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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarter ended June 30, 2008, or

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

Commission file number: 0-9341

SECURITY NATIONAL FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

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

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

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Securities Exchange Act of 1934. (Check one)

Larger accelerated filer [ ]   Accelerated filer [ ]   Non-accelerated filer [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934):Yes_No [x]

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

Class A Common Stock, $2.00 par value	7,889,180
Title of Class	Number of Shares Outstanding as of July 31, 2008
Class C Common Stock, $.20 par value	8,492,392
Title of Class	Number of Shares Outstanding as of July 31, 2008

SECURITY NATIONAL FINANCIAL CORPORATION AND SUBSIDIARIES
FORM 10-Q

QUARTER ENDED JUNE 30, 2008

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

PART II - OTHER INFORMATION

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

Assets	June 30, 2008	December 31, 2007
Investments:		
Fixed maturity securities, held to maturity, at amortized cost	$ 104,778,670	$ 116,896,016
Fixed maturity securities, available for sale, at estimated fair value	2,247,533	2,880,920
Equity securities, available for sale, at estimated fair value	5,376,761	5,900,292
Mortgage loans on real estate and construction loans, net of allowances for losses	136,267,068	92,884,055
Real estate, net of accumulated depreciation	10,984,579	7,946,304
Policy, student and other loans net, of allowances for doubtful accounts	17,097,034	16,860,874
Short-term investments	8,902,339	5,337,367
Accrued investment income	3,016,616	3,032,285
Total investments	288,670,600	251,738,113
Cash and cash equivalents	22,991,876	5,203,060
Mortgage loans sold to investors	9,659,907	66,700,694
Receivables, net	14,349,188	13,743,682
Restricted assets of cemeteries and mortuaries	5,876,053	5,711,054
Cemetery perpetual care trust investments	1,681,098	1,604,600
Receivable from reinsurers	763,256	746,336
Cemetery land and improvements	10,311,865	9,760,041
Deferred policy and pre-need contract acquisition costs	32,232,270	30,786,229
Property and equipment, net	14,449,080	14,828,699
Value of business acquired	11,254,562	11,686,080
Goodwill	1,028,026	1,075,039
Other	4,355,462	4,579,018
Total Assets	$ 417,623,243	$ 418,162,645

See accompanying notes to condensed consolidated financial statements.

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

	June 30, 2008	December 31 2007
Liabilities and Stockholder's Equity		
Liabilities		
Future life, annuity, and other benefits	$ 299,631,068	$ 296,068,767
Unearned premium reserve	5,044,073	4,995,664
Bank loans payable	4,908,453	12,552,666
Notes and contracts payable	582,441	818,810
Deferred pre-need cemetery and mortuary contract revenues	13,030,893	12,643,199
Accounts payable	2,101,446	1,833,188
Other liabilities and accrued expenses	12,378,878	14,812,845
Income taxes	17,918,784	16,179,596
Total liabilities	355,596,036	359,904,735
Non-Controlling Interest in Perpetual Care Trusts	2,542,289	2,473,758
Stockholders' Equity		
Common Stock:		
Class A: common stock, $2.00 par value; 20,000,000 shares authorized; issued 7,889,180 shares in 2008 and 7,885,268 shares in 2007	15,778,360	15,770,458
Class B: non-voting common stock, $1.00 par value; 5,000,000 shares authorized; none issued or outstanding	-	-
Class C: convertible common stock, $0.20 par value; 15,000,000 shares authorized; issued 8,492,392 shares in 2008 and 8,530,699 in 2007	1,698,478	1,706,140
Additional paid-in capital	17,878,290	17,737,172
Accumulated other comprehensive income and other items, net of taxes	1,651,392	1,596,791
Retained earnings	24,579,795	21,104,156
Treasury stock at cost; 1,069,470 Class A shares in 2008 and 1,104,484 Class A shares in 2007	(2,101,397)	(2,130,565)
Total stockholders' equity	59,484,918	55,784,152
Total Liability and Stockholders' Equity	$ 417,623,243	$ 418,162,645

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Revenues:				
Insurance premiums and other considerations	$ 9,114,934	$ 7,906,334	$ 17,850,532	$ 15,868,609
Net investment income	7,548,332	9,009,038	14,752,582	16,952,496
Net mortuary and cemetery sales	3,391,243	3,434,182	6,981,238	6,945,119
Realized gains (losses) on investments and other assets	17,252	758,199	40,169	736,668
Mortgage fee income	40,106,305	33,079,231	73,595,595	62,601,118
Other	224,129	128,904	403,579	258,030
Total revenues	60,402,195	54,315,888	113,623,695	103,362,040
Benefits and expenses				
Death benefits	4,341,123	4,081,699	9,137,986	8,173,978
Surrenders and other policy benefits	350,874	463,580	972,145	1,072,202
Increase in future policy benefits	3,686,400	2,930,517	6,763,257	5,673,985
Amortization of deferred policy and pre-need acquisition costs and value of business acquired	1,264,612	1,362,645	2,412,983	2,723,485
Selling general and administrative expenses:				
Commissions	26,926,585	24,855,478	49,662,971	47,295,202
Salaries	6,649,609	5,901,947	12,915,438	11,686,845
Other	11,515,070	8,538,985	21,277,760	15,746,867
Interest expense	1,952,591	4,158,004	4,144,076	7,257,325
Cost of goods and services sold-mortuaries and cemeteries	628,083	663,183	1,304,896	1,314,923
Total benefits and expenses	57,314,947	52,956,038	108,591,512	100,944,812
Earning before income taxes	3,087,248	1,359,850	5,032,183	2,417,228
Income tax expense	(986,615)	(328,822)	(1,556,094)	(641,659)
Net earnings	$ 2,100,633	$ 1,031,028	$ 3,476,089	$ 1,775,569
Net earnings per Class A Equivalent common share (1)	$ 0.27	$ 0.14	$ 0.45	$ 0.24
Net earnings per Class A Equivalent common share-assuming dilution (1)	$ 0.27	$ 0.13	$ 0.45	$ 0.23
Weighted-average Class A equivalent common share outstanding (1)	7,658,943	7,465,526	7,652,661	7,463,277
Weighted-average Class A equivalent common shares outstanding assuming-dilution (1)	7,734,590	7,737,444	7,739,747	7,722,412

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

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	$ 69,090,748	$ (16,613,660)
Cash flows from investing activities:		
Securities held to maturity:		
Purchase-fixed maturity securities	(2,174,222)	(2,026,486)
Calls and maturities - fixed maturity securities	15,027,422	5,756,249
Securities available for sale:		
Purchase-fixed maturity securities	(14,699)	(76,974)
Sales-equity securities	605,059	789,494
Purchase of short-term investments	(21,403,313)	(10,817,321)
Sales of short-term investments	17,838,341	8,395,280
Purchase of restricted assets	(203,619)	(243,851)
Changes in assets for perpetual care trusts	(107,256)	(89,321)
Amount received for perpetual care trusts	68,531	74,019
Mortgage, policy, and other loans made	(68,267,113)	(32,831,713)
Payments received for mortgage, policy and other loans	23,154,837	47,986,468
Purchase of property and equipment	(737,074)	(1,981,495)
Disposal of property and equipment	81,352	730,242
Purchase of real estate	(3,682,210)	(1,219,465)
Sale of real estate	446,596	1,195,183
Net cash provided by (used in) investing activities	(39,367,368)	15,640,309
Cash flows from financing activities:		
Annuity contract receipts	6,627,935	2,954,809
Annuity contract withdrawals	(10,812,757)	(6,136,505)
Stock Options Excercised	126,581	-
Sale of treasury stock	23,376	-
Repayment of bank loans on notes and contracts	(10,447,759)	(787,138)
Proceeds from borrowing on bank loans	2,548,060	1,826,400
Net cash used in financing activities	(11,934,564)	(2,142,434)
Net cash in cash and cash equivalents	17,788,816	(3,115,785)
Cash and cash equivalents at beginning of period	5,203,060	10,376,585
Cash and cash equivalents at end of period	$ 22,991,876	$ 7,260,800

See accompanying notes to condensed consolidated financial statements.

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Articles 8 and 10 of Regulation S-X. Accordingly, they do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. These financial statements should be read in conjunction with the consolidated financial statements of the Company and notes thereto for the year ended December 31, 2007, included in the Company's Annual Report on Form 10-K (file number 0-9341). In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008.

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

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

Certain 2007 amounts have been reclassified to bring them into conformity with the 2008 presentation.

2. Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations*, and SFAS No. 160, *Non-controlling Interests in Consolidated Financial Statements*. SFAS No. 141(R) requires an acquirer to measure the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree at their fair values on the acquisition date, with goodwill being the excess value over the net identifiable assets acquired. SAFS No. 160 clarifies that a non-controlling interest in a subsidiary should be reported as equity in the consolidated financial statements, consolidated net income should be adjusted to include the net income attributed to the non-controlling interest and consolidated comprehensive income shall be adjusted to include the comprehensive income attributed to the non-controlling interest. The calculation of earnings per share will continue to be based on income amounts attributable to the parent. SFAS No. 141(R) and SFAS No. 160 are effective for financial statements issued for fiscal years beginning after December 15, 2008. Early adoption is prohibited. The Company has not yet determined the effect on our consolidated financial statements upon adoption of SFAS No. 141(R) or SFAS No. 160.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities*. SFAS No. 161 amends SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* to require enhanced disclosures concerning the manner in which an entity uses derivatives (and the reasons it uses them), the manner in which derivatives and related hedged items are accounted for under SFAS No. 133 and interpretations thereof, and the effects that derivatives and related hedged items have on an entity's financial position, financial performance, and cash flows. SFAS No. 161 is effective for financial statements of fiscal years and interim periods beginning after November 15, 2008. The Company has not yet determined the effects on its consolidated financial statements, if any, that may result upon the adoption of SFAS 161.

During 2008, the Company determined not to elect the fair value option under SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities,* and continues to record unrealized gains and losses in accumulated other comprehensive income.

3. Comprehensive Income

For the three months ended June 30, 2008 and 2007, total comprehensive income amounted to $738,984 and $1,134,604, respectively. This decrease of $395,620 was primarily the result of an increase in net income of $1,069,605, a decrease in derivatives of $1,264,909, and a decrease in unrealized gains and losses in securities available for sale of $200,316.

For the six months ended June 30, 2008 and 2007, total comprehensive income amounted to $3,530,690 and $2,440,663, respectively. This increase of $1,090,027 was primarily the result of an increase in net income of $1,700,520, an increase in derivatives of $364,867, and a decrease in unrealized gains and losses in securities available for sale of $975,360.

4. Stock-Based Compensation

The Company has four fixed option plans (the “1993 Plan,” the “2000 Plan”, the “2003 Plan” and the “2006 Plan”). Compensation cost of $118,113 and $-0- has been recognized for these plans for the quarters ended June 30, 2008 and 2007, respectively. Compensation cost of $118,113 and $-0- has been recognized for these plans for six months ended June 30, 2008 and 2007, respectively.

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

The weighted-average fair value of each option granted during the six months ended June 30, 2008 under the 2003 Plan and 2006 Plan is estimated at $2.15 per share as of the grant date using the Black-Scholes Option Pricing Model with the following assumptions: dividend yield of 5%, volatility of 40%, risk-free interest of 3.4%, and an expected life of ten years.

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

5. Earnings Per Share

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

	Three Months Ended June 30,	
	2008	2007
Numerator:		
Net earnings	$ 2,100,633	$ 1,031,028
Denominator:		
Basic weighted-average shares outstanding	7,658,943	7,465,526
Effect of dilutive securities:		
Employee stock options	75,647	257,075
Employee deferred compensation rights	-	14,843
Dilutive potential common shares	75,647	271,918
Diluted weighted-average shares outstanding	7,734,590	7,737,444
Basic earnings per share	$ 0.27	$ 0.14
Diluted earnings per share	$ 0.27	$ 0.13

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

	Six Months Ended June 30,	
	2008	2007
Numerator:		
Net income	$ 3,476,089	$ 1,775,569
Denominator:		
Basic weighted-average shares outstanding	7,652,661	7,463,277
Effect of dilutive securities:		
Employee stock options	87,086	244,292
Employee deferred compensation rights	-	14,843
Dilutive potential common shares	87,086	259,135
Diluted weighted-average shares outstanding	7,739,747	7,722,412
Basic earnings per share	$ 0.45	$ 0.24
Diluted earnings per share	$ 0.45	$ 0.23

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

6. Business Segment

	Life Insurance	Cemetery/ Mortuary	Mortgage	Reconciling Items	Consolidated
For the Three Months Ended June 30, 2008					
Revenues from external customers	$ 13,115,350	$ 3,724,913	$ 43,561,932	$ -	$ 60,402,195
Intersegment revenues	1,349,995	23,001	91,197	(1,464,193)	-
Segment profit (loss) before income taxes	547,131	(15,299)	2,555,416	-	3,087,248
For the Three Months Ended June 30, 2007					
Revenues from external customers	$ 11,428,079	$ 4,347,795	$ 38,540,014	$ -	$ 54,315,888
Intersegment revenues	1,767,705	23,001	122,184	(1,912,890)	-
Segment profit (loss) before income taxes	1,039,469	588,153	(267,772)	-	1,359,850
For the Six Months Ended June 30, 2008					
Revenues from external customers	$ 25,944,742	$ 7,592,785	$ 80,086,168	$ -	$113,623,695
Intersegment revenues	2,977,824	46,002	189,187	(3,213,013)	-
Segment profit (loss) before income taxes	962,353	364,108	3,705,722	-	5,032,183
Identifiable Assets	393,089,113	63,266,862	27,116,283	(65,849,015)	417,623,243
For the Six Months Ended June 30, 2007					
Revenues from external customers	$ 23,227,261	$ 8,127,011	$ 72,007,768	$ -	$103,362,040
Intersegment revenues	3,105,062	46,002	242,344	(3,393,408)	-
Segment profit (loss) before income taxes	1,645,114	1,018,730	(246,616)	-	2,417,228
Identifiable Assets	359,542,165	58,490,187	22,721,012	(55,169,490)	385,583,874

7. Fair Value of Financial Assets and Financial Liabilities

Financial Accounting Standards Board ("FASB") Statement No. 157, *Fair Value Measurements* ("SFAS No. 157") is effective for fiscal years beginning after November 15, 2007. The Company adopted the provisions of SFAS No. 157 as of January 1, 2008 for financial assets and financial liabilities that are measured at fair value. SFAS No. 157:

- Defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and establishes a framework for measuring fair value;

- Establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation as of the measurement date;

- Expands disclosures about financial instruments measured at fair value.

Financial assets and financial liabilities recorded on the Condensed Consolidated Balance Sheet at fair value are categorized based on the reliability of inputs to the valuation techniques as follows:

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

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

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

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

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

The following tables summarize Level 1, 2 and 3 financial assets and financial liabilities by their classification in the Condensed Consolidated Statement of Balance Sheet at June 30, 2008.

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

	Level 1	Level 2	Level 3	Valued at amortized cost	Balance as of June 30, 2008
Financial Assets					
Fixed maturity securities	$ 2,247,533	$ -	$ -	$104,778,670	$107,026,203
Equity securities	5,376,761	-	-	-	5,376,761
Mortgage loans	-	-	6,301,897	129,965,171	136,267,068
Short-term investments	8,902,339	-	-	-	8,902,339
Total Investment in Financial Assets	16,526,633	-	6,301,897	234,743,841	257,572,371
Mortgage loans sold to investors	-	-	9,659,907	-	9,659,907
Other assets	-		2,620,651	1,734,811	4,355,462
Total Financial Assets	$ 16,526,633	$ -	$ 18,582,455	$236,478,652	$271,587,740
Financial Liabilities					
Other liabilities	$ -	$ -	$ (989,249)	$ (11,389,629)	$ (12,378,878)
Total Financial Liabilities	$ -	$ -	$ (989,249)	$ (11,389,629)	$ 12,378,878

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

	Mortgage Loans	Mortgage Loans Sold to Investors	Other Assets	Other Liabilities
Balance - December 31, 2007	$ 4,152,985	$ 66,700,694	$ 2,809,225	$ (2,182,109)
Total Gains (Losses):				
Included in earnings	(1,720,125)	-	-	-
Included in other comprehensive income	-	-	(188,574)	1,192,860
Purchases, issuances, and settlements	3,869,037	(20,750,044)	-	-
Transfers	-	(36,290,743)	-	-
Balance - June 30, 2008	$ 6,301,897	$ 9,659,907	$ 2,620,651	$ (989,249)

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

The items shown under level three are valued as follows:

Mortgage loans. Mortgage loans have been adjusted to the realizable market value based upon appraisals from third party appraisers.

As of June 30, 2008, the Company had $28,838,000 in unpaid principal in its long term mortgage portfolio, which was delinquent more than 120 days. Of this amount $23,314,000 is in foreclosure proceedings. The Company has not accrued any interest income on these loans. During the six months ending June 30, 2008, the Company had increased its allowance for mortgage loan losses by $1,720,000 which allowance was charged to loan loss expense and is included in other general and administrative expenses for the period. The allowance for mortgage loan losses as of June 30, 2008 was $2,706,000.

Also at June 30, 2008, the Company had foreclosed on $7,414,000 in long term mortgage loans. The foreclosed property is shown in real estate. The Company will be able to carry the foreclosed property in Security National Life and SecurityNational Mortgage, its life and mortgage subsidiaries, and will rent the properties until it is feasible to sell.

In addition to the allowance for mortgage loan losses, the Company also accrues a monthly allowance for indemnification losses to investors of 17.5 basis points of total production. The amount accrued for the six months ended June 30, 2008 was $3,308,000 and is included in other general and administrative expenses. The reserve for indemnification losses is included in other liabilities and, as of June 30, 2008, the balance was $2,167,000. The Company believes the loan loss reserves are sufficient to cover reasonably foreseeable future loan losses and that its formula for determining the provision for such reserves is adequate.

Mortgage loans sold to investors. Through the Company's mortgage banking operations loans have been sold to third party investors. The value shown is the amount due from these investors based upon the market values at the time of the sale. During the second quarter of 2008, the Company repurchased and transferred $36,291,000 of mortgage loans previously sold to investors to its long-term mortgage portfolio.

The Company through its wholly owned subsidiary SecurityNational Mortgage Company ("SecurityNational Mortgage") has warehouse lines of credit with its non affiliated warehouse lenders. The total amount available under these lines of credit is $450,000,000. The terms of the lines of credit are for one year, with interest rates ranging from 1.5% to 1.75% over the six month LIBOR rate (3.96% to 4.21% as of June 30, 2008). SecurityNational Mortgage is currently in the process of renewing one of its warehouse lines that is set to expire September 30, 2008. The other line is a non-committed line and has no expiration date.

Other assets and other liabilities, derivative loan commitments. During 2005, the Company's mortgage banking activities implemented new practices relating to mortgage loan commitments, including interest rate lock commitments and forward commitments to sell loans to third-party investors. The Company also implemented a hedging strategy for these transactions. A mortgage loan commitment binds the Company to lend funds to a qualified borrower at a specified interest rate and within a specified period of time, generally up to 30 days after inception of the rate lock. Mortgage loan commitments are derivatives under Statement of Financial Accounting Standards No. 133 ("SFAS 133"), *Accounting for Derivative Instruments and Hedging Activities*, as amended by Statement of Financial Accounting Standards No. 149 *("SFAS 149"), Amendment of Statement 133 on Derivative Instruments and Hedging Activities* and must be recognized at fair value on the consolidated balance sheet with changes in their fair values recorded as part of other comprehensive income from mortgage banking operations.

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

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

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

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

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

8. Other Business Activity

On December 29, 2006, the Company, through its wholly owned subsidiary, Security National Life Insurance Company (“Security National Life”), entered into an agreement to sell Southern Security Life Insurance Company (“Southern Security Life”) to American Network Insurance Company ("American Network"), a Pennsylvania corporation and wholly owned subsidiary of Penn Treaty America Corporation, a Pennsylvania corporation. The transaction was subject to and conditioned upon the subsequent approval of the transaction by the Florida Office of Insurance Regulation, the Florida Department of Financial Services, and the Pennsylvania Department of Insurance by an agreed upon date.

The transaction to sell Southern Security Life was rescinded because the regulatory authorities did not approve the transaction as required. As a result of the rescission of the transaction, Articles of Dissolution of Security National Life were filed with the Florida Division of Corporations on December 24, 2007. The filing of the Articles of Dissolution completed the liquidation of Southern Security Life in accordance with the terms of the Agreement and Plan of Complete Liquidation of Southern Security Life into Security National Life, which had been approved on December 12, 2005.

8. Other Business Activity (Continued)

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

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

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

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

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

8. Other Business Activity (Continued)

In June 2007, the Company completed the sale of the Colonial Funeral Home property to the Utopia Station Development Corp. for $730,242, net of selling costs of $44,758. The Colonial Funeral Home ceased operations in July 2006 and has been inactive since that date. The carrying amount on the Company's financial statements on June 20, 2007 was $148,777. As a result of the sale, including payment of selling expenses, the Company recognized a gain of $581,465. The Company received an initial payment of $15,242, with the remaining amount due of $715,000 to be paid in a lump sum within a year from the date of sale.

On July 16, 2007, the Company acquired all of the membership interests of C & J Financial, LLC. The results of C & J Financial's operations have been included in the consolidated financial statements from July 16, 2007.

On December 20, 2007, the Company, through its wholly owned subsidiary, Security National Life, acquired all of the outstanding common stock of Capital Reserve Life Insurance Company, a Missouri domiciled insurance company. The results of Capital Reserve Life's operations have been included in the consolidated financial statements from December 17, 2007.

The $2,100,000 of funds held in escrow by the Company's law firm have been included in the accompanying consolidated balance sheet at December 31, 2007 in receivables with the $1,966,760 liability payable to the shareholders included in other liabilities and accrued expenses.

The following unaudited pro forma information has been prepared to present the results of operations of the Company assuming the acquisitions of C & J Financial and Capital Reserve Life had occurred at the beginning of the year ended December 31, 2007. This pro forma information is supplemental and does not necessarily present the operations of the Company that would have occurred had the acquisitions occurred on that date and may not reflect the operations that will occur in the future:

	Unaudited Pro Forma	
	Three Months Ended June 30, 2007	Six Months ended June 30, 2007
Total revenues	$ 55,308,000	$ 105,347,000
Net earnings	$ 1,154,000	$ 2,021,000
Net earnings per Class A equivalent common share	$ 0.15	$ 0.27
Net earnings per Class A equivalent common share assuming dilution	$ 0.15	$ 0.26

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

Overview

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

Mortgage Operations

During the three and six months ended June 30, 2008, SecurityNational Mortgage experienced an increase in revenues and expenses due to the increase in loan revenue of its mortgage operations. SecurityNational Mortgage is a mortgage lender incorporated under the laws of the State of Utah. SecurityNational Mortgage is approved and regulated by the Federal Housing Administration (FHA), a department of the U.S. Department of Housing and Urban Development (HUD), to originate mortgage loans that qualify for government insurance in the event of default by the borrower. SecurityNational Mortgage obtains loans primarily from independent brokers and correspondents. SecurityNational Mortgage funds the loans from internal cash flows and lines of credit from financial institutions. SecurityNational Mortgage receives fees from the borrowers and other secondary fees from third party investors that purchase its loans. SecurityNational Mortgage sells its loans to third party investors and does not retain servicing of these loans. SecurityNational Mortgage pays the brokers and correspondents a commission for loans that are brokered through SecurityNational Mortgage. SecurityNational Mortgage originated and sold 9,790 loans ($1,889,004,000 total volume) and 10,755 loans ($1,985,066,000 total volume), for the six months ended June 30, 2008 and 2007, respectively.

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

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

During the second quarter, the Company repurchased and transferred $36,291,000 of mortgage loans previously sold to investors to its long term mortgage loan portfolio. Of this amount $14,727,000 was in Alt A loans. The remaining amount transferred of $21,564,000 was in conforming mortgage loans which had been fully underwritten. The Company will service these loans through Security National Life its life insurance subsidiary.

Even though market conditions have improved somewhat, the Company expects further significant industry challenges to continue through the remainder of 2008. Under these circumstances it is difficult to predict profitability, if any. Profitability may be impacted by volume reduction, changes in margins, increased borrowing costs, and future loan losses. Management has taken and will continue to take a number of actions in response to the changing market conditions. These include the elimination of high risk products, modification of underwriting guidelines, closing unprofitable branch offices, obtaining new warehousing agreements at lower interest rates, and expense reduction initiatives.

As of June 30, 2008, the Company has $28,838,000 in unpaid principal in its long term mortgage portfolio which is delinquent more than 120 days. Of this amount $23,314,000 is in foreclosure proceedings. The Company has not accrued any interest income on these loans. During the six months ending June 30, 2008, the Company has increased its allowance for mortgage losses by $1,720,000 which allowance was charged to loan loss expense and is included in other general and administrative expenses for the period. The allowance for mortgage loan losses as of June 30, 2008 was $2,706,000.

Also at June 30, 2008, the Company has foreclosed on $7,414,000 in long term mortgage loans. The foreclosed property is shown in real estate. The Company will be able to carry the foreclosed property in Security National Life and SecurityNational Mortgage, its life and mortgage subsidiaries, and will rent the properties until it is feasible to sell.

In addition to the allowance for mortgage loans losses, the Company also accrues a monthly allowance for indemnification losses to investors of 17.5 basis points of total production. The amount accrued for the six months ended June 30, 2008 was $3,308,000 and is included in other general and administrative expenses. The reserve for indemnification losses is included in other liabilities and as of June 30, 2008 the balance was $2,167,000. The Company believes the loan loss reserves are sufficient to cover reasonably foreseeable future loan losses and that its formula for determining the provision for such reserves is adequate.

SecurityNational Mortgage has warehouse lines of credit with its non affiliated warehouse lenders. The total amount available under these lines of credit is $450,000,000. The terms of the lines of credit are for one year, with interest rates ranging from 1.5% to 1.75% over the six month LIBOR rate (3.96% to 4.21% as of June 30, 2008). SecurityNational Mortgage is currently in the process of renewing one of its warehouse lines that is set to expire September 30, 2008. The other line is a non-committed line and has no expiration date.

Results of Operations

Three Months Ended June 30, 2008 Compared to Three Months Ended June 30, 2007

Total revenues increased by $6,086,000, or 11.2%, to $60,402,000 for the three months ended June 30, 2008, from $54,316,000 for the three months ended June 30, 2007. Contributing to this increase in total revenues was a $7,027,000 increase in mortgage fee income, a $1,209,000 increase in insurance premiums and other considerations, and a $95,000 increase in other revenues. This increase in total revenues was partially offset by a $1,461,000 decrease in investment income, a $43,000 decrease in net mortuary and cemetery sales and a $741,000 decrease in realized gains on investments and other assets.

Insurance premiums and other considerations increased by $1,209,000, or 15.3%, to $9,115,000 for the three months ended June 30, 2008, from $7,906,000 for the comparable period in 2007. This increase was primarily due to the additional premiums realized from new insurance sales and from the acquisition of Capital Reserve Life Insurance Company on December 20, 2007.

Net investment income decreased by $1,461,000, or 16.2%, to $7,548,000 for the three months ended June 30, 2008, from $9,009,000 for the comparable period in 2007. This reduction was primarily attributable to decreased interest income from mortgage loans on real estate but partially offset by an increase in investment income from the purchase of C&J Financial and Capital Reserve Life.

Net mortuary and cemetery sales decreased by $43,000, or 1.3%, to $3,391,000 for the three months ended June 30, 2008, from $3,434,000 for the comparable period in 2007. This reduction was due to a decrease in at-need sales in the cemetery and mortuary operations and a decrease in pre-need land sales of burial spaces in the cemetery operations.

Realized gains on investments and other assets decreased by $741,000, or 97.8% to $17,000 for the three months ended June 30, 2008 from $758,000 for the comparable period in 2007. This was primarily due to a gain of $581,000 from the sale of Colonial Funeral Home in Salt Lake City during 2007.

Mortgage fee income increased by $7,027,000, or 21.2%, to $40,106,000 for the three months ended June 30, 2008, from $33,079,000 for the comparable period in 2007. This increase was primarily attributable to an increase in loan fees charged to originate loans, and secondary gain during the second quarter of 2008 on loan production at existing offices.

Other revenues increased by $95,000, or 73.6% to $224,000, for the three months ended June 30, 2008 from $129,000 for the comparable period in 2007. This increase was due to increases in several small income items throughout the Company's operations.

Total benefits and expenses were $57,315,000, or 94.9% of total revenues, for the three months ended June 30, 2008, as compared to $52,956,000, or 97.5% of total revenues, for the comparable period in 2007. This increase primarily resulted from increased loan costs at SecurityNational Mortgage Company and increases in the loan loss reserve and loan allowance balances.

Death benefits, surrenders and other policy benefits, and increase in future policy benefits increased by an aggregate of $903,000, or 12.1%, to $8,378,000 for the three months ended June 30, 2008, from $7,475,000 for the comparable period in 2007. This increase was primarily due to increased insurance business, increased reserves for policyholder benefits and death claims, and from the acquisition of Capital Reserve Life on December 20, 2007.

Amortization of deferred policy and pre-need acquisition costs and value of business acquired decreased by $98,000, or 7.2%, to $1,265,000 for the three months ended June 30, 2008, from $1,363,000 for the comparable period in 2007. This decrease was primarily due to a decrease in deferred acquisition costs associated with interest sensitive products.

General and administrative expenses increased by $5,795,000, or 14.7%, to $45,091,000 for the three months ended June 30, 2008, from $39,296,000 for the comparable period in 2007. This increase primarily resulted from an increase in commission expenses of $2,071,000, from $24,856,000 in the second quarter of 2007 to $26,927,000 in the second quarter of 2008, due to increased mortgage loan origination costs made by SecurityNational Mortgage and increased life insurance sales during the second quarter of 2008. Salaries increased by $748,000 from $5,902,000 in 2007 to $6,650,000 in 2008, primarily due to merit increases in salaries of existing employees, and an increase in the number of employees necessitated by the Company's expanding business operations. Other expenses increased by $2,976,000 from $8,539,000 in 2007 to $11,515,000 in 2008. The increase in other expenses primarily resulted from increased costs at SecurityNational Mortgage Company and increases in the loan reserve and loan allowances balance.

Interest expense decreased by $2,205,000, or 53.0%, to $1,953,000 for the three months ended June 30, 2008, from $4,158,000 for the comparable period in 2007. This reduction was primarily due to decreased warehouse lines of credit required for a reduced number of warehoused mortgage loans by SecurityNational Mortgage.

Cost of goods and services sold of the mortuaries and cemeteries decreased by $35,000, or 5.3%, to $628,000 for the three months ended June 30, 2008, from $663,000 for the comparable period in 2007. This increase was primarily due to decreased at-need cemetery sales.

Six Months Ended June 30, 2008 Compared to Six Months Ended June 30, 2007

Total revenues increased by $10,262,000, or 9.9%, to $113,624,000 for the six months ended June 30, 2008, from $103,362,000 for the six months ended June 30, 2007. Contributing to this increase in total revenues was a $10,994,000 increase in mortgage fee income, a $1,982,000 increase in insurance premiums and other considerations, a $36,000 increase in net mortuary and cemetery sales, and a $146,000 increase in other revenues. This increase in total revenues was partially offset by a $2,200,000 decrease in investment income and a $696,000 decrease in realized gains on investments and other assets.

Insurance premiums and other considerations increased by $1,982,000, or 12.5%, to $17,851,000 for the six months ended June 30, 2007, from $15,869,000 for the comparable period in 2007. This increase was primarily due to the additional insurance premiums realized from new insurance sales and from the acquisition of Capital Reserve Life Insurance Company on December 20, 2007.

Net investment income decreased by $2,200,000, or 13.0%, to $14,753,000 for the six months ended June 30, 2008, from $16,953,000 for the comparable period in 2007. This reduction was primarily attributable to decreased interest income from mortgage loans on real estate but partially offset by an increase in investment income from the purchase of C & J Financial and Capital Reserve Life.

Net mortuary and cemetery sales increased by $36,000, or 0.5%, to $6,981,000 for the six months ended June 30, 2008, from $6,945,000 for the comparable period in 2007. This increase was due to increased at-need sales in the cemetery and mortuary operations and decreased pre-need land sales of burial spaces in cemetery operations.

Realized gains on investments and other assets decreased by $696,000, or 94.6%, to $40,000 for the six months ended June 30, 2008 from $736,000 for the comparable period in 2007. This was primarily due to a one time gain of $581,000 from the sale of Colonial Funeral Home in Salt Lake City during 2007.

Mortgage fee income increased by $10,994,000, or 17.6%, to $73,595,000 for the six months ended June 30, 2008, from $62,601,000 for the comparable period in 2007. This increase was primarily attributable to an increase in the loan fees charged to originate loans, and secondary gain during the first six months of 2008 on loan production at existing offices.

Other revenues increased by $146,000, or 56.6%, to $404,000 for the six months ended June 30, 2008 from $258,000 for the comparable period in 2007. This increase was due to increases in several small income items throughout the Company’s operations.

Total benefits and expenses were $108,592,000, or 95.6% of total revenues, for the six months ended June 30, 2008, as compared to $100,945,000, or 97.7% of total revenues, for the comparable period in 2007. This increase primarily resulted from increased loan costs at SecurityNational Mortgage Company and increases in the loan loss reserve and loan allowance balances.

Death benefits, surrenders and other policy benefits, and increase in future policy benefits increased by an aggregate of $1,953,000, or 13.1%, to $16,873,000 for the six months ended June 30, 2008, from $14,920,000 for the comparable period in 2007. This increase was primarily due to increased insurance business, increased reserves for policyholder benefits and death claims, and from the acquisition of Capital Reserve Life on December 20, 2007.

Amortization of deferred policy and pre-need acquisition costs and value of business acquired decreased by $311,000, or 11.4%, to $2,413,000 for the six months ended June 30, 2008, from $2,724,000 for the comparable period in 2007. This decrease was primarily due to a decrease in deferred acquisition costs associated with interest-sensitive products.

General and administrative expenses increased by $9,127,000, or 12.2%, to $83,856,000 for the six months ended June 30, 2008, from $74,729,000 for the comparable period in 2007. This increase primarily resulted from an increase in commission expenses by $2,368,000 from $47,295,000 in 2007 to $49,663,000 in 2008, due to an increased loan origination costs made by SecurityNational Mortgage and increased life insurance sales during the first six months of 2008. Salaries increased by $1,229,000 from $11,687,000 in 2007 to $12,916,000 in 2008, primarily due to merit increases in salaries of existing employees, and an increase in the number of employees necessitated by the Company's expanding business operations. Other expenses increased by $5,531,000 from $15,747,00 in 2007 to $21,278,000 in 2008. The increase in other expenses primarily resulted from increased costs at SecurityNational Mortgage Company and increases in the loan reserve and loan allowance balance.

Interest expense decreased by $3,113,000, or 42.9%, to $4,144,000 for the six months ended June 30, 2008, from $7,257,000 for the comparable period in 2007. This reduction was primarily from decreased warehouse lines of credit required for a reduced number of warehoused mortgage loans by SecurityNational Mortgage Company.

Cost of goods and services sold by the mortuaries and cemeteries decreased by $10,000, or 0.8%, to $1,305,000 for the six months ended June 30, 2008, from $1,315,000 for the comparable period in 2007. This decrease was primarily due to decreased cemetery and mortuary sales.

Liquidity and Capital Resources

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

During the six months ended June 30, 2008, the Company's operations provided cash of $69,091,200, while cash totaling $16,614,000 was used by operations during the six months ended June 30, 2007. This was due to a decrease of $57,041,000 in the balance of mortgage loans sold to investors, which is attributed to a transfer of loans totaling $36,291,000 to long term mortgages. With the transfer into long term mortgages this lessens the amount available from Company funds for loans sold to investors.

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

The Company's investment philosophy is intended to provide a rate of return, which will persist during the expected duration of policyholder and cemetery and mortuary liabilities regardless of future interest rate movements.

The Company's investment policy is to invest predominantly in fixed maturity securities, mortgage loans, and warehousing of mortgage loans on a short-term basis before selling the loans to investors in accordance with the requirements and laws governing the life insurance subsidiaries. Bonds owned by the insurance subsidiaries amounted to $107,026,000 as of June 30, 2008, compared to $119,777,000 as of December 31, 2007. This represents 37.1% and 47.6% of the total investments as of June 30, 2008, and December 31, 2007, respectively. Generally, all bonds owned by the life insurance subsidiaries are rated by the National Association of Insurance Commissioners. Under this rating system, there are six categories used for rating bonds. At June 30, 2008, 3.4% (or $3,667,000) and at December 31, 2007, 3.1% (or $3,708,000) of the Company's total bond investments were invested in bonds in rating categories three through six, which are considered non-investment grade.

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

Financial Accounting Standards Board ("FASB") Statement No. 157, *Fair Value Measurements* ("SFAS No. 157") is effective for fiscal years beginning after November 15, 2007. The Company adopted the provisions of SFAS No. 157 as of January 1, 2008 for financial assets and financial liabilities that are measured at fair value. SFAS No. 157:

- Defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and establishes a framework for measuring fair value;

- Establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation as of the measurement date;

- Expands disclosures about financial instruments measured at fair value.

Financial assets and financial liabilities recorded on the Condensed Consolidated Balance Sheet at fair value are categorized based on the reliability of inputs to the valuation techniques as follows:

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

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

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

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

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

The following tables summarize Level 1, 2 and 3 financial assets and financial liabilities by their classification in the Condensed Consolidated Statement of Balance Sheet at June 30, 2008.

	Level 1	Level 2	Level 3	Valued at amortized cost	Balance as of June 30, 2008
Financial Assets					
Fixed maturity securities	$ 2,247,533	$ -	$ -	$104,778,670	$107,026,203
Equity securities	5,376,761	-	-	-	5,376,761
Mortgage loans	-	-	6,301,897	129,965,171	136,267,068
Short-term investments	8,902,339	-	-	-	8,902,339
Total Investment in Financial Assets	16,526,633	-	6,301,897	234,743,841	257,572,371
Mortgage loans sold to investors	-	-	9,659,907	-	9,659,907
Other assets	-		2,620,651	1,734,811	4,355,462
Total Financial Assets	$ 16,526,633	$ -	$ 18,582,455	$236,478,652	$271,587,740
Financial Liabilities					
Other liabilities	$ -	$ -	$ (989,249)	$ (11,389,629)	$ (12,378,878)
Total Financial Liabilities	$ -	$ -	$ (989,249)	$ (11,389,629)	$ 12,378,878

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

	Mortgage Loans	Mortgage Loans Sold to Investors	Other Assets	Other Liabilities
Balance - December 31, 2007	$ 4,152,985	$ 66,700,694	$ 2,809,225	$ (2,182,109)
Total Gains (Losses):				
Included in earnings	(1,720,125)	-	-	-
Included in other comprehensive income	-	-	(188,574)	1,192,860
Purchases, issuances, and settlements	3,869,037	(20,750,044)	-	-
Transfers	-	(36,290,743)	-	-
Balance - June 30, 2008	$ 6,301,897	$ 9,659,907	$ 2,620,651	$ (989,249)

The items shown under level three are valued as follows:

Mortgage loans. Mortgage loans have been adjusted to the realizable market value based upon appraisals from third party appraisers.

As of June 30, 2008, the Company had $28,838,000 in unpaid principal in its long term mortgage portfolio, which was delinquent more than 120 days. Of this amount $23,314,000 is in foreclosure proceedings. The Company has not accrued any interest income on these loans. During the six months ending June 30, 2008, the Company had increased its allowance for mortgage loan losses by $1,720,000 which allowance was charged to loan loss expense and is included in other general and administrative expenses for the period. The allowance for mortgage loan losses as of June 30, 2008 was $2,706,000.

Also at June 30, 2008, the Company had foreclosed on $7,414,000 in long term mortgage loans. The foreclosed property is shown in real estate. The Company will be able to carry the foreclosed property in Security National Life and SecurityNational Mortgage, its life and mortgage subsidiaries, and will rent the properties until it is feasible to sell.

In addition to the allowance for mortgage loan losses, the Company also accrues a monthly allowance for indemnification losses to investors of 17.5 basis points of total production. The amount accrued for the six months ended June 30, 2008 was $3,308,000 and is included in other general and administrative expenses. The reserve for indemnification losses is included in other liabilities and, as of June 30, 2008, the balance was $2,167,000. The Company believes the loan loss reserves are sufficient to cover reasonably foreseeable future loan losses and that its formula for determining the provision for such reserves is adequate.

Mortgage loans sold to investors. Through the Company's mortgage banking operations loans have been sold to third party investors. The value shown is the amount due from these investors based upon the market values at the time of the sale. During the second quarter of 2008, the Company repurchased and transferred $36,291,000 of mortgage loans previously sold to investors to its long-term mortgage portfolio.

SecurityNational Mortgage has warehouse lines of credit with its non affiliated warehouse lenders. The total amount available under these lines of credit is $450,000,000. The terms of the lines of credit are for one year, with interest rates ranging from 1.5% to 1.75% over the six month LIBOR rate (3.96% to 4.21% as of June 30, 2008). SecurityNational Mortgage is currently in the process of renewing one of its warehouse lines that is set to expire September 30, 2008. The other line is a non-committed line and has no expiration date.

Other assets and other liabilities, derivative loan commitments. During 2005, the Company's mortgage banking activities implemented new practices relating to mortgage loan commitments, including interest rate lock commitments and forward commitments to sell loans to third-party investors. The Company also implemented a hedging strategy for these transactions. A mortgage loan commitment binds the Company to lend funds to a qualified borrower at a specified interest rate and within a specified period of time, generally up to 30 days after inception of the rate lock. Mortgage loan commitments are derivatives under Statement of Financial Accounting Standards No. 133 ("SFAS 133"), *Accounting for Derivative Instruments and Hedging Activities*, as amended by Statement of Financial Accounting Standards No. 149 *("SFAS 149"), Amendment of Statement 133 on Derivative Instruments and Hedging Activities* and must be recognized at fair value on the consolidated balance sheet with changes in their fair values recorded as part of other comprehensive income from mortgage banking operations.

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

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

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

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

The Company is subject to risk based capital guidelines established by statutory regulators requiring minimum capital levels based on the perceived risk of assets, liabilities, disintermediation, and business risk. At June 30, 2008, and December 31, 2007, the life insurance subsidiary exceeded the regulatory criteria.

The Company’s total capitalization of stockholders’ equity, and bank debt and notes payable was $64,976,000 as of June 30, 2008, as compared to $69,120,000 as of December 31, 2007. Stockholders’ equity as a percent of total capitalization was 92% and 81% as of June 30, 2008 and December 31, 2007, respectively. Bank debt and notes payable decreased $7,881,000 for the six months ended June 30, 2008 when compared to December 31, 2007, thus increasing the stockholders equity percentage.

Lapse rates measure the amount of insurance terminated during a particular period. The Company’s lapse rate for life insurance in 2007 was 7.9% as compared to a rate of 8.4% for 2006. The 2008 lapse rate to date has been approximately the same as 2007.

At June 30, 2008, $20,484,000 of the Company’s consolidated stockholders’ equity represents the statutory stockholders’ equity of the Company’s life insurance subsidiaries. The life insurance subsidiaries cannot pay a dividend to its parent company without the approval of insurance regulatory authorities.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no significant changes since the annual report Form 10-K filed for the year ended December 31, 2007.

Item 4. Controls and Procedures

(a) *Evaluation of disclosure controls and procedures* – The Company’s principal executive officer and principal financial officer have reviewed and evaluated the effectiveness of the Company’s disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”) as of June 30, 2008. Based on that evaluation, the principal executive officer and the principal financial officer have concluded that the Company’s disclosure controls and procedures are effective, providing them with material information relating to the Company as required to be disclosed in the reports the Company files or submits under the Exchange Act on a timely basis.

(b) Changes in internal controls – There were no significant changes in the Company’s internal controls over financial reporting or in other factors that could significantly affect the Company’s internal controls and procedures subsequent to the date of their most recent evaluation, nor were there any significant deficiencies or material weaknesses in the Company’s internal controls. As a result, no corrective actions were required or undertaken.

Part II Other Information

Item 1. Legal Proceedings

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

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

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

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

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

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

Item 1A. Risk Factors

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

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

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

During the second quarter the company repurchased and transferred $36,291,000 of mortgage loans previously sold to investors to its long term mortgage loans portfolio. Of this amount $14,727,000 was in Alt A Loans. The remaining amount transferred of $21,564,000 was in conforming mortgage loans which had been fully underwritten. The Company will service these loans through Security National Life its life insurance subsidiary.

As of June 30, 2008, the Company had $28,838,000 in unpaid principal in its long term mortgage portfolio, which was delinquent more than 120 days. Of this amount $23,314,000 is in foreclosure proceedings. The Company has not accrued any interest income on these loans. During the six months ending June 30, 2008, the Company had increased its allowance for mortgage loan losses by $1,720,000 which allowance was charged to loan loss expense and is included in other general and administrative expenses for the period. The allowance for mortgage loan losses as of June 30, 2008 was $2,706,000.

Also, at June 30, 2008, the Company had foreclosed on $7,414,000 in long term mortgage loans. The foreclosed property is shown in real estate. The Company will be able to carry the foreclosed property in Security National Life and SecurityNational Mortgage, its life and mortgage subsidiaries, and will rent the properties until it is feasible to sell.

In addition to the allowance for mortgage loan losses, the Company also accrues a monthly allowance for indemnification losses to investors of 17.5 basis points of total production. The amount accrued for the six months ended June 30, 2008 was $3,308,000 and is included in other general and administrative expenses. The reserve for indemnification losses is included in other liabilities, and as of June 30, 2008, the balance was $2,167,000. The Company believes the loan loss reserves are sufficient to cover reasonably foreseeable future loan losses and that its formula for determining the provision for such reserves is adequate.

SecurityNational Mortgage has warehouse lines of credit with its non affiliated warehouse lenders. The total amount available under these lines of credit is $450,000,000. The terms of the lines of credit are for one year, with interest rates ranging from 1.5% to 1.75% over the six month LIBOR rate (3.96% to 4.21% as of June 30, 2008). SecurityNational Mortgage is currently in the process of renewing one of its warehouse lines that is set to expire September 30, 2008. The other line is a non-committed line and has no expiration date.

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

None

Item 3. Defaults Upon Senior Securities

None

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

None

Item 5. Other Information

Liquidation of Southern Security Life Insurance Company

On December 24, 2007, the liquidation of Southern Security Live Insurance Company (“Southern Security Life”) was completed when Articles of Dissolution of Southern Security Life were filed with the Florida Division of Corporations. Southern Security Life was formerly a Florida domiciled insurance company and wholly owned subsidiary of Security National Life Insurance Company (“Security National Life”). Southern Security Life was liquated following the rescission by the Company of the transaction to sell Southern Security Life to American Network Insurance Company, a Pennsylvania domiciled insurance company. The transaction was subject to approval by the Florida Office of Insurance Regulation and other regulatory authorities by an agreed upon date. Because the Florida Office of Insurance Regulation did not approve the transaction by the required date, the transaction was rescinded.

Southern Security Life was liquidated in accordance with the terms of the Agreement and Plan of Complete Liquidation, which the Board of Directors of both the Company and Security National Life approved on December 12, 2005. Under the terms of the agreement, Southern Security Life was liquidated into Security National Life in essentially the same manner as the liquidation described in Private Letter Ruling 9847027 in order to achieve the same tax treatment and consequences under Section 332 of the Internal Revenue Code of 1986, as amended, and other applicable provisions described in such letter ruling. Pursuant to the Agreement and Plan of Complete Liquidation, all of the insurance business and operations of Southern Security National Life including $48,528,000 in assets and liabilities, were transferred to Security National Life on December 28, 2005, by means of a reinsurance agreement. Southern Security Life's remaining assets, including its capital and surplus, were transferred to Security National Life effective December 29, 2006.

Acquisition of Capital Reserve Life Insurance Company

On December 20, 2007, the Company, through its wholly owned subsidiary, Security National Life, completed a stock purchase transaction with Capital Reserve Life Insurance Company, a Missouri domiciled insurance company ("Capital Reserve"), and its shareholders to purchase all of the outstanding shares of common stock of Capital Reserve from its shareholders. Under the terms of the stock purchase agreement, Security National Life paid the shareholders of Capital Reserve at closing purchase consideration equal to the capital and surplus of Capital Reserve as of September 30, 2007 in the amount of $1,271,327, plus the interest maintenance reserve in the amount of $30,667 and the asset valuation reserve in the amount of $212,393 as of September 30, 2007, plus $1,037,967, less certain adjustments. The adjustments consist of any losses related to two litigation matters involving Capital Reserve and $152,269, representing the difference in the amount of Capital Reserve's adjusted capital and surplus at closing, or $1,119,108, compared to the amount of Capital Reserve's adjusted capital and surplus on September 30, 2007, or $1,271,377.

As the of December 31, 2006, Capital Reserve had 10,851 policies in force and approximately 30 agents. For the year ended December 31, 2006, Capital Reserve had revenues of $5,663,000 and a net loss of $244,000. As of December 31, 2006, the statutory assets and the capital and surplus of Capital Reserve were $24,084,000 and $1,960,000, respectively.

At the closing of the transaction, Security National Life and Capital Reserve entered into a reinsurance agreement to reinsure the majority of the in force business of Capital Reserve, as reinsurer, to the extent permitted by the Missouri Department of Insurance. Under the terms of the reinsurance agreement, Security National Life paid a ceding commission to Capital Reserve in the amount of $1,738,000. In addition, following the payment of the ceding commission, Capital Reserve declared a dividend to Security National Life in the amount of $1,738,000. The Missouri Insurance Department approved both the reinsurance agreement and the dividend payment. The dividend payment was approved subject to Capital Reserve maintaining capital and surplus of at least $1,500,000.

As a result of the reinsurance agreement, certain insurance business and operations of Capital Reserve were transferred to Security National Life, including all policies in force as of the effective date thereof. Any future business by Capital Reserve is covered by this reinsurance agreement. Consequently, except for capital and surplus of $1,500,000, $23,500,000 in assets and liabilities were transferred from Capital Reserve to Security National Life pursuant to the reinsurance agreement. Following the closing of the transaction, Capital Reserve will continue to sell and service life insurance, annuity products, accident and health insurance, and funeral plan insurance.

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

(a)(1) Financial Statements

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

(a)(2) Financial Statement Schedules

None

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

(3) Exhibits

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

3.1 Articles of Restatement of Articles of Incorporation (4)
3.2 Amended Bylaws (6)
4.1 Specimen Class A Stock Certificate (1)
4.2 Specimen Class C Stock Certificate (1)
4.3 Specimen Preferred Stock Certificate and Certificate of Designation of Preferred Stock (1)
10.1 Restated and Amended Employee Stock Ownership Plan and Trust Agreement (1)
10.2 2003 Stock Option Plan (5)
10.3 2006 Director Stock Option Plan (12)
10.4 Deferred Compensation Agreement with George R. Quist (2)
10.5 Deferred Compensation Plan (3)
10.6 Employment agreement with J. Lynn Beckstead, Jr. (7)
10.7 Employment agreement with Scott M. Quist (8)
10.8 Agreement and Plan of Complete Liquidation of Southern Security Life Insurance Company into Security National Life Insurance Company (9)
10.9 Assignment between Southern Security Life Insurance Company and Security National Life Insurance Company(9)
10.10 Assignment between Southern Security Life Insurance Company and Security National Life Insurance Company (10)
10.11 U nit Purchase Agreement among Security National Financial Corporation, C & J Financial, LLC, Henry Culp, Jr., and Culp Industries Inc.(11)
10.12 Consulting Agreement with Henry Culp, Jr., (11)
10.13 Employment Agreement with Kevin O. Smith (11)
10.14 Non-Competition and Confidentiality Agreement with Henry Culp, Jr. (11)
10.15 Stock Purchase Agreement among Security National Life Insurance Company, Capital Reserve Life Insurance Company, and the shareholders of Capital Reserve Life Insurance Company (12)
10.16 Indemnification Agreement among Security National Life Insurance Company, Capital Reserve Life Insurance Company, and the shareholders of Capital Reserve Life Insurance Company (13)
10.17 Escrow Agreement among Security National Insurance Company, Capital Reserve Life Insurance Company, the shareholders of Capital Reserve Life Insurance Company, and Mackey Price Thompson & Ostler as Escrow Agent (13)
10.18 Reinsurance Agreement between Security National Life Insurance Company and Capital Reserve Life Insurance Company (13)
10.19 Subsidiaries of the Registrant
31.1 Certification pursuant to 18 U.S.C. Section 1350, as enacted by Section 302 of the Sarbanes-Oxley Act of 2002
31.2 Certification pursuant to 18 U.S.C. Section 1350, as enacted by Section 302 of the Sarbanes-Oxley Act of 2002
32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

---

(1) Incorporated by reference from Registration Statement on Form S-1, as filed on June 29, 1987
(2) Incorporated by reference from Annual Report on Form 10-K, as filed on March 31, 1989
(3) Incorporated by reference from Annual Report on Form 10-K, as filed on April 3, 2002

(4) Incorporated by reference from Report on Form 8-K/A as filed on January 8, 2003
(5) Incorporated by reference from Schedule 14A Definitive Proxy Statement, Filed on June 5, 2003, relating to the Company's Annual Meeting of Shareholders
(6) Incorporated by reference from Report on Form 10-Q, as filed on November 14, 2003
(7) Incorporated by reference from Report on Form 10-K, as filed on March 30, 2004
(8) Incorporated by reference from Report on Form 10-Q, as filed on August 13, 2004
(9) Incorporated by reference from Report on Form 8-K, as filed on January 12, 2007
(10) Incorporated by reference from Report on Form 10-K, as filed on March 31, 2007
(11) Incorporated by reference from Report on Form 8-K, as filed on August 8, 2007
(12) Incorporated by reference from Report on Form 8-K, as filed November 2, 2007
(13) Incorporated by reference from Report on Form 8-K, as filed January 14, 2008

(b) Reports on Form 8-K:

No reports were filed by the company during the quarter ended June 30, 2008.

SIGNATURES

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

REGISTRANT

SECURITY NATIONAL FINANCIAL CORPORATION
Registrant

Dated: August 14, 2008	By: s/s George R. Quist George R. Quist Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
Dated: August 14, 2008	By: s/s Stephen M. Sill Stephen M. Sill Vice President, Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

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

I, George R. Quist, certify that:

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

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

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

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15-d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant to have:

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

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

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

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

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

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

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

Dated: August 14, 2008

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

Exhibit 31.2

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

I, Stephen M. Sill, certify that:

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

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

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

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15-d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant to have:

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

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

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

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

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

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

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

Dated: August 14, 2008

By: Stephen M. Sill
Vice President, Treasurer and Chief Financial Officer

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

In connection with the Quarterly Report of Security National Financial Corporation (the “Company”) on Form 10-Q for the period ending June 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, George R. Quist, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

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

Dated: August 14, 2008

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

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

In connection with the Quarterly Report of Security National Financial Corporation (the “Company”) on Form 10-Q for the period ending June 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stephen M. Sill, Vice President, Treasurer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

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

Dated: August 14, 2008

By: Stephen M. Sill
Vice President, Treasurer and Chief Financial Officer