UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarter ended March 31, 2009, or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition Period from _____ to ______

Commission file number: 0-9341

SECURITY NATIONAL FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

UTAH	**87-0345941**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
5300 South 360 West, Suite 250 Salt Lake City, Utah	**84123**
(Address of principal executive office)	*(Zip Code)*

Registrant's telephone number, including area code: (801) 264-1060

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes x No o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

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	8,295,238
Title of Class	Number of Shares Outstanding as of May 14, 2009
Class C Common Stock, $.20 par value	8,803,257
Title of Class	Number of Shares Outstanding as of May 14, 2009

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer o Accelerated filer o Non-accelerated filer x Smaller reporting company o
(Do not check if a smaller reporting company).

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
FORM 10-Q

QUARTER ENDED MARCH 31, 2009

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

Assets	March 31, 2009	December 31, 2008
Investments:		
Fixed maturity securities, held to maturity, at amortized cost	$ 121,561,659	$ 125,346,194
Fixed maturity securities, available for sale, at estimated fair value	1,203,796	1,236,562
Equity securities, available for sale, at estimated fair value	4,546,962	4,617,675
Mortgage loans on real estate and construction loans, held for investment net of allowances for losses of $5,561,421 and $4,780,467 for 2009 and 2008, respectively.	123,990,134	124,592,678
Real estate, net of accumulated depreciation	28,777,627	22,417,639
Policy, student and other loans net, of allowances for doubtful accounts	16,854,728	18,493,751
Short-term investments	7,424,101	5,282,986
Accrued investment income	2,336,275	2,245,201
Total investments	306,695,282	304,232,686
Cash and cash equivalents	20,153,536	19,914,110
Mortgage loans sold to investors	33,126,420	19,885,994
Receivables, net	10,550,080	13,135,080
Restricted assets of cemeteries and mortuaries	2,229,916	4,077,076
Cemetery perpetual care trust investments	1,818,037	1,840,119
Receivable from reinsurers	5,817,949	5,823,379
Cemetery land and improvements	10,618,122	10,626,296
Deferred policy and pre-need contract acquisition costs	32,503,856	32,424,512
Property and equipment, net	13,688,823	14,049,232
Value of business acquired	11,240,797	11,377,276
Goodwill	1,075,039	1,075,039
Other	4,443,770	3,343,726
Total Assets	$ 453,961,627	$ 441,804,525

See accompanying notes to condensed consolidated financial statements.

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

	March 31, 2009	December 31, 2008
Liabilities and Stockholders' Equity		
Liabilities		
Future life, annuity, and other benefits	$ 328,604,810	$ 325,668,454
Unearned premium reserve	4,826,354	4,863,919
Bank loans payable	7,799,388	6,138,202
Notes and contracts payable	433,676	501,778
Deferred pre-need cemetery and mortuary contract revenues	13,399,723	13,467,132
Cemetery perpetual care obligation	2,672,554	2,647,984
Accounts payable	1,973,937	1,941,777
Other liabilities and accrued expenses	18,017,604	17,688,756
Income taxes	17,429,347	14,974,244
Total liabilities	395,157,393	387,892,246
Stockholders' Equity		
Common Stock:		
Class A: common stock $2.00 par value; 20,000,000 shares authorized; issued and outstanding 8,284,389 shares in 2009 and 8,284,109 shares in 2008	16,568,778	16,568,218
Class B: non-voting common stock $1.00 par value; 5,000,000 shares authorized; none issued or outstanding	-	-
Class C: convertible common stock $0.20 par value; 15,000,000 shares authorized; issued 8,911,746 shares in 2009 and 8,912,315 in 2008	1,782,349	1,782,463
Additional paid-in capital	18,146,855	17,985,848
Accumulated other comprehensive income and other items, net of taxes	1,746,672	417,101
Retained earnings	24,255,874	21,023,179
Treasury stock at cost; 1,525,163 Class A shares in 2009 and 1,598,568 Class A shares in 2008	(3,696,294)	(3,864,530)
Total stockholders' equity	58,804,234	53,912,279
Total Liabilities and Stockholders' Equity	$ 453,961,627	$ 441,804,525

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Revenues:		
Insurance premiums and other considerations	$ 9,783,718	$ 8,735,598
Net investment income	6,048,002	7,204,250
Net mortuary and cemetery sales	2,970,996	3,589,995
Realized gains on investments and other assets	66,046	22,917
Mortgage fee income	40,254,194	33,489,290
Other	369,141	179,450
Total revenues	59,492,097	53,221,500
Benefits and expenses:		
Death benefits	4,532,225	4,796,863
Surrenders and other policy benefits	515,005	621,271
Increase in future policy benefits	3,781,252	3,076,857
Amortization of deferred policy and pre-need acquisition costs and value of business acquired	1,985,305	1,148,371
Selling general and administrative expenses:		
Commissions	20,667,813	22,736,386
Salaries	6,885,817	6,265,829
Provision for loan losses	6,165,518	2,151,957
Other	8,312,179	7,610,733
Interest expense	1,100,127	2,191,485
Cost of goods and services sold-mortuaries and cemeteries	606,953	676,813
Total benefits and expenses	54,552,194	51,276,565
Earning before income taxes	4,939,903	1,944,935
Income tax expense	(1,706,893)	(569,479)
Net earnings	$ 3,233,010	$ 1,375,456
Net earnings per Class A Equivalent common share (1)	$ 0.42	$ 0.17
Net earnings per Class A Equivalent common share-assuming dilution (1)	$ 0.42	$ 0.17
Weighted-average Class A equivalent common share outstanding (1)	7,613,587	8,073,293
Weighted-average Class A equivalent common shares outstanding assuming-dilution (1)	7,613,587	8,168,917

(1) Earnings per share amounts have been adjusted retroactively for the effect of annual stock dividends. The weighted-average shares outstanding includes the weighted-average Class A common shares and the weighted-average Class C common shares determined on an equivalent Class A common share basis. Net earnings per common share represent net earnings per equivalent Class A common share. Net earnings per Class C common share is equal to one-tenth (1/10) of such amount.

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2009	2008
Cash flows from operating activities:		
Net cash provided by operating activities	$ 1,292,519	$ 19,338,399
Cash flows from investing activities:		
Securities held to maturity:		
Purchase-fixed maturity securities	(5,146,684)	-
Calls and maturities - fixed maturity securities	8,985,769	10,249,116
Securities available for sale:		
Purchase-fixed maturity securities	(358,395)	(7,364)
Sales-equity securities	(40,878)	603,222
Purchase of short-term investments	(7,132,079)	(12,241,316)
Sales of short-term investments	4,990,964	12,123,092
Purchase of restricted assets	(40,293)	(41,310)
Changes in assets for perpetual care trusts	1,837,806	44,200
Amount received for perpetual care trusts	24,570	(106,378)
Mortgage, policy, and other loans made	(8,173,806)	(25,130,252)
Payments received for mortgage, policy and other loans	3,328,002	11,925,761
Purchase of property and equipment	(123,984)	(211,481)
Disposal of property and equipment		-
Purchase of real estate	(626,179)	(1,104,757)
Sale of real estate	542,500	15,000
Net cash used in investing activities	(1,932,687)	(3,882,467)
Cash flows from financing activities:		
Annuity contract receipts	2,267,572	1,896,861
Annuity contract withdrawals	(3,320,898)	(4,483,827)
Stock options granted	202,511	-
Sale of treasury stock	126,863	17,463
Repayment of bank loans on notes and contracts	(428,407)	(9,883,726)
Proceeds from borrowing on bank loans	2,031,953	2,548,060
Net cash used in financing activities	879,594	(9,905,169)
Net change in cash and cash equivalents	239,426	5,550,763
Cash and cash equivalents at beginning of period	19,914,110	5,203,060
Cash and cash equivalents at end of period	$ 20,153,536	$ 10,753,823

See accompanying notes to condensed consolidated financial statements.

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 Articles 8 and 10 of Regulation S-X. Accordingly, they do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. These financial statements should be read in conjunction with the consolidated financial statements of the Company and notes thereto for the year ended December 31, 2008, included in the Company's Annual Report on Form 10-K (file number 0-9341). 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 months ended March 31, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009.

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 construction loans held for investment, those used in determining loan loss reserve, and those used in determining the estimated future costs for pre-need sales. Although some variability is inherent in these estimates, management believes the amounts provided are fairly stated in all material respects.

2) Recent Accounting Pronouncements

On April 1, 2009, the Financial Accounting Standards Board (FASB) issued FSP FAS 141(R)-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies*. FSP 141(R)-1 amends and clarifies FASB Statement No. 141 (revised 2007) *Business Combinations*, to provide guidance related to the initial recognition and measurement of an asset acquired or a liability assumed that arises from a contingency in a business combination. This FSP is effective for assets or liabilities arising from contingencies in business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The adoption of FSP FAS 141(R)-1 did not have a material impact on the Company's consolidated financial statements.

3) Comprehensive Income

For the three months ended March 31, 2009 and 2008, total comprehensive income amounted to $4,562,581 and $2,791,706, respectively. This increase of $1,770,875 was primarily the result of an increase in net income of $1,857,554, a decrease primarily in derivative gains related to mortgage loans of $131,800, and an increase in unrealized gains in securities available for sale of $45,121.

4) Stock-Based Compensation

The Company has four fixed option plans (the "1993 Plan," the "2000 Plan", the "2003 Plan" and the "2006 Plan"). Compensation expense for options issued of $202,511 and $-0- has been recognized for these plans for the quarters ended March 31, 2009 and 2008, respectively. Deferred tax has been recognized related to the compensation expense for $68,854 and $-0- for the quarters ended March 31, 2009 and 2008, respectively.

Options to purchase 211,000 shares of the Company's common stock were granted March 31, 2008. The fair value relating to stock-based compensation is $453,650 and will be expensed as options become available to exercise at the rate of 25% at the end of each quarter over the twelve months ended March 31, 2009.

Options to purchase 324,000 shares of the Company's common stock were granted December 5, 2008. The fair value relating to stock-based compensation is $356,400 and will be expensed as options become available to exercise at the rate of 25% at the end of each quarter over twelve months ended December 31, 2009.

The weighted-average fair value of each option granted during 2008 under the 2003 Plan and 2006 Plan is estimated at $2.15 for the March 31, 2008 options and $1.10 for the December 31, 2008 options as of the grant date using the Black-Scholes Option Pricing Model with the following assumptions: dividend yield of 5%, volatility of 63%, risk-free interest of 3.4%, and an expected life of five to ten years.

The Company generally estimates the expected life of the options based upon the contractual term of the options. Future volatility is estimated based upon the historical volatility of the Company's Class A common stock over a period equal to the estimated life of the options. Common stock issued upon exercise of stock options are generally new share issuances rather than from treasury shares.

5) Earnings Per Share

The basic and diluted earnings (loss) per share amounts were calculated as follows:

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Numerator:		
Net earnings	$ 3,233,010	$ 1,375,456
Denominator:		
Basic weighted-average shares outstanding	7,613,587	8,073,293
Effect of dilutive securities:		
Employee stock options	-	95,624
Dilutive potential common shares	-	95,624
Diluted weighted-average shares outstanding	7,613,587	8,168,917
Basic gain per share	$ 0.42	$ 0.17
Diluted gain per share	$ 0.42	$ 0.17

Earnings per share amounts have been adjusted for the effect of annual stock dividends.

6) Business Segment

	Life Insurance	Cemetery/ Mortuary	Mortgage	Reconciling Items	Consolidated
For the Three Months Ended March 31, 2009					
Revenues from external customers	$ 13,958,418	$ 3,181,095	$ 42,352,584	--	$ 59,492,097
Intersegment revenues	1,063,254	82,591	51,786	(1,197,631)	--
Segment profit (loss) before income taxes	(312,200)	245,561	5,006,542	--	4,939,903
Identifiable Assets	423,829,889	79,150,872	34,746,091	(83,765,225)	453,961,627
For the Three Months Ended March 31, 2008					
Revenues from external customers	$ 12,829,392	$ 3,867,872	$ 36,524,236	$ -	$ 53,221,500
Intersegment revenues	1,627,829	23,001	97,990	(1,748,820)	-
Segment profit before income taxes	415,222	379,407	1,150,306	-	1,944,935
Identifiable Assets	391,121,312	62,370,578	29,215,409	(65,410,478)	417,296,821

7) Fair Value of Financial Assets and Financial Liabilities

SFAS No. 157 measures certain investments at fair value, in accordance with SFAS No. 157, *Fair Value Measurements*:

- Defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and establishes a framework for measuring fair value;
- Establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation as of the measurement date;
- Expands disclosures about financial instruments measured at fair value.

Financial assets and financial liabilities recorded on the consolidated condensed balance sheet at fair value are categorized based on the reliability of inputs to the valuation techniques as follows:

Level 1: Financial assets and financial liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that we can access.

Level 2: Financial assets and financial liabilities whose values are based on the following:

a) Quoted prices for similar assets or liabilities in active markets;
b) Quoted prices for identical or similar assets or liabilities in non-active markets; or
c) Valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability

Level 3: Financial assets and financial liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs may reflect our estimates of the assumptions that market participants would use in valuing the financial assets and financial liabilities.

We utilize a combination of third party valuation service providers, brokers, and internal valuation models to determine fair value.

7) Fair Value of Financial Assets and Financial Liabilities (Continued)
The following tables summarize Level 1, 2 and 3 financial assets and financial liabilities measured at fair value on a recurring basis by their classification in the condensed consolidated balance sheet at March 31, 2009.

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets accounted for at fair value on a recurring basis				
Investment in securities available for sale	$ 5,750,758	$ 5,750,758	$ -	$ -
Short-term investments	7,424,101	7,424,101	-	-
Restricted assets of cemeteries and mortuaries	1,365,450	1,365,450	-	-
Cemetery perpetual care trust investments	1,818,037	1,818,037	-	-
Derivatives - interest rate lock commitments	3,125,051	-	-	3,125,051
Total assets accounted for at fair value on a recurring basis	$ 19,483,397	$ 16,358,346	$ -	$ 3,125,051
Liabilities accounted for at fair value on a recurring basis				
Investment-type insurance contracts	$ (111,185,553)	$ -	$ -	$ (111,185,553)
Derivatives: Bank loan interest rate swaps	(157,021)	-	-	(157,021)
Total liabilities accounted for at fair value on a recurring basis	$ (111,342,574)	$ -	$ -	$ (111,342,574)

Following is a summary of changes in the condensed consolidated balance sheet line items measured using level 3 inputs:

	Investment Type Insurance Contracts	Interest Rate Lock Commitments	Bank Loan Interest Rate Swaps
Balance - December 31, 2008	$ (112,351,916)	$ 362,231	$ (167,483)
Total Gains (Losses):			
Included in earnings	1,166,363	-	-
Included in other comprehensive income	-	2,762,820	10,462
Balance - March 31, 2009	$ (111,185,553)	$ 3,125,051	$ (157,021)

The items shown under level one are valued as follows:

On a quarterly basis, the Company reviews its available-for-sale fixed investment securities related to corporate securities and other public utilities, consisting of bonds and preferred stocks that are in a loss position. The review involves an analysis of the securities in relation to historical values, and projected earnings and revenue growth rates. Based on the analysis, a determination is made whether a security will likely recover from the loss position within a reasonable period of time. If it is unlikely that the investment will recover from the loss position, the loss is considered to be other than temporary, the security is written down to the impaired value and an impairment loss is recognized.

On a quarterly basis, the Company reviews its investment in industrial, miscellaneous and all other equity securities that are in a loss position. The review involves an analysis of the securities in relation to historical values, price earnings ratios, projected earnings and revenue growth rates. Based on the analysis, a determination is made whether a security will likely recover from the loss position within a reasonable period of time. If it is unlikely that the investment will recover from the loss position, the loss is considered to be other than temporary, the security is written down to the impaired value and an impairment loss is recognized.

7) Fair Value of Financial Assets and Financial Liabilities (Continued)

The items shown under level three are valued as follows:

Investment type insurance contracts. Future policy benefit reserves for interest-sensitive insurance products are computed under a retrospective deposit method and represent policy account balances before applicable surrender charges. Policy benefits and claims that are charged to expense include benefit claims incurred in the period in excess of related policy account balances. Interest credit rates for interest-sensitive insurance products ranged from 4% to 6.5%.

Interest rate lock commitments. The Company's mortgage banking activities enters into interest rate lock commitments with potential borrowers and forward commitments to sell loans to third-party investors. The Company also implements a hedging strategy for these transactions. A mortgage loan commitment binds the Company to lend funds to a qualified borrower at a specified interest rate and within a specified period of time, generally up to 30 days after inception of the mortgage loan commitment. Mortgage loan commitments are derivatives under Statement of Financial Accounting Standards No. 133 ("SFAS 133"), *Accounting for Derivative Instruments and Hedging Activities*, as amended and are recognized at fair value on the consolidated balance sheet with changes in their fair values recorded as part of other comprehensive income from mortgage banking operations.

Bank loan interest rate swaps: Management considers the interest rate swap instruments to be an effective cash flow hedge against the variable interest rate on bank borrowings since the interest rate swaps mirror the term of the note payable and expire on the maturity date of the bank loans they hedge. The interest rate swaps are derivative financial instruments carried at their fair value.

8) Other Business Activity

Mortgage Operations

SecurityNational Mortgage is a mortgage lender incorporated under the laws of the State of Utah. SecurityNational Mortgage 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. SecurityNational Mortgage obtains loans primarily from independent brokers and correspondents. SecurityNational Mortgage funds the loans from internal cash flows and loan purchase agreements with unaffiliated financial institutions. SecurityNational Mortgage receives fees from the borrowers and other secondary fees from third party investors that purchase its loans. SecurityNational Mortgage sells its loans to third party investors and does not retain servicing of these loans. SecurityNational Mortgage pays the brokers and correspondents a commission for loans that are brokered through SecurityNational Mortgage. For the three months ended March 31, 2009, and 2008, SecurityNational Mortgage originated and sold 4,935 loans ($939,413,356 total volume) and 4,507 loans ($870,395,000 total volume), respectively.

SecurityNational Mortgage has loan purchase agreements with unaffiliated warehouse banks. The total amount available under these loan purchase agreements at March 31, 2009 was $250,000,000. As of March 31, 2009, mortgage loans totaling $156,402,771 have been sold to warehouse banks and were outstanding. The terms of the loan purchase agreements are typically for one year, with interest rates ranging from 1.5% to 2.25% over the 30 days LIBOR rate (from 1.97% to 2.72% as of March 31, 2009). SecurityNational Mortgage renewed one of its loan purchase agreements that expired on September 30, 2008 for another one year term. The other loan purchase agreement was closed in March 2009. The Company is actively pursuing purchase agreements with other warehouse banks.

8) Other Business Activity (Continued)

Mortgage fee income consists of origination fees, processing fees and certain other income related to the origination and sale of mortgage loans. For mortgage loans sold to third party investors, mortgage fee income and related expenses are recognized pursuant to SFAS 140 at the time the sales of mortgage loans meet the sales criteria for the transfer of financial assets which are: (1) the transferred assets have been isolated from the Company and its creditors, (2) the transferee has the right to pledge or exchange the mortgage, and (3) the Company does not maintain effective control over the transferred mortgage. The Company has determined that all three criteria are met at the time the loan is funded. All rights and title to the mortgage loans are assigned to unrelated financial institution investors, including any investor commitments for these loans prior to warehouse banks purchasing these loans under the purchase commitments.

The Company sells all loans to third party investors without recourse. However, the Company may be required to repurchase loans or pay a fee instead of repurchase under certain events such as the following:

- Failure to deliver original documents specified by the investor.
- The existence of fraud in the origination of the loan.
- The loan becomes delinquent due to nonpayment during the first several months after it is sold.
- Early pay-off of a loan, as defined by the agreements.
- Excessive time to settle a loan.
- Investor declines purchase.
- Discontinued product and expired commitment

Purchase commitments generally specify a date 30 to 45 days after delivery upon which the underlying loans should be settled. Depending on market conditions, these commitment settlement dates can be extended at a cost to the Company. Generally, a ten day extension will cost .125% (12.5 basis points) of the loan amount. The Company’s historical data shows that 99% of all loans originated by the Company are generally settled by the investors as agreed within 16 days after delivery. There are situations when the Company determines that it is unable to enforce the settlement of loans rejected by the third-party investors and that it is in the Company’s best interest to repurchase those loans from the warehouse banks. It is the Company's policy to cure any documentation problems with respect to such loans at a minimal cost for up to a six-month time period and to pursue efforts to enforce purchase commitments from third-party investors concerning mortgage loans. The Company believes that six months allows adequate time to remedy any documentation issues, to enforce purchase commitments, and to exhaust other alternatives. Remedy methods include, but are not limited to:

- Research reasons for rejection
- Provide additional documents
- Request investor exceptions
- Appeal rejection decision to purchase committee
- Commit to secondary investors

Once purchase commitments have expired and other alternatives to remedy are exhausted, which could be earlier than the six month time period, the loans are repurchased and transferred to the long term investment portfolio at the lower of cost or market value and previously recorded sales revenue is reversed. Any loan that subsequently becomes delinquent is evaluated by the Company at that time and any allowances for impairment are adjusted accordingly.

Determining lower of cost or market: Cost is equal to the amount paid to the warehouse bank and the amount originally funded by the Company. Market value is often difficult to determine, but is based on the following:

- For loans that have an active market we use the market price on the repurchased date.
- For loans where there is no market but there is a similar product, we use the market value for the similar product on the repurchased date.
- For loans where no active market exists on the repurchased date, we determine that the unpaid principal balance best approximates the market value on the repurchased date, after considering the fair value of the underlying real estate collateral and estimated future cash flows.

8) Other Business Activity (Continued)

The appraised value of the real estate underlying the original loan adds significance to the Company's determination of fair value since, if the loan becomes delinquent, the Company has sufficient value to collect the unpaid principal balance or the carrying value of the loan. In determining the market value on the date of repurchase the Company looks at the total value of all of the loans since any sale of loans would be as a pool.

For mortgages originated and held for investment, mortgage fee income and related expenses are recognized when the loan is originated.

The mortgage industry is still experiencing substantial change due to higher than expected delinquencies from subprime loans. The market for new subprime loans has been substantially reduced and several mortgage companies whose primary product was subprime mortgage originations have ceased operations. The Company funded approximately $5,505,000 (0.14% of the Company's production) in subprime loans during the twelve months ended December 31, 2007 and eliminated subprime loans from its product offerings in August 2007. The Company believes that its potential losses from subprime loans are minimal.

The industry problem with subprime mortgages has created a volatile secondary market for other products, especially alternative documentation (Alt A) loans. Alt A loans are typically offered to qualified borrowers who have relatively high credit scores but are not required to provide full documentation to support personal income and assets owned. Alt A loans can have a loan to value ratio as high as 100%. The Company discontinued offering these loans in September 2007.

As a result of the volatile secondary market for mortgage loans, the Company sold mortgage loans to certain third party investors in 2007 and 2008 that experienced financial difficulties and were not able to settle the loans. The total amount of these loans was approximately $52,556,000, of which approximately $36,499,000 were in loans where the secondary market no longer exists. Due to these changes in circumstances, the Company regained control of the mortgages and, in accordance with SFAS No. 140, accounted for the loans retained in the same manner as a purchase of the assets from the former transferee(s) in exchange for liabilities assumed. At the time of repurchase, the loans were determined to be held for investment, and the fair value of the loans was determined to approximate the unpaid principal balances adjusted for chargeoffs, the related allowance for loan losses, and net deferred fees or costs on originated loans. The financial statements reflect the transfer of the mortgage loans from "Mortgage Loans Sold to Investors" to "Mortgage Loans on Real Estate". The loan sale revenue recorded on the sale of the mortgage loans was reversed on the date the loans were repurchased.

As is standard in the industry, the Company received payments on the mortgage loans during the time period between the sale date and settlement or repurchase date. During this period, the Company services these loans through Security National Life, its life insurance subsidiary.

As of March 31, 2009, the Company's long term mortgage loan portfolio had $24,488,165 in unpaid principal with delinquencies more than 90 days. Of this amount $18,862,626 was in foreclosure proceedings. The Company has not received or recognized any interest income on the $24,488,165 in mortgage loans with delinquencies more than 90 days. During the three months ended March 31, 2009, the Company increased its allowance for mortgage losses by $780,954, which was charged to loan loss expense and included in other general and administrative expenses for the period. The allowance for mortgage loan losses as of March 31, 2009 was $5,561,421.

Also at March 31, 2009, the cumulative total the Company has foreclosed on is $26,238,073 in long term mortgage loans. The foreclosed property was shown in real estate. The Company is able to carry the foreclosed property in Security National Life and SecurityNational Mortgage, its life and mortgage subsidiaries, and will rent the properties until it is feasible to sell.

Southern Security Life Insurance Company

On December 18, 2008, the Company acquired all of the outstanding common stock of Southern Security Life Insurance Company. The results of Southern Security's operations have been included in the consolidated financial statements from December 23, 2008. Southern Security sells and services life insurance, annuity products, accident and health insurance, and funeral plan insurance, all of which are consistent with and will expand the Company's insurance business.

8) Other Business Activity (Continued)

The Company placed $443,500 of funds in an escrow account with the Company's law firm which funds have been included in the accompanying condensed consolidated balance sheets at March 31, 2009 and December 31, 2008 in receivables with the liability payable to the selling shareholders of an equal amount included in other liabilities and accrued expenses.

The following unaudited pro forma information has been prepared to present the results of operations of the Company assuming theacquisitions of Southern Security had occurred at the beginning of the year ended December 31, 2008. This pro forma information is supplemental and does not necessarily present the operations of the Company that would have occurred had the acquisition occurred on that date and may not reflect the operations that will occur in the future:

		For the Three Months March 31, 2008 (unaudited)
Total revenues	$	53,913,000
Net earnings	$	1,429,081
Net earnings per Class A equivalent common share	$	0.18
Net earnings per Class A equivalent common share assuming dilution	$	0.17

9) Allowance for Loan Losses and Loan Loss Reserve

The Company provides allowances for losses on its mortgage loans through an allowance for loan losses (a contra-asset account) and through the mortgage loan loss reserve (a liability account). The allowance for loan losses and doubtful accounts is an allowance for losses on the Company's mortgage loans held for investment. When a mortgage loan is past due more than 90 days, the Company, where appropriate, sets up an allowance to approximate the excess of the carrying value of the mortgage loan over the estimated fair value of the underlying real estate collateral. Once a loan is past due more than 90 days the Company does not accrue any interest income and proceeds to foreclose on the real estate. All expenses for foreclosure are expensed as incurred. Once foreclosed the carrying value will approximate its fair value and the amount will be classified as real estate. The Company is able to carry the foreclosed property and will rent the properties until it is feasible to sell them. The Company is currently able to rent properties for a 5.5% return.

The following is a summary of the allowance for loan losses as a contra-asset account for the periods presented:

	Three Months Ended March 31,			
	2009		2008	
Balance, beginning of quarter	$	4,780,467	$	1,435,131
Provisions for losses		780,954		450,000
Charge-offs		-		(87,640)
Balance, end of quarter	$	5,561,421	$	1,797,491

The mortgage loan loss reserve is an estimate of probable losses at the balance sheet date that the Company will realize in the future on mortgage loans sold to third party investors. The Company may be required to reimburse third party investors for costs associated with early payoff of loans within the first six months of such loans and to repurchase loans where there is a default in any of the first four monthly payments to the investors or, in lieu of repurchase, to pay a negotiated fee to the investors. The Company's estimates are based upon historical loss experience and the best estimate of the probable loan loss liabilities.

9) Allowance for Loan Losses and Loan Loss Reserves (Continued)

Upon completion of a transfer that satisfies the conditions to be accounted for as a sale, the Company initially measures at fair value liabilities incurred in a sale relating to any guarantee or recourse provisions. The Company accrues a monthly allowance for indemnification losses to investors of .20% (20 basis points) of total production. This estimate is based on the Company's historical experience. The amount accrued for the three months ended March 31, 2009 was $5,384,564 and the charge to expense has been included in other general and administrative expenses. The estimated liability for indemnification losses is included in other liabilities and accrued expenses, and as of March 31, 2009, the balance was $5,337,012.

	Three Months Ended March 31,	
	2009	2008
Balance, beginning of year	$ 2,775,452	$ 2,356,309
Provisions for losses	5,384,564	1,701,957
Charge-offs	(2,823,004)	(752,519)
Balance, at March 31,	$ 5,337,012	$ 3,305,747

The Company believes the Allowance for Loan Losses and Doubtful Accounts and the Loan Loss Reserve represent probable loan losses incurred as of the balance sheet date.

10) Derivative Investments

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

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

The Company estimates the fair value of a mortgage loan commitment based on the change in estimated fair value of the underlying mortgage loan and the probability that the mortgage loan will fund within the terms of the commitment. The change in fair value of the underlying mortgage loan is measured from the date the mortgage loan commitment is issued. Therefore, at the time of the issuance, the estimated fair value is zero. Following the issuance, the value of a mortgage loan commitment can be either positive or negative depending upon the change in value of the underlying mortgage loans. Fallout rates derived from the Company's recent historical empirical data are used to estimate the quantity of mortgage loans that will fund within the terms of the commitments.

The Company utilizes various derivative instruments to economically hedge the price risk associated with its outstanding mortgage loan commitments. Management expects these derivatives will experience changes in fair value opposite to changes in fair value of the derivative loan commitments, thereby reducing earnings volatility related to the recognition in earnings of changes in the values of the commitments. A forward loan sales commitment protects the Company from losses on sales of the loans arising from exercise of the loan commitments by securing the ultimate sales price and delivery date of the loans. For mortgage loan commitments not protected by a forward sales commitment, the instruments used to economically hedge the fair value of the mortgage loan commitments include other freestanding derivatives such as mortgage backed securities, options and U.S. Treasure futures. The Company takes into account various factors and strategies in determining the portion of the mortgage loan commitments it wants to hedge economically.

10) Derivative Investments (Continued)

During 2001, the Company entered into a $2,000,000 note payable to a bank with interest due at a variable interest rate of the Libor rate plus 1.65%. During 2001, the Company also entered into an interest rate swap instrument that effectively fixed the interest rate on the note payable at 6.34% per annum. Management considers the interest rate swap instrument an effective cash flow hedge against the variable interest rate on the bank note since the interest rate swap mirrors the term of the note payable and expires on the maturity date of the bank loan it hedges. The interest rate swap is a derivative financial instrument carried at its fair value.

In the event the swap is terminated, any resulting gain or loss would be deferred and amortized to interest expense over the remaining life of the bank loan it hedged. In the event of early extinguishment the hedged bank loan, any realized or unrealized gain or loss from the hedging swap would be recognized in income coincident with the extinguishment.

The following table shows the fair value of derivatives as of March 31, 2009 and December 31, 2008.

Fair Value of Derivative Instruments

	Asset Derivatives				Liability Derivatives			
	March 31, 2009		December 31, 2008		March 31, 2009		December 31, 2008	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments under Statement 133								
Interest rate lock commitments	other assets	$ 3,454,321	other assets	$ 2,372,452	other liabilities	$ 329,270	other liabilities	$ 2,010,221
Interest rate swaps	--	--	--	--	Bank loans payable	$ 157,021	Bank loans payable	$ 167,483
Total		$ 3,454,321		$ 2,372,452		$ 486,291		$ 2,177,704

The following table shows the gain (loss) on derivatives for the periods presented. There were no gains or losses reclassified from accumulated OCI into income or gains or losses recognized in income on derivatives ineffective portion or any amounts excluded from effective testing.

	Gross Amount Gain (Loss) Recognized in OCI	
	Three months ended March 31,	
	2009	2008
Derivatives in Statement 133 - Cash Flow Hedging Relationships		
Interest Rate Lock Commitments	$ 2,762,820	$ 3,068,244
Interest Rate Swaps	$ 10,462	$ (99,498)
Total	$ 2,773,282	$ 2,968,746

11) Total Commitments and Contingencies

On December 31, 2008, the Company entered into a Coinsurance Funds Withheld Reinsurance Agreement with Continental American Insurance Company (“Continental American”), a South Carolina domiciled insurance company, effective November 30, 2008. The Company ceded to Continental American 100% of a block of deferred annuities in the amount of $4,828,487 as of December 31, 2008 and retained the assets and recorded a funds held under coinsurance liability for the same amount. Continental American has agreed to pay the Company an initial ceding commission of $60,000 and a quarterly management fee of $16,500 per quarter to administer the policies. The Company will also receive a 90% experience refund for any profits on the business. The Company has the right to recapture the business on any date if mutually agreed and with 90 days written notice to Continental American.

The Company has commitments to fund residential construction loans. As of March 31, 2009, the Company had commitments of $36,528,776 for these loans, of which $33,397,869 had been funded. These loans are for new construction. The Company will advance funds once the work has been completed and an independent inspection is made. The maximum loan commitment ranges between 50% to 80% of appraised value. The Company receives fees from the borrowers and the interest rate is generally 1% to 2% over the bank prime rate (3.25% as of March 31, 2009). Maturities range between six and twelve months.

In 1998, SecurityNational Mortgage entered into a Loan Purchase Agreement with Lehman Brothers Bank and its wholly owned subsidiary, Aurora Loan Services, LLC. Under the terms of the Loan Purchase Agreement, Lehman Brothers, through its subsidiary, Aurora Loan Services, agreed to purchase mortgage loans from time to time from SecurityNational Mortgage. During 2007, Aurora Loan Services purchased a total of 1,490 mortgage loans in the aggregate amount of $352,774,000 from SecurityNational Mortgage. On January 17, 2008, Aurora Loan Services announced it was suspending all wholesale and correspondent mortgage originations. As a result of this policy change, Aurora Loan Services discontinued purchasing mortgage loans from all mortgage brokers and lenders, including SecurityNational Mortgage.

During 2007, Aurora Loan Services maintained that as part of its quality control efforts it reviewed mortgage loans purchased from SecurityNational Mortgage and determined that certain of the loans contained alleged misrepresentations and early payment defaults. Aurora Loan Services further maintained that these alleged breaches in the purchased mortgage loans provide it with the right to require SecurityNational Mortgage to immediately repurchase the mortgage loans containing the alleged breaches in accordance with the terms of the Loan Purchase Agreement. In order for Lehman Brothers and Aurora Loan Services to refrain from demanding immediate repurchase of the mortgage loans by SecurityNational Mortgage, SecurityNational Mortgage was willing to enter into an agreement to indemnify Lehman Brothers and Aurora Loan Services for any losses incurred in connection with the mortgage loans with alleged breaches that were purchased from SecurityNational Mortgage.

On December 17, 2007, SecurityNational Mortgage entered into an Indemnification Agreement with Lehman Brothers and Aurora Loan Services. Under the terms of the Indemnification Agreement, SecurityNational Mortgage agrees to indemnify Lehman Brothers and Aurora Loan Services for 75% of all losses that Lehman Brothers and Aurora Loan Services may have as a result of any current or future defaults by mortgagors on 54 mortgage loans that were purchased from SecurityNational Mortgage and listed as an attachment to the Indemnification Agreement. SecurityNational Mortgage is released from any obligation to pay the remaining 25% of such losses. The Indemnification Agreement also requires SecurityNational Mortgage to indemnify Lehman Brothers and Aurora Loan Services for 100% of losses incurred on mortgage loans with alleged breaches that are not listed on the attachment to the agreement.

11) Total Commitments and Contingencies (Continued)

Concurrently with the execution of the Indemnification Agreement, SecurityNational Mortgage paid $395,000 to Aurora Loan Services as a deposit into a reserve account to secure the obligations of SecurityNational Mortgage under the Indemnification Agreement. This deposit is in addition to a $250,000 deposit that SecurityNational Mortgage made to Aurora Loan Services on December 10, 2007, for a total of $645,000. Losses from mortgage loans with alleged breaches are payable by SecurityNational Mortgage from the reserve account. However, Lehman Brothers and Aurora Loan Services are not to apply any funds from the reserve account to a particular mortgage loan until an actual loss has occurred.

The Indemnification Agreement further provides that SecurityNational Mortgage will be entitled to have held back 25 basis points on any mortgage loans that Aurora Loan Services purchases from SecurityNational Mortgage and to add the amount of the basis point holdbacks to the reserve account. SecurityNational Mortgage agreed to deliver to Aurora Loan Services at least $300,000,000 in mortgage loans on an annual basis or at least $600,000,000 in 24 months. These provisions may not be effective, however, because Aurora Loan Services has discontinued purchasing mortgage loans from SecurityNational Mortgage. SecurityNational Mortgage also agrees to pay to Aurora Loan Services the difference between the reserve account balance and $645,000, but in no event will SecurityNational Mortgage be required to pay any amount into the reserve account that would result in a total contribution, including both the basis point holdbacks and cash payments, in excess of $125,000 for any calendar month.

During 2007 and 2008, SecurityNational Mortgage made $1,730,000 in total payments to Aurora Loan Services pursuant to the Indemnification Agreement. During the three months ended March 31, 2009, SecurityNational Mortgage made no payments to Aurora Loan Services, but $625,000 in payments were made in April 2009. When SecurityNational Mortgage entered into the Indemnification Agreement, it anticipated using basis point holdbacks from loan production credits toward satisfying the $125,000 monthly obligations. Because Aurora Loan Services discontinued purchasing mortgage loans from SecurityNational Mortgage shortly after the Indemnification Agreement was executed, SecurityNational Mortgage has not had the benefit of using the basis point holdbacks toward payment of the $125,000 monthly obligations.

During 2008, funds were paid out of the reserve account to indemnify $1,700,000 in losses from 22 mortgage loans that were among the 54 mortgage loans with alleged breaches which were listed on the attachment to the Indemnification Agreement. The estimated potential losses from the remaining 32 mortgage loans listed on the attachments, which would require indemnification by SecurityNational Mortgage for such losses, is $3,357,000. Moreover, Aurora Loan Services has made a request to be indemnified for losses related to ten mortgage loans not listed on the attachment to the Indemnification Agreement. Aurora Loan Services claims the total amount of such potential losses is $2,746,000. During 2008, the Company recognized losses related to this matter of $1,636,000; however, management cannot fully determine the total losses, if any, nor the rights that the Company may have as a result of Lehman Brothers' and Aurora Loan Services' refusal to purchase subsequent loans under the Indemnification Agreement. The Company has accrued $500,000 for losses as of March 31, 2009.

On March 5, 2007, the Company received a proposed consent order from the Florida Office of Insurance Regulation concerning the New Success Life Program, the higher education product currently marketed and sold by Southern Security Life. The proposed order states that as a result of the investigation the Florida Office of Insurance Regulation has determined that Southern Security Life violated Florida law (i) by knowingly making statements, sales presentations, omissions or comparisons that misrepresented the benefits, advantages, or terms of the New Success Life Program, and (ii) by knowingly making advertisements, announcements, or statements containing representations that were untrue or misleading.

The proposed order would require Security National Life and Southern Security Life to immediately cease and desist from making any false or misleading representations to Florida consumers suggesting that the New Success Life Program would accumulate enough value to pay for college expenses in full. The proposed order would also require Security National Life and Southern Security Life to agree to no longer market or sell the New Success Life Program in the State of Florida. In addition, Security National Life and Southern Security Life would be required to send a written notice to Florida consumers who purchased the New Success Life Program on or after January 1, 1998 stating that the higher education program is a whole life insurance product, with a term and annuity rider, and not a college trust fund, savings plan, or other program, and it may not necessarily pay college expenses in full from the accumulated value.

11) Total Commitments and Contingencies (Continued)

Moreover, the written notice is to provide an opportunity for the Florida consumers who purchased the New Success Life Program on or after January 1, 1998 to cancel their policy and be given a full refund, including all premiums paid, together with interest at the agreed upon rate in the original contract. If each of the Florida consumers who purchased the New Success Life Program after January 1, 1998 was to cancel his or her policy and receive a refund, the cost to the Company to refund all premiums paid, including interest, would be approximately $8,200,000.

The proposed consent order would also require Security National Life and Southern Security Life to issue refunds including interest to the eleven policyholders whose affidavits were taken in connection with the administrative complaint that the Florida Office of Insurance Regulation had previously filed against Franz Wallace, the former National Sales Director of Southern Security Life. Security National Life and Southern Security Life would additionally be required to issue refunds, including interest, to any Florida policyholder in the New Success Life Program who had filed a complaint with the Florida Department of Financial Services or whose coverage had lapsed. Furthermore, Security National Life and Southern Security Life would be required to notify the state insurance department in each state in which the New Success Life Program is marketed of the order and any complaint that Southern Security Life received relating to the New Success Life Program from policyholders in that state. Finally, Security National Life and Southern Security Life would be required to pay the Florida Office a penalty of $100,000 and administrative costs of $5,000.

The Company disputes the terms of the proposed consent order. The Company is not aware of specific concerns that the Florida Office of Insurance Regulation has with the New Success Life Program because it has received no administrative complaint from the Florida Office of Insurance Regulation nor is it aware of any recent market conduct examination that the Florida Office has conducted relative to the program. The Company intends to vigorously oppose the proposed consent order. The Company is currently engaged in discussions with the Florida Office of Insurance Regulation in an effort to settle the dispute concerning the proposed order. If the Company is unable to reach a satisfactory resolution with the Florida Office of Insurance Regulation with respect to the terms of the proposed consent order and the Florida Office issues a similar order, the Company intends to take action necessary to protect its rights and interests, including requesting a hearing before an administrative law judge to oppose the order.

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

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

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

Overview

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

Mortgage Operations

During the three months ended March 31, 2009, SecurityNational Mortgage experienced an increase in revenues and expenses due to the increase in mortgage loan revenue. SecurityNational Mortgage is a mortgage lender incorporated under the laws of the State of Utah. SecurityNational Mortgage 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. SecurityNational Mortgage obtains loans primarily from independent brokers and correspondents. SecurityNational Mortgage funds the loans from internal cash flows and loan purchase agreements with unaffiliated financial institutions. SecurityNational Mortgage receives fees from the borrowers and other secondary fees from third party investors that purchase its loans. SecurityNational Mortgage sells its loans to third party investors and does not retain servicing of these loans. SecurityNational Mortgage pays the brokers and correspondents a commission for loans that are brokered through SecurityNational Mortgage. For the three months ended March 31, 2009 and 2008, SecurityNational Mortgage originated and sold 4,935 loans ($939,413,000 total volume) and 4,507 loans ($870,395,000 total volume, respectively.

The mortgage industry is still experiencing substantial change due to higher than expected delinquencies from subprime loans. The market for new subprime loans has been substantially reduced and several mortgage companies whose primary product was subprime mortgage originations have ceased operations. The Company funded $5,505,000 (0.14% of the Company's production) in subprime loans during the twelve months ending December 31, 2007 and eliminated subprime loans from its product offerings in August 2007. The Company believes that its potential losses from subprime loans are minimal.

SecurityNational Mortgage has loan purchase agreements with unaffiliated warehouse banks. The total amount available under these loan purchase agreements at March 31, 2009 was $250,000,000. As of March 31, 2009, mortgage loans totaling approximately $156,403,000 have been sold to warehouse banks and were outstanding. The terms of the loan purchase agreements are typically for one year, with interest rates ranging from 1.5% to 2.25% over the 30 days LIBOR rate (from 1.97% to 2.72% as of March 31, 2009). SecurityNational Mortgage renewed one of its loan purchase agreements that expired on September 30, 2008 for another one year term. The other loan purchase agreement was closed in March 2009. The Company is actively pursuing purchase agreements with other warehouse banks.

Mortgage fee income consists of origination fees, processing fees and certain other income related to the origination and sale of mortgage loans. For mortgage loans sold to third party investors, mortgage fee income and related expenses are recognized pursuant to SFAS 140 at the time the sales of mortgage loans meet the sales criteria for the transfer of financial assets which are: (1) the transferred assets have been isolated from the Company and its creditors, (2) the transferee has the right to pledge or exchange the mortgage, and (3) the Company does not maintain effective control over the transferred mortgage. The Company has determined that all three criteria are met at the time the loan is funded. All rights and title to the mortgage loans are assigned to unrelated financial institution investors, including any investor commitments for these loans prior to warehouse banks purchasing these loans under the purchase commitments.

The Company sells all loans to third party investors without recourse. However, the Company may be required to repurchase loans or pay a fee instead of repurchase under certain events such as the following:

- Failure to deliver original documents specified by the investor.
- The existence of fraud in the origination of the loan.
- The loan becomes delinquent due to nonpayment during the first several months after it is sold.
- Early pay-off of a loan, as defined by the agreements.
- Excessive time to settle a loan.
- Investor declines purchase.
- Discontinued product and expired commitment

Upon completion of a transfer that satisfies the conditions to be accounted for as a sale, the Company initially measures at fair value liabilities incurred in a sale relating to any guarantee or recourse provisions. The Company accrues a monthly allowance for indemnification losses to investors of .20% (20 basis points) of total production. This estimate is based on the Company's historical experience. The amount accrued for the three months ended March 31, 2009 was $5,385,000 and the charge to expense has been included in other general and administrative expenses. The estimated liability for indemnification losses is included in other liabilities and accrued expenses, and as of March 31, 2009 the balance was $5,337,000.

Purchase commitments generally specify a date 30 to 45 days after delivery upon which the underlying loans should be settled. Depending on market conditions, these commitment settlement dates can be extended at a cost to the Company. Generally, a ten day extension will cost .125% (12.5 basis points) of the loan amount. The Company's historical data shows that 99% of all loans originated by the Company are generally settled by the investors as agreed within 16 days after delivery. There are situations when the Company determines that it is unable to enforce the settlement of loans rejected by the third-party investors and that it is in the Company's best interest to repurchase those loans from the warehouse banks. It is the Company's policy to cure any documentation problems with respect to such loans at a minimal cost for up to a six-month time period and to pursue efforts to enforce purchase commitments from third-party investors concerning mortgage loans. The Company believes that six months allows adequate time to remedy any documentation issues, to enforce purchase commitments, and to exhaust other alternatives. Remedy methods include, but are not limited to:

- Research reasons for rejection
- Provide additional documents
- Request investor exceptions
- Appeal rejection decision to purchase committee
- Commit to secondary investors

Once purchase commitments have expired and other alternatives to remedy are exhausted, which could be earlier than the six month time period, the loans are repurchased and transferred to the long term investment portfolio at the lower of cost or market value and previously recorded sales revenue is reversed. Any loan that subsequently becomes delinquent is evaluated by the Company at that time and any allowances for impairment are adjusted accordingly.

Determining lower of cost or market: Cost is equal to the amount paid to the warehouse bank and the amount originally funded by the Company. Market value is often difficult to determine, but is based on the following:

- For loans that have an active market, we use the market price on the repurchased date.
- For loans where there is no market but there is a similar product, we use the market value for the similar product on the repurchased date.
- For loans where no active market exists on the repurchased date, we determine that the unpaid principal balance best approximates the market value on the repurchased date, after considering the fair value of the underlying real estate collateral and estimated future cash flows.

The appraised value of the real estate underlying the original loan adds significance to the Company's determination of fair value since, if the loan becomes delinquent, the Company has sufficient value to collect the unpaid principal balance or the carrying value of the loan. In determining the market value on the date of repurchase the Company looks at the total value of all of the loans since any sale of loans would be as a pool.

For mortgages originated and held for investment, mortgage fee income and related expenses are recognized when the loan is originated.

The mortgage industry is still experiencing substantial change due to higher than expected delinquencies from subprime loans. The market for new subprime loans has been substantially reduced and several mortgage companies whose primary product was subprime mortgage originations have ceased operations. The Company funded $5,505,000 (0.14% of the Company's production) in subprime loans during the twelve months ended December 31, 2007 and eliminated subprime loans from its product offerings in August 2007. The Company believes that its potential losses from subprime loans are minimal.

The industry problem with subprime mortgages has created a volatile secondary market for other products, especially alternative documentation (Alt A) loans. Alt A loans are typically offered to qualified borrowers who have relatively high credit scores but are not required to provide full documentation to support personal income and assets owned. Alt A loans can have a loan to value ratio as high as 100%. The Company discontinued offering these loans in September 2007.

As a result of the volatile secondary market for mortgage loans, the Company sold mortgage loans to certain third party investors in 2007 and 2008 that experienced financial difficulties and were not able to settle the loans. The total amount of these loans was $52,556,000, of which $36,499,000 were in loans where the secondary market no longer exists. Due to these changes in circumstances, the Company regained control of the mortgages and, in accordance with SFAS No. 140, accounted for the loans retained in the same manner as a purchase of the assets from the former transferee(s) in exchange for liabilities assumed. At the time of repurchase, the loans were determined to be held for investment, and the fair value of the loans was determined to approximate the unpaid principal balances adjusted for chargeoffs, the related allowance for loan losses, and net deferred fees or costs on originated loans. The financial statements reflect the transfer of the mortgage loans from “Mortgage Loans Sold to Investors” to “Mortgage Loans on Real Estate”. The loan sale revenue recorded on the sale of the mortgage loans was reversed on the date the loans were repurchased.

As is standard in the industry, the Company received payments on the mortgage loans during the time period between the sale date and settlement or repurchase date. During this period the Company services these loans through Security National Life, its life insurance subsidiary.

As of March 31, 2009, the Company’s long term mortgage loan portfolio had $24,488,000 in unpaid principal with delinquencies more than 90 days. Of this amount $18,863,000 was in foreclosure proceedings. The Company has not received or recognized any interest income on the $24,488,000 in mortgage loans with delinquencies more than 90 days. During the twelve months ended March 31, 2009, the Company increased its allowance for mortgage losses by $781,000, which was charged to loan loss expense and included in other general and administrative expenses for the period. The allowance for mortgage loan losses as of March 31, 2009 was $5,561,000.

Also at March 31, 2009, the cumulative total the Company has foreclosed on is $26,238,000 in long term mortgage loans. The foreclosed property was shown in real estate. The Company is able to carry the foreclosed property in Security National Life and SecurityNational Mortgage, its life and mortgage subsidiaries, and will rent the properties until it is feasible to sell.

In 1998, SecurityNational Mortgage entered into a Loan Purchase Agreement with Lehman Brothers Bank and its wholly owned subsidiary, Aurora Loan Services, LLC. Under the terms of the Loan Purchase Agreement, Lehman Brothers, through its subsidiary, Aurora Loan Services, agreed to purchase mortgage loans from time to time from SecurityNational Mortgage. During 2007, Aurora Loan Services purchased a total of 1,490 mortgage loans in the aggregate amount of $352,774,000 from SecurityNational Mortgage. On January 17, 2008, Aurora Loan Services announced it was suspending all wholesale and correspondent mortgage originations. As a result of this policy change, Aurora Loan Services discontinued purchasing mortgage loans from all mortgage brokers and lenders, including SecurityNational Mortgage.

During 2007, Aurora Loan Services maintained that as part of its quality control efforts it reviewed mortgage loans purchased from SecurityNational Mortgage and determined that certain of the loans contained alleged misrepresentations and early payment defaults. Aurora Loan Services further maintained that these alleged breaches in the purchased mortgage loans provide it with the right to require SecurityNational Mortgage to immediately repurchase the mortgage loans containing the alleged breaches in accordance with the terms of the Loan Purchase Agreement. In order for Lehman Brothers and Aurora Loan Services to refrain from demanding immediate repurchase of the mortgage loans by SecurityNational Mortgage, SecurityNational Mortgage was willing to enter into an agreement to indemnify Lehman Brothers and Aurora Loan Services for any losses incurred in connection with the mortgage loans with alleged breaches that were purchased from SecurityNational Mortgage.

On December 17, 2007, SecurityNational Mortgage entered into an Indemnification Agreement with Lehman Brothers and Aurora Loan Services. Under the terms of the Indemnification Agreement, SecurityNational Mortgage agrees to indemnify Lehman Brothers and Aurora Loan Services for 75% of all losses that Lehman Brothers and Aurora Loan Services may have as a result of any current or future defaults by mortgagors on 54 mortgage loans that were purchased from SecurityNational Mortgage and listed as an attachment to the Indemnification Agreement. SecurityNational Mortgage is released from any obligation to pay the remaining 25% of such losses. The Indemnification Agreement also requires SecurityNational Mortgage to indemnify Lehman Brothers and Aurora Loan Services for 100% of losses incurred on mortgage loans with alleged breaches that are not listed on the attachment to the agreement.

Concurrently with the execution of the Indemnification Agreement, SecurityNational Mortgage paid $395,000 to Aurora Loan Services as a deposit into a reserve account to secure the obligations of SecurityNational Mortgage under the Indemnification Agreement. This deposit is in addition to a $250,000 deposit that SecurityNational Mortgage made to Aurora Loan Services on December 10, 2007, for a total of $645,000. Losses from mortgage loans with alleged breaches are payable by SecurityNational Mortgage from the reserve account. However, Lehman Brothers and Aurora Loan Services are not to apply any funds from the reserve account to a particular mortgage loan until an actual loss has occurred.

The Indemnification Agreement further provides that SecurityNational Mortgage will be entitled to have held back 25 basis points on any mortgage loans that Aurora Loan Services purchases from SecurityNational Mortgage and to add the amount of the basis point holdbacks to the reserve account. SecurityNational Mortgage agreed to deliver to Aurora Loan Services at least $300,000,000 in mortgage loans on an annual basis or at least $600,000,000 in 24 months. These provisions may not be effective, however, because Aurora Loan Services has discontinued purchasing mortgage loans from SecurityNational Mortgage. SecurityNational Mortgage also agrees to pay to Aurora Loan Services the difference between the reserve account balance and $645,000, but in no event will SecurityNational Mortgage be required to pay any amount into the reserve account that would result in a total contribution, including both the basis point holdbacks and cash payments, in excess of $125,000 for any calendar month.

During 2007 and 2008, SecurityNational Mortgage made $1,730,000 in total payments to Aurora Loan Services pursuant to the Indemnification Agreement. During the three months ended March 31, 2009, SecurityNational Mortgage made no payments to Aurora Loan Services, but $625,000 in payments were made in April 2009. When SecurityNational Mortgage entered into the Indemnification Agreement, it anticipated using basis point holdbacks from loan production credits toward satisfying the $125,000 monthly obligations. Because Aurora Loan Services discontinued purchasing mortgage loans from SecurityNational Mortgage shortly after the Indemnification Agreement was executed, SecurityNational Mortgage has not had the benefit of using the basis point holdbacks toward payment of the $125,000 monthly obligations.

During 2008, funds were paid out of the reserve account to indemnify $1,700,000 in losses from 22 mortgage loans that were among the 54 mortgage loans with alleged breaches which were listed on the attachment to the Indemnification Agreement. The estimated potential losses from the remaining 32 mortgage loans listed on the attachment, which would require indemnification by SecurityNational Mortgage for such losses, is $3,357,000. Moreover, Aurora Loan Services has made a request to be indemnified for losses related to ten mortgage loans not listed on the attachment to the Indemnification Agreement. Aurora Loan Services claims the total amount of such potential losses is $2,746,000. During 2009, the Company recognized losses related to this matter of $1,636,000; however, management cannot fully determine the total losses, if any, nor the rights that the Company may have as a result of Lehman Brothers' and Aurora Loan Services' refusal to purchase other loans under the Indemnification Agreement.

Results of Operations

Three Months Ended March 31, 2009 Compared to Three Months Ended March 31, 2008

Total revenues increased by $6,271,000, or 11.8%, to $59,492,000 for the three months ended March 31, 2009, from $53,221,000 for the three months ended March 31, 2008. Contributing to this increase in total revenues was a $6,765,000 increase in mortgage fee income, a $1,048,000 increase in insurance premiums and other considerations, a $43,000 increase in realized gains on investments and other assets, and a $190,000 increase in other revenues. This increase in total revenues was partially offset by a $1,156,000 decrease in investment income, and a $619,000 decrease in net mortuary and cemetery sales.

Insurance premiums and other considerations increased by $1,048,000, or 12.0%, to $9,784,000 for the three months ended March 31, 2009, from $8,736,000 for the comparable period in 2008. This increase was primarily the result of additional premiums realized from new insurance sales, and the acquisition of Southern Security Life Insurance Company on December 18, 2008.

Net investment income decreased by $1,156,000, or 16.0%, to $6,048,000 for the three months ended March 31, 2009, from $7,204,000 for the comparable period in 2008. This reduction was primarily attributable to decreased interest income from mortgage loans on real estate and construction lending, and a reduction in the yields on bonds.

Net mortuary and cemetery sales decreased by $619,000, or 17.2%, to $2,971,000 for the three months ended March 31, 2009, from $3,590,000 for the comparable period in 2008. This reduction was due to a decrease in at-need sales in the mortuary operations and a decrease in pre-need land sales of burial spaces in the cemetery operations.

Realized gains on investments and other assets increase by $43,000 or 187.0% to a $66,000 realized gain for the three months ended March 31, 2009, from a $23,000 realized gain for the comparable period in 2008. This increase in realized losses on investments was due to gains from the sale of bonds.

Mortgage fee income increased by $6,765,000, or 20.2%, to $40,254,000 for the three months ended March 31, 2009, from $33,489,000 for the comparable period in 2008. This increase was primarily attributable to an increase in loan fees charged to originate loans and secondary gains on mortgage loan production.

Other revenues increased by $190,000, or 106.1%, to $369,000 for the three months ended March 31, 2009 from $179,000 for the comparable period in 2008. This increase was due to an increase of interest on mortgage investments and increases in several small income items throughout the Company's operations.

Total benefits and expenses were $54,552,000, or 91.7% of total revenues, for the three months ended March 31, 2009, as compared to $51,277,000, or 96.3% of total revenues, for the comparable period in 2008. This decrease primarily resulted from the improved profitability of SecurityNational Mortgage Company.

Death benefits, surrenders and other policy benefits, and increase in future policy benefits increased by an aggregate of $333,000, or 3.9%, to $8,828,000 for the three months ended March 31, 2009, from $8,495,000 for the comparable period in 2008. This increase was primarily the result of increased insurance business, increased reserves for policyholder benefits that were partially offset by decreases in death claims, and increased cash surrenders of policies.

Amortization of deferred policy and pre-need acquisition costs and value of business acquired increased by $837,000, or 72.9%, to $1,985,000 for the three months ended March 31, 2009, from $1,148,000 for the comparable period in 2008. This increase was primarily due to an increase in new business and the purchase of Southern Security Life Insurance Company on December 18, 2008.

General and administrative expenses increased by $3,266,000, or 8.4%, to $42,031,000 for the three months ended March 31, 2009, from $38,765,000 for the comparable period in 2008. Salaries increased by $620,000 from $6,266,000 in 2008 to $6,886,000 in 2009, primarily due to merit increases in salaries of existing employees and an increase in the number of employees necessitated by the Company's growing business operations. Other expenses increased by $4,715,000 from $9,763,000 in 2008 to $14,478,000 in 2009. The increase in other expenses primarily resulted from increased costs and increased loan reserve and loan allowance balances at SecurityNational Mortgage Company. This increase was partially offset by a decrease in commission expenses of $2,068,000, from $22,736,000 in the first quarter of 2008 to $20,668,000 in the first quarter of 2009, due to decreased mortgage loan origination costs made by SecurityNational Mortgage, a decrease in sales at the cemetery operations, and a decrease in life insurance sales during the first quarter of 2009.

Interest expense decreased by $1,091,000, or 49.8%, to $1,100,000 for the three months ended March 31, 2009, from $2,191,000 for the comparable period in 2008. This reduction was primarily due to decreased warehouse lines of credit required for a reduced number of warehoused mortgage loans by SecurityNational Mortgage.

Cost of goods and services sold of the mortuaries and cemeteries decreased by $70,000, or 10.3%, to $607,000 for the three months ended March 31, 2009, from $677,000 for the comparable period in 2008. This decrease was primarily due to decreased at-need cemetery sales and mortuary sales.

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 to meet operating expenses.

During the three months ended March 31, 2009 and March 31, 2008, the Company's operations provided cash of $1,293,000, and $19,338,000, respectively. This was due primarily to an increase of $13,240,000 in 2009 and a decrease of $13,074,000 in 2008 in the balance of mortgage loans sold to investors.

The Company’s liability for future life, annuity and other benefits is expected to be paid out over long-term due to the Company’s market niche of selling funeral plans. Funeral plans are small face value life insurance that will pay the costs and expenses incurred at the time of a person’s death. A person generally will keep these policies in force and will not surrender them prior to a person’s death. Because of the long-term nature of these liabilities the Company is able to hold to maturity its bonds and mortgage loans thus reducing the risk of liquidating these long-term investments as a result of any sudden changes in market values.

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 warehousing of mortgage loans on a short-term basis before selling the loans to investors in accordance with the requirements and laws governing the life insurance subsidiaries. Bonds owned by the insurance subsidiaries amounted to $122,765,000 as of March 31, 2009 compared to $126,583,000 as of December 31, 2008. This represents 40.0% and 41.6% of the total investments as of March 31, 2009, and December 31, 2008, 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 March 31, 2009, 3.7% (or $4,550,000) and at December 31, 2008, 2.8% (or $3,485,000) of the Company’s total bond investments 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 amortized cost and contractual payments on mortgage loans on real estate available for sale by category are shown below. Expected principal payments may differ from contractual obligations because certain borrowers may elect to pay off mortgage obligations with or without early payment penalties.

The Company measures certain investments at fair value, in accordance with SFAS No. 157, *Fair Value Measurements:*

- Defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and establishes a framework for measuring fair value;
- Establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation as of the measurement date;
- Expands disclosures about financial instruments measured at fair value.

Financial assets and financial liabilities recorded on the consolidated balance sheet at fair value are categorized based on the reliability of inputs to the valuation techniques as follows:

Level 1: Financial assets and financial liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that we can access.

Level 2: Financial assets and financial liabilities whose values are based on the following:

a) Quoted prices for similar assets or liabilities in active markets;
b) Quoted prices for identical or similar assets or liabilities in non-active markets; or
c) Valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Financial assets and financial liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs may reflect our estimates of the assumptions that market participants would use in valuing the financial assets and financial liabilities.

We utilize a combination of third party valuation service providers, brokers, and internal valuation models to determine fair value.

The following tables summarize Level 1, 2 and 3 financial assets and financial liabilities measured at fair value on a recurring basis by their classification in the condensed consolidated balance sheet at March 31, 2009.

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets accounted for at fair value on a recurring basis				
Investment in securities available for sale	$ 5,750,758	$ 5,750,758	$ -	$ -
Short-term investments	7,424,101	7,424,101	-	-
Restricted assets of cemeteries and mortuaries	1,365,450	1,365,450	-	-
Cemetery perpetual care trust investments	1,818,037	1,818,037	-	-
Derivatives - interest rate lock commitments	3,125,051	-	-	3,125,051
Total assets accounted for at fair value on a recurring basis	$ 19,483,397	$ 16,358,346	$ -	$ 3,125,051
Liabilities accounted for at fair value on a recurring basis				
Investment-type insurance contracts	$(111,185,553)	$ -	$ -	$ (111,185,553)
Derivatives: Bank loan interest rate swaps	(157,021)	-	-	(157,021)
Total liabilities accounted for at fair value on a recurring basis	$(111,342,574)	$ -	$ -	$ (111,342,574)

Following is a summary of changes in the condensed consolidated balance sheet line items measured using level 3 inputs:

	Investment Type Insurance Contracts	Interest Rate Lock Commitments	Bank Loan Interest Rate Swaps
Balance - December 31, 2008	$ (112,351,916)	$ 362,231	$ (167,483)
Total Gains (Losses):			
Included in earnings	1,166,363	-	-
Included in other comprehensive income	-	2,762,820	10,462
Balance - March 31, 2009	$ (111,185,553)	$ 3,125,051	$ (157,021)

The items shown under level one are valued as follows:

On a quarterly basis, the Company reviews its available-for-sale fixed investment securities related to corporate securities and other public utilities, consisting of bonds and preferred stocks that are in a loss position. The review involves an analysis of the securities in relation to historical values, and projected earnings and revenue growth rates. Based on the analysis, a determination is made whether a security will likely recover from the loss position within a reasonable period of time. If it is unlikely that the investment will recover from the loss position, the loss is considered to be other than temporary, the security is written down to the impaired value and an impairment loss is recognized.

On a quarterly basis, the Company reviews its investment in industrial, miscellaneous and all other equity securities that are in a loss position. The review involves an analysis of the securities in relation to historical values, price earnings ratios, projected earnings and revenue growth rates. Based on the analysis, a determination is made whether a security will likely recover from the loss position within a reasonable period of time. If it is unlikely that the investment will recover from the loss position, the loss is considered to be other than temporary, the security is written down to the impaired value and an impairment loss is recognized.

The items shown under level three are valued as follows:

Investment type insurance contracts. Future policy benefit reserves for interest-sensitive insurance products are computed under a retrospective deposit method and represent policy account balances before applicable surrender charges. Policy benefits and claims that are charged to expense include benefit claims incurred in the period in excess of related policy account balances. Interest credit rates for interest-sensitive insurance products ranged from 4% to 6.5%.

Interest rate lock commitments. The Company's mortgage banking activities enters into new practices relating to mortgage loan commitments, including interest rate lock commitments with potential borrowers and forward commitments to sell loans to third-party investors. The Company also implemented a hedging strategy for these transactions. A mortgage loan commitment binds the Company to lend funds to a qualified borrower at a specified interest rate and within a specified period of time, generally up to 30 days after inception of the mortgage loan commitment. Mortgage loan commitments are derivatives under Statement of Financial Accounting Standards No. 133 ("SFAS 133"), *Accounting for Derivative Instruments and Hedging Activities*, as amended and are recognized at fair value on the consolidated balance sheet with changes in their fair values recorded as part of other comprehensive income from mortgage banking operations.

Bank loan interest rate swaps. Management considers the interest rate swap instruments to be an effective cash flow hedge against the variable interest rate on bank borrowings since the interest rate swaps mirror the term of the note payable and expire on the maturity date of the bank loans they hedge. The interest rate swaps are a derivative financial instruments carried at their fair value.

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 March 31, 2009, and December 31, 2008, the life insurance subsidiary exceeded the regulatory criteria.

The Company's total capitalization of stockholders' equity, and bank debt and notes payable were $67,037,000 as of March 31, 2009, as compared to $60,552,000 as of December 31, 2008. Stockholders' equity as a percent of total capitalization was 87.7% and 89.0% as of March 31, 2009 and December 31, 2008, respectively. Bank debt and notes payable increased $1,693,000 for the three months ended March 31, 2009 when compared to December 31, 2008, thus decreasing the stockholders equity percentage.

Lapse rates measure the amount of insurance terminated during a particular period. The Company's lapse rate for life insurance in 2008 was 9.0% as compared to a rate of 7.9% for 2007. The 2009 lapse rate to date has been approximately the same as 2008.

At March 31, 2009, $20,354,000 of the Company's consolidated stockholders' equity represents the statutory stockholders' equity of the Company's life insurance subsidiaries. The life insurance subsidiaries cannot pay a dividend to its parent company without the approval of insurance regulatory authorities.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no significant changes since the annual report on Form 10-K filed for the year ended December 31, 2008.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures. Under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, the Company conducted an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of March 31, 2009. Based upon the evaluation, the Company's Chief Executive Officer and the Chief Financial Officer concluded that the disclosure controls and procedures were effective as of March 31, 2009. Disclosure controls are controls and procedures designed to reasonably ensure that information required to be disclosed in the Company's reports filed under the Exchange Act, such as this report, are recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls include controls and procedures designed to reasonably ensure that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure as of March 31, 2009.

Management's Report on Internal Control Over Financial Reporting. The Company's management is responsible for establishing and maintaining a comprehensive system of internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f), to provide reasonable assurance of the proper authorization of transactions, the safeguarding of assets, and the reliability of the financial records. The internal control system was designed to provide reasonable assurance to management and the Company's Board of Directors regarding the preparation and fair presentation of published financial statements. The system of internal control over financial reporting provides for appropriate division of responsibility and is documented by written policies and procedures that are communicated to employees. The criteria or framework upon which management relied in evaluating the effectiveness of the Company’s internal control over financial reporting was set forth in *Internal Controls - -- Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the results of the Company's evaluation, management concluded that the internal control over financial reporting was effective as of March 31, 2009.

Inherent Limitations of Disclosure Controls and Procedures and Internal Control over Financial Reporting. It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events.

Changes in Internal Control over Financial Reporting. There were no changes in the Company's internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) during the quarter ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings.

On March 5, 2007, the Company received a proposed consent order from the Florida Office of Insurance Regulation concerning the New Success Life Program, the higher education product previously marketed and sold by Southern Security Life and now marketed and sold by Security National Life. The proposed order states that as a result of an investigation the Florida Office of Insurance Regulation has determined that Southern Security Life violated Florida law (i) by knowingly making statements, sales presentations, omissions or comparisons that misrepresented the benefits, advantages, or terms of the New Success Life Program, and (ii) by knowingly making advertisements, announcements, or statements containing representations that were untrue or misleading.

The proposed order would require Security National Life and Southern Security Life to immediately cease and desist from making any false or misleading representations to Florida consumers suggesting that the New Success Life Program would accumulate enough value to pay for college expenses in full. The proposed order would also require Security National Life and Southern Security Life to agree to no longer market or sell the New Success Life Program in the State of Florida. In addition, Security National Life and Southern Security Life would be required to send a written notice to Florida consumers who purchased the New Success Life Program on or after January 1, 1998 stating that the higher education program is a whole life insurance product, with a term and annuity rider, and not a college trust fund, savings plan, or other program, and it may not necessarily pay college expenses in full from the accumulated value.

Moreover, the written notice is to provide an opportunity for the Florida consumers who purchased the New Success Life Program on or after January 1, 1998 to cancel their policy and be given a full refund, including all premiums paid, together with interest at the agreed upon rate in the original contract. If each of the Florida consumers who purchased the New Success Life Program after January 1, 1998 was to cancel his or her policy and receive a refund, the cost to the Company to refund all premiums paid, including interest, would be approximately $8,200,000.

The proposed consent order would also require Security National Life and Southern Security Life to issue refunds including interest to the eleven policyholders whose affidavits were taken in connection with the administrative complaint that the Florida Office of the Insurance Regulation had previously filed against Franz Wallace, the former National Sales Director of Southern Security Life. Security National Life and Southern Security Life would additionally be required to issue refunds, including interest, to any Florida policyholder in the New Success Life Program who had filed a complaint with the Florida Department of Financial Services or whose coverage had lapsed. Furthermore, Security National Life and Southern Security Life would be required to notify the state insurance department in each state in which the New Success Life Program is marketed of the order and any complaint that Southern Security Life received relating to the New Success Life Program from policyholders in that state. Finally, Security National Life and Southern Security Life would be required to pay the Florida Office of Insurance Regulation a penalty of $100,000 and administrative costs of $5,000.

The Company disputes the terms of the proposed consent order. The Company is not aware of specific concerns that the Florida Office of Insurance Regulation has with the New Success Life Program because it has received no specific administrative complaint from the Florida Office nor is it aware of any recent market conduct examination that the Florida Office has conducted relative to the program. The Company intends to vigorously oppose the proposed consent order. The Company has engaged in discussions with the Florida Office of Insurance Regulation in an effort to settle the dispute concerning the proposed order. If the Company is unable to reach a satisfactory resolution with the Florida Office with respect to the terms of the proposed consent order and the Florida Office of Insurance Regulation issues a similar order, the Company intends to take action necessary to protect its rights and interests, including requesting a hearing before an administrative law judge to oppose the order.

Except for the proposed consent order from the Florida Office of Insurance Regulation, the Company is not a party to any material proceedings outside the ordinary course of business or to any other legal proceedings, which if adversely determined, would have a material adverse effect on its financial condition or results of operation.

Item 1A. Risk Factors.

The recent adverse developments in the mortgage industry and credit markets have adversely affected the Company’s ability to sell certain of its mortgage loans to investors, which has impacted the Company’s financial results by requiring it to assume the risk of holding and servicing many of these loans.

The mortgage industry is still experiencing substantial change due to higher than expected delinquencies from subprime loans. The market for new subprime loans has been substantially reduced and several mortgage companies whose primary product was subprime mortgage originations have ceased operations. The Company funded $5.4 million (0.2% of the Company's production) in subprime loans during the twelve months ending December 31, 2007 and eliminated subprime loans from its product offerings in August 2007. The Company believes that its potential losses from subprime loans are minimal.

The industry problem with subprime mortgages has created a volatile secondary market for other products, especially alternative documentation (Alt A) loans. Alt A loans are typically offered to qualified borrowers who have relatively high credit scores but are not required to provide full documentation to support personal income and assets owned. Alt A loans can have a loan to value ratio as high as 100%. As a result of these changes, the Company discontinued offering these loans in September 2007.

As a result of the volatile secondary market, for mortgage loans, the Company sold mortgage loans to certain third party investors that experienced financial difficulties and were not able to settle the loans. The total amount of these loans was $52,556,000, of which $36,499,000 were in loans where the secondary market no longer exists. Due to these changes in circumstances, the Company regained control of the mortgages and, in accordance with SFAS No. 140, accounted for the loans retained in the same manner as a purchase of the assets from the former transferee(s) in exchange for liabilities assumed. At the time of repurchase, the loans were determined to be held for investment, and the fair value of the loans was determined to approximate the unpaid principal balances adjusted for chargeoffs, the related allowance for loan losses, and net deferred fees or costs on originated loans. The financial statements reflect the transfer of the mortgage loans from "Mortgage Loans Sold to Investors" to "Mortgage Loans on Real Estate". The loan sale revenue recorded on the sale of the mortgage loans was reversed on the date the loans were repurchased.

As a standard in the industry, the Company received payments on the mortgage loans during the time period between the sale date and settlement or repurchase date. The Company will service these loans through Security National Life, its life insurance subsidiary.

The Company provides allowances for losses on its mortgage loans through an allowance for loan losses (a contra-asset account) and through the mortgage loan loss reserve (a liability account). The allowance for loan losses and doubtful accounts is an allowance for losses on the Company's mortgage loans held for investment. When a mortgage loan is past due more than 90 days, the Company, where appropriate, sets up an allowance to approximate the excess of the carrying value of the mortgage loan over the estimated fair value of the underlying real estate collateral. Once a loan is past due more than 90 days the Company does not accrue any interest income and proceeds to foreclose on the real estate. All expenses for foreclosure are expensed as incurred. Once foreclosed, the carrying value will approximate its fair value and the amount will be classified as real estate. The Company will be able to carry the foreclosed property in Security National Life and SecurityNational Mortgage, its life and mortgage subsidiaries, and will rent the properties until it is feasible to sell. The Company is currently able to rent properties at a 5.5% average return.

The mortgage loan loss reserve is an estimate of probable losses at the balance sheet date that the Company will realize in the future on mortgage loans sold to third party investors. The Company may be required to reimburse third party investors for costs associated with early payoff of loans within the first six months of such loans and to repurchase loans where there is a default in any of the first four monthly payments to the investors or, in lieu of repurchase, to pay a negotiated fee to the investors. The Company's estimates are based upon historical loss experience and the best estimate of the probable loan loss liabilities. The Company believes the Allowance for Loan Losses and Doubtful Accounts and the loan loss reserve represent probable loan losses incurred as of the balance sheet date.

As of March 31, 2009, the Company's long term mortgage loan portfolio had $24,488,000 in unpaid principal with delinquencies more than 90 days. Of this amount $18,863,000 was in foreclosure proceedings. The Company has not received any interest income on the $24,488,000 in mortgage loans with delinquencies more than 90 days. During the quarter ended March 31, 2009, the Company has increased its allowance for mortgage loan losses by $781,000 which allowance was charged to loan loss expense and is included in other general and administrative expenses for the period. The allowance for mortgage loan losses as of March 31, 2009 was $5,561,000.

Also, at March 31, 2009, the Company had foreclosed on $26,238,073 in long term mortgage loans. The foreclosed property is shown in real estate. The Company will be able to carry the foreclosed property in Security National Life and SecurityNational Mortgage, its life and mortgage subsidiaries, and will rent the properties until it is feasible to sell.

In addition to the allowance for mortgage loan losses, the Company also accrues a monthly allowance for indemnification losses to investors of .20% (20 basis points) of total production. The amount accrued for the three months ended March 31, 2009 was $5,385,000 and included in other general and administrative expenses. The reserve for indemnification losses is included in other liabilities and, as of March 31, 2009, the balance was $5,337,000.

SecurityNational Mortgage has entered into loan purchase agreements with unaffiliated warehouse banks. The total amount available under these loan purchase agreements at March 31, 2009 was $250,000,000. As of March 31, 2009, mortgage loans totaling approximately $156,403,000 have been sold and were outstanding. The terms of the loan purchase agreements are typically for one year, with interest rates ranging from 1.5% to 2.25% over the 30 days LIBOR rate (from 1.97% to 2.72% as of March 31, 2009). SecurityNational Mortgage renewed one of its loan purchase agreements that expired on September 30, 2008 for another one year term. The other loan purchase agreement is a non-committed purchase agreement with no expiration date; however, the Company received notice from the warehouse bank and the agreement was terminated in February 2009. The Company is actively pursuing purchase agreements with other warehouse bank.

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

Legal/Regulatory Risk - - the risk that changes in the legal or regulatory environment in which the Company operates will create additional expenses and/or risks not anticipated by the Company in developing and pricing its products. That is, regulatory initiatives designed to reduce insurer profits, new legal theories or insurance company insolvencies through guaranty fund assessments may create costs for the insurer beyond those recorded in the consolidated financial statements. In addition, changes in tax law with respect to mortgage interest deductions or other public policy or legislative changes may affect the Company's mortgage sales. Also, the Company may be subject to further regulations in the cemetery/mortuary business. The Company mitigates these risks by offering a wide range of products and by diversifying its operations, thus reducing its exposure to any single product or jurisdiction, and also by employing underwriting practices which identify and minimize the adverse impact of such risks.

Interest Rate Risk - the risk that interest rates will change which may cause a decrease in the value of the Company's investments or impair the ability of the Company to market its mortgage and cemetery/mortuary products. This change in rates may cause certain interest-sensitive products to become uncompetitive or may cause disintermediation. The Company mitigates this risk by charging fees for non-conformance with certain policy provisions, by offering products that transfer this risk to the purchaser, and/or by attempting to match the maturity schedule of its assets with the expected payouts of its liabilities. To the extent that liabilities come due more quickly than assets mature, the Company might have to borrow funds or sell assets prior to maturity and potentially recognize a loss on the sale.

Mortality/Morbidity Risk - the risk that the Company's actuarial assumptions may differ from actual mortality/morbidity experience may cause the Company's products to be underpriced, may cause the Company to liquidate insurance or other claims earlier than anticipated and other potentially adverse consequences to the business. The Company minimizes this risk through sound underwriting practices, asset/liability duration matching, and sound actuarial practices.

Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated 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, construction loans and other receivables, 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.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None

Item 3. Defaults Upon Senior Securities.

None

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

None

Item 5. Other Information.

Acquisition of Southern Security Life Insurance Company, a Mississippi Insurance Company

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

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

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

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

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

The Stock Purchase Agreement further provided that Security National Life and Southern Security were to enter into a reinsurance agreement contemporaneous with the execution of such Stock Purchase Agreement. Under the terms of this reinsurance agreement, Security National Life is required to reinsure all of the in force and future insurance liabilities of Southern Security. On August 29, 2008, in furtherance of the requirements of the Stock Purchase Agreement, Security National Life and Southern Security entered into a reinsurance agreement (the “Reinsurance Agreement”) to reinsure the majority of the in force business of Southern Security, as reinsurer, to the extent permitted by the Mississippi Department of Insurance. Security National Life also assumed complete administrative control of all of the then current and future insurance related business operations of Southern Security. Pursuant to the terms of the Reinsurance Agreement, Security National Life paid a ceding commission to Southern Security in the amount of $1,500,000.

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

Item 6. Exhibits, Financial Statements Schedules and Reports on Form 8-K.

(a)(1) Financial Statements

See “Table of Contents – Part I – Financial Information” under page 2 above

(a)(2) Financial Statement Schedules

None

All other schedules to the consolidated financial statements required by Article 7 of Regulation S-X are not required under the related instructions or are inapplicable and therefore have been omitted.

(a)(3) Exhibits

The following Exhibits are filed herewith pursuant to Rule 601 of Regulation S-K or are incorporated by reference to previous filings.

3.1	Articles of Restatement of Articles of Incorporation (4)
3.2	Amended Bylaws (6)
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	2003 Stock Option Plan (5)
10.3	2006 Director Stock Option Plan (12)
10.4	Deferred Compensation Agreement with George R. Quist (2)
10.5	Deferred Compensation Plan (3)
10.6	Employment agreement with J. Lynn Beckstead, Jr. (7)
10.7	Employment agreement with Scott M. Quist (8)
10.8	Agreement and Plan of Complete Liquidation of Southern Security Life Insurance Company into Security National Life Insurance Company (9)
10.9	Assignment between Southern Security Life Insurance Company and Security National Life Insurance Company (9)
10.10	Assignment between Southern Security Life Insurance Company and Security National Life Insurance Company (10)
10.11	Unit Purchase Agreement among Security National Financial Corporation, C & J Financial, LLC, Henry Culp, Jr., and Culp Industries Inc. (11)
10.12	Consulting Agreement with Henry Culp, Jr., (11)
10.13	Employment Agreement with Kevin O. Smith (11)
10.14	Non-Competition and Confidentiality Agreement with Henry Culp, Jr. (11)
10.15	Stock Purchase Agreement among Security National Life Insurance Company, Capital Reserve Life Insurance Company, and the shareholders of Capital Reserve Life Insurance Company (12)
10.16	Indemnification Agreement among Security National Life Insurance Company, Capital Reserve Life Insurance Company, and the shareholders of Capital Reserve Life Insurance Company (13)
10.17	Escrow Agreement among Security National Insurance Company, Capital Reserve Life Insurance Company, the shareholders of Capital Reserve Life Insurance Company, and Mackey Price Thompson & Ostler as Escrow Agent (13)
10.18	Reinsurance Agreement between Security National Life Insurance Company and Capital Reserve Life Insurance Company (13)
10.19	Stock Purchase Agreement among Security National Life Insurance Company, Southern Security Life Insurance Company, and the shareholders of Southern Security Life Insurance Company (14)
10.20	Reinsurance Agreement among Security National Life Insurance Company, Southern Security Life Insurance Company, and the shareholders of Southern Security Life Insurance Company (15)
10.21	Escrow Agreement among Security National Life Insurance Company, Southern Security Life Insurance Company, the shareholders of Southern Security Life Insurance Company, and Mackey Price Thompson & Ostler, as escrow agent (16)
10.22	Indemnification Agreement among SecurityNational Mortgage Company, Lehman Brothers Bank, and Aurora Loan Services, LLC (17)
10.23	Subsidiaries of the Registrant
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 September 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 April 3, 2002
(4) Incorporated by reference from Report on Form 8-K/A as filed on January 8, 2003
(5) Incorporated by reference from Schedule 14A Definitive Proxy Statement, Filed on September 5, 2003, relating to the Company's Annual Meeting of Shareholders
(6) Incorporated by reference from Report on Form 10-Q, as filed on November 14, 2003
(7) Incorporated by reference from Report on Form 10-K, as filed on March 30, 2004
(8) Incorporated by reference from Report on Form 10-Q, as filed on August 13, 2004
(9) Incorporated by reference from Report on Form 8-K, as filed on January 12, 2007
(10) Incorporated by reference from Report on Form 10-K, as filed on March 31, 2007
(11) Incorporated by reference from Report on Form 8-K, as filed on August 8, 2007
(12) Incorporated by reference from Report on Form 8-K, as filed on November 2, 2007
(13) Incorporated by reference from Report on Form 8-K, as filed on January 14, 2008
(14) Incorporated by reference from Report on Form 8-K, as filed on August 25, 2008
(15) Incorporated by reference from Report on Form 8-K/A, as filed on September 17, 2008
(16) Incorporated by reference from Report on Form 8-K, as filed on January 7, 2009
(17) Incorporated by reference from Report on Form 10-K, as filed on March 31, 2009

(b) Reports on Form 8-K:

Current report on Form 8-K, as filed on January 7, 2009

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: May 15, 2009

/s/ George R. Quist
George R. Quist
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

Dated: May 15, 2009

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

Exhibit 31.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 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 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15-d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period covered in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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 control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

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

Dated: May 15, 2009

/s/ George R. Quist
George R. Quist
Chairman of the Board and Chief Executive Officer

Exhibit 31.2

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

I, Stephen M. Sill, certify that:

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

2. Based on my knowledge, this 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 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 report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15-d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period covered in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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 control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

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

Dated: May 15, 2009

/s/ Stephen M. Sill
Stephen M. Sill
Vice President, Treasurer and Chief Financial Officer

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

In connection with the Quarterly Report of Security National Financial Corporation (the “Company”) on Form 10-Q for the period ending March 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, George R. Quist, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

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

Dated: May 15, 2009

/s/ George R. Quist
George R. Quist
Chairman of the Board and Chief Executive Officer

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

In connection with the Quarterly Report of Security National Financial Corporation (the “Company”) on Form 10-Q for the period ending March 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stephen M. Sill, Vice President, Treasurer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

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

Dated: May 15, 2009

/s/ Stephen M. Sill
Stephen M. Sill
Vice President, Treasurer and Chief Financial Officer