

FORM 8-K

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

Date of Report (Date of Earliest Event Reported): September 23, 2005

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

Utah ----- (State or other jurisdiction (Commission File Number of incorporation)	0-9341 ----- (Commission File Number)	87-0345941 ----- (IRS Employer Identification No.)
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5300 South 360 West, Salt Lake City, Utah ----- (Address of principal executive offices)	84123 ----- (Zip Code)
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Registrant's Telephone Number, Including Area Code: (801) 264-1060

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

ITEM 1. Registrant's Business and Operation

Execution of Stock Purchase Agreement to Acquire Memorial Insurance Company of America.

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

The Stock Purchase Agreement also provides that for federal and state tax purposes, the transaction will be treated as a part sale, part redemption of the Memorial Insurance Company stock. At the closing of the transaction, the

shareholders of Memorial Insurance Company agree to sell all their shares of common stock of Memorial Insurance Company to Security National Life Insurance Company and Southern Security Life Insurance Company, such shares representing all of the issued and outstanding stock of Memorial Insurance Company, free and clear of all liens, claims, and encumbrances. Following completion of the purchase of all the Memorial Insurance Company stock by Security National Life Insurance Company and Southern Security Life Insurance Company pursuant to the terms of the Stock Purchase Agreement, Memorial Insurance Company will become a wholly owned subsidiary of Southern Security Life Insurance Company.

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

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

Moreover, Security National Life Insurance Company and Southern Security Life Insurance Company agree, pursuant to the terms of the Stock Purchase Agreement, to maintain the corporate offices of Memorial Insurance Company at its current location in Blytheville, Arkansas. Furthermore, Security National Life Insurance Company and Southern Security Life Insurance Company agree to use their best efforts, following the closing, to assist Memorial Insurance Company in retaining the sales agents and brokers in its business and operations. The Company anticipates completing the transaction on or before October 30, 2005.

At the closing of the transaction, Security National Life Insurance Company, Southern Security Life Insurance Company and Memorial Insurance Company each agree, pursuant to the terms of the Stock Purchase Agreement, to enter into a coinsurance agreement to reinsure all of the invested assets and assumed liabilities of Memorial Insurance Company to Security National Life Insurance Company, to the extent permitted by the Arkansas Insurance Department, except for certain policies not included within the reissued policies. The coinsurance agreement is required to have terms standard in the industry for such agreements, and is to include a tri-party collateral provision regarding the assets funding the reserves. The parties to the coinsurance agreement will consist of Security National Life Insurance Company, Southern Security Life Insurance Company, Memorial Insurance Company and the Arkansas Insurance Department.

Upon approval of the coinsurance agreement by the Arkansas and Utah insurance departments, certain insurance business and operations of Memorial Insurance Company will be transferred to Security National Life Insurance Company. Any future insurance business by Memorial Insurance Company will be covered by this coinsurance agreement. It is anticipated that all of the business and operations of Memorial Insurance Company will be transferred to Security National Life Insurance Company under the terms of the coinsurance agreement, except for capital and surplus of approximately \$1,000,000. Thus, it is estimated that approximately \$25,568,000 in assets and liabilities will be transferred from Memorial Insurance Company to Security National Life Insurance Company pursuant to the coinsurance agreement.

At the closing of the stock purchase transaction, Security National Life Insurance Company will contribute \$5,600,000 in cash to Memorial Insurance Company, for which Security National Life Insurance Company will receive a note secured by the investments in common stock held by Memorial Insurance Company. In addition, Southern Security Life Insurance Company will contribute \$1,812,000 to Memorial Insurance Company in consideration for a surplus note. It is intended that the \$5,600,000 note and the \$1,812,000 surplus note will be repaid to Security National Life Insurance Company and Southern Security Life Insurance Company, respectively, in early 2006 using the proceeds from the sale of the investments in common stock of Memorial Insurance Company that will be securing the note.

The obligations of Security National Life Insurance Company, Southern Security Life Insurance Company and Memorial Insurance Company to complete the stock purchase transaction are contingent upon: (i) approval and adoption of the Stock Purchase Agreement by the Board of Directors of Security National Life Insurance Company, Southern Security Life Insurance Company, and Memorial Insurance Company; and (ii) approval of the transaction by any regulatory authorities having jurisdiction over Security National Life Insurance Company, Southern Security Life Insurance Company and Memorial Insurance Company,

including the insurance departments of the states of Arkansas, Florida and Utah.

ITEM 9.01. Financial Statements and Exhibits

(c) Exhibits

10.1 Stock Purchase Agreement among Security National Life Insurance Company, Southern Security Life Insurance Company, Memorial Insurance Company of America and the shareholders of Memorial Insurance Company that have executed the Agreement by Shareholders of Memorial Insurance Company of America to Sell Shares in Stock Purchase Transaction.

SIGNATURES

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

SECURITY NATIONAL
FINANCIAL CORPORATION
(Registrant)

Date: September 27, 2005

By: /s/ Scott M. Quist

Scott M. Quist
President and Chief Operating Officer

STOCK PURCHASE AGREEMENT

dated as of September 26, 2005

by and among

SECURITY NATIONAL LIFE INSURANCE COMPANY,
SOUTHERN SECURITY LIFE INSURANCE COMPANY,
MEMORIAL INSURANCE COMPANY OF AMERICA

and

THE SHAREHOLDERS THAT HAVE EXECUTED
AGREEMENT BY SHAREHOLDERS OF
MEMORIAL INSURANCE COMPANY OF AMERICA
TO SELL SHARES IN STOCK PURCHASE TRANSACTION
IN THE FORM ATTACHED AS ANNEX I

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STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (the "Agreement") is dated effective as of September __, 2005, and entered into by and among SECURITY NATIONAL LIFE INSURANCE COMPANY, a Utah corporation ("Security National"), SOUTHERN SECURITY LIFE INSURANCE COMPANY, a Florida corporation and a wholly-owned subsidiary of Security National ("Southern Security"), MEMORIAL INSURANCE COMPANY OF AMERICA, a Arkansas corporation ("Memorial"), and the shareholders of Memorial that have executed the AGREEMENT BY SHAREHOLDERS OF MEMORIAL INSURANCE COMPANY OF AMERICA TO SELL SHARES IN STOCK PURCHASE TRANSACTION in the form attached as Annex I (the "Shareholders").

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, Security National, Southern Security, Memorial and the Shareholders hereby agree as follows:

ARTICLE I

PURCHASE AND SALE OF SHARES AND COINSURANCE AGREEMENT

1.1 Sale and Purchase of the Shares. At the Closing, as hereinafter defined, upon and subject to the terms and conditions set forth in this Agreement, the Shareholders shall sell, transfer, assign and deliver to Security National and Southern Security, and Southern Security shall purchase from the Shareholders, a total of 4,681 shares of common stock of Memorial (the "Memorial Common Stock"), representing all of the issued and outstanding stock and securities of Memorial owned by the Shareholders, free and clear of all liens, claims, options, proxies, voting agreements, charges and encumbrances. Following the completion of the purchase of the Memorial Common Stock by Security National and Southern Security pursuant to the terms and conditions of the Agreement, Memorial will become a wholly owned subsidiary of Southern Security. Security National, Southern Security, Memorial and the Shareholders hereby acknowledge and agree that regulatory approval, if required, from the Arkansas, Florida and Utah insurance departments for the transaction described in this Section 1.1 must be obtained prior to Closing.

1.2 Purchase Consideration. Subject to the terms and conditions of this Agreement, in reliance upon Memorial's representations, warranties, agreements and covenants contained herein, and in consideration of the sale, transfer, assignment and delivery of the Memorial Common Stock as herein provided, the Shareholders shall receive, on a pro rata basis to the number of shares of Memorial common stock held by such Shareholders, purchase consideration (the "Purchase Consideration") in the aggregate amount of Thirteen Million Five Hundred Thousand Dollars (\$13,500,000) to be distributed as follows:

(a) Cash in U.S. dollars by certified funds or wire transfer in the form of a dividend to the Shareholders equal to the amount of the maximum dividend allowed and approved by the Arkansas Insurance Department; and

(b) Cash in U.S. dollars by certified funds or wire transfer to the Shareholders equal to the amount of \$13,500,000 reduced by the amount of the maximum dividend received by the Shareholders pursuant to Section 1.2(a) above.

1.3 Delivery of Shares. At the Closing Date, the Shareholders shall deliver to Security National and Southern Security certificates with stock power executed in blank representing the outstanding shares of Memorial Common Stock required by Section 1.2 hereof. The certificates are to be transferred to and held by Southern Security.

1.4 Coinsurance Agreement. At the Closing Date, Security National, Southern Security and Memorial each agree to enter into a coinsurance agreement (the "Coinsurance Agreement") in substantially the form attached hereto as Exhibit 1, pursuant to which Security National, Southern Security and Memorial will each agree to reinsure all of the assumed liabilities of Memorial, to the extent permitted by the Arkansas Insurance Department, except for certain policies not included within the reinsured policies. Upon approval of the Coinsurance Agreement by the Arkansas Insurance Department, certain insurance business and operations of Memorial, as set forth therein, will be transferred to Security National.

ARTICLE II

THE CLOSING

2.1 Closing. The closing of the transaction (the "Closing") will take place at the offices of Memorial Insurance Company of America, 634 West Main, Blytheville, Arkansas, unless a different date or place is agreed to in writing by the parties hereto. Each party hereto shall use its reasonable best efforts to cause the Closing to occur on or before October 30, 2005, unless this date is extended as provided herein (the "Closing Date").

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF MEMORIAL AND SHAREHOLDERS

Except as disclosed in a document to be prepared by Memorial and delivered to Security National and Southern Security prior to the Closing Date (the "Memorial Disclosure Schedule") referring specifically to the applicable representation and warranty in this Agreement that identifies the basis for an exception to a representation and warranty in this Agreement and that is delivered by Memorial to Security National and Southern Security and approved by Security National and Southern Security by execution of this Agreement, Memorial and the Shareholders represent and warrant to Security National and Southern Security as set forth below, and such representations and warranties shall be true and correct as of the date hereof and at all times thereafter including, without limitation, the Closing Date, as if made at all such times. As used in this Agreement (i) "Business Condition" with respect to any corporate entity or group of corporate entities shall mean the business and financial condition and prospects of such entity or entities taken as a whole and (ii) "material adverse effect" on the Business Condition shall be deemed to include, without limitation, (x) any inaccuracy in the capitalization representation set forth in Section 3.2 below and (y) any material liability not reflected on the Memorial Financial Statements (as defined in Section 3.5 below) or Annual Insurance Statements (defined in Section 3.6 below).

3.1 Organization, Good Standing and Power. Memorial is a corporation, duly organized, validly existing and in good standing under the laws of its state of Arkansas and has all requisite power and authority to own, operate and lease its properties and to carry on its businesses as now being conducted. Schedule 3.1 of the Memorial Disclosure Schedule contains a true and correct listing of all states in which Memorial is registered, licensed and authorized to engage in the insurance business. Memorial is not aware of any threatened or pending action or inaction that could result in the loss of or an adverse change in any such registration or license. Memorial is in good standing under all such registrations and licenses. Memorial is duly qualified as foreign corporations and is in good standing in each jurisdiction in which the failure to so qualify would have a material adverse effect on its individual Business Condition. The Memorial Disclosure Schedule also sets forth a true and complete list of the states where Memorial is qualified as a foreign corporation. Memorial has no subsidiaries. Memorial has no other direct or indirect equity interest in or loans to any partnership, corporation, joint venture, business association or other entity. Memorial has delivered to Security National and Southern Security complete and correct copies of its Articles of Incorporation and Bylaws, in each case as amended to the date hereof, and has delivered or made available minutes of all of Memorial's directors' and stockholders' meetings, and stock

certificate books correctly setting forth the record ownership of all outstanding shares of Memorial Common Stock.

3.2 Capital Structure

(a) The authorized capital structure of Memorial consists of 27,000 shares of Common Stock, with a par value of \$50.00 per share. There are 4,681 shares of Common Stock issued and outstanding, all of which are owned by the Shareholders. Except as disclosed on Schedule 3.2 of the Memorial Disclosure Schedule, there are no other debt, equity or hybrid debt or equity interests or securities of Memorial issued and outstanding.

(b) All outstanding shares of Memorial Common Stock and other Memorial securities, if any, are validly issued, fully paid and non-assessable and, except as disclosed on the Memorial Disclosure Schedule, are not subject to any liens, claims, encumbrances or charges of any kind or nature or any preemptive rights created by statute, Memorial's Articles of Incorporation or Bylaws or any agreement to which Memorial is a party or by which Memorial may be bound. There are no options, warrants, calls, conversion rights, commitments or agreements of any character to which Memorial is a party or by which Memorial may be bound that do or may obligate Memorial to issue securities of any kind or nature or to grant, extend or enter into any such option, warrant, call, conversion right, commitment or agreement or which relate to the voting of the Memorial Common Stock or other Memorial securities, if any.

3.3 Authority

(a) Memorial has all requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement, the performance by Memorial of its obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of Memorial, including approval by its Boards of Directors and the Shareholders. This Agreement shall constitute legal, valid and binding obligations of Memorial enforceable against Memorial in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally and except that the availability of equitable remedies is subject to the discretion of the court before which any proceeding therefore may be brought.

(b) To the best knowledge of Memorial and the Shareholders, the execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby and thereby, will not, conflict with or result in any violation of any material statute, law, rule, regulation, judgment, order, decree or ordinance applicable to Memorial or its properties or assets, nor will it conflict with or result in any breach or default (with or without the giving of notice or the lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any material obligation or to the loss of any material benefit under, or result in the creation of a material lien, charge or encumbrance on any of the properties or assets of Memorial pursuant to (i) any provision of the Articles of Incorporation or Bylaws of Memorial or (ii) any material agreement, contract, note, mortgage, indenture, lease instrument, permit, concession, franchise, registration or license to which Memorial is a party or by which Memorial or any of its properties or assets may be bound or affected.

(c) To the best knowledge of Memorial and the Shareholders, no consent, approval, order or authorization of, or registration, declaration or filing with, any court, administrative agency, commission, regulatory authority or other governmental authority or instrumentality, whether domestic or foreign (collectively, a "Governmental Entity"), is required by or with respect to Memorial in connection with the execution and delivery of this Agreement and by Memorial or the consummation by Memorial of the transactions contemplated hereby or thereby, except for (i) filing required documents with the relevant authorities of states in which Memorial is qualified to do business, (ii) such consents, approvals, authorizations, registrations or qualifications as may be required under state insurance laws as identified in the Memorial Disclosure Schedule and (iii) such consents, approvals, orders, authorizations, registrations, declarations and filings as may be required under the laws of any foreign country, which, if not obtained or made, would not have a material adverse effect on the Business Condition of Memorial. All approvals of Memorial's Board of Directors and Shareholders as required by applicable law have been obtained and are in force and effect and no dissenters' rights have been exercised under applicable law.

3.4 Dividends, Stock Purchases, Etc. Since June 30, 2005, Memorial has not (i) declared or paid any dividends (either in cash, property or its stock of any class) upon, or made or become committed to make any other distribution with respect to, or purchased, redeemed or otherwise beneficially acquired any of its outstanding capital stock of any class, or become committed so to do; (ii)

split up, combined or reclassified any of its outstanding capital stock of any class, or become committed so to do; or (iii) issued or become committed to issue any additional capital stock of any class (whether or not from treasury stock, heretofore authorized but unissued stock, or newly authorized stock) or any options, rights or warrants to acquire, or securities convertible into or exchangeable for, or which otherwise confer upon the holder or holders thereof any right to acquire, any shares of capital stock of any class or any other security or debt of Memorial.

3.5 Financial Statements. Memorial has furnished or made available to Security National and Southern Security or will furnish or make available to Security National and Southern Security within ten days from the date of this Agreement Memorial's audited financial statements for the fiscal years ended December 31, 2000, 2001, 2002, 2003 and 2004, including balance sheets and the related audited statements of income, cash flow and stockholders' equity, and the related management letters (collectively, the "Audited Financial Statements"), and Memorial's unaudited financial statements as of and for the quarters ended March 31, 2005 and June 30, 2005, including unaudited balance sheets of Memorial as at March 31, 2005 and June 30, 2005, and the related unaudited statements of income, cash flow and stockholders' equity (collectively, the "Unaudited Financial Statements"). The Audit Financial Statements and Unaudited Financial Statements are, collectively, referred to as the "Memorial Financial Statements." Except as disclosed on Schedule 3.5 of the Memorial Disclosure Schedule, the Memorial Financial Statements have been prepared in accordance with statutory accounting principles consistently applied and fairly present the financial position of Memorial as at the dates thereof and the results of its operations and cash flows for the periods then ended. There has been no change in Memorial's accounting policies, except as described in notes to the Memorial Financial Statements.

3.6 Annual Insurance Statements.

(a) Memorial has provided Security National and Southern Security with (i) all annual statements, certificates and applications to the Arkansas or any other insurance commissioner or other Governmental Entity, which Memorial has filed with or submitted with respect to years ending on or after December 31, 2000, and such documentation provided previously is listed in Schedule 3.6 of the Memorial Disclosure Schedule, and (ii) all reports of examination issued by such insurance commissioners, regulatory authorities or other Governmental Entity regarding Memorial on or after December 31, 2000, and such documentation provided previously is listed also in Schedule 3.6.

(b) Such filings or submissions were in substantial compliance with applicable law when filed and, as of their respective dates, did not contain any materially false statements of fact or omit to state any material fact necessary to make the statements set forth therein not misleading in light of the circumstances under which such statements were made; no material deficiencies have been asserted by any insurance commissioner, insurance department or other Governmental Entity with respect to such statements; Memorial has provided Security National and Southern Security with copies of all material written responses with respect to comments from any Governmental Entity concerning such filings, submissions or reports of examination since December 31, 2000 and such written responses are described in Schedule 3.6 of the Memorial Disclosure Schedule, and prior to the date of this Agreement, no fines or penalties have been imposed on Memorial by any Governmental Entity; and no deposits (other than in the ordinary course of business) have been made by Memorial with any Governmental Entity.

(c) Except as disclosed in Schedule 3.6 of the Memorial Disclosure Schedule, the statutory financial statements for Memorial as of and for the years ended December 31, 2003 and 2004 (i) fairly present the statutory financial condition of Memorial at such dates and (ii) have been prepared in accordance with the required or permitted statutory insurance accounting requirements or practices under the insurance laws of Arkansas, except as expressly set forth or disclosed in the notes, exhibits or schedules thereto. The amounts shown in such statements of account on aggregate reserves for life or annuity policies and contracts, aggregate reserves for accident and health policies, net deferred and uncollected premiums and all policy and contract claims liability as of the end of each such year, are computed in accordance with accepted actuarial and industry practices, are fairly stated in accordance with those called for in applicable insurance policy provisions, meet the requirements of the insurance laws of Arkansas, make a sufficient provision for all unmatured obligations of Memorial provided for under the terms of its policies and are consistent with the assumptions previously employed. Adequate provision has been made for all actuarial reserves and related statement items which ought to be established.

3.7 Insurance Business.

(a) Security National and Southern Security has been provided true and complete copies of all contracts, arrangements, treaties, understandings and agreements of (or related to) Memorial with any party with respect to reinsurance currently in force and such documents and information are listed in Schedule 3.7 of the Memorial Disclosure Schedule attached hereto. All policies assumed by Memorial were assumed under agreements submitted to and approved by all relevant regulatory authorities and are valid, in force, and not subject to recapture (except at Memorial's option), and are fairly reflected on the Memorial Financial Statements. No party thereto is in material default with respect to any provision thereof and no such agreement contains any provision providing that the other party thereto may terminate same by reason of the transactions contemplated by this Agreement or any other provisions which would be altered or otherwise become applicable by reason of such transactions.

(b) All policies of insurance issued or assumed by Memorial as now in force are, to the extent required under applicable law, on forms submitted to and approved by the applicable jurisdiction's insurance commissioner. No policy holder or related group of policy holders which, singularly or in the aggregate, accounted for 5% of the gross revenues of Memorial considered as a whole for the year ended December 31, 2004 has, after December 31, 2004, terminated or, to the best knowledge of the Memorial, threatened to terminate its relationship with Memorial. The contracts between Memorial and its agents, managers or brokers are valid, binding and in full force and effect in accordance with their terms. Memorial is not in material default with respect thereto and no such contract contains any provision providing that the other party thereto may terminate the same by reason of the transactions contemplated by this Agreement or any other provision which would be altered or otherwise become applicable by reason of such transactions.

3.8 Compliance With Law. To the best knowledge of Memorial and the Shareholders, Memorial is in compliance with and have conducted its business so as to comply with all laws, rules, regulations, judgments, decrees or orders of any Governmental Entity applicable to their operations or with respect to which compliance is a condition of engaging in the business thereof, except to the extent that failure to comply could, individually or in the aggregate, not have had and is not reasonably expected to have, a material adverse effect on the Business Condition of Memorial. There are no material judgments, orders, injunctions, decrees, stipulations or awards (whether rendered by a court or administrative agency or by arbitration) against Memorial or against any of its properties or businesses. Schedule 3.8 of the Memorial Disclosure Schedule contains a summary of all material violations of, or conflicts with, any applicable statute, law, rule, regulation, ruling, order, judgment or decree, listed by each such Governmental Entity, including any of the foregoing relating to any environmental or health laws.

3.9 No Defaults. To the best knowledge of Memorial and the Shareholders, Memorial is not, nor has it received notice that it is or would be with the passage of time or the giving of notice, or both, (a) in violation of any provision of its Articles of Incorporation or Bylaws or (b) in default or violation of any term, condition or provision of (i) any judgment, decree, order, injunction or stipulation applicable to Memorial or (ii) any agreement, note, mortgage, indenture, contract, lease, instrument, permit, registration, concession, franchise or license to which Memorial is a party or by which Memorial or any of its properties or assets may be bound, which violation or default could, individually or in the aggregate, have a material adverse effect on the Business Condition of Memorial.

3.10 Litigation. There is no action, suit, proceeding, claim, arbitration or investigation pending or, to the best knowledge of Memorial, threatened, against Memorial that, individually or in the aggregate, could be reasonably expected to have a material adverse effect on the Business Condition of Memorial, or which in any manner challenges or seeks to prevent, enjoin, alter or materially delay any of the transactions contemplated hereby. Schedule 3.10 of the Memorial Disclosure Schedule sets forth with respect to each pending action, suit, proceeding, claim, arbitration or investigation to which Memorial is a party, the forum, the parties thereto, a brief description of the subject matter thereof and the amount of damages claimed. Memorial is not aware of any reasonable basis for any other such action, suit, proceeding, claim, arbitration or investigation. Memorial has delivered or made available to Security National and Southern Security correct and complete copies of all correspondence prepared by its counsel for Memorial's independent public accountants in connection with any audits or reviews completed by Memorial's independent public accountants.

3.11 No Material Adverse Change. Since June 30, 2005, Memorial has conducted its business in the ordinary course and there has not occurred:

- (a) Any material adverse change in the Business Condition of Memorial;
- (b) Any amendments or changes in the Articles of Incorporation or Bylaws of Memorial;
- (c) Any damage, destruction or loss, whether covered by insurance or not, materially and adversely affecting any of the properties or businesses of Memorial;

(d) Any issuance, redemption, repurchase or other acquisition of the shares of capital stock of Memorial or any declaration, setting aside payment of any dividend or other distribution (whether in cash, stock or property) with respect to the capital stock of Memorial;

(e) Any increase in or modification of the compensation or benefits payable or to become payable by Memorial to any of its directors, officers or employees, except in the ordinary course of business consistent with past practice;

(f) Any material increase in or modification of any bonus, pension, insurance or other employee benefit plan, payment or arrangement, including, but not limited to, the granting of stock options, restricted stock awards or stock appreciation rights made to, for or with any of its employees, except in the ordinary course of business consistent with past practice;

(g) Any sale of the property or assets of Memorial individually in excess of \$1,000 or in the aggregate in excess of \$2,500;

(h) Any alteration in any term of any outstanding security of Memorial;

(i) Any (a) incurrence, assumption or guarantee by Memorial of any debt for borrowed money; (b) issuance or sale of any securities convertible into or exchangeable for debt securities of Memorial; (c) issuance or sale of options or other rights to acquire from Memorial, directly or indirectly, debt securities or any securities convertible into or exchangeable for any such debt securities; or (d) any material premium refunds;

(j) Any creation or assumption by Memorial of any mortgage, pledge, security interest, lien or other encumbrance on any of its assets or properties;

(k) Any making of any loan, advance or capital contribution to, or investment in, any person other than (a) travel loans or advances made in the ordinary course of business of Memorial and (b) other loans and advances in an aggregate amount that does not exceed \$1,000 outstanding at any time;

(l) Any entry into or any amendment or relinquishment of or any termination or renewal by Memorial of any contract, lease transaction, commitment or other right or obligation, except in the ordinary course of business consistent with past practice;

(m) Any transfer or grant of a right under the Memorial Intellectual Property Rights (as defined in Section 3.19 below) other than those transferred or granted in the ordinary course of business consistent with past practice;

(n) Any labor dispute, other than routine individual grievances, or any activity or proceeding by a labor union or representative thereof to organize any employees of Memorial;

(o) Any violation of or conflict with any applicable laws, statutes, orders, rules or regulations promulgated, or judgment entered by any Governmental Entity, that, individually or in the aggregate, materially and adversely affects (or, insofar as Memorial knows, might reasonably be expected to materially and adversely affect) the Business Condition of Memorial;

(p) Any agreement or arrangement made by Memorial to take any action that, if taken prior to the date hereof, would have made any representation or warranty set forth in this Section 3 untrue or incorrect as of the date when made; or

(q) Any payment of amounts owing under Memorial issued insurance policies materially at variance with the Company's policy provisions and policy payment history.

3.12 Absence of Undisclosed Liabilities. Except as disclosed in Schedule 3.12 of the Memorial Disclosure Schedule or as reflected in the Memorial Financial Statements and except for liabilities and obligations arising after June 30, 2005, in the ordinary course of business consistent with past practices that could not reasonably be expected to have a material adverse effect on the Business Condition of Memorial, Memorial has no liabilities or obligations (whether absolute, accrued or contingent, and whether or not determined or determinable) of a character that, under statutory accounting principles, should be accrued, shown or disclosed on an audited balance sheet of Memorial (including the footnotes thereto) or should be described on an Annual Insurance Statement filed with any state insurance commissioner having jurisdiction over Memorial or its business.

3.13 Information Supplied. None of the information supplied or to be supplied by Memorial pursuant to this Agreement and no representation or warranty made herein or in any exhibit hereto or in any financial statement or schedule attached hereto contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

3.14 Certain Agreements. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby or thereby will (a) result in any payment (including, without limitation, severance, unemployment compensation, golden parachute, bonus or otherwise) becoming due to any director or employee of Memorial under any Plan (as defined in Section 3.15 below) or otherwise, (b) materially increase any benefits otherwise payable under any Plan or (c) result in the acceleration of the time of payment or vesting of any such benefit.

3.15 Plans; Benefits; Employment Claims.

(a) All employee benefit plans, programs, policies, commitments or other arrangements (whether or not set forth in a written document) covering any active, former or retired employee or consultant of Memorial are listed in Schedule 3.15 of the Memorial Disclosure Schedule (individually, a "Plan" and, collectively, the "Plans"). To the extent applicable, the Plans comply with the requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Code, and any Plan intended to be qualified under Section 401(a) of the Code has either obtained a favorable determination letter as to its qualified status from the Internal Revenue Service (the "IRS") or

still has a remaining period of time under applicable Treasury Regulations or IRS pronouncements in which to apply for such a determination letter and to make any amendments necessary to obtain a favorable determination. To the extent any Plan with an existing determination letter from the IRS must be amended to comply with the applicable requirement of the Tax Reform Act of 1986, as amended, and subsequent legislation, the time period for effecting such amendments will not expire prior to this transaction. Memorial has furnished or made available to Memorial copies of the most recent IRS letters and IRS Form 5500 with respect to any such Plan. No Plan is covered by Title IV of ERISA or Section 412 of the Code. Neither Memorial nor any officer or director of Memorial has incurred any liability or penalty under Section 4975 through Section 4980 of the Code or Title I of ERISA. Each Plan has been maintained and administered in all material respects in compliance with its terms and with the requirements prescribed by and all applicable statutes, laws, rules, orders, rules and regulations, including, but not limited to, ERISA and the Code, that are applicable to such Plans. No suit, action or other litigation (excluding claims for benefits incurred in the ordinary course of Plan activities) has been brought, or, to the best knowledge of Memorial, is threatened, against or with respect to any such Plan. All contributions, reserves and premium payments required to be made or accrued as of the date hereof to the Plans have been made or accrued.

(b) Except as disclosed in Schedule 3.15 of the Memorial Disclosure Schedule, no present or former employee of Memorial has any claim against Memorial (whether under federal or state law, under any employment agreement, or otherwise) on account of or for (i) overtime pay, other than overtime pay for work done in current payroll period; (ii) wages or salary for any period other than the current payroll period; (iii) vacation time off or pay in lieu of vacation time off, other than (x) accumulated vacation pay as show in the schedule referred to above, and (y) vacation time off (or pay in lieu thereof) earned in or in respect of the current fiscal year; or (iv) any material violation of any statute, ordinance or regulation relating to minimum wages or maximum hours of work.

(c) No person or party (including, but not limited to governmental agencies of any kind) has filed, or to the knowledge of Memorial has threatened to file, any claim against Memorial under or arising out of any statute, ordinance or regulation relating to discrimination in employment or employment practices. No person has any material claim under which Memorial has any material liability under any health, sickness, disability, medical, surgical, hospital, or surgical, hospital, or similar benefit plan or arrangement, or by virtue of his or her employment maintained by Memorial, or to or by which Memorial is a party or is bound, or under any workmen's compensation or similar law, which is not fully covered, subject only to standard deductibles, by insurance maintained with reputable, financially responsible insurers. No person has any claim or has filed any action or has threatened to file any action or bring a claim by virtue of his or her employment by Memorial including, without limiting the generality of the foregoing, sexual harassment, wrongful termination, or other actions.

3.16 Major Contracts. Except as disclosed in Schedule 3.16 of the Memorial Disclosure Schedule, Memorial is not a party to or subject to:

(a) Any union contract or any employment or consulting contract, agreement or arrangement providing for future compensation, whether written or oral, with any officer, consultant, director or employee that is not terminable by Memorial on thirty (30) days' or less notice without penalty or obligation to make payments related to such termination;

(b) Any plan, contract or arrangement, whether written or oral, providing for bonuses, pensions, deferred compensation, severance pay or severance benefits, retirement payments, profit-sharing payments or similar such payments;

(c) Any joint venture contract, agreement or arrangement or any other agreement that has involved or is expected to involve a sharing of profits with another person or entity;

(d) Any existing marketing, distribution, agency or brokerage agreement in which the annual amount involved in fiscal 2004 exceeded \$5,000 in aggregate amount or pursuant to which Memorial has granted or received most favored nation pricing provisions or exclusive marketing rights related to any product, group of products or territory;

(e) Any lease for realty or personal property in which the amount of payments that Memorial is required to make on an annual basis exceeds \$1,500;

(f) Any instrument evidencing or related in any way to indebtedness incurred in the acquisition of companies or other entities or indebtedness for borrowed money by way of direct loan, sale of debt securities, purchase money obligation, conditional sale, guarantee, leasehold obligations or otherwise;

(g) Any material license agreement, either as licensor or licensee;

(h) Any contract containing covenants purporting to limit the freedom of Memorial to compete in any line of business in any geographic area;

(i) Any insurance policy or fidelity or surety bond;

(j) Any agreement of indemnification relating to Memorial or any of its officers, directors or employees;

(k) Any agreement, contract or commitment relating to capital expenditures that involves future payments individually in excess of \$1,500 or in the aggregate in excess of \$5,000 by Memorial;

(l) Any agreement, contract or commitment relating to personal services to be rendered by any person to Memorial requiring the payment of more than \$1,000 per month or the disposition or acquisition of any assets by Memorial; or

(m) Any other agreement, contract or commitment that is material to Memorial's business.

Each agreement, contract, mortgage, indenture, plan, lease, instrument, permit, concession, franchise, arrangement, license, regulations and commitment listed on the Memorial Disclosure Schedule pursuant to this Section 3.16 is valid and binding on Memorial, and is in full force and effect, and neither Memorial nor to the best knowledge of Memorial, any other party thereto has breached or is aware of any facts that would lead it to believe that it has breached, any provision of, or is in default

under the terms of any such agreement, contract, mortgage, indenture, plan, lease, instrument, permit, concession, franchise, arrangement, license, regulation or commitment. To the best knowledge of Memorial, no such agreement, contract, mortgage, indenture, plan, lease, instrument, permit, concession, franchise, arrangement, license or commitment contains any material liquidated damages, penalty or similar provision. To the best knowledge of Memorial, no party to any such agreement contract, mortgage, indenture, plan, lease, instrument, permit, registration, concession, franchise, arrangement, license or commitment intends to cancel, withdraw, modify or amend the same.

3.17 Taxes

(a) All tax returns, statements, reports and forms (including, but not limited to, estimated Tax returns and reports and information returns and reports) required to be filed with any Taxing Authority (as defined in Section 3.17(h) below) with respect to any Taxable period ending on or before the Closing Date, by or on behalf of Memorial (collectively, the "Memorial Returns"), have been or will be filed when due (including any extensions of such due date), and all amounts shown due thereon on or before the Closing Date have been or will be paid on or before such date. The balance sheets included in the Memorial Financial Statements (i) fully accrue all actual and contingent liabilities for Taxes with respect to all periods through June 30, 2005 and Memorial has not and will not incur any Tax liability in excess of the amount reflected on the Memorial Financial Statements with respect to such periods and (ii) properly accrues in accordance with statutory accounting principles all liabilities for Taxes payable after June 30, 2005 with respect to all transactions and events occurring on or prior to such date. All information set forth in the footnotes to the Memorial Financial Statements relating to Tax matters is true, complete and accurate in all material respects.

(b) No material Tax Liability since June 30, 2005 has been incurred other than in the ordinary course of business and adequate provision has been or will be made for all Taxes since that date in accordance with statutory accounting principles on at least a quarterly basis. Memorial has withheld and paid to the applicable financial institution or Taxing Authority all amounts required to be withheld. Neither Memorial nor any member of any affiliated or combined group of which Memorial has been a member has granted any extension or waiver of the limitation period applicable to any of the Memorial Returns.

(c) The Shareholders shall be entitled to receive on a pro rata basis any tax refund that Memorial shall receive from any Taxing Authority with respect to any Taxable period ending on or before December 31, 2004.

(d) The Shareholders agree to be liable for paying any premium tax due and owing with respect to Memorial's operations ending on or before October 31, 2005. Security National and Southern Security agree to be liable for paying any premium tax due and owing with respect to Memorial's operations beginning as of October 31, 2005.

(e) There is no material claim, audit, action, suit, proceeding or investigation now pending or (to the best knowledge of Memorial) threatened against or with respect to Memorial in respect of any Tax or assessment. No notice of deficiency or similar document of any Tax Authority has been received by Memorial, and there are no liabilities for Taxes (including liabilities for interest

additions to tax and penalties thereof and related expenses) with respect to the issues that have been raised (and are currently pending) by any Tax Authority that could, if determined adversely to Memorial, materially and adversely affect the liability of Memorial for Taxes. There are no liens for Taxes against the assets of Memorial except liens for current Taxes not yet due. Memorial has not been and will not be required to include any material adjustment in its Taxable income for any Tax period (or portion thereof) pursuant to the Code or any comparable provision under state or foreign Tax laws as a result of transactions, events or accounting methods employed prior to the Closing.

(f) There is no contract, agreement, plan or arrangement, including, but not limited to, the provisions of this Agreement, covering any employee or independent contractor or former employee or independent contract of Memorial that, individually or collectively, could give rise to the payment of any amount that would not be deductible pursuant to the Code. Other than pursuant to this Agreement, Memorial is not a party to or bound by (nor will it, prior to the Closing Date, become a party to or become bound by) any tax indemnity, tax sharing or tax allocation agreement (whether written, oral or arising under operation of federal law as a result of Memorial being a member of a group filing consolidated tax returns, under operation of certain state law as a result of Memorial being a member of a group filing consolidated tax returns, under operation of certain state laws as a result of Memorial being a member of a unitary group or under comparable laws of other states or foreign jurisdictions) that includes a party other than Memorial. Memorial has listed in Schedule 3.17 of the Memorial Disclosure Schedule all of Memorial's material federal and state tax returns for years ending December 31, 2004 and 2003, information statements, reports work papers, Tax opinions, Tax memoranda and other Tax data and documents of Memorial that Memorial has furnished or made available to Security National and Southern Security, or will furnish or make available to Security National and Southern Security within ten (10) days from the date of this Agreement.

(g) The federal income tax returns of Memorial have not been audited by the Internal Revenue Service, (or a predecessor agency). Memorial has not received any notice of assessment or proposed assessment of any United States, State or other tax measured by its income, property or transactions, and no issues have been raised by any taxing authority providing a basis for any additional assessment of any such tax. Memorial has not waived any law or regulation fixing, or consenting to the extension of, any period of time for the assessment of any tax or other governmental imposition, or become committed so to do, except as described in Schedule 3.17 which is true, complete and correct in all material respects. The reserves for current taxes accrued on the books of Memorial are reasonable and adequate in amount. Memorial agrees to indemnify Security National and Southern Security for any and all tax assessments not accrued on the books of Memorial and related to any income, events, transactions, or time periods prior to the Closing, except for any tax which may become due on income previously excluded from taxable income and accumulated in the undistributed policyholders' surplus account ("Phase III Tax").

(h) For purposes of this Agreement, the following terms have the following meanings: "Tax" (and, with correlative meaning, "Taxes" and "Taxable") means (i) any net income, alternative or add-on minimum tax, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, privilege, intangible, profits, license, withholding, payroll, employment, excise, insurance, severance, stamp, occupation, premium, property, environmental or windfall profit tax, custom, duty or other tax, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or any penalty, addition to or additional amount imposed by any Governmental Entity (a

"Taxing Authority") responsible for the imposition of any such tax (whether domestic or foreign), (ii) any liability for the payment of any amounts of the type described in clause (i) above as a result of being a member of an affiliated, consolidated, combined or unitary group for any Taxable period and (iii) any liability for the payment of any amounts of the type described in clause (i) or clause (ii) above as a result of any express or implied obligation to indemnify any other person or entity.

3.18 Interests of Officers and Directors Except as described in Schedule 3.18 of the Memorial Disclosure Schedule, none of Memorial's officers or directors (or relatives of such persons living in the same household) have any material interest in any property, whether real or personal, tangible or intangible, used in or pertaining to Memorial's business.

3.19 Intellectual Property

(a) Memorial owns or is licensed or otherwise entitled to exercise all rights under or with respect to all intellectual property including without limitation, patents, copyrights, trademarks or service marks owned or used in connection with its business. Schedule 3.19 of the Memorial Disclosure Schedule lists all patents, trademarks, works of authorship, registered and unregistered copyrights, registered and unregistered trademarks, trade names and service marks, and all applications therefore owned or licensed by Memorial (the "Intellectual Property Rights"), and further specifies the jurisdictions in which each such matter and registration has been filed, including the respective registration or application numbers. Schedule 3.19 of the Memorial Disclosure Schedule also lists all material licenses, sublicenses and other agreements (oral or written) as to which Memorial is a party and pursuant to which Memorial or any other person or entity owns or is licensed or otherwise authorized or obligated with respect to any Intellectual Property Right and includes the identity of all parties thereto. Memorial is not, nor as a result of the execution and delivery of this Agreement or the performance of Memorial's obligations hereunder will be, in violation of any license, sublicense or other agreement applicable to it, whether or not described in the Memorial Disclosure Schedule. Except to the extent clearly and conspicuously disclosed in Schedule 3.19 of the Memorial Disclosure Schedule, Memorial is the sole and exclusive owner or licensee of, with full right, title and interest in and to (free and clear of any liens, claims or encumbrances), the Intellectual Property Rights, and has the sole and exclusive right in respect thereof (and, except as set forth in Schedule 3.19 of the Memorial Disclosure Schedule is not contractually obligated to pay any compensation to any third party with respect thereto).

3.20 Restrictions on Business Activities. There is no material agreement, judgment, injunction, order or decree binding upon Memorial that has or could reasonably be expected to have the effect of prohibiting or materially impairing any business practice of Memorial, any acquisition of property by Memorial or the conduct of business by Memorial as currently conducted or as currently proposed to be conducted.

3.21 Title to Properties; Absence of Liens and Encumbrances; Condition of Equipment.

(a) Schedule 3.21 of the Memorial Disclosure Schedule sets forth a true, complete and accurate list of all real property owned or leased by Memorial and summarizes all material lease terms, including the aggregate annual rental or other fees payable, the length of all leases and the number of extensions available.

(b) Memorial has good and valid title to, or, in the case of leased properties and assets, valid leasehold interests in, all of its tangible properties and assets, whether real, personal or mixed, used in its business, free and clear of any liens (other than liens for taxes that are not yet delinquent), claims, charges, pledges, security interests or other encumbrances, except as reflected in the Memorial Financial Statements and except for such imperfections of title and encumbrances, if any, that are not substantial or material in character, amount or extent, and that do not materially detract from the value, or interfere with the present use, of the property subject thereto or affected thereby.

(c) The machinery, equipment and other personal property (collectively, the "Equipment") owned or leased by Memorial is, taken as a whole (i) adequate for the conduct of the business of Memorial consistent with its past practice, (ii) suitable for the uses to which it is currently employed, (iii) in good operating condition, (iv) regularly and properly maintained and (v) free from all defects, except, with respect to clauses (ii) through (iv) of this Section 3.21(c), as would not have a material adverse effect on the Business Condition of Memorial.

3.22 Governmental Authorizations and Licenses. Memorial is the holder of all licenses, authorizations, permits, concessions, registrations, certificates and other franchises of any Governmental Entity required to operate its business (collectively, the "Licenses") and is in compliance with the terms, conditions, limitations, restrictions, standards, prohibitions, requirements and obligations of all of such Licenses, except where the failure to hold any such License or to so comply would not have a material adverse effect on the Business Condition of Memorial. The Licenses are in full force and effect on the date hereof and will be in full force and effect on the Closing Date, except as disclosed in Section 3.22 of the Memorial Disclosure Schedule. There is not now pending, nor to the best knowledge of Memorial is there threatened, any action, suit, investigation or proceeding against Memorial before any Governmental Entity with respect to the Licenses, nor is there any issued or outstanding notice, order or complaint with respect to the violation by Memorial of the terms of any such License or any rule or regulation applicable thereto.

3.23 Environmental Matters.

(a) To the best knowledge of Memorial, no substance that is regulated by any Governmental Entity or that has been designated by any Governmental Entity to be radioactive, toxic, hazardous or otherwise a danger to health or the environment (a "Hazardous Material") is present in, on or under any property that Memorial has at any time owned, operated, occupied or leased.

(b) To the best knowledge of Memorial, Memorial has not transported, stored, used, manufactured, released or exposed its employees or any other person to any Hazardous Material in violation of any applicable statute, rule, regulation, order or law, except where such violation would not have a material adverse effect on the Business Condition of Memorial.

(c) To the best knowledge of Memorial, Memorial has obtained all permits, consents, waivers, exemptions, licenses, approvals and other authorizations (collectively, "Environmental Permits") required to be obtained under the applicable statutes, rules, regulations, orders or laws of any Governmental Entity relating to land use, public and employee health and safety, pollution or protection

of the environment (collectively, "Environmental Laws"), except where the failure to obtain such an Environmental Permit would not have a material adverse effect on the Business Condition of Memorial. Schedule 3.23 of the Memorial Disclosure Schedule sets forth a true, complete and accurate list of all such Environmental Permits, each of which is in full force and effect on the date hereof and will be in full force and effect on the Closing Date. Memorial (i) is in full compliance in all of the material respects with all of the terms and conditions of the Environmental Permits and (ii) is in compliance in all material respects with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in the Environmental Laws or contained in any regulation, code, plan, order, decree, judgment, notice or demand letter issued, entered into, promulgated by or approved thereunder. Memorial has not received any notice nor is Memorial aware of any past or present condition or practice of the business conducted by Memorial that forms or that could be reasonably expected to form the basis of any material claim, action, suit, proceeding, hearing or investigation against Memorial, arising out of the manufacture, processing, distribution, use, treatment, storage, spill, disposal, transport or handling, or the emission, discharge, release or threatened release into the environment, of any Hazardous Material by Memorial.

3.24 Insurance. Schedule 3.24 of the Memorial Disclosure Schedule lists and summarizes all insurance policies and fidelity or surety bonds covering the assets, inventories, business, equipment, properties, operations, employees, officers and directors of Memorial, the amounts of coverage under each such policy and bond of Memorial. Within the last four years, Memorial has not been refused any requested insurance or bond coverage. Except as disclosed on the Memorial Disclosure Schedule, all premiums payable under all of such policies and bonds have been paid and Memorial is otherwise in full compliance with the terms of all of such policies and bonds (or other policies and bonds providing substantially similar insurance coverage). Such policies of insurance and bonds are of the type and in amounts customarily carried by persons and entities conducting businesses similar to that of Memorial. Memorial does not know of any threatened termination of or material premium increase with respect to, any of such insurance policies or bonds.

3.25 Labor Matters. To the best knowledge of Memorial and the Shareholders, Memorial is in compliance in all material respects with all currently applicable laws, rules and regulations respecting employment, discrimination in employment, terms and conditions of employment, wages and hours and occupational safety and health and employment practices, and has not and currently is not engaged in any unfair labor practice. Memorial has not received any notice from any Governmental Entity, and there has not been asserted before any Governmental Entity, any claim, action or proceeding to which Memorial is a party or involving Memorial, and there is neither pending nor, to Memorial's best knowledge, threatened, any investigation or hearing concerning Memorial arising out of or based upon any such law, regulation or practice.

3.26 Agents; Customers and Complaints. Schedule 3.26 of the Memorial Disclosure Schedule sets forth the names and addresses of the sales agents or brokers of Memorial as of June 30, 2005. Except as disclosed in Schedule 3.26 of the Memorial Disclosure Schedule, as of the date hereof, Memorial has no unresolved customer or agent complaints filed with a Governmental Entity concerning its products and/or services.

3.27 Questionable Payments. Neither Memorial nor, to Memorial's best knowledge, any director, officer or other employee of Memorial has: (i) made any payments or provided services or other favors in the United States or in any foreign country in order to obtain preferential treatment or consideration by any Governmental Entity with respect to any aspect of the business of Memorial or any of its Subsidiaries or (ii) made any political contributions that would not be lawful under the laws of the United States and the foreign country in which such payments were made. Neither Memorial nor, to Memorial's best knowledge, any director, officer or other employee of Memorial nor, to Memorial's best knowledge, any customer or supplier of any of them, has been the subject of any inquiry or investigation by any Governmental Entity in connection with payments or benefits or other favors to or for the benefit of any governmental or armed services official, agent, representative or employee with respect to any aspect of the business of Memorial or with respect to any political contribution.

ARTICLE IV

COVENANTS OF SHAREHOLDERS

4.1 Shareholders to Sell Shares in Transaction. The Shareholders hereby irrevocably agree to sell Shareholders' shares of common stock in the transaction. The Shareholders represent and warrant that such agreement set forth in this Section 4.1 constitutes a valid and legally binding obligation of the Shareholders, enforceable against the Shareholders in accordance with its terms and that such agreement has been duly authorized and approved and adopted by or on behalf of each Shareholder that is not a natural person by all requisite corporate equivalent action.

4.2 Shareholders to Maintain Memorial Policies. Following the Closing, the Shareholders agree, where applicable, to maintain any existing policies from Memorial that were previously sold through such Shareholders' funeral and mortuary businesses and to avoid replacing any of such policies with the policies of other insurance companies. In addition, the Shareholders agree to use their best efforts to support the business and operations of Memorial, including, where applicable, to maintain a business relationship with Memorial to the extent such a business relationship existed prior to the Closing.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF SECURITY NATIONAL AND SOUTHERN SECURITY

Except as noted on the Security National/Southern Security Disclosure Schedule, Security National and Southern Security represent and warrant as follows:

5.1 Organization, Good Standing and Power. Security National is a corporation validly existing and in good standing under the laws of the state of Utah and Southern Security is a corporation validly existing and in good standing under the laws of the state of Florida, and each company has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted. Security National and Southern Security have each delivered to the Shareholders complete and correct copies of their respective Articles of Incorporation and Bylaws, as amended to the date hereof.

5.2 Authority

(a) Security National and Southern Security each have all requisite corporate power and authority to enter into and execute and deliver this Agreement and to consummate the transactions contemplated hereby and thereby, subject to approval of the transactions by applicable state insurance commissioners and other relevant Governmental Entities having jurisdiction over its business. This Agreement, when executed and delivered by Security National and Southern Security, will constitute the valid and binding obligation of Security National and Southern Security, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally and except that the availability of equitable remedies is subject to the discretion of the court before which any proceeding therefore may be brought.

(b) To the best knowledge of Security National and Southern Security, the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and thereby, will not conflict with or result in any violation of any material statute, law, rule, regulation, judgment, order, decree or ordinance applicable to Security National, Southern Security, or any of their Subsidiaries or their respective properties or assets, nor will it conflict with or result in any breach or default (with or without the giving of notice or the lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to the loss of any material benefit under (i) any provision of the Articles of Incorporation or Bylaws of Security National, Southern Security, or of any of their Subsidiaries or (ii) any material agreement, contract, note, mortgage, indenture, lease, instrument, permit, concession, franchise or license to which Security National, Southern Security, or any of their Subsidiaries is a party or by which Security National, Southern Security, or any of their Subsidiaries or their respective properties or assets may be bound or affected.

5.3 Board Authorization. Prior to the Closing, the Board of Directors of Security National and Southern Security will have authorized the execution and delivery of this Agreement and the performance by Security National and Southern Security of their respective obligations under the Agreement.

5.4 Maintain Office; Retention of Agents. Security National and Southern Security represent and warrant that following the Closing, Memorial will maintain an office in Blytheville, Arkansas. In addition, Security National and Southern Security agree to use their best efforts, following the Closing, to assist Memorial in retaining its sales agents or brokers in its business and operations.

ARTICLE VI

CONDUCT AND TRANSACTIONS PRIOR TO CLOSING DATE; ADDITIONAL AGREEMENT

6.1 Conduct of Business of Memorial.

(a) During the period from the date of this Agreement and continuing until the earlier of the termination of this Agreement or the Closing Date, Memorial shall carry on its business in the usual, regular and ordinary course in substantially the same manner as conducted prior to the date of this Agreement and, to the extent consistent with such businesses, use all commercially reasonable efforts consistent with past practice and policies to preserve intact its present business organizations, keep available the services of its present officers and key employees and preserve its relationships with customers, suppliers, distributors, agents, brokers, licensors, licensees, Governmental Entities, and others having business dealings with them, to the end that its good will and ongoing businesses shall be unimpaired at the Closing Date. Memorial shall promptly notify Security National and Southern Security of any event or occurrence not in the ordinary course of business of Memorial, and any event which could have a material and adverse effect on the Business Condition of Memorial. Except as expressly contemplated by this Agreement or disclosed in the Memorial Disclosure Schedule, Memorial shall not, without the prior written consent of Security National and Southern Security:

(i) Grant any options, warrants, or stock purchase rights;

(ii) Enter into any commitment or transaction not in the ordinary course of business to be performed over a period longer than six months in duration, or to purchase fixed assets with an aggregate purchase price exceeding \$5,000, or (ii) sell or commit to sell any products with an aggregate purchase price greater than \$5,000 in any single month if the expected profit margins are lower than those customarily obtained for sales of similar products by Memorial in the past.

(iii) Grant any severance or termination pay to any director, officer, employee or consultant, except mandatory payments made pursuant to standard written agreements outstanding on the date hereof (any such agreement or arrangement to be disclosed in Schedule 6.1 of the Memorial Disclosure Schedule);

(iv) Transfer to any person title to any rights to Memorial Intellectual Property Rights except in the ordinary course of business;

(v) Enter into or amend any agreements pursuant to which any other party is granted marketing, agency or other similar rights of any type or scope with respect to any products of Memorial;

(vi) Except in the ordinary course of business with prior notice of Security National and Southern Security, violate, amend or otherwise modify the terms of any of their material contracts binding on Memorial set forth on the Memorial Disclosure Schedule;

(vii) Commence a lawsuit other than for the routine collection of bills or for a breach of this Agreement;

(viii) Declare or pay any dividends on or make any other distributions (whether in cash, stock or property) in respect of any of its capital stock, or split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, lieu of or in substitution for shares of its capital stock, or repurchase or otherwise acquire, directly or indirectly, any shares of its capital stock except from former employees, directors and consultants in accordance with agreements providing for the repurchase of shares in connection with any termination of service to Memorial;

(ix) Issue, deliver or sell, authorize or propose the issuance, delivery or sale of, or purchase or propose the purchase of, any shares of its capital stock or securities convertible into, or subscriptions rights, warrants, or options to acquire, or other agreements or commitments of any character obligating it to issue any such shares or other convertible securities;

(x) Solicit approval for and effect any amendments to Memorial's of Incorporation or Bylaws (other than as contemplated by this Agreement);

(xi) Acquire or agree to acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof, or otherwise acquire or agree to acquire any assets which are material, individually or in the aggregate, to the Business Condition of Memorial;

(xii) Sell, lease, license or otherwise dispose of any of its properties or assets except in the ordinary course of business and consistent with past practice;

(xiii) Incur any indebtedness for borrowed money or guarantee any such indebtedness or issue or sell any debt securities or guarantee any debt securities of others or loan money to others; (xiv) Adopt or amend any Plan, or enter into any employment contract, pay any special bonus or special remuneration to any director, employee or consultant, or increase the salaries or wage rates of its employees other than pursuant to scheduled employee reviews under Memorial's normal employee review cycle, as the case may be, or in connection with the hiring of employees other than officers in the ordinary course of business, in all cases consistent with past practice;

(xv) Revalue any of its assets, including without limitation, writing down the value of inventory or writing off notes or accounts receivable other than in the ordinary course of business and consistent with past practice;

(xvi) Pay, discharge or satisfy in an amount in excess of \$25,000 in any one case any claim, liability or obligation (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction in the ordinary course of business of liabilities reflected or reserved against Memorial's Financial Statements or those incurred after the date of the June 30, 2005 Unaudited Balance Sheet in the ordinary course of business;

(xvii) Make any material tax election other than in the ordinary course of business and consistent with past practice, change any material tax election, adopt any material tax accounting method practice, change any material tax accounting method, file any material tax return (other than any estimate tax returns, payroll tax returns or sale tax returns) or any amendment to a material tax return, enter into any closing agreement, settle any tax claim or assessment, or consent to any tax claim or assessment, without the prior written or unwritten consent of Security National and Southern Security, which consents will not be reasonably withheld; and

(xviii) Engage in any activities or transactions that are outside the ordinary course of its business consistent with past practice.

(b) Unless and until this Agreement shall have been terminated by either party pursuant to Article VIII, Memorial shall not, directly or indirectly, through any officer, director, agent or otherwise, (i) solicit, initiate or encourage submission or proposals or offers from any person relating to any acquisition or purchase of all or substantially all of the assets of, or any equity interest in, Memorial or any merger, consolidation, business combination or similar transaction with Memorial, or (ii) participate in any discussions or negotiations regarding, furnish to any other person any confidential information with respect to, or otherwise cooperate with any way with, or participate in, facilitate or encourage, any effort or attempt by any other person to do or seek any of the foregoing.

(c) Memorial shall not take, or fail to take, any action which from the date hereof through the Closing would cause or constitute a breach of any of its representations, warranties and covenants set forth in this Agreement or which would from the date hereof through the Closing cause any of such representations or warranties to be inaccurate. In the event of, and promptly after becoming aware of, the occurrence of or the pending or threatened occurrence of any event which would cause or constitute such a breach of inaccuracy, Memorial shall give detailed notice thereof to the other parties and shall use its best efforts to prevent or promptly remedy such breach or inaccuracy.

(d) Memorial shall promptly apply for or otherwise seek, and use its commercially reasonable efforts to obtain all consents and approvals

required to be obtained by it for the consummation of this transaction, and Memorial shall use its best efforts to obtain all necessary consents, waivers and approvals under any of Memorial's material agreements, contracts licenses or leases in connection with this transaction, except such consents and approvals which Security National, Southern Security and Memorial agree, Memorial shall not seek to obtain, as contemplated by the Memorial Disclosure Schedule.

(e) Memorial shall each use its best efforts to effectuate the transactions contemplated hereby and to fulfill and cause to be fulfilled the conditions to closing under this Agreement.

(f) Memorial shall take all reasonable actions necessary to comply promptly with all legal requirements which may be imposed on Memorial with respect to this transaction and will promptly cooperate with and furnish information to Security National and Southern Security in connection with any such requirements imposed upon Memorial, Security National, Southern Security or any other party in connection with this transaction. Memorial shall take all reasonable actions to obtain (and to cooperate with Security National, Southern Security and their respective subsidiaries in obtaining) a consent, authorization, order or approval of, or any exception by, any Governmental Entity, required to be obtained or made by Memorial (or by Security National, Southern Security or their respective subsidiaries) in connection with this transaction or the taking of any action contemplated, by this Agreement, and to defend all lawsuits or other legal proceedings challenging this Agreement or the consummation of the transactions contemplated by this Agreement and to defend all lawsuits or other legal proceedings challenging this Agreement or the consummation of the transactions contemplated hereby, to lift or rescind any injunction or restraining order or other order adversely affecting the ability or the parties to consummate the transactions contemplated hereby, and to effect all necessary registrations and filings and submissions or information required by any Governmental Entity, and to fulfill all conditions to this Agreement.

(g) Memorial shall take all reasonable actions necessary to comply promptly with all legal requirements which may be imposed on it with respect to this transaction and will promptly cooperate with and furnish information to Security National and Southern Security in connection with this transaction. Memorial shall take all reasonable actions to obtain (and to cooperate with Security National and Southern Security in obtaining) and consent, authorization, order or approval of, or exemption by, and Governmental Entity required to be obtained or made by Memorial action contemplated by this Agreement, and to defend all lawsuits or other legal proceedings challenging this Agreement or the consummation of the transactions contemplated hereby to lift or rescind any injunction or restraining order or other order adversely affecting the ability of the parties to consummate the transaction contemplated hereby, and to effect all necessary registrations and filings and submissions of information required by any Governmental Entity, and to fulfill all conditions to this Agreement.

(h) Memorial shall give Security National and Southern Security and their respective agents, full and complete access to all books, records, personnel, properties, assets and facilities of Memorial for Security National's and Southern Security's inspection and due diligence, in its discretion and Security National and Southern Security may make copies of documents and information subject to Section 10.19 below.

ARTICLE VII

CONDITIONS PRECEDENT

7.1 Conditions to Each Party's Obligation to Effect This Transaction. The respective obligation of each party to effect this transaction shall be subject to the satisfaction prior to the Closing of the following conditions:

(a) Legal Action. No temporary restraining order, preliminary injunction or permanent injunction or other order preventing the consummation of this transaction shall have been issued by any Governmental Entity and remain in effect, and no litigation seeking the issuance of such and order or injunction, or seeking relief against Memorial, or Security National and Southern Security if this transaction is consummated, shall be pending which, in the good faith judgment of Memorial's, Security National's or Southern Security's Board of Directors (acting upon the written opinion of their respective outside counsel) has a reasonable probability of resulting in such order, injunction or relief and such relief would have a material adverse effect on the Business Condition of such party. In the event any such order or injunction shall have been issued, each party agrees to use commercially reasonable efforts to have an such injunction lifted.

(b) Statutes. No action shall have been taken, and no statute, rule, regulation or order shall have been enacted, promulgated or issued or deemed applicable to this transaction by any Governmental Entity which would (i) make the consummation of this transaction illegal, (ii) prohibit Security National's, Southern Security's or Memorial's ownership or operation of all or a material portion of the business or assets of Memorial, Southern Security or Security National and its subsidiaries taken as a whole, or compel Security National, Southern Security or Memorial to dispose of or hold separate all or a material portion of the business or assets of Memorial, or Security National and Southern Security and their respective subsidiaries taken as a whole, as a result of this transaction or (iii) render Security National, Southern Security or Memorial unable to consummate this transaction, except for any waiting period provisions.

7.2 Conditions to Obligations of Security National and Southern Security. The obligations of Security National and Southern Security to effect this transaction are subject to the satisfaction of the following conditions, unless waived by Security National and Southern Security:

(a) Representations and Warranties. The representations and warranties of Memorial set forth in this Agreement (determined without regard to any materiality qualifiers, including without limitation "material adverse effect") shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date, unless any failures to be true and correct, individually or in the aggregate, do not have and could not reasonably be expected to have a material adverse effect on the Business Condition of Memorial; and there shall have been no willful breach by Memorial of any of its representations or warranties made in this Agreement. Security National and Southern Security shall have received a certificate signed by the Chief Executive Officer and the Chief Financial Officer of Memorial to such effect on the Closing Date.

(b) No Material Adverse Change. There shall have been no material adverse change in the Business Condition of Memorial from the date of this Agreement through the Closing Date and Security National and Southern Security shall have each received a certificate signed by the Chief Executive Officer and the Chief Financial Officer of Memorial to such effect on the Closing Date.

(c) Performance of Obligations of Memorial and Shareholders. Memorial and the Shareholders shall have performed all obligations and covenants required to be performed by it under this Agreement prior to the Closing Date, and Security National and Southern Security shall have each received a certificate signed by the Chief Executive Officer and the Chief Financial Officer of Memorial to such effect on the Closing Date.

(d) Regulatory Approvals. All authorizations, consents, orders or approvals of, or declarations of, or declarations or filing with, or expiration of waiting periods imposed by, any Governmental Entity (including, without limitation, the states of Utah, Florida and Arkansas) necessary for the consummation of the transactions contemplated by this Agreement shall have been obtained.

(e) Consents. Security National and Southern Security shall have received duly executed copies of all material third-party non-regulatory consents and approvals contemplated by this Agreement or the Memorial Disclosure Schedule in form and substance reasonably satisfactory to Security National and Southern Security. Security National and Southern Security shall be entitled to receive any earnings from the operations of Memorial beginning as of the Closing Date.

(f) Resignation of Directors. The directors of Memorial in office immediately prior to the Closing Date shall have resigned as directors of the Surviving Corporation effective as of the Closing Date.

(g) Legal Opinion. Security National and Southern Security shall have received an opinion of Memorial's legal counsel, in form and substance acceptable to Security National and Southern Security, to the effect that:

(i) this Agreement has been duly authorized, executed and delivered by Memorial and constitutes the valid and binding obligations of Memorial and the Shareholders and all corporate action required by Memorial in order to effect the transactions contemplated hereby has been taken;

(ii) Memorial is a corporation duly incorporated and validly existing in good standing under the laws of the State of Arkansas and is duly authorized to conduct its business as presently conducted;

(iii) Memorial is a corporation duly incorporated and validly

existing in good standing under the laws of the State of Arkansas and is duly licensed to conduct the insurance business that it presently conducts under the Arkansas insurance law;

(iv) the authorized capital structure of Memorial consists of 27,000 shares of Common Stock and there are 4,681 shares of Common Shares issued and outstanding, all of which are owned by the Shareholders. All issued and outstanding shares of Common Stock have been duly authorized, validly issued and are fully-paid and nonassessable and were not issued in violation of the pre-emptive rights of any Shareholder;

(v) upon delivery to Security National and Southern Security of the stock certificates evidencing all of the issued and outstanding shares of Common Stock said Common Stock will be free and clear of all liens, claims, encumbrances or other adverse interests; and

(vi) neither the execution and delivery by Memorial of this Agreement, nor the compliance by Memorial with the terms and provisions hereof, will conflict with or result in a breach of (A) any of the terms, conditions or provisions of the Articles of Incorporation, the Bylaws or any other governing instrument with respect to Memorial, or (B) with any judgment, order, injunction, decree, law, statute, regulation or ruling with or of any court or Governmental Entity known to such counsel to which Memorial is subject, or will constitute a default thereunder.

In rendering such opinion, such counsel may rely, to the extent such counsel deems such reliance necessary or appropriate, upon certificates of public officials or of any officer or officers of Memorial, provided the extent of such reliance is specified in such opinion and executed copies of such opinions and certificates are furnished to Security National and Southern Security.

7.3 Conditions to Obligations of Memorial and Shareholders. The obligation of Memorial and the Shareholders to effect this transaction is subject to the satisfaction of the following conditions unless waived by Memorial and the Shareholders.

(a) Representations and Warranties. The representations and warranties of Security National and Southern Security set forth in this Agreement shall be true and correct in all material respects (except for such representations and warranties which are qualified by their terms by a reference to materiality, which representations and warranties as so qualified shall be true in all aspects) (i) as of the date of this Agreement, and (ii) as of the Closing Date as though made on and as of each such date, except as otherwise contemplated by this Agreement, and Memorial shall have received a certificates signed by the Chief Executive Officer and the Chief Financial Officer of Security National and Southern Security to such effect.

(b) Performance of Obligations of Security National and Southern Security. Security National and Southern Security shall have performed all obligations and covenants required to be performed by them under this Agreement prior to the Closing Date, and Memorial shall have received certificates signed by the Chief Executive Officer and the Chief Financial Officer of both Security National and Southern Security to such effect.

(c) Legal Opinion. Memorial and the Shareholders shall have received an opinion of Security National's and Southern Security's legal counsel, in form and substance satisfactory to the Memorial, to the effect that:

(i) Security National and Southern Security are each a corporation duly organized, validly existing and in good standing under the laws of their respective states of incorporation with all requisite corporate power and corporate authority to execute, deliver and perform this Agreement;

(ii) the execution, delivery and performance of this Agreement by Security National and Southern Security will not conflict with any of the terms, provisions or conditions of the Articles of Incorporation or the Bylaws of Security National or Southern Security, respectively;

(iii) the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate action on the part of both Security National and Southern Security and is enforceable against both Security National and Southern Security in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditor's rights generally.

In rendering such opinion such counsel may rely, to the extent such counsel deems such reliance necessary or appropriate, upon certificates of public officials or of any officer or officers of Security National and Southern Security, provided the extent of such reliance is specified in such opinion and executed copies of such certificates are furnished to Memorial.

(f) Payment of Purchase Consideration. Security National and Southern Security shall pay the Purchase Consideration as required in Section 1.2 of this Agreement.

ARTICLE VIII

TERMINATION

8.1 Termination.

(a) This Agreement may be terminated at any time prior to the Closing Date:

(i) by mutual written agreement of Security National, Southern Security, Memorial, and the Shareholders;

(ii) by Security National or Southern Security, if there has been a breach by Memorial, or the Shareholders of any representation, warranty, covenant or agreement set forth in this Agreement on the part of Memorial, or the Shareholders which is material and which Memorial, or the Shareholders fails to cure within five (5) business days after notice thereof is given by Security National or Southern Security (except that no cure period shall be provided for a breach by Memorial or the Shareholders which by its nature cannot be cured);

(iii) by Memorial, or the Shareholders, if there has been a breach by Security National or Southern Security of any representation, warranty, covenant or agreement set forth in this Agreement on the part of Security National or Southern Security which is material and which Security National or Southern Security fails to cure within five (5) business days after notice thereof is given by Memorial (except that no cure period shall be provided for a breach by Security National or Southern Security which by its nature cannot be cured);

(iv) by Security National, Southern Security, Memorial or the Shareholders, if this transaction shall not have been consummated on or before October 30, 2005; provided, however, that if the sole reason this transaction has not been completed by such date results from delays in the regulatory approval process, this Agreement may not be terminated but rather shall remain in full force and effect for an additional ninety (90) days beyond October 30, 2005.

(v) by Security National, Southern Security, Memorial or the Shareholders if any permanent injunction or other order of a court or other competent authority preventing this transaction shall have become final and nonappealable.

(b) Where action is taken to terminate this Agreement pursuant to this Section 8.1, it shall be sufficient for such action to be authorized by the Board of Directors of the party taking such action.

(c) In the event of termination of this Agreement as provided in this Section, the provisions of this Agreement shall forthwith become void, except that the agreements contained or referred to in Sections 10.16 (expenses), 10.17 (brokers, finders), 10.18 (public announcements) and 10.19 (confidentiality) shall survive. Notwithstanding the foregoing, in the event of a breach of this Agreement by any party hereto, nothing herein shall limit the remedies at law or in equity of the other party with respect thereto.

ARTICLE IX

INDEMNIFICATION

9.1 Obligation to Indemnify.

(a) Indemnification by the Shareholders Subject to the time limitations set forth in Section 10.1 below, the Shareholders agree to indemnify, defend and hold harmless Security National and Southern Security and their respective directors, officers, employees, agents, subsidiaries, affiliates, successors and assigns, from and against all losses, liabilities, claims, damages, deficiencies, costs and expenses, including without limitation interest, penalties and attorney's fees and disbursements (collectively, the "Losses" and singularly, a "Loss"), based upon, arising out of or otherwise related to any inaccuracy in or any breach of any representation, warranty, covenant or agreement of the

Shareholders contained in this Agreement or in any document or other papers delivered pursuant to this Agreement, including the Memorial Financial Statements, and in respect of any third party claim based upon facts alleged which, if true, would have constituted any such inaccuracy or breach. For purposes of this Agreement, Security National shall be deemed to have suffered a Loss if and to the extent that such Loss has been suffered by Memorial.

9.2 Notice and Opportunity to Defend.

(a) Notice of Asserted Liability. Promptly after receipt by any person entitled to indemnify under this Agreement (the "Indemnitee") of notice of any demand, claim or circumstances which, with the lapse of time, would or might give rise to a claim or the commencement or threatened commencement of any action, proceeding or investigation (an "Asserted Liability") that may result in a Loss, the Indemnitee may, at its option, give notice thereof (the "Claims Notice") to the Shareholders (the "Indemnifying Party"). The Claims Notice shall describe the Asserted Liability in reasonable detail, and shall indicate the amount (estimate, if necessary and to the extent feasible) of the Loss that has been or may be suffered by the Indemnitee.

(b) Opportunity To Defend. The Indemnifying Party may elect to compromise or defend, at its own expense and by its own counsel, any Asserted Liability. If the Indemnifying Party elects to compromise or defend such Asserted Liability, it shall within thirty (30) days after the Claims Notice is given or sooner, if the nature of the Asserted Liability so requires, notify the Indemnitee of its intent to do so, and the Indemnitee shall cooperate, at the expense of the Indemnifying Party, in the compromise of, or defense against, such Asserted Liability. If the Indemnifying Party elects not to compromise or defend the Asserted Liability, fails to notify the Indemnitee of its election as herein provided or contests its obligation to indemnify under this Agreement, the Indemnitee may pay, compromise or defend such Asserted Liability. Notwithstanding the foregoing, neither the Indemnifying Party nor the Indemnitee may settle or compromise any claim over the objection of the other, provided, however, that consent to settlement or compromise shall not be unreasonably withheld. In any event, the Indemnitee and the Indemnifying Party may participate, at their own expense, in the defense of such Asserted Liability. If the Indemnifying Party chooses to defend any claim, the Indemnitee shall make available to the Indemnifying Party any books, records or other documents within its control that are necessary or appropriate for such defense.

(c) Disputes with Third Parties. Anything in this Section 9.2(c) to the contrary notwithstanding, in the case of any Asserted Liability by any supplier, distributor, agent, broker, shareholder, franchisee, customer or other third party doing business with Memorial prior to the Closing in connection with which Security National and Southern Security may make a claim against the Shareholders for indemnification pursuant to this Section 9.2(c), Security National and Southern Security may, at their option, give a Claims Notice with respect thereto but, unless Security National, Southern Security and the Indemnifying Party otherwise agree, Security National and Southern Security shall have the exclusive right at its option to defend any such matter, subject to the duty of Security National and Southern Security to consult with the Indemnifying Party and its attorneys in connection with such defense and provided that no such matter shall be compromised or settled by Security National and Southern Security without the prior consent of the Indemnifying Party, which consent shall not be unreasonably withheld. The Indemnifying Party shall have the right to recommend in good faith

Security National's and Southern Security's proposals to compromise or settle claims brought by a supplier, agent, or customer, and Security National and Southern Security agree to present such proposed compromises or settlements to such supplier, distributor, shareholder, franchisee or customer. All amounts required to be paid in connection with any such Asserted Liability pursuant to the determination of any court, governmental or regulatory body or arbitrator, and all amounts required to be paid in connection with any such compromise or settlement consented to by the Indemnifying Party, shall be borne and paid by the Indemnifying Party. The parties agree to cooperate fully with one another in the defense, compromise or settlement of any Asserted Liability. In the event any compromise, settlement or judgment amount includes amounts resulting from frivolous or groundless claims or defenses made by Indemnitee, the Indemnifying Party shall not bear the portion of the amount to be paid relating to such frivolous or groundless claims.

ARTICLE X

GENERAL PROVISIONS

10.1 Survival of Representations, Warranties, Covenants and Agreements. Except as provided below with regard to Section 3.17, all representations, warranties, covenants and agreements in this Agreement or in any document or instrument delivered pursuant to this Agreement shall be deemed to be conditions to this transaction and shall survive the consummation of this transaction for a period of twenty-four (24) months after the Closing Date. Notwithstanding the foregoing, except as provided below with regard to Section 3.17, all representations, warranties, covenants and agreements shall survive the Closing Date for forty-eight (48) months following the Closing Date if such representations, warranties, covenants and agreements are breached due to fraud or gross negligence. Notwithstanding the foregoing, the tax obligations set forth in Section 3.17 above shall survive the consummation of this transaction and the Closing Date for an indefinite period of time.

10.2 Amendment. This Agreement may be amended by the parties hereto at any time before or after approval of this transaction by the Shareholders; provided, however, that following approval of this transaction by the Shareholders, no amendment hereto shall be made that by law requires the further approval of the Shareholders without obtaining such further approval. This Agreement may not be amended except by an instrument in writing signed on behalf of both of the parties hereto.

10.3 Extension; Waiver. At any time prior to the Closing Date, Memorial, Security National and Southern Security, by action taken by their respective Boards of Directors, may, to the extent legally allowed, (i) extend the time for the performance of any of the obligations or other acts of the other, (ii) waive any inaccuracies in the representations and warranties made to it contained herein or in any document or instrument delivered pursuant hereto and (iii) waive compliance with any of the agreements or conditions for the benefit of it contained herein. Any agreement on the part of either party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed by such party.

10.4 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or mailed by registered or certified mail (return receipt requested) or if sent by facsimile, confirmation received, to the respective party at the following addresses and/or facsimile numbers, with the original thereof being mailed by registered or certified mail, return receipt requested (or at such other address or facsimile number for the parties hereto as shall be specified by like notice):

(a) If to Security National, to:

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

With a copy to:

Mackey Price Thompson & Ostler
350 American Plaza II
57 West 200 South
Salt Lake City, Utah 84101-3663
Attn: Randall A. Mackey, Esq.
Facsimile No.: (801) 575-5006
Telephone No.: (801) 575-5000

(b) If to Southern Security, to:

Southern Security Life Insurance Company
755 Rinehart Road
Lake Mary, Florida 32746
Attn: Scott M. Quist, President and
Chief Operating Officer
Facsimile No.: (407) 323-9701
Telephone No.: (407) 321-7113

With a copy to:

Mackey Price Thompson & Ostler
350 American Plaza II
57 West 200 South
Salt Lake City, Utah 84101-3663
Attn: Randall A. Mackey, Esq.
Facsimile No.: (801) 575-5006
Telephone No.: (801) 575-5000

(c) If to Memorial, to:

Memorial Insurance Company of America
634 West Main
Blytheville, Arkansas 72315
Attn: Paul S. Thompson, Jr., President
Facsimile No.: (870) 838-0988
Telephone No.: (870) 763-0713

With a copy to:

Bryan W. Duke, Esq.
Friday Eldredge & Clark, LLP
2000 Regions Center
400 West Capital Avenue
Little Rock, Arkansas 72201-3493
Telephone No.: (501) 376-2011
Facsimile No.: (501) 376-2147

10.5 Interpretation. When a reference is made in this Agreement to Sections or Exhibits, such references shall be deemed to be to a Section or Exhibit to this Agreement, unless otherwise indicated. The words "include", "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation". The Table of Contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

10.6 Counterparts. This Agreement may be executed in one or more counterparts, all of which, when taken together, shall be considered one and the same agreement, and this Agreement shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other parties hereto.

10.7 Entire Agreement. This Agreement and the documents and instruments attached hereto as Exhibits and all other agreements between the parties hereto delivered pursuant to this Agreement constitute the entire agreement between the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, between the parties hereto with respect to the subject matter hereof (including specifically the Stock Purchase Agreement dated as of September __, 2005, among Security National, Southern Security, Memorial and the Shareholders) and are not intended to confer upon any other person or entity any rights or remedies hereunder except as otherwise expressly provided herein.

10.8 No Transfer. This Agreement and the rights and obligations set forth herein may not be transferred or assigned by operation of law or otherwise without the consent of both parties hereto. This Agreement is binding upon and will inure to the benefit of each party hereto and their respective successors and permitted assigns.

10.9 Severability. If any provision of this Agreement, or the application thereof, is for any reason whatsoever and to any extent deemed to be invalid or unenforceable, the remainder of this Agreement and the application thereof to other persons, entities or circumstances will be interpreted so as reasonably to effect the intent of the parties hereto. The parties hereto further agree to replace any such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provision hereof.

10.10 Other. Remedies Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party hereto will be deemed cumulative with, and not exclusive of, any other remedy conferred hereby or by law or equity on such party; and the exercise of any one remedy will not preclude the exercise of any other remedy otherwise available at law or in equity.

10.11 Further Assurances. The parties hereto agree to cooperate fully with other parties hereto and to execute such further instruments, documents and agreements and to give such further written assurances as may be reasonably requested by the other party hereto in order to evidence and reflect the transactions described herein and contemplated hereby and to carry into effect the intents and purposes of this Agreement.

10.12 No Third Party Beneficiary Rights. No provision of this Agreement is intended, nor will any provision hereof be interpreted, to provide or create any third party beneficiary rights or any other rights of any kind whatsoever in any client, customer, supplier affiliate, stockholder, employee, distributor, partner of either party hereto or any other person or entity, and all of the provisions hereof shall be deemed to be personal in nature and between the parties to this Agreement.

10.13 Mutual Drafting. This Agreement is material mutual product of Security National, Southern Security and Memorial, and each provision hereof has been subject to the mutual consultation, negotiation and agreement of Security National, Southern Security and Memorial, and shall not be construed for or against either party hereto.

10.14 Governing Law. This Agreement shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of Arkansas, without giving effect to its choice of law principles.

10.15 Jurisdiction and Venue. The federal and state courts within the State of Utah shall have exclusive jurisdiction to adjudicate any dispute arising under or out of this Agreement. The parties hereto expressly consent to (i) the personal jurisdiction of the federal and state courts within the State of Utah and (ii) service of process being effected upon them by registered or certified mail. Venue shall be deemed to be with the state and federal courts sitting in Salt Lake County, State of Utah.

10.16 Expenses. All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby and thereby shall be paid by the party incurring such costs and expenses. Those costs and expenses of Memorial will be paid immediately following this transaction by the Shareholders.

10.17 Brokers or Finders. Security National, Memorial, Southern Security and the Shareholders each represent, as to itself and, to the extent applicable, its subsidiaries, that no agent, broker, investment banker or other firm or person is, or will be, entitled to any broker's or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement.

10.18 Public Announcements. Each party hereto will consult in advance with the other concerning the timing and content of any announcements, press releases and public statements concerning this transaction and will not make any such announcement, press release or public statement without the other's prior consent; provided, however, that Security National and Southern Security may make any public statement or announcement concerning this transaction without Memorial's or the Shareholders' prior consent if, in the opinion of counsel for Security National or Southern Security, such public statement or announcement is required or advisable to comply with applicable law.

10.19 Confidentiality . No party hereto shall release, publish, reveal or disclose, directly or indirectly, any business or technical information of the other party hereto or any of its Subsidiaries considered by the other party as "confidential", "secret" or "proprietary" (or words of similar meaning) including, but not limited to, systems, processes, formulas, recipes, data, functional specifications, computer programs, blue prints, know-how, improvements, discoveries, developments, designs, inventions, techniques, new products, marketing and advertising methods, distribution methods and programs, supplier agreements, customer or distributor lists, pricing policies, financial information, projections, forecasts, strategies, budgets or other information related to its business or its distributors, suppliers or customers (collectively, "Confidential Material"), except to the party's directors, officers, employees, financial advisors, legal counsel, independent public accountants or other agents, advisors or representatives who shall require access thereto on a "need-to-know" basis for the purpose of the transactions contemplated by this Agreement and who shall agree in writing to be bound by the terms of this Section 10.19. The parties hereto agree to take all reasonable precautions to safeguard the confidentiality of the other party's Confidential Material and to exercise the same degree of care with respect to such other party's Confidential Material that the party in possession of such Confidential Material exercises with respect to its own confidential information. Neither party hereto shall make or permit to be made, except in furtherance of the transactions contemplated by this Agreement, any copies, abstracts or summaries of the other party's Confidential Material. In addition, all Confidential Material belonging to the other party hereto shall be used solely for the purpose of the investigation and evaluation contemplated by this Section 10.19, and shall not be used for any other purpose, including any use that would be to the detriment of the other party hereto or its Subsidiaries, nor shall such Confidential Material be used in competition with the other party hereto or its Subsidiaries. The restrictions on disclosure of information contained in this Section 10.19 do not extend to any information that (a) is already known to the receiving party; (b) was or is independently developed by the receiving party; (c) is now or hereafter becomes available to the public other than as a consequence of a breach of obligations under this Section 10.19 or (d) is disclosed to third parties hereto outside of the receiving party in accordance with terms approved by the disclosing party. Upon written request, the

parties hereto shall return all writings, documents and materials containing Confidential Material with a letter confirming that all copies, abstracts and summaries of the Confidential Material have been returned or destroyed. In the event that either party hereto becomes legally required to disclose the other party's Confidential Material, it shall provide such other party with prompt written notice of such requirement prior to such disclosure. In the event that a protective order or other remedy is not obtained, or such other party waives compliance with the provisions of this Section 10.19 with respect to the Confidential Material subject to such requirement, such party agrees to furnish only that portion of the Confidential Material that it is legally required to furnish and, where appropriate, agrees to use its best efforts to obtain assurances that such Confidential Material will be accorded confidential treatment.

10.20 Attorney's Fees. In the event any legal action or arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any other provisions of this Agreement, the successful and prevailing party or parties shall be entitled to reasonable attorney's fees and other costs incurred in such action or proceeding.

(signature page to follow)

IN WITNESS WHEREOF, Security National, Southern Security, Memorial and the Shareholders have each caused this Agreement to be signed effective as of the date first written above.

SECURITY NATIONAL LIFE
INSURANCE COMPANY

By: Scott M. Quist
President and Chief Operating Officer

SOUTHERN SECURITY LIFE INSURANCE COMPANY

By: Scott M. Quist
President and Chief Operating Officer

MEMORIAL INSURANCE COMPANY OF AMERICA

By:
Its: _____

ANNEX I

AGREEMENT BY SHAREHOLDERS
OF MEMORIAL INSURANCE COMPANY OF AMERICA
TO SELL SHARES IN STOCK PURCHASE TRANSACTION

Pursuant in the Stock Purchase Agreement by and among Security National Life Insurance Company, Southern Security Life Insurance Company, Memorial Insurance Company of America ("Memorial") and the undersigned shareholders of Memorial dated September __, 2005, the undersigned shareholders of Memorial hereby joins in said Stock Purchase Agreement for the sole and limited purpose of agreeing to exchange its, his or her shares of Memorial stock for the cash described in Section 1.2 of said Stock Purchase Agreement.

This respective number of shares of Memorial owned by the undersigned are shown in parenthesis.

This instrument may be executed in any number of counterparts, each of which shall be deemed an original, provided that all shareholders sign at least one such counterpart. All such counterparts shall be attached to the Stock Purchase Agreement.

Executed as of September __, 2005.

Lynda H. Bryant

Bryan Funeral Home

Angela Marie Durham

Pam Edwards

Ermert Funeral Home

Sherry French Living Trust Rev.

Helen Heath

Verlyn Heath Jr.

Jere C. Kernodle

William C. Kernodle II

Lloyd L. Langford

Dan McBride

Mitchell Funeral Home

Murphy Funeral Home

Andre Nelson Living Trust Rev.

Charles B. Nelson D. Nelson Trust

Douglas Nelson

Jimmie Nelson Trust

Justin R. Nelson D. Nelson Trust

David B. Pinkley

Mitchell F.H. Rector

W. H. Stovall III

David E. Thompson

Paul S. Thompson Jr.

Bobby Rea Thurman

Carla Thurman Living Trust Rev.

Robert B. Warden

EXHIBIT INDEX

Exhibit 1	Coinsurance Agreement
Exhibit 2	Memorial Securities Schedule
Exhibit 3	Memorial Disclosure Schedule
Exhibit 4	Security National/Southern Security Disclosure Schedule