may be made at regular or special meetings of the Board of Directors or by the written consent of the directors. Each officer shall hold office until his successor shall have been duly appointed and qualified or until such officer's death, resignation, or removal in the manner provided in these amended bylaws. No officer provided for in this Article 5 need be a director of the Corporation nor shall any such officer be a director unless elected a director in accordance with these amended bylaws.

5.3 Resignations. Any officer may resign at any time by delivering a written resignation to the Board of Directors, the President, or the Secretary. Unless otherwise specified therein, such resignation shall take effect upon such delivery of the resignation; and, unless otherwise specified in the resignation, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

5.4 Removal. Any officer may be removed by the Board of Directors or by a committee, if any, if so authorized by the Board of Directors, whenever in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

5.5 Vacancies and Newly-Created Offices. A vacancy in any office may be filled by the Board of Directors at any regular or special meeting or by the unanimous written consent of the directors.

5.6 President. Unless the Board of Directors shall otherwise determine, the President shall be the chief executive officer of the Corporation, and, if so designated by resolution of the Board of Directors, shall also have the title chief executive officer, and shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business, officers, employees, and agents of the Corporation. The President shall, when present, preside at meetings of the shareholders. The President shall have the general powers and duties of management usually vested in the office of President of a Corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or these amended bylaws.

5.7 Vice Presidents. In the absence or disability of the President, the Vice Presidents, in order of their rank as fixed by the Board of Directors or, if not ranked, a Vice President designated by the Board of Directors, shall perform all the duties of the President and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice Presidents shall have such other powers and perform such other duties as may from time to time be prescribed for them by the Board of Directors, these amended bylaws, the President, or the chairman of the Board of Directors and, unless otherwise so prescribed, the powers and duties customarily vested in the office of Vice President of a Corporation.

5.8 Secretary. The Secretary shall keep or cause to be kept, at the principal executive office of the Corporation or such other place as the Board of Directors may direct, a book of minutes of the proceedings of all meetings of, and a record of all actions taken by, the Board of Directors or any committees of the Board of Directors. The Secretary shall cause all notices of meetings to be duly given in accordance with the provisions of these amended bylaws and as required by the Revised Act.

The Secretary shall be the custodian of the corporate records and of the seal, if any, of the Corporation. Unless otherwise required by law or by the Board of Directors, the adoption or use of a corporate seal is not required. The Secretary shall see that the books, reports, statements, certificates, and other documents and records required by the Revised Act are properly kept and filed.

The Secretary shall have charge of the stock books of the Corporation and cause the stock and transfer books to be kept in such manner as to show at any time the amount of the stock of the Corporation of each class issued and outstanding, the manner in which and the time when such stock was paid for, the alphabetically arranged names and addresses of the holders of record thereof, the number of shares held by each holder, and the time when each became a holder of record. The Secretary shall exhibit at all reasonable times to any director, upon application, the original or duplicate stock register. The Secretary shall cause the stock ledger to be kept and exhibited at the principal office of the Corporation in the manner and for the purposes provided by these amended bylaws and the Revised Act.

The Secretary shall perform all duties incident to the office of Secretary and such other duties as are given to him or her by law or these amended bylaws or as from time to time may be assigned by the Board of Directors.

5.9 Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and shares. The books of account shall at all reasonable times be open to inspection by any director.

The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, shall render to the President and the Board of Directors, whenever they request it, an account of all of transactions taken as Treasurer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these amended bylaws.

5.10 Assistant Secretaries and Treasurers. Any assistant secretaries or assistant Treasurers elected by the Board of Directors shall perform such of the duties of the Secretary or the Treasurer, respectively, as may be assigned to them by the officers they are elected to assist, or as may otherwise be prescribed for them by the Board of Directors.

5.11 Salaries. The salaries or other compensation of the officers of the Corporation shall be fixed from time to time by the Board of Directors, except that the Board of Directors may delegate to any person or group of persons the power to fix the salaries or other compensation of any officers. No officer shall be prevented from receiving any such salary or compensation by reason of the fact that he is also a director of the Corporation.

5.12 Surety Bonds. In the event the Board of Directors shall so require, any officer or agent of the Corporation shall provide the Corporation with a bond, in such sum and with such surety or sureties as the Board of Directors may direct, conditioned upon the faithful performance of his or her duties to the Corporation, including responsibility for negligence and for the accounting of all property, monies, or securities of the Corporation that may come under his or her responsibility.

ARTICLE 6
EXECUTION OF INSTRUMENTS, BORROWING OF MONEY
AND DEPOSIT OF CORPORATE FUNDS

6.1 Instruments. The Board of Directors may authorize any officer, agent, or agents, to enter into any contract or execute and deliver any instrument in the name of, and on behalf of, the Corporation, and such authority may be general or confined to specific instances.

6.2 Loans . No loan to the Corporation shall be contracted, no negotiable paper or other evidence of its obligation under any loan to the Corporation shall be issued in its name, and no property of the Corporation shall be mortgaged, pledged, hypothecated, transferred, or conveyed as security for the payment of any loan, advance, indebtedness, or liability of the Corporation, unless and except as authorized by the Board of Directors. Any such authorization may be general or confined to specific instances.

6.3 Deposits. All monies of the Corporation not otherwise employed shall be deposited from time to time to its credit in such banks or trust companies or with such bankers or other depositories as the Board of Directors may select, or as from time to time may be selected by any officer or agent authorized so to do by the Board of Directors.

6.4 Checks, Drafts, etc. All checks, drafts, acceptances, notes, endorsements, and, subject to the provisions of these amended bylaws, evidences of indebtedness of the Corporation shall be signed by such officer or officers or such agent or agents of the Corporation and in such manner as the Board of Directors from time to time may determine. Endorsements for deposit to the credit of the Corporation in any of its duly authorized depositories shall be in such manner as the Board of Directors from time to time may determine.

6.5 Bonds and Debentures . Every bond or debenture issued by the Corporation shall be evidenced by an appropriate instrument signed by the President or a Vice President and by the Secretary. Where such bond or debenture is authenticated with the manual signature of an authorized officer of the Corporation or other trustee designated by the indenture of trust or other agreement under which such security is issued, the signature of any of the Corporation's officers named thereon may be a facsimile. In case any officer who signed, or whose facsimile signature has been used on any such bond or debenture, shall cease to be an officer of the Corporation for any reason before the same has been delivered by the Corporation, such bond or debenture may nevertheless be adopted by the Corporation and issued and delivered as though the person who signed it or whose facsimile signature has been used thereon had not ceased to be such officer.

6.6 Sale, Transfer, etc., of Securities. Sales, transfers, endorsements, and assignments of shares of stock, bonds, and other securities owned by or standing in the name of the Corporation and the execution and delivery on behalf of the Corporation of any and all instruments in writing incident to any such sale, transfer, endorsement, or assignment, shall be effected by the President, or by any Vice President, together with the Secretary, or by any officer or agent thereunto authorized by the Board of Directors.

6.7 Proxies. Proxies to vote with respect to shares of stock of other Corporations owned by or standing in the name of the Corporation shall be executed and delivered on behalf of the Corporation by the President or any Vice President and the Secretary of the Corporation or by any officer or agent thereunto authorized by the Board of Directors.

ARTICLE 7

CAPITAL STOCK

7.1 Stock Certificates. The shares of the Corporation may, but need not be, represented by certificates. If the shares are represented by certificates, the certificates shall be signed by two officers as designated by the Board of Directors, or in the absence of such designation, any two of the following officers: the President, any Vice President, the Secretary, or any assistant Secretary of the Corporation. The signatures of the designated officers upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the Corporation itself or an employee of the Corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer at the date of its issue.

If the Corporation is authorized to issue different classes of shares or a different series within a class, the designations, preferences, limitations, and relative rights applicable to each class, the variations in preferences, limitations, and relative rights determined for each series, and the authority of the Board of Directors to determine variations for any existing or future class or series, must be summarized on the front or back of each share certificate. Alternatively, each certificate may state conspicuously on its front or back that the Corporation will furnish the shareholder this information on request in writing, without charge.

Each certificate representing shares shall also state upon the face thereof:

(a) The name of the issuing Corporation and that it is organized under the laws of the state of Utah.

(b) The name of the person to whom the certificate is issued.

(c) The number and class of shares, and the designation of the series, if any, which such certificate represents.

There shall be entered upon the stock transfer books of the Corporation at the time of issuance of each share, the number of the certificate issued, the name and address of the person owning the shares represented thereby, the number and kind, class, or series of such shares, and the date of issuance thereof. Every certificate exchanged or returned to the Corporation shall be marked "Cancelled" with the date of cancellation. Unless otherwise required by the Revised Act, or by the Board of Directors in accordance with applicable law, the foregoing with respect to shares does not affect shares already represented by certificates.

7.2 Shares Without Certificates . The Board of Directors may authorize the issuance of some or all of the shares of any or all of the classes or series of the Corporation's stock without certificates. The authorization does not affect shares already represented by certificates until they are surrendered to the Corporation. Within a reasonable time after the issuance or transfer of shares without certificates, the Corporation shall send the shareholder a written statement of the information required on certificates as stated in Section 7.1 of these amended bylaws.

7.3 Transfer of Stock . Transfers of stock shall be made only upon the stock transfer books of the Corporation kept at the principal office of the Corporation or by the transfer agent(s) designated to transfer shares of the stock of the Corporation. Except where a certificate is issued in replacement of a lost or destroyed certificate as provided in these amended bylaws, an outstanding certificate for the number of shares involved shall be surrendered for cancellation before a new certificate is issued therefor. Except as otherwise provided by law, the Corporation and the transfer agent(s) and registrar(s), if any, shall be entitled to treat the holder of record of any share or shares of stock as the absolute owner thereof for all purposes and, accordingly, shall not be bound to recognize any legal, equitable, or other claim to or interest in such share or shares on the part of any other person whether or not it or they shall have express or other notice thereof.

7.4 Restrictions on Transfer or Registration of Shares . The Board of Directors may, as they may deem expedient, impose restrictions on the transfer or registration of transfer of shares of the Corporation. The restriction does not affect shares issued before the restriction was adopted unless the holders of the shares are parties to the restriction agreement or voted in favor of the restriction or otherwise consented to the restriction.

The restriction on the transfer or registration of transfer of shares is valid and enforceable against the holder or a transferee of the holder, if the restriction is authorized by the Revised Act and its existence is noted conspicuously on the front or back of the certificate, or if the restriction is contained in the information statement that is sent to shareholders whose shares are not represented by certificates pursuant to Section 7.2 of these amended bylaws.

7.5 Regulations . Subject to the provisions of these amended bylaws and of the articles of incorporation, the Board of Directors may make such rules and regulations as it may deem expedient concerning the issuance, transfer, redemption, and registration of certificates for shares of the stock of the Corporation.

7.6 Transfer Agent(s) and Registrar(s). The Board of Directors may appoint one or more transfer agent(s) and one or more registrar(s) with respect to the certificates representing shares of stock of the Corporation, and may require all such certificates to bear the signature of either or both. The Board of Directors may from time to time define the respective duties of such transfer agent(s) and registrar(s).

7.7 Lost or Destroyed Certificates. In the event of the loss or destruction of any certificate of stock, another may be issued in its place pursuant to such regulations as the Board of Directors may establish concerning proof of such loss, theft, or destruction and concerning the giving of a satisfactory bond or bonds of indemnity.

7.8 Consideration for Shares. The Board of Directors may authorize the issuance of shares for consideration consisting of any tangible or intangible property or benefit to the Corporation, including cash, promissory notes, services performed, contracts or arrangements for services to be performed, or other securities of the Corporation. The terms and conditions of any tangible or intangible property or benefit to be provided in the future to the Corporation, including contracts or arrangements for services to be performed, shall be set forth in writing. The Corporation may place in escrow shares issued in consideration for contracts, arrangements for future services or benefits, or in consideration of a promissory note, or make other arrangements to restrict transfer of the shares issued for any such consideration, and may credit distributions in respect of the shares against the purchase price until the services are performed, the note is paid, or the benefits are received. If the specified future services are not performed, the note is not paid, or the benefits are not received, the shares escrowed or restricted and the distributions credited may be cancelled in whole or in part.

ARTICLE 8

INDEMNIFICATION

8.1 Indemnification. Except as provided in Section 8.2 of these amended bylaws, the Corporation may, to the maximum extent and in the manner permitted by the Revised Act, indemnify an individual made a party to a proceeding because he is or was a director, against liability incurred in the proceeding if his conduct was in good faith, he reasonably believed that his conduct was in, or not opposed to, the Corporation's best interests, and in the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful. Termination of the proceeding by judgment, order, settlement, conviction, upon a plea of nolo contendere or its equivalent, is not, of itself, determinative that the director did not meet the standard of conduct described in this section.

8.2 Certain Restrictions on Indemnification. The Corporation may not indemnify a director under Section 8.1 of these amended bylaws, in connection with a proceeding by or in the right of a Corporation in which the director was adjudged liable to the Corporation, or in connection with any other proceeding charging that the director derived an improper personal benefit, whether or not involving action in his official capacity, in which proceeding he was adjudged liable on the basis that he derived an improper personal benefit.

8.3 Mandatory Indemnification . The Corporation shall indemnify a director who was successful, on the merits or otherwise, in the defense of any proceeding, or in the defense of any claim, issue, or matter in the proceeding, to which he was a party because he is or was a director of the Corporation, against reasonable expenses incurred by him in connection with the proceeding or claim with respect to which he has been successful.

8.4 Determination . The Corporation may not indemnify a director under Section 8.1 of these amended bylaws unless authorized and a determination has been made in a specific case that indemnification of the director is permissible in the circumstances because the director has met the applicable standard of conduct set forth in Section 8.1 of these amended bylaws. Such determination shall be made either (a) by the Board of Directors by majority vote of those present at a meeting at which a quorum is present, and only those directors not parties to the proceedings shall be counted in satisfying the quorum requirement, (b) if a quorum cannot be obtained, by majority vote of a committee of the Board of Directors designated by the Board of Directors, which committee shall consist of two or more directors not parties to the proceeding, except that the directors who are not parties to the proceeding may participate in the designation of directors for the committee, (c) by special legal counsel selected by the Board of Directors or a committee of the Board of Directors in the manner prescribed by the Revised Act, or (d) by the shareholders, by a majority of the votes entitled to be cast by holders of qualified shares present in person or by proxy at a meeting. The majority of the votes entitled to be cast by the holders of all qualified shares constitutes a quorum for purposes of action that complies with this Section. Shareholders' action that otherwise complies with this Section is not affected by the presence of holders, or the voting, of shares that are not qualified shares as determined under the Revised Act.

8.5 General Indemnification . The indemnification and advancement of expenses provided by this Article 8 shall not be construed to be exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under the articles of incorporation, these amended bylaws, any agreement, any vote of shareholders or disinterested directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

8.6 Advances . The Corporation in accordance with the Revised Act may pay for or reimburse the reasonable expenses incurred by any director who is a party to a proceeding in advance of final disposition of the proceeding if (a) the director furnishes the Corporation a written affirmation of his good faith belief that he has met the applicable standard of conduct described in Section 8.1 of these amended bylaws, (b) the director furnishes to the Corporation a written undertaking in the form required by the Revised Act, executed personally or on his behalf, to repay the advance if it is ultimately determined that he did not meet the standard of conduct, and (c) a determination is made that the facts then known to those making a determination would not preclude indemnification under this Article 8.

8.7 Scope of Indemnification . The indemnification and advancement of expenses authorized by this Article 8 is intended to permit the Corporation to indemnify to the fullest extent permitted by the laws of the state of Utah, any and all persons whom it shall have power to indemnify under such laws from and against any and all of the expenses, liabilities, or other matters referred to in or covered by such laws. Any indemnification or advancement of expenses hereunder shall, unless otherwise provided when the indemnification or advancement of expenses is authorized or ratified, continue as to a person who has ceased to be a director, officer, employee, or agent of the Corporation and shall inure to the benefit of such person's heirs, executors and administrators. This Article 8 is a summary of the indemnification provisions of the Revised Act. In the event of a conflict between the provisions of this Article 8 and the Revised Act, as the case may be, shall control.

8.8 Insurance . The Corporation may purchase and maintain liability insurance on behalf of a person who is or was a director, officer, employee, fiduciary, or agent of the Corporation, or who, while serving as a director, officer, employee, fiduciary, or agent of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee, fiduciary, or agent of another foreign or domestic Corporation, or other person, or of an employee benefit plan, against liability asserted against or incurred by him in any such capacity or arising out of his status in any such capacity, whether or not the Corporation would have the power to indemnify him against the liability under the provisions of this Article 8 or the laws of the state of Utah, as the same may hereafter be amended or modified.

ARTICLE 9
FISCAL YEAR

The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

ARTICLE 10
DIVIDENDS

The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law.

ARTICLE 11
AMENDMENTS

These amended bylaws may be amended by a two-thirds majority of the Board of Directors at any time, except to the extent that the articles of incorporation, these amended bylaws or the Revised Act reserve this power exclusively to the shareholders, in whole or part. These amended bylaws may also be amended at any time by the shareholders.

ARTICLE 12

CONTROL SHARES ACQUISITIONS ACT

12.1 Shares Subject to Redemption. If a person proposes to make or has made a control share acquisition, as defined under the Utah Control Shares Acquisitions Act (the "Act"), and no acquiring person statement has been delivered to the Corporation by such acquiring person pursuant to Section 61-6-7 of the Act, or if the acquiring person has filed the acquiring person statement but the control shares have not been accorded full voting rights by the shareholders, the Corporation shall have the right to redeem, at fair market value, as defined in the Act, the control shares of the acquiring person, as defined in Section 61-6-2 of the Act. Any such redemption hereunder shall take place within 60 days after the last acquisition of control shares by the acquiring person. Control shares acquired in a control share acquisition are not subject to redemption by the Corporation after a statement by the acquiring person has been delivered to the Corporation, unless the shares are not accorded full voting rights by the shareholders as provided in Section 61-6-10 of the Act.

12.2 Dissenter's Rights. In the event control shares required in a control share acquisition are accorded full voting rights pursuant to provisions of the Act, and the acquiring person has acquired control shares with a majority or more of the voting power, the shareholders of the Corporation shall not have dissenter's rights as provided in Section 61-6-12 of the Act.

STOCK PURCHASE AND SALE AGREEMENT

THIS STOCK PURCHASE AND SALE AGREEMENT (the "Agreement") is made and entered into this 27th day of August, 2003, by and between SECURITY NATIONAL FINANCIAL CORPORATION, a Utah corporation ("Security National") and AULT GLAZER & CO. INVESTMENT MANAGEMENT LLC, a Delaware limited liability company, and any related entities, whether directly or indirectly owned or controlled by Ault Glazer & Co Investment Management LLC or Milton T. Ault, III (hereinafter collectively referred to as "Ault Glazer").

W I T N E S S E T H:

WHEREAS, Ault Glazer either owns or controls approximately 424,000 shares of Class A Common Stock of Security National Financial Corporation ("Security National");

WHEREAS, Ault Glazer is desirous of reducing its holdings of Class A Security National Common Stock; and

WHEREAS, Security National, in order to attempt to maintain an orderly market, is willing to purchase a certain number of its shares of Class A Common Stock held by Ault Glazer and to enter into the other covenants and obligations relating to the purchase of shares of Class A Common Stock held by Ault Glazer;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and intending to be legally bound, the parties hereby agree as follows:

1. Purchase and Sale of Shares. Ault Glazer agrees to sell and Security National agrees to purchase 124,000 shares of Class A Common Stock of Security National at \$6.00 per share, the closing of said stock purchase and sale transaction to occur within fifteen (15) days from the date of this Agreement.

2. Agreement Not to Purchase Additional Shares. Ault Glazer agrees not to purchase or control, directly or indirectly, any additional shares of Class A or Class C Common Stock of Security National for a period of four (4) years from the date of this Agreement.

3. Option to Purchase and Sell Additional Shares. Security National agrees for the next three (3) years from the date hereof, on the anniversary date of this Agreement, that Ault Glazer may, but is not obligated, to sell 100,000 shares of Class A Common Stock of Security National on each such anniversary date and Security National agrees to purchase, if requested by Ault Glazer, 100,000 shares of Class A Common Stock of Security National at a price of \$6.00 per share. This paragraph is subject to the approval of the Board of Directors of Security National, which approval Scott M. Quist, the President of Security National, will use his best efforts to obtain (and will favorably recommend this paragraph) at the next board meeting. If the Board of Directors of Security National shall disapprove this paragraph, and the paragraph shall be rendered void and of no effect, then the immediately preceding paragraph 2 of this Agreement shall also be void and of no effect, but the remainder of this Agreement shall remain in effect and continue to be binding upon the parties hereto.

4. Review of Agreement by Counsel. This Agreement is subject to review and amendment by securities counsel for Security National and Ault Glazer for necessary disclosures in order to comply with federal and state securities laws and regulations thereunder and otherwise in conformity with such federal and state securities laws and regulations thereunder.

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5. Waiver. Any term or condition of this Agreement may be waived at any time by the party that is entitled to benefit thereof. Such waiver must be in writing and must be executed by an executive officer of such party. A waiver on one occasion will not be deemed to be a waiver of the same or any other breach or nonfulfillment on a future occasion. All remedies, either under this Agreement, or by law or, otherwise afforded, will be cumulative and not alternative.

6. Amendment. This Agreement may be modified or amended only in writing duly executed by all parties.

7. Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which will be deemed an original, but all of which, when taken together, will constitute one and the same instrument.

8. Governing Law. This Agreement will be governed by and construed and enforced in accordance with the laws of the State of Utah (without regard to the principles of conflicts of law) applicable to a contract executed and performable in such state.

9. Binding Effect. This Agreement is binding upon and will inure to the benefit of the parties and their respective successors and permitted assigns.

10. No Assignment. Neither this Agreement nor any right or obligation hereunder or part hereof may be assigned by any party hereto without the prior written consent of the other party hereto (and any attempt to do so will be void).

11. Due Diligence. All parties to this Agreement hereby acknowledge that they have received from the others all information requested and have had an adequate opportunity to investigate all aspects of this transaction. Each party has done its own due diligence with respect to this transaction.

12. Invalid Provision. If any provision of this Agreement is held to be illegal; invalid, or unenforceable under any present or future law, and if the rights or obligations under this Agreement of Security National and Ault Glazer will not be materially and adversely affected thereby, (i) such provision will be fully severable; (ii) this Agreement will be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof; and (iii) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the respective officers authorized to act in the premises, as of the date first written.

SECURITY NATIONAL FINANCIAL CORPORATION

By: /s/ Scott M. Quist

Scott M. Quist, President

AULT GLAZER & CO. INVESTMENT MANAGEMENT LLC

By: /s/ Milton T. Ault

Milton T. Ault, III, Chief
Investment Officer
and Managing Director