FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1996-12-30** | Period of Report: **1996-09-30**
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FILER

SECURITY LAND & DEVELOPMENT CORP

CIK:**88572**| IRS No.: **581088232** | State of Incorp.:**GA** | Fiscal Year End: **0930**
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U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-KSB

[X] ANNUAL REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)

For the fiscal year ended September 30, 1996

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from ----------------- to -----------------

Commission File Number 0-7865.

SECURITY LAND AND DEVELOPMENT CORPORATION
(A GEORGIA CORPORATION)
INTERNAL REVENUE SERVICE
EMPLOYER IDENTIFICATION NUMBER 58-1088232
2816 WASHINGTON ROAD, #103, AUGUSTA, GA 30909
TELEPHONE NUMBER 706-736-6334

Securities registered pursuant to Section 12(b) of the Act

None

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

Common Stock

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the 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 ------

Check if there is no disclosure of delinquent filers pursuant to Item 405 of Regulation S-B contained in this form, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [X]

The registrant's total revenues for the fiscal year ended September 30, 1996 were $617,164.

As of the close of the period covered by this report, registrant had outstanding 5,237,607 shares of common stock. There is no established market for the common stock of the registrant. Therefore, the aggregate market value of the voting stock held by non-affiliates of the registrant is not known.

DOCUMENTS INCORPORATED BY REFERENCE

NONE

PART I.

ITEM 1. DESCRIPTION OF BUSINESS

Security Land and Development Corporation (the "Company") was organized and incorporated in Georgia in 1970. The Company, including its wholly owned subsidiary, the Royal Palms Motel, Inc., has developed two (2) primary business activities, these activities being (1) the acquisition of undeveloped land for investment purposes and sale at a future date or development of the land and sale after developed and, (2) the acquisition or development of income producing properties for investment purposes and income from leasing activities. The Company's principal office and activities are in Augusta, Georgia.

The Company's primary development and income producing activities are:

1. Retail stip center on approximately 15 acres on Washington Road in Augusta. Approximately 56,000 square feet is being leased to Publix Supermarkets, Inc. and is operated as a retail food supermarket. The remaining 13,000 square feet of rental space is available for lease to other tenants. The Company has obtained tenants for and is leasing approximately 40% of the 13,000 square feet. Subsequent to September 30, 1996, the Company obtained additional tenants for this space, for a total occupancy of 80% of the

13,000 square feet. The Company is currently seeking additional tenants for the remaining space. The Company owns approximately 35 acres of undeveloped land adjacent to the strip center and is marketing this property for sale as commercial and residential real estate.

2. Building on approximately 1.6 acres of land in Augusta. Leased to a single tenant for operation as a restaurant.

3. Bulk warehouse storage facility in Athens, Georgia. The Company owns and has available for lease approximately 248,000 square feet of storage space.

4. Commercial property on Washington Road in Augusta, currently leased as a single family home.

The Company owns certain other properties that are described in Item 2.

Construction of the retail strip center in Augusta was completed in May 1995 and the lease with Publix became effective May 15, 1995. The center represents approximately 90% of the Company's net leased assets. Leasing revenue from the lease with Publix Supermarkets, Inc. represented 88% and 71% of the Company's total leasing revenue for the years ended September 30, 1996 and 1995, respectively. Management of the Company expects this lease to continue to provide a substantial portion of the Company's revenue from leasing. See "Description of Properties" for additional information related to this property and the lease agreement.

The land and building in Augusta leased for operation as a restaurant provided 7% and 17% of the Company's total leasing revenue for the years ended September 30, 1996 and 1995, respectively. See "Description of Properties" for additional information related to this property and lease agreement.

The bulk storage warehouse facility in Athens provided 2% and 6% of the Company's total leasing revenue for the years ended September 30, 1996 and 1995, respectively. Occupancy of the warehouse has been less than 10% annually for the past three years. While there are no known competing bulk warehouses in Athens, the demand for bulk storage space has been insufficient to obtain substantial occupancy. Management of the Company does not expect leasing revenue from this facility to contribute substantially to the Company's continuing leasing revenue. See "Description of Properties" for additional information related to this property and lease agreements.

The Company owns additional undeveloped land in Dublin, Georgia and in the Augusta, Georgia area that is being held for investment purposes.

A significant portion of the Company's real estate owned is on or near Washington Road in Augusta, Georgia. The area contains a large number of business establishments. Management of the Company believes that land in this area is in great demand and that the market value of the property owned is greater than the carrying value.

The Company presently has three part-time employees, all of whom are officers and stockholders of the Company.

ITEM 2. DESCRIPTION OF PROPERTIES

The Company owns developed and undeveloped real estate in several locations in the State of Georgia. There are no limitations on the percentage of assets which may be invested in any one property or type of property. The Company acquires various properties for investment purposes and for leasing activities.

The Company currently owns the following properties:

1. Strip center on approximately 15 acres on Washington Road in Augusta, Georgia.

2. Approximately 35 acres of undeveloped land on Washington Road in Augusta, Georgia, adjacent to the strip center owned by the Company.

3. Approximately 1.6 acres with 3,300 square foot commercial building on Washington Road in Augusta, Georgia.

4. Bulk warehouse storage facility on approximately 15 acres in Athens, Georgia.

5. A 68% interest in 3.68 acres with a residential structure on Washington Road in Augusta, Georgia.

6. A 68% interest in 6.92 undeveloped acres on Washington Road in Augusta, Georgia.

7. 108 undeveloped acres in south Richmond County, Georgia.

8. A one-acre lot adjacent to the Royal Palms Motel in Augusta, Georgia.

9. One lot on Stanley Drive in Augusta, Georgia.

10. One undeveloped lot in Dublin, Georgia.

Construction of the retail strip center on Washington Road was completed May 1995. The center has 69,000 square feet of available lease space. The Company has leased 56,000 square feet to Publix Supermarkets, Inc., which, as the center's anchor store, operates a retail food supermarket. The Company, as lessor, has a twenty year lease agreement with Publix. The lease became effective May 15, 1995. The lease provides for annual rentals of $463,205, and for the Company to receive 1.25% of this store's annual gross sales in excess of approximately $37 million. For the Company's years ended September 30, 1996 and 1995, the supermarket had not achieved this sales level. The lease also provides for Publix to reimburse the Company for property taxes paid on the facility on a pro rata basis of the space occupied by Publix. For 1996 this reimbursement was approximately $29,000. At the lessee's option the lease may be extended in five year increments for an additional twenty years on substantially the same lease terms. As part of the lease agreement, Publix contributed approximately $500,000 to the construction of the facility. The Company capitalized this contribution and is recognizing it as revenue over the twenty year life of the lease. The center, excluding land, cost approximately $4,800,000. The Company has financed the center with a $4,300,000 loan fixed at 7.875% interest amortized monthly for twenty years. Annual principal and interest payments are $427,596. The loan is secured by the center and the assignment of lease payments from the property. At September 30, 1996, the Company had leased approximately 40% of the 13,000 square feet not leased to Publix. Subsequent to September 30, 1996, the Company obtained tenants for approximately an additional 40% of this space. These individual leases have terms of from three to five years with monthly lease payments ranging from $900 to $1,300. Following is certain information regarding the strip center at September 30, 1996:

Occupancy rate - 93%.

Effective rental rates -

	Square Feet Leased	Rental Per Square Foot
Publix Supermarkets, Inc.	56,146	$ 8.25
Other tenants	5,200	11.94

Schedule of lease expirations for each of the next ten years, beginning with the Company's year end September 30, 1997, (includes leases obtained subsequent to September 30, 1996, does not include potential extensions).
<TABLE>
<CAPTION>

	Number of tenants whose leases will expire	Total area in square feet covered by expiring leases	Annual rental represented by expiring leases	Percentage of gross annual rental represented by expiring leases
<S>	<C>	<C>	<C>	<C>
1997 - 1998	-	-	$ -	- %
1999	2	3,900	41,760	7
2000	2	3,900	56,556	10
2001	1	1,300	18,199	4
2002	1	1,300	15,450	3
2003 - 2006	-	-	-	-

</TABLE>

The Federal tax basis of the center, excluding land, is $4,832,561. Accumulated depreciation is $302,783. The building and structure is being depreciated by the straight-line method over 39 years. The site work of the center is being depreciated by the 150% declining balance method over 15 years. Total property taxes on the center for 1996 were $36,304.

The approximately 35 acres of undeveloped land adjacent to the strip center has a Federal tax basis of $212,976. There is no debt on the property. The land is accessed from Washington Road and Stanley Drive. The Company is currently marketing this property for sale as professional and residential real estate.

The 1.6 acres with 3,300 square foot commercial structure on Washington Road in Augusta, Georgia is currently leased to an establishment that operates the property as a restaurant. The current lease agreement expires December 1997. Annual lease payments are $44,000. The lease requires the lessee to pay substantially all costs associated with the property including insurance, taxes and repairs. There is no debt on the property. The Federal tax basis of the property, excluding land, is $99,100. Accumulated depreciation is $25,530. The property is being depreciated by the straight-line method over 31.5 years. The Federal tax basis of the land is $300,900. The average effective annual rental rate for the building space was $13.45 per square foot for the year ended September 30, 1996. Property taxes on the land and building combined are $5,260.

The warehousing facility located in Athens, Georgia is known as Chase Park and is located on approximately 15 acres of land on Barber, Oneta and Chase Streets. The facility consists of two structures with a combined total space of 248,000 square feet. There are thirty-five warehouse compartments that are individually leased. The structures are wood frame with metal siding and have brick fire walls separating warehouse compartments at various points. The facility was constructed in approximately 1902. Some of the 248,000 square feet is in need of repairs and is not in a leasable condition. This facility is currently for sale by the Company. Based on square feet, the warehouse was approximately 5% leased at September 30, 1996. The Company is seeking additional tenants, however, the demand for bulk warehouse space in Athens has not been sufficient to maintain tenants. The Company leases warehouse space on a relatively short-term basis, generally

not extending beyond a one-year term. There is no debt on the property. The Federal tax basis of the property net of accumulated depreciation of $520,333 is $246,405 at September 30, 1996. The property is being depreciated by the straight-line method over an average life of eighteen years. Annual real estate taxes are approximately $6,000. Due to the low occupancy of the warehouse, presentation of average annual effective rental rates would not provide meaningful information.

The combined Federal tax basis, for depreciation purposes, of the remaining investment properties of the Company is approximately $150,000.

All of the properties owned by the Company are owned in fee simple interest, except for properties where a percentage is stated.

In the opinion of management of the Company, all of the properties owned by the Company are adequately covered by insurance.

Management of the Company is planning to construct a building at the west end of the retail strip center on land owned by the Company. The building will be leased by the Company as commercial property. The Company is negotiating a lease of this property to Blockbuster Video. Substantially all planning and negotiations related to this potential construction and lease occurred subsequent to September 30, 1996.

ITEM 3. LEGAL PROCEEDINGS

The Company is presently not a party to any matters of litigation.

ITEM 4. SUBMISSION OF MATTERS TO SECURITY HOLDERS

No matters were submitted to a vote of the Company's security holders for the quarter ended September 30, 1996.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

There is no public trading market for the Company's securities. The approximate number of holders of the Company's common stock is 693.

No dividends have been declared or paid during the two years ending September 30, 1996. The Company has no restrictions that currently, or that may reasonably be expected to limit materially the amount of dividends paid.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The Company's primary business activities are the acquisition, development and leasing of developed and undeveloped real estate. The objectives of the Company are capital appreciation from real estate investments and income from leasing.

RESULTS OF OPERATIONS

<TABLE>
<CAPTION>

			INCREASE (DECREASE) 1996 COMPARED TO 1995	
	1996	1995	AMOUNT	PERCENT
<S>	<C>	<C>	<C>	<C>
Leasing revenue	$ 617,164	$258,981	$358,183	138.3 %
Operating expenses	301,664	248,613	53,051	21.3
Interest expense	334,096	120,990	213,016	176.0
Timber sale	8,010	61,386	(53,376)	(87.0)
Land sale	-	30,229	(30,229)	(100.0)
Net loss	19,368	24,021	(4,653)	(19.4)

Revenue from leasing activities is provided by the following properties:

	1996	1995
Retail strip center	$544,537	$183,786
Bulk storage warehouse	14,220	15,891
Commercial building, operated as a restaurant	43,800	45,245
Other	14,607	14,059

</TABLE>

The retail strip center was completed in May 1995, with 1996 being the first full twelve month period of operations. Annual lease payments from Publix are $463,205. At September 30, 1996, the Company had leased approximately 40% of the additional space available for lease. However, due to these leases beginning near the fiscal year end, the positive impact on revenues will be greater in the Company's next fiscal year. In addition, the Company obtained tenants for an additional 40% of the remaining space shortly after year end. Management expects this increase in the occupancy of the center to provide approximately $100,000 annually in additional revenue. Management expects the strip center to continue to be a principal activity of the Company and to continue to provide a substantial portion of the Company's operating revenue. As discussed in Item 2, management is currently planning for an addition to this property.

Revenue from the bulk storage warehouse has remained constant from 1995. Occupancy of the warehouse has been less than 10% annually for the last three years. Management is seeking additional tenants for the warehouse, however, management is not aware of developments in the Athens area that may increase the demand for warehouse space. As discussed in Item 2, this property is currently for sale by the Company.

Revenue from the commercial building operated as a restaurant is consistent with the prior year due to a continuing lease agreement with the single tenant occupying the building. The revenue from

the lease on this property represented 7% and 17% of total gross leasing revenue for the years ended September 30, 1996 and 1995, respectively. This property is located on Washington Road in Augusta. This road has a high traffic volume and is the location of many other business establishments. The Company believes the property is in a favorable location and that the demand for building space in this area will continue. The property is currently for sale by the Company.

Payroll bonus expense decreased $45,000, or 100.0% from 1995. During 1995 the Company's Board of Directors approved a bonus to the President for his contributions during the building of the retail strip center.

Depreciation expense increased $80,628, or 142.4% from 1995 due to 1996 being the first full twelve month period of depreciation on the retail strip center. Management expects depreciation for 1997 to be consistent with 1996.

Repairs and maintenance expense increased $3,697, or 44.6% from 1995 due to costs related to a full year of operations of the strip center. Management expects repairs and maintenance expense for 1997 to be consistent with 1996.

Property tax expense increased $23,025, or 65.4% from 1995. The 1996 property tax expense represents the first tax assessment of the strip center. Management expects property tax expense for 1997 to be consistent with 1996.

Professional services expense decreased $17,965, or 55.0% from 1995 due to certain costs related to completion of the strip center occurring in 1995. Management expects professional services expense for 1997 to be consistent with 1996.

Interest expense increased $213,106, or 176.1% from 1995 due to 1996 being the first full year of debt service on the strip center. Management expects interest expense for 1997 to be consistent with 1996.

Revenue from timber sales and land sales have declined from 1995. These types of sales are not recurring activities of the Company and are not expected to be substantial or continuing sources of revenue for the Company.

The liquidity of the Company declined during 1996 as the Company utilized current assets to fund operations. The ratio of current assets to current liabilities was .23 at September 30, 1996, and was .34 at September 30, 1995. The Company satisfied current year liquidity needs through operating revenue and a $24,000 short-term loan from a director of the Company. The loan was repaid this year. Management of the Company expects future liquidity needs to be met from operating revenues of the Company. Management of the Company expects the Company's future liquidity position to be enhanced by the additional lease revenues to be generated from the 80% occupancy of the additional space at the strip center.

The Company believes that the market value of much of the real estate owned by the Company is greater than the original cost and that significant value has been added to the real estate by the continued development and decreasing supply of vacant land in the area. These properties are available as a source of capital to the Company.

ITEM 7. FINANCIAL STATEMENTS

The following consolidated financial statements of Security Land & Development Corporation and Subsidiary are included herein:
<TABLE>
<CAPTION>

</TABLE>

[LETTERHEAD OF CHERRY, BEKAERT & HOLLAND GOES HERE.]

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Security Land and Development
Corporation and Subsidiary
Augusta, Georgia

We have audited the accompanying consolidated balance sheet of Security Land and Development Corporation and Subsidiary as of September 30, 1996, and the related consolidated statements of income, stockholders' equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Security Land and Development Corporation and Subsidiary as of September 30, 1996, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

CHERRY, BEKAERT & HOLLAND, L.L.P.

Augusta, Georgia
November 27, 1996

/s/ CHERRY, BEKAERT & HOLLAND

[LETTERHEAD OF MAULDIN & JENKINS GOES HERE.]

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Security Land and Development
Corporation and Subsidiary
Augusta, Georgia

We have audited the accompanying consolidated balance sheet of Security Land and Development Corporation and Subsidiary as of September 30, 1995, and the related consolidated statements of income, stockholders' equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Security Land and Development Corporation and Subsidiary as of September 30, 1995, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

MAULDIN & JENKINS, LLC

Augusta, Georgia
December 12, 1995

/s/ MAULDIN & JENKINS, LLC

SECURITY LAND AND DEVELOPMENT CORPORATION
AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 1996 AND 1995

ASSETS

<TABLE>
<CAPTION>

<S>	1996 <C>	1995 <C>
CURRENT ASSETS		
Cash and cash equivalents	$ 24,097	$ 77,811
Income tax receivable	-	12,125
Other current assets	141	141
Lease payments receivable	29,406	-
TOTAL CURRENT ASSETS	53,644	90,077
INVESTMENTS AND OTHER ASSETS		
Land and improvements, at cost	317,014	307,719
Property leased to others under operating leases, less accumulated depreciation 1996 $739,995; 1995 $602,741	5,640,400	5,777,392
Deferred income taxes	17,238	17,238
TOTAL INVESTMENTS AND OTHER ASSETS	5,974,652	6,102,349
	$6,028,296	$6,192,426

</TABLE>

LIABILITIES AND STOCKHOLDERS' EQUITY

<TABLE>
<CAPTION>

CURRENT LIABILITIES <S>	<C>	<C>
Accounts payable	$ 3,517	$ 3,517
Accrued expenses	12,920	14,253
Accrued bonus	-	45,000
Accrued property taxes	60,957	34,414
Current maturities of long-term debt	101,766	113,935
Short-term loans	50,500	50,500
TOTAL CURRENT LIABILITIES	229,660	261,619
LONG-TERM DEBT, less current maturities	4,081,761	4,183,527
DEFERRED TAXES	20,260	6,646
DEFERRED INCOME	460,154	484,805
STOCKHOLDERS' EQUITY		
Common stock, par value $.10 per share, authorized 30,000,000 shares; issued 6,237,607 shares	623,761	623,761
Additional paid-in capital	333,766	333,766
Retained earnings	378,934	398,302
	1,336,461	1,355,829
Less subscribed shares (1,000,000 shares)	100,000	100,000
TOTAL STOCKHOLDERS' EQUITY	1,236,461	1,255,829
	$6,028,296	$6,192,426

See notes to consolidated financial statements.
</TABLE>

SECURITY LAND AND DEVELOPMENT CORPORATION
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED SEPTEMBER 30, 1996 AND 1995

<TABLE>
<CAPTION>

	1996	1995
<S>	<C>	<C>
REVENUE, rents earned	$ 617,164	$ 258,981
OPERATING EXPENSES		
Payroll and related costs	40,922	37,157
Payroll bonus	-	45,000
Depreciation	137,254	56,626
Repairs and maintenance	11,994	8,297
Property taxes	58,216	35,191
Commissions	3,144	7,070
Professional services	14,647	32,612
Insurance	9,460	8,553
Rent	5,200	3,500
Other	20,827	14,607
	301,664	248,613
Operating income	315,500	10,368
NONOPERATING INCOME (EXPENSE)		
Interest income	4,832	1,266
Interest expense	(334,096)	(120,990)
Gain on sale of timber from investment property	8,010	61,386
Gain on sale of land	-	30,229
	(321,254)	(28,109)
(Loss) before income taxes	(5,754)	(17,741)
APPLICABLE INCOME TAXES	13,614	6,280
Net (loss)	$(19,368)	$(24,021)
(LOSS) PER COMMON SHARE	$(0.00)	$(0.00)

</TABLE>

See notes to consolidated financial statements.

SECURITY LAND AND DEVELOPMENT CORPORATION
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

YEARS ENDED SEPTEMBER 30, 1996 AND 1995

<TABLE>
<CAPTION>

	Common Stock					
	Shares	Par Value	Paid-In Capital	Retained Earnings	Subscribed Shares	Total Stockholders' Equity
<S>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE, SEPTEMBER 30, 1994	6,237,607	$623,761	$333,766	$422,323	$100,000	$1,279,850
Net (loss)	-	-	-	(24,021)	-	(24,021)
BALANCE, SEPTEMBER 30, 1995	6,237,607	623,761	333,766	398,302	100,000	1,255,829
Net (loss)	-	-	-	(19,368)	-	(19,368)
BALANCE, SEPTEMBER 30, 1996	6,237,607	$623,761	$333,766	$378,934	$100,000	$1,236,461

</TABLE>

See notes to consolidated financial statements.

SECURITY LAND AND DEVELOPMENT CORPORATION
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 1996 AND 1995

<TABLE>
<CAPTION>

<S>	1996 <C>	1995 <C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from leases	$ 563,107	$ 250,764
Income tax refund	12,125	6,539
Interest received	4,832	1,266
Cash paid to suppliers and employees	(184,200)	(144,657)
Interest paid	(334,096)	(120,990)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	61,768	(7,078)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of timber	8,010	61,386
Proceeds from sale of land	-	43,311
Purchase of property and equipment	(9,557)	(5,457)
Disbursement on construction in progress	-	(24,083)
Cash received for loan commitment	-	64,500
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(1,547)	139,657
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	24,000	45,000
Repayments of short-term loans	(24,000)	(45,000)
Principal payments on long-term debt	(113,935)	(67,271)
NET CASH USED IN FINANCING ACTIVITIES	(113,935)	(67,271)
Net increase (decrease) in cash and cash equivalents	(53,714)	65,308
Cash and cash equivalents		
Beginning	77,811	12,503
Ending	$ 24,097	$ 77,811

</TABLE>

SECURITY LAND AND DEVELOPMENT CORPORATION
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED

YEARS ENDED SEPTEMBER 30, 1996 AND 1995

<TABLE>
<CAPTION>

<S>	1996 <C>	1995 <C>
RECONCILIATION OF NET (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net (loss)	$(19,368)	$(24,021)

Adjustments to reconcile net (loss) to net cash provided by (used in) operating activities		
Depreciation	137,254	56,626
Amortization of deferred income	(24,651)	(8,217)
(Gain) on sale of timber	(8,010)	(61,386)
(Gain) on sale of land	-	(30,229)
Changes in assets and liabilities:		
Decrease in tax receivable	12,125	6,539
(Increase) in lease payments receivable	(29,406)	-
Increase (decrease) in accounts payable and accrued expenses	(19,790)	47,330
Increase in deferred tax liabilities	13,614	6,280
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 61,768	$(7,078)
SUPPLEMENTAL SCHEDULES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Draws from construction loan, made through third-party developer	$ -	$2,814,582
Letter of credit from related party, returned when permanent financing was obtained	$ -	$ 64,500
Conversion of construction loan to permanent financing	$ -	$4,300,000
Contribution to construction costs, made by major tenant of property leased by the Company	$ -	$ 493,022
Transfer of land from investment to property leased to others	$ -	$ 300,000

</TABLE>

See notes to consolidated financial statements.

SECURITY LAND AND DEVELOPMENT CORPORATION
AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 1996 AND 1995

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

Security Land and Development Corporation is engaged in the acquisition of developed and undeveloped real estate to be held for investment purposes or to be developed and leased as income producing property. Acquired and leased properties are within the State of Georgia, predominantly in Richmond, Columbia and Clark counties.

Royal Palms Motel, Inc., a wholly-owned subsidiary of Security Land and Development Corporation, is presently not engaged in business operations. The assets and liabilities of the subsidiary are not significant to the consolidated statement presentation.

For the years ended September 30, 1996 and 1995, substantially all operating revenues earned and operating expenses incurred were related to the activity of real estate leasing. For 1996 and 1995, approximately 90% of net leased assets consisted of a retail strip center of which approximately 80% is leased to a regional food supermarket.

During the years ended September 30, 1996 and 1995, leasing revenues were received from predominantly two properties. A commercial building operated as a restaurant provided approximately 10% and 20% of gross leasing revenues for the years, respectively. The building is leased to a single tenant. The retail strip center provided approximately 90% and 70% of gross leasing revenue for the years, respectively. Substantially all of this revenue was from the lease with the regional food supermarket.

SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation - The consolidated financial statements include the accounts of Security Land and Development Corporation and its wholly-owned subsidiary, Royal Palms Motel, Inc., (described on a consolidated basis as the "Company"). Significant intercompany transactions and accounts are eliminated in consolidation.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition - The Company recognizes rental and lease payments as revenue in the lease period to which the payment relates. Revenue from sales of real estate is recognized when appropriate actions have been completed by purchaser and seller to support revenue recognition.

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property, equipment and land - Property, equipment and land is stated at cost.

Depreciation of property and equipment is computed principally by the straight-line method over the following estimated useful lives:

Property leased to others	30 - 40 years
Fixtures and furnishings	5 - 7 years

Maintenance and repairs of property and equipment are charged to operations and major improvements which extend the useful life of the assets are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and the gain or loss is included in income in the period of disposition.

Cash and cash equivalents - For purposes of reporting cash flows, the Company considers financial instruments of a demand nature to be cash equivalents.

Income taxes - The Company files a consolidated tax return.

Provisions for income taxes are based on amounts reported in the consolidated statements of income and include deferred taxes on temporary differences in the recognition of income and expense for tax and financial statement purposes. Deferred taxes are computed on the liability method.

Earnings per share - Earnings per share are calculated on the basis of the weighted average number of shares outstanding. The Company has no stock option plans.

New accounting pronouncement - During the current fiscal year the Company adopted Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments". The statement requires disclosure of fair value information about financial instruments of the Company. In cases where quoted market prices are not available for certain financial instruments, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used.

NOTE 2 - INVESTMENT IN LEASES AND PROPERTY UNDER OPERATING LEASES

Property leased or held for lease to others under operating leases consists of the following at September 30, 1996 and 1995:

<TABLE>
<CAPTION>

	1996	1995

<S> <C> <C>

Land	$ 813,660	$ 813,660
Warehouse and buildings	5,566,735	5,556,473
	6,380,395	6,380,133
Less accumulated depreciation	739,995	602,741
	$5,640,400	$5,777,392

</TABLE>

SECURITY LAND AND DEVELOPMENT CORPORATION
AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

SEPTEMBER 30, 1996 AND 1995

NOTE 2 - INVESTMENT IN LEASES AND PROPERTY UNDER OPERATING LEASES (CONTINUED)

The Company's primary leasing activities are a retail strip center and a commercial building operated as a restaurant.

Approximately 80% of the retail strip center is leased to a regional food supermarket. The lease requires minimum annual rental payments of $463,200, expires in 2015 and is renewable for a total of an additional twenty years at substantially the same lease terms. The lease provides for the supermarket to pay for interior maintenance and utilities and property taxes on a proportional basis.

In construction of the retail strip center, the supermarket contributed approximately $500,000 to the cost of the construction. The Company has recorded this contribution as a deferred revenue and is recognizing the revenue using the straight-line method over the twenty-year life of the lease with the supermarket.

The lease agreement also provides for the Company to receive each year 1.25% of the individual supermarket's gross sales in excess of approximately $37 million. For 1996 and 1995, the supermarket did not achieve this sales level.

The commercial building is leased to a single tenant that operates a restaurant on the property. The lease agreement requires minimum annual rental payments of $44,400, expires December 1997, and requires the lessee to pay property taxes, insurance and substantially all other costs associated with the property.

At September 30, 1996, future minimum lease payments under the operating lease agreements for the retail strip center and the commercial building are as follows (not including potential extensions):

<TABLE>
<CAPTION>

<S> <C>

1997	$ 507,600
1998	474,300
1999	463,200
2000	463,200
2001	463,200
Thereafter	5,867,200
	$8,238,700

</TABLE>

The Company has other lease agreements that are short-term in nature and are not material for inclusion in the above presentation.

NOTE 3 - SHORT-TERM LOANS - RELATED PARTY

Short-term loans from a director of the Company consisted of the following at September 30, 1996 and 1995:

<TABLE>
<CAPTION>

	1996	1995
<S>	<C>	<C>
Cash advances, no stated interest rate or		

maturity date, unsecured	$50,500	$50,500
	=======	=======

</TABLE>

NOTE 4 - LONG-TERM DEBT

Long-term debt consisted of the following at September 30, 1996 and 1995:

<TABLE>
<CAPTION>

<S>	1996 <C>	1995 <C>
8.5% note payable to a director of the Company, due in monthly payments of $4,055, including interest, through February 1996, collateralized by real estate.	$ -	$ 19,852
7.875% note payable to an insurance company due in monthly payments of $35,633, including interest, through June 2015, collateralized by retail strip center and assignment of lease payments from the property.	4,183,527	4,277,610
	----------	----------
	4,183,527	4,297,462
Less current maturities	101,766	113,935
	----------	----------
	$4,081,761	$4,183,527
	==========	==========

</TABLE>

Aggregate maturities of long-term debt are due as follows:

<TABLE>

<S>	<C>
1997	$ 101,766
1998	110,076
1999	119,064
2000	128,786
2001	139,302
Later	3,584,533

	$4,183,527
	==========

</TABLE>

In 1996, total interest incurred and expensed was $334,096. In 1995, total interest incurred was $206,490, of which $85,500 was capitalized, and $120,990 was expensed.

NOTE 5 - RELATED PARTY TRANSACTIONS

The Company has entered into transactions with directors, officers and major stockholders or business entities in which these parties have significant financial interests. These transactions for 1996 and 1995 are summarized as follows:

<TABLE>
<CAPTION>

<S>	1996 <C>	1995 <C>
DIRECTOR AND STOCKHOLDER, rental commission	$2,184	$3,360
	======	======
DIRECTOR, PRESIDENT AND STOCKHOLDER, management fee	$ 960	$ 900
	======	======

</TABLE>

NOTE 5 - RELATED PARTY TRANSACTIONS (CONTINUED)

	1996	1995
DIRECTOR AND STOCKHOLDER:		
Short-term loans		
Beginning balance	$ 50,500	$ 50,500
Advances	24,000	35,000
Payments	(24,000)	(35,000)
Ending balance	$ 50,500	$ 50,500
Payments on long-term debt	$ 19,852	$ 44,881
Interest on long-term debt	$ 424	$ 3,781
DIRECTOR AND STOCKHOLDER, short-term loan, (advanced and repaid in 1995)	$ -	$ 10,000
STOCKHOLDER, rental commission	$ 2,600	$ -

NOTE 6 - INCOME TAXES

The total income taxes in the consolidated statements of income are as follows:

	Year Ended September 30, 1996	1995
Deferred tax expense (benefit)	$(1,224)	$15,960
Net change, deferred tax valuation allowance	14,838	(9,680)
Deferred tax expense	$13,614	$ 6,280

The Company's provision for income taxes differs from the amounts computed by applying the Federal income tax statutory rates to (loss) before income taxes. A reconciliation of the differences is as follows:

	September 30, 1996		September 30, 1995	
	Amount	Percent	Amount	Percent
Tax (benefit) at statutory rate	$(863)	-%	$(2,661)	(15)%
Increase (decrease) in income taxes resulting from:				
Valuation allowance	14,838	-	9,680	55
Other, net	(361)	-	(739)	(5)
Provision for income taxes	$13,614	-%	$ 6,280	35%

NOTE 6 - INCOME TAXES - CONTINUED

Net deferred tax assets consist of the following components as of September 30, 1996 and 1995:

<TABLE>
<CAPTION>

<S>	1996 <C>	1995 <C>
DEFERRED TAX ASSETS:		
Accrued compensation bonus	$ -	$ 6,750
Loss carryforwards	41,756	20,168
	41,756	26,918
Less valuation allowance	24,518	9,680
	17,238	17,238
DEFERRED TAX LIABILITIES, leased property	20,260	6,646
	$(3,022)	$10,592

</TABLE>

During the year ended September 30, 1995, the Company recorded a valuation allowance of $9,680 on the deferred tax assets. For the year ended September 30, 1996, the Company recorded a net adjustment to the valuation allowance of $14,838, for a total valuation allowance of $24,518. The valuation allowance is to reduce the recorded deferred tax assets to an amount that management believes will ultimately be realized. Realization of deferred tax assets is dependent upon sufficient future taxable income during the period that deductible temporary differences and carryforwards are expected to be available to reduce taxable income.

Net operating loss carryforwards for tax purposes as of September 30, 1996 have the following expiration dates:

<TABLE>
<CAPTION>

Expiration date <S>	Amount <C>
2008	$ 86,191
2009	18,016
2010	173,323
	$277,530

</TABLE>

NOTE 7 - FAIR VALUES OF FINANCIAL INSTRUMENTS

Methods and assumptions of determining estimated fair value, and the estimated fair values of the Company's financial instrument assets and liabilities are as follows at September 30, 1996:

Cash and cash equivalents - Due to their demand nature, the estimated fair value approximates the carrying amount.

NOTE 7 - FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Short-term loans - These are loans from a related party that have no stated interest rate or stated maturity date. Due to the nature of these loans, a comparable type instrument does not exist and an estimated fair value cannot be determined.

Long-term debt - The fair value of the long-term debt is estimated based on management's estimate of interest rates available to the Company for comparable debt having similar remaining maturities and collateral requirements. The estimated fair value at September 30, 1996 was approximately $4,030,000, compared to the carrying amount of $4,183,527.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The independent certified public accountants reporting on the September 30, 1995 year resigned as of May 15, 1996. The accountants' report on the financial statements for either of the past two years did not contain an adverse opinion or disclaimer of opinion, nor were such reports modified as to uncertainty, audit scope, or accounting principle.

The decision to change accountants was not recommended or approved by the Board of Directors or an audit or similar committee of the Board of Directors.

As to the Company's two most recent fiscal years or any later interim period, there were no disagreements with the accountants on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedures, which, if not resolved to the accountants' satisfaction, would have caused it to make reference to the subject matter of the disagreement(s) in connection with the report. The accountants did not advise the Company of any of the following:

1. That internal controls necessary to develop reliable financial statements did not exist;

2. That information has come to the attention of the former accountants which made it unwilling to rely on management's representation, un unwilling to be associated with the financial statements prepared by management, or

3. That the scope of the audit should be expanded significantly or information has come to the accountants' attention that it concluded will, or if further investigated might, materially impact the fairness or reliability of a previously issued audit report or the underlying financial statements, or the financial statements issued or to be issued covering the fiscal period(s) subsequent to the date of the most recent audited financial statements (including information that might preclude the issuance of an unqualified audit report), and the issue was not resolved to the accountants' satisfaction prior to its resignation or dismissal.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

The following table sets forth certain information for the current directors and executive officers of the Company. There are no arrangements or understandings between any officers and any other persons pursuant to the election of the officers.

<TABLE>
<CAPTION>

NAME, AGE AND POSITION	LAST FIVE YEARS BUSINESS EXPERIENCE
<S>	<C>
W. Stewart Flanagin, Jr. 48 - Chairman of Board of Directors since 1983; member of Board since 1983; brother of President; son of Director	Pharmacist and store owner of Hill Drug Company and past manager of Revco Drug Store, Inc.
T. Greenlee Flanagin 47 - President since 1983; member of Board since 1983; brother of Chairman of Board; son of Director	Licensed real estate agent
Melvin D. Barton 53 - Vice President; Member of Board since 1977	Former Chairman of Board of Directors; past partner in Barton Building Supply; president of Barton Investment Co., Inc.
M. David Alalof 52 - Secretary/Treasurer; member of Board since 1977	Former President; stockholder and agent with A.H.S., Inc., an insurance concern
E. R. Murphy 78 - Assistant Secretary/Treasurer; member of Board since 1980	Retired

W. Stewart Flanagin, Sr. 82 - Member of Board since 1983; father of Chairman; father of President and Director	Retired
John C. Bell, Jr. 48 - Member of Board since 1983	Attorney at Law
Gregory B. Scurlock 48 - Member of Board since 1983	Senior Vice President, First Union Bank, Augusta, GA
Robert M. Flanagin 38 - Member of Board since 1987; brother of Chairman; brother of President and Director; son of Director	Licensed real estate agent

</TABLE>

Section 16(a) of the Securities Exchange Act of 1934, as amended, and regulations of the SEC thereunder require the Company's executive officers and directors and persons who own more than 10% of the Company's Common Stock, as well as certain affiliates of such persons, to file initial reports of ownership and reports of changes in ownership with the SEC. Executive officers, directors and persons owning more than 10% of the Company's Common Stock are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file. Based solely on its review of the copies of such forms received by it and written representations that no other reports were required for those persons, the Company believes that during the fiscal year ended September 30, 1996 the Company's executive officers, directors and owners of more than 10% of its Common Stock complied with all filing requirements.

ITEM 10. EXECUTIVE COMPENSATION

The table below shows the compensation of the Chief Executive Officer for the three most recent fiscal years. There were no executive officers whose compensation exceeded $100,000.

<TABLE>
<CAPTION>

NAME	COMPENSATION	DATE
<S>	<C>	<C>
T. Greenlee Flanagin	$19,874	September 30, 1996
T. Greenlee Flanagin	19,034	September 30, 1995
T. Greenlee Flanagin	18,520	September 30, 1994

</TABLE>

Subsequent to September 30, 1995, the Board of Directors approved a bonus of $45,000 to be paid to T. Greenlee Flanagin for services relating to the construction period oversight and leasing of the strip center. This amount was accrued and expensed in the fiscal year ended 1995. This amount is not included in the totals above.

There were no annuity, pension or retirement benefits paid during the fiscal year ended September 30, 1996 and none are proposed to be paid to any officer or director of Security Land & Development Corporation.

The Company does not have a stock option plan.

Each Director of the Company receives compensation of $50 per Director's meeting for services performed as a Director.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Principal Shareholders:

The following table sets forth certain information regarding the beneficial ownership of the common stock as of September 30, 1996 by each person who is known to the Board of Directors of the Company to own beneficially five percent (5%) or more of the outstanding common stock.

<TABLE>
<CAPTION>

NAME OF BENEFICIAL OWNER	NUMBER OF SHARES OF COMMON STOCK BENEFICIALLY OWNED	PERCENT OF CLASS
<S>	<C>	<C>
T. Greenlee Flanagin (1)	781,205	14.9
Ann Flanagin Smith (1)	387,541	7.4

W. Stewart Flanagin, Jr. (1)	461,052	8.8
Robert Flanagin (1)	499,083	9.5
John C. Bell, Jr.	330,865	6.3

</TABLE>

(1) Combined with the following, these individuals form the "Flanagin family group":

<TABLE>

<S>	<C>	<C>
W. Stewart Flanagin, Sr.	79,585	1.5
Harriette F. Flanagin	34,008	0.6

</TABLE>

The Flanagin family group owns 2,242,474 shares which is approximately 43% of all shares of stock outstanding.

Security Ownership of Management:

The following table sets forth certain information with respect to the beneficial ownership of the common stock, as of September 30, 1996, by Directors and executive officers:

<TABLE>
<CAPTION>

NAME OF BENEFICIAL OWNER	ADDRESS	COMMON STOCK BENEFICIALLY OWNED	PERCENT OF CLASS
<S>	<C>	<C>	<C>
W. Stewart Flanagin, Jr.	1117 Glenn Avenue Augusta, GA 30904	461,052	8.8
T. Greenlee Flanagin	3326 Wheeler Road Augusta, GA 30903	781,205	14.9
Melvin D. Barton	1229 D'Antignac Street Augusta, GA 30901	25,000	0.5
M. David Alalof	P.O. Box 15637 Augusta, GA 30909	27,526	0.5
E. R. Murphy	2224 Anthony Road Augusta, GA 30904	50,000	0.9
W. Stewart Flanagin, Sr.	3052 Skinner Mill Road Augusta, GA 30909	29,585	1.5
John C. Bell, Jr.	P.O. Box 1547 Augusta, GA 30903	330,865	6.3
Gregory B. Scurlock	821 Heard Avenue Augusta, GA 30904	500	0.1
Robert M. Flanagin	3052 Skinner Mill Road Augusta, GA 30909	449,083	9.5
All Directors and officers as a group consisting of nine individuals		2,254,816	43.1

</TABLE>

The Flanagin family and all Directors and Officers as a group beneficially own 2,676,365 shares which is approximately 51.09% of all shares of stock outstanding.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In the ordinary course of business, the Company may enter into transactions with Directors, officers or security holders. During 1996 and 1995, the Company did not enter into any such transactions that are required to be presented under this Item.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits required by Item 601 of Regulation S-B.

EXHIBIT NUMBER	DESCRIPTION
11	Computation of Earnings Per Share
16	Letter on Change in Certifying Accountant
21	Subsidiaries of the Registrant
27	Financial data schedules

b) The Company filed Form 8-K on August 6, 1996, to report that the Board of Directors of the Company had elected the firm of Cherry, Bekaert & Holland, L.L.P., to audit the Company's annual consolidated financial statements.

INDEX TO EXHIBITS

<TABLE>
<CAPTION>

</TABLE>

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SECURITY LAND & DEVELOPMENT CORPORATION

(Registrant)

T. Greenlee Flanagin   December 20, 1997

T. GREENLEE FLANAGIN   (Date)
President
Chief Executive Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date so indicated.

W. Stewart Flanagin, Jr.   December 20, 1997

W. STEWART FLANAGIN, JR.   (Date)
Chairman of Board
Chief Financial Officer
Chief Accounting Officer

W. S. Flanagin, Jr.   December 20, 1997

W. S. FLANAGIN, SR.   (Date)
Director

M. David Alalof   December 20, 1997

M. DAVID ALALOF   (Date)
Secretary-Treasurer

E. R. Murphy December 20, 1997

E. R. MURPHY (Date)
Assistant Secretary-Treasurer

EXHIBIT 11. COMPUTATION OF EARNINGS PER SHARE

<TABLE>
<CAPTION>

	YEAR ENDED SEPTEMBER 30, 1996	YEAR ENDED SEPTEMBER 30, 1995
<S>	<C>	<C>
Net (loss)	$ (19,368)	$ (24,021)
Weighted average number of shares outstanding	5,237,607	5,237,607
	----------	----------
Net (loss) per common shares	(0.00)	(0.00)
	==========	==========

</TABLE>

EXHIBIT 16.

Item 4. Changes in Registrant's Certifying Accountant.

(b) Item 304(a)(1) of Regulation S-B:

304(a)(1)(i): The former accountant, Mauldin & Jenkins, resigned May 15, 1996, as stated in a letter from Mauldin & Jenkins attached hereto as Exhibit "(7)(c)(1)" and made a part hereof.

304(a)(1)(ii): Mauldin & Jenkins' report on the financial statements for either of the past two years did not contain any adverse opinion or disclaimer of opinion, nor were such reports modified as to uncertainty, audit scope, or accounting principles.

304(a)(1)(iii): As of May 15, 1996, the resignation of Mauldin & Jenkins has not yet been accepted or approved by the Board of Directors or an audit or similar committee of the Board of Directors.

304(a)(1)(iv): As to Security Land's two most recent fiscal years or any later interim period, there were no disagreements with Mauldin & Jenkins (the "Accountant") on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure, which, if not resolved to the Accountant's satisfaction, would have caused it to make reference to the subject matter of the disagreement(s) in connection with its report. The Accountant did not advise Security Land of any of the following:

(1) That internal controls necessary to develop reliable financial statements did not exist; or

(2) That information has come to the attention of the former Accountant which made it unwilling to rely on management's representations, or unwilling to be associated with the financial statements prepared by management; or

(3) That the scope of the audit should be expanded significantly, or information has come to the Accountant's attention that it concluded will, or if further investigated might, materially impact the fairness or reliability of a previously issued audit report or the underlying financial statements, or the financial statements issued or to be issued covering the fiscal period(s) subsequent to the date of the most recent audited financial statements (including information that might preclude the issuance of an unqualified audit report), and the issue was not resolved to the Accountant's satisfaction prior to its resignation or dismissal.

304(a)(2): The Company has not yet engaged other accountants.

Item 304(a)(3) of Regulation S-B:

Letter from Mauldin & Jenkins attached hereto as Exhibit "(7)(c)(2)" and made a part hereof.

Item 7. Financial Statements and Exhibits.

(C) Exhibits.

(1) Letter of Mauldin & Jenkins resignation.

(2) Letter of Mauldin & Jenkins required by Item 304(a)(3) of Regulation S-B.

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

Security Land and Development Corporation

Date

By:

T. Greenlee Flanagin, President

EXHIBIT 21. SUBSIDIARIES OF THE REGISTRANT

Royal Palms Motel, Inc. - 100% owned by Security Land & Development Corporation. Incorporated in Georgia. Presently not engaged in business activities.

<TABLE> <S> <C>

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