

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

SECURITY NATIONAL FINANCIAL CORP

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of Earliest Event Reported): December 29, 2005

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

Utah -----	0-9341 -----	87-0345941 -----
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

5300 South 360 West, Salt Lake City, Utah

(Address of principal executive offices)

84123

(Zip Code)

Registrant's Telephone Number, Including Area Code: (801) 264-1060

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

ITEM 2.01. Completion of Acquisition of Memorial Insurance Company of America.

On December 29, 2005, Security National Financial Corporation (the "Company"), through its subsidiaries, Security National Life Insurance Company, a Utah domiciled insurance company and wholly owned subsidiary of the Company, and Southern Security Life Insurance Company, a Florida domiciled insurance company and wholly owned subsidiary of Security National Life Insurance Company, completed a stock purchase transaction with Memorial Insurance Company of America, an Arkansas domiciled insurance company ("Memorial Insurance Company"), to purchase all of the outstanding shares of common stock of Memorial Insurance Company. Under the terms of the transaction, the shareholders of Memorial Insurance Company received \$13,500,000 in consideration for all of the outstanding common shares of Memorial Insurance Company, with each shareholder having received a pro rata share of the total amount of the purchase consideration based upon the number of shares such shareholder owns.

The shareholders received a total of \$13,500,000 for their shares by means of distributions, with Security National Life Insurance Company and Southern Security Life Insurance Company simultaneously contributing sufficient capital and surplus to Memorial Insurance Company to maintain its status as an admitted insurer in good standing in the state of Arkansas. The transaction is to be treated, for federal and state tax purposes, as a part sale, part redemption of the Memorial Insurance Company stock. At the closing of the transaction, the shareholders of Memorial Insurance Company sold all of their shares of Memorial Insurance Company stock to Southern Security Life Insurance Company, such shares representing all of the issued and outstanding stock of Memorial Insurance Company. As a result, Memorial Insurance Company became a wholly-owned subsidiary of Southern Security Life Insurance Company.

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

Under the terms of the transaction, as set forth in the Stock Purchase Agreement dated September 23, 2005 among Security National Life Insurance Company, Southern Security Life Insurance Company, and Memorial Insurance Company, the shareholders agree, where applicable following the closing of the transaction, to maintain any existing policies from Memorial Insurance Company that were previously sold through such shareholders' funeral and mortuary businesses and to avoid replacing any of such policies with the policies of other insurance companies. The shareholders further agree to use their reasonable best efforts to support the business and operations of Memorial Insurance Company, including, where applicable, to maintain a business relationship with Memorial Insurance Company to the extent such a business relationship existed prior to such closing.

Moreover, Security National Life Insurance Company and Southern Security Life Insurance Company agree, pursuant to the terms of the Stock Purchase Agreement, to maintain the corporate offices of Memorial Insurance Company at its current location in Blytheville, Arkansas. Furthermore, Security National Life Insurance Company and Southern Security Life Insurance Company agree to use their best efforts, following the closing, to assist Memorial Insurance Company in retaining the sales agents and brokers in its business and operations. The obligations to complete the transaction were contingent upon approval of the transaction by the Arkansas Insurance Department. A hearing was held on December 9, 2005 with the Commissioner of the Arkansas Insurance Department to consider the request to approve the transaction, and the Commissioner issued an order dated December 21, 2005 approving the transaction.

At the closing of the transaction, Security National Life Insurance Company and Memorial Insurance Company entered into a reinsurance agreement to reinsure the majority of the in force business of Memorial Insurance Company to Security National Life Insurance Company, as reinsurer, to the extent permitted by the Arkansas Insurance Department. The assets and liabilities to be reinsured under the reinsurance agreement will be deposited into a trust account, in which Zion's First National Bank has agreed to act as trustee. Under the terms of the reinsurance agreement, in the event of the insolvency of Security National Life Insurance Company, Zions First National Bank will hold the assets and liabilities in trust for purposes of the administration of the assets and liabilities with respect to such insolvency.

As a result of the execution of the reinsurance agreement, certain insurance business and operations of Memorial Insurance Company will be transferred to Security National Life Insurance Company, including all policies in force as of the effective date thereof, except for certain policies to be retained by Memorial Insurance Company. Any future insurance business by Memorial Insurance Company will be covered by this reinsurance agreement. All of the business and operations of Memorial Insurance Company are to be transferred to Security National Life Insurance Company under the terms of the reinsurance agreement, except for capital and surplus of approximately \$1,000,000. Thus, approximately \$30,091,000 in assets and liabilities will be transferred from Memorial Insurance Company to Security National Life Insurance Company pursuant to the reinsurance agreement.

At the closing of the stock purchase transaction, Memorial Insurance Company issued a \$30,091,000 note to Security National Life Insurance Company payable, together with accrued interest, within 30 days from the date of issuance. The note is to be repaid in cash or in assets to be transferred to Security National Life Insurance Company. The note is secured by the assets owned by Memorial Insurance Company. In addition, Southern Security Life Insurance Company contributed \$2,200,000 to Memorial Insurance Company at closing in consideration for the surplus note. It is anticipated that Memorial

Insurance Company will repay the surplus note in early 2006 using the proceeds from the sale of the investments in common stock that Memorial Insurance Company currently holds in its investment portfolio.

ITEM 9.01. Financial Statements and Exhibits

(a) It is impracticable for the Company to provide audited financial statements of Memorial Insurance Company at the time this report is required to be filed. The Company intends to file the required audited financial statement as soon as practicable but not later than 71 days after this report must be filed.

(b) The Company intends to file the required pro forma financial information as soon as practicable but not later than 71 days after this report must be filed.

(c) Exhibits

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

10.2 Reinsurance Agreement between Security National Life Insurance Company and Memorial Insurance Company of America.

10.3 Trust Agreement between Security National Life Insurance Company and Memorial Insurance Company of America.

10.4 Promissory Note between Memorial Insurance Company as Maker and Security National Life Insurance Company as Payee.

10.5 Security Agreement between Memorial Insurance Company as Debtor and Security National Life Insurance Company as Secured Party.

10.6 Surplus Contribution Note between Memorial Insurance Company of America as Maker and Southern Security Life Insurance Company as Payee.

10.7 Guaranty Agreement by Security National Life Insurance Company and Southern Security Life Insurance Company as Guarantors.

10.8 Administrative Services Agreement between Security National Life Insurance Company and Memorial Insurance Company of America.

* Incorporated by reference from Report on Form 8-K, as filed on September 27, 2005.

SIGNATURES

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

SECURITY NATIONAL FINANCIAL CORPORATION
(Registrant)

Date: January 4, 2006

By: /s/ Scott M. Quist

Scott M. Quist
President and Chief Operating Officer

REINSURANCE AGREEMENT

Between

MEMORIAL INSURANCE COMPANY OF AMERICA

and

SECURITY NATIONAL LIFE INSURANCE COMPANY

<TABLE>
<CAPTION>

TABLE OF CONTENTS

ARTICLES

<S>		<C>
I.	GENERAL PROVISIONS.....	1
II.	DURATION OF RISK.....	3
III.	PREMIUMS AND CONSIDERATIONS.....	4
IV.	BENEFIT PAYMENTS.....	4
V.	ACCOUNTING AND SETTLEMENTS.....	5
VI.	ARBITRATION.....	6
VII.	INSOLVENCY.....	6
VIII.	DAC TAX PROVISION.....	7
IX.	MISCELLANEOUS PROVISIONS.....	8
X.	EXECUTION AND EFFECTIVE DATE.....	9

SCHEDULES

A. POLICIES AND RISKS REINSURED

B. REINSURANCE PREMIUMS

C. COMMISSION AND EXPENSE ALLOWANCE

D. MONTHLY REPORT OF ACTIVITY AND SETTLEMENTS

EXHIBITS

1. TRUST AGREEMENT

</TABLE>

REINSURANCE AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into, effective this 29th day of December, 2005, by and between MEMORIAL INSURANCE COMPANY OF AMERICA, an Arkansas domiciled insurance company (hereinafter referred to as the "Company") and SECURITY NATIONAL LIFE INSURANCE COMPANY, a Utah domiciled insurance company (hereinafter referred to as the "Reinsurer").

The Company and the Reinsurer mutually agree to reinsure on the terms and conditions stated herein. This Agreement is an indemnity reinsurance agreement solely between the Company and the Reinsurer, and performance of the obligations of each party under this Agreement shall be rendered solely to the other party.

ARTICLE I

GENERAL PROVISIONS

1. Contracts and Risks Reinsured. The Reinsurer agrees to indemnify and the Company agrees to transfer risk to the Reinsurer, according to the terms and conditions hereof, the risks described in Schedule A hereto, which are in force on the effective date (the "Effective Date") of this Agreement; subject, however, to the same rights, offsets, counterclaims, cross claims and defenses as are available to the Company. The Reinsurer agrees to assume all of the risk relating to the policies transferred hereunder on the Effective Date and any new business written after the Effective Date, except for certain policies to be retained by the Company. No such offsets, counterclaims, cross claims or defenses are waived but the same are expressly preserved, and Reinsurer is and shall be fully subrogated thereto, either in its own name or in the name of the Company, and whether the name be now known to exist or may hereafter be discovered.

2. Coverages and Exclusions. Only risks under the life insurance policies referred to in Schedule A are reinsured under this Agreement.

3. Plan of Reinsurance. This indemnity reinsurance shall be on the coinsurance

plan. The Company and the Reinsurer shall establish, maintain, and place all assets held in relation to the reserves in trust in accordance with the terms of a certain Trust Agreement, a copy of which is attached hereto as Exhibit 1 and by this reference is made a part hereof. The assets are to be accounted for using statutory accounting principles of the state of Arkansas. On the Effective Date of this Agreement, the assets to be transferred into the trust pursuant to the Trust Agreement shall be equal to the amount of reserves transferred thereunto.

4. Reserves. The word reserves, whenever used, shall mean the statutory reserves held by the Company, or as should be held by the Company, on its NAIC Convention Blank, with respect to the policies reinsured hereunder. The Company certifies, to the best of its knowledge and belief, the actuarial accuracy of the reserves based upon the appropriate mortality table, interest assumptions, and method of calculation relating to each of the policies reinsured hereunder, and the accuracy of the outstanding balances of the policy loans, dividend deposits and coupon deposits, if any, applicable to each of the policies reinsured hereunder; provided, however, that in the event of a breach of these policies or the discovery by the Company or the Reinsurer of an error in calculation or actuarial inaccuracies, any such breach or error may be cured by the Company or the Reinsurer making a cash payment to the other, as the case may be, of the amount of any such error in calculation or actuarial inaccuracy.

5. Extracontractual Damages. In no event shall the Reinsurer indemnify nor be liable for any extracontractual damages or liability of any kind whatsoever resulting from, but not limited to, the Company's negligent, reckless or intentional wrongs, fraud, oppression, bad faith or strict liability. The Reinsurer shall indemnify the Company for any extracontractual damages or liability of any kind whatsoever resulting from but not limited to, the Reinsurer's or its agents' neglect, reckless or intentional wrong, fraud, oppression, bad faith or strict liability. The following liabilities are examples of liabilities that would be considered extracontractual: compensatory damages, damages for emotional distress, and punitive or exemplary damages.

6. Contract Administration. The Reinsurer shall administer the contracts reinsured hereunder and shall perform all accounting and other administrative functions. The Company shall make the use of its name available in such administration and shall otherwise make available all records and other material needed in such administration.

7. Inspection. At any reasonable time, the Reinsurer may inspect, during normal business hours at the principal office of the Company, the papers and any other books or documents of the Company relating to reinsurance under this Agreement. At any reasonable time, the Company may inspect, during normal business hours at the principal office of the Reinsurer, the papers and any and all other books or documents of the Reinsurer relating to reinsurance under this Agreement. Neither

the Company nor the Reinsurer will use any information obtained through any inspection pursuant to this section for purposes not relating to reinsurance under this Agreement.

8. Taxes. The allowance, if any, for any premium taxes paid in connection with the contracts reinsured hereunder shall be granted as part of the commission and expense allowance as defined in Article V below.

9. Condition. The reinsurance hereunder is subject to the same limitations and conditions as the contracts written by the Company that are reinsured hereunder, except as otherwise provided in this Agreement.

10. Misunderstandings and Oversights. If any failure to pay amounts due or to perform any other act required by this Agreement is unintentional and caused by misunderstanding and oversight, the Company and the Reinsurer will adjust the situation to what it would have been had the misunderstanding or oversight not occurred.

11. Age Adjustment. If the Company's liability under any of the contracts reinsured under this Agreement is changed because of a misstatement of age, the Reinsurer will share in the change proportionately to the amount reinsured hereunder, and the Company and the Reinsurer will make any and all proportional adjustments thereunto.

12. Reinstatements. If a contract reinsured hereunder that was reduced, terminated, or lapsed, and is subsequently reinstated, the reinsurance for such contract under this Agreement will be reinstated automatically to the amount that would be in force if the contract had not been reduced, terminated, or lapsed. The Company will pay to the Reinsurer the Reinsurer's proportionate share of all amounts collected from, or charged to, the insured.

13. Amendments. This Agreement shall be amended only by written agreement of the parties.

14. Policies, Contracts. The words policy or policies, and contract or contracts as used herein shall have the same meaning.

15. Policyholder Information. The Company shall not sell, distribute or in any way use the policyholder information on contracts reinsured hereunder without the prior approval of the Reinsurer, except for purposes of executing its duties under this Agreement.

16. Reinsurance With Other Companies. Existing reinsurance with other insurance companies on the policies specified in Schedule A shall be retained by the Company, except as agreed upon in writing by the Reinsurer and the Company. Any amounts paid to other reinsurance companies shall be fully reimbursed by the Reinsurer. Any amounts received by the Company from other insurance companies

will be paid to the Reinsurer.

ARTICLE II

DURATION OF RISK

1. Duration. Except as otherwise provided herein, this Agreement shall be unlimited in duration, and the Company and the Reinsurer shall have no right to terminate it.
2. Reinsurer's Liability. The liability of the Reinsurer with respect to any contract reinsured hereunder will begin simultaneously with that of the Company, but not prior to the Effective Date of this Agreement. The Reinsurer's liability with respect to any contract reinsured hereunder will terminate with that of the Company on the date the Company's liability on such contract is terminated.
3. Recapture. Contracts reinsured under this Agreement are not eligible for recapture, unless the Reinsurer becomes insolvent or is placed in receivership or ceases to exist as a life insurance company.
4. Contract Changes. The Company will not make any contract changes in any policies reinsured hereunder except as required by law or as mutually agreed to by the Company and the Reinsurer. See Schedule C in reference to increases in coverage amounts.

ARTICLE III

PREMIUM AND CONSIDERATIONS

1. Net Reserves. On the Effective Date of this Agreement, the Company agrees to transfer into the trust pursuant to the Trust Agreement as a reserve transfer an amount equal to the net reserves on the Effective Date of this Agreement with respect to the liabilities reinsured as of such date and described in Schedule A, less the ceding allowance. Net reserves are calculated as statutory reserves minus net due and deferred premiums minus policy loans, plus advance premiums.
2. Ceding Allowance. On the Effective Date of this Agreement, the Reinsurer agrees to pay the Company a ceding allowance equal to ten dollars (\$10.00).
3. Reinsurance Premiums. The Company agrees to pay the Reinsurer reinsurance premiums in accordance with Schedule B. For each contract, the amount of reinsurance premium will be the amount which corresponds to the portion of the contract reinsured. The Company makes no representations or warranties with respect to future lapses and surrenders of the contracts reinsured.

ARTICLE IV

BENEFIT PAYMENTS

1. Notice. The Reinsurer will notify the Company promptly after receipt of any information as to a claim on a policy to the extent reinsured hereunder. The reinsurance claim form and any copies of notifications, claim papers and proofs will be furnished to the Company as soon as possible.

2. Liability and Payment. The Company will accept the decision of the Reinsurer on payment of a claim or surrender on a policy reinsured hereunder. The Reinsurer agrees to utilize to the extent possible the claims practices of the Company. The Reinsurer will pay such claim based upon the form of claim settlement determined. In no instance shall anyone other than the Company or the Reinsurer have any rights under this Agreement, and the Company shall be and remain solely liable to any insured, policyowner, or beneficiary under any policy reinsured hereunder.

3. Contract Claims. The Company will not contest, compromise or litigate a claim involving a policy reinsured hereunder without the prior approval of the Reinsurer. The Reinsurer will pay to the Company any litigation or investigative expenses incurred on contested claims.

ARTICLE V

ACCOUNTING AND SETTLEMENT

1. Agreement Accounting Period. This Agreement shall be on a monthly accounting period for all accounting settlements.

2. Monthly Accounting Reports. Accounting reports shall be submitted to the Reinsurer by the Company and by the Reinsurer to the Company, not later than 15 business days after the end of each calendar month. Such reports shall include information on the amount of reinsurance premiums, policy loans and policy loan interest, the commission and expense allowance, claims, and reserves on the contract reinsured for the preceding calendar month.

3. Monthly Accounting Period. The monthly accounting shall be on a calendar-month basis, except that the initial monthly accounting period shall run from the Effective Date of this Agreement, after the initial accounting has occurred, through the last day of the calendar month in which the Effective Date of this Agreement falls. The final monthly accounting period shall run from the end of the preceding calendar month until the termination of this Agreement but

prior to actual termination of this Agreement.

4. Monthly Settlements.

(a) Within 15 business days after the end of each calendar month, the Company will pay the Reinsurer the sum of: (i) the reinsurance premiums for the preceding month, determined in accordance with Article III, plus (ii) the policy loan repayments and policy loan interest paid in the preceding month, plus (iii) any amounts received from other reinsurance companies.

(b) Simultaneously, the Reinsurer will pay the Company the sum of: (i) the amount of benefits paid during the preceding month on the policies reinsured hereunder, plus (ii) the commission and expense allowance determined in accordance with Schedule C, plus (iii) new policy loans paid to policyholders in the preceding calendar month, plus (iv) any amounts paid to other reinsurance companies.

5. Amounts Due Monthly. Except as otherwise specifically provided in this Agreement, all amounts due to be paid to either the Company or the Reinsurer under this Agreement on a monthly basis shall be determined on a net basis as of the last day of each calendar month and shall be due and payable as of such date.

6. Estimations. If the amounts, as defined in Paragraph 4 above, cannot be determined at such dates, as defined in Paragraph 5 above, on an exact basis, such payments will be paid in accordance with a mutually agreeable formula that will approximate the actual payments.

7. Offset of Payments. All monies due to either the Company or the Reinsurer under this Agreement may be offset against each other, dollar for dollar, regardless of the insolvency of either party.

8. Accounting Reports. Annual reports shall be submitted to the Company by the Reinsurer not later than 20 business days after the end of each calendar year. Such reports shall include information for the analysis of increase in reserves and the exhibit of life insurance of the NAIC Convention Blank based on the contracts reinsured hereunder. Quarterly accounting reports shall be submitted to the Reinsurer by the Company not later than 20 business days after the end of each calendar quarter and shall include information for pages 2, 3, 4, and 5 of the NAIC Quarterly Blank.

ARTICLE VI

ARBITRATION

1. General. All disputes and differences between the Company and the Reinsurer on which an agreement cannot be reached will be decided by arbitration. The arbitrators will regard this Agreement from the standpoint of practical business and equitable principles rather than that of strict law.

2. Method. Three arbitrators will decide any differences. They must be officers of life insurance companies other than the two parties to this Agreement or any Company owned by, or affiliated with, either party. One of the arbitrators is to be appointed by the Reinsurer, another by the Company, and they shall select a third before arbitration begins. Should one of the two parties decline to appoint an arbitrator or should the two arbitrators not be able to agree upon the choice of a third arbitrator, the appointment(s) shall be left to the President of the American Council of Life Insurance or its successors. The arbitrators are not bound by any rules of evidence. They shall decide by a majority of votes and their decision will be final and binding. The cost of arbitration, including the fees of the arbitrators, shall be shared equally by the parties unless the arbitrators decide otherwise.

ARTICLE VII

INSOLVENCY

1. General. In the event of the Company's insolvency, liquidation, entry into rehabilitation, change of control, bankruptcy, or other significant adverse financial event, this Agreement will be deemed to convert, pending approval by the Arkansas Insurance Department but without any action on the part of any party, to an assumption reinsurance agreement as of the day prior to such insolvency, change of control, or other adverse event. Following such conversion, the Reinsurer is hereby empowered without any need of action on the part of the Company, to take all other steps necessary for such conversion including the issuance of assumption certificates. Notwithstanding the forgoing, the Reinsurer may elect not to have such automatic conversion occur. In the event the Reinsurer elects not to have such automatic conversion to assumption reinsurance, then the Reinsurer's contractual liability on contracts reinsured hereunder shall continue to be determined by all the terms, conditions and limitations under this Agreement, but the Reinsurer will make settlement (i) directly to the Company's liquidator, receiver or statutory successor, and (ii) without increase or diminution because of the Company's insolvency. The liquidator, receiver or statutory successor of the Company shall give the Reinsurer written notice of the pendency of a claim against the Company on any contract reinsured within reasonable time after such claim is filed in the insolvency proceeding. During the pendency of any such claim, the Reinsurer shall investigate such claim and interpose in the Company's name (or in the name of the Company's liquidator, receiver or statutory successor) in the proceeding where such claim is to be adjudicated, any defense or defenses that the Reinsurer may deem available to the Company or its liquidator, receiver or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to court approval, against the Company as a part of the

expense of liquidation to the extent of a proportionate share of the benefit which may accrue to the Company solely as a result of the defense undertaken by the Reinsurer. In the event of the Reinsurer's insolvency, liquidation, entry into rehabilitation, change of control, bankruptcy, or other significant adverse financial event, the assets and liabilities held by the trustee pursuant to the Trust Agreement shall be held for purposes of administration of such assets and liabilities with respect to such insolvency.

ARTICLE VIII

DAC TAX PROVISION

1. The Company and Reinsurer hereby agree to abide by Section 1.848-2(g)(8) of the Income Tax Regulations under Section 848 of the Internal Revenue Code of 1986, as amended. The terms used in this Article are defined by reference to Regulation 1.848-2. The term "net consideration" will refer to either net consideration as defined in Regulation Section 1.848-2(f) or amount of premiums collected and other considerations as defined in Regulation Section 1.848-3(b), as appropriate.

2. Each party shall attach a schedule to its federal income tax return that identifies the relevant reinsurance agreements for which the joint election under the Regulation has been made.

3. The party with net positive consideration, as defined in the Regulation promulgated under Code Section 848, for such Agreement for each taxable year, shall capitalize specified policy acquisition expenses with respect to such Agreement without regard to the general deductions limitation of Section 848 (c) (1).

4. Each party agrees to exchange information pertaining to the amount of net consideration under such Agreement each year to ensure consistency.

5. This election shall be effective for the year that the Agreement was entered into and for all subsequent years that such Agreement remains in effect.

6. The Company will submit to the Reinsurer by May 1 of each year its calculation of the net consideration for the preceding calendar year. This schedule of calculations will be accompanied by a statement signed by an officer of the Company stating that the Company will report such net consideration in its tax return for the preceding calendar year.

7. The Reinsurer may contest such calculation by providing an alternative calculation to the Company in writing within 30 days of the Reinsurer's receipt of the Company's calculation. If the Reinsurer does not so notify the Company in

the Reinsurer's tax return for the previous calendar year.

8. If the Reinsurer contests the Company's calculation of the net consideration, the parties will act in good faith to reach an agreement as to the correct amount within 30 days of the date the Reinsurer submits its alternative calculation. If the Company and the Reinsurer reach agreement on the net amount of consideration, each party shall report such amount in their respective tax returns for the previous calendar year.

ARTICLE IX

MISCELLANEOUS PROVISIONS

1. All Schedules referred to in this Agreement are attached hereto and incorporated herein by reference.

2. Neither this Agreement nor any reinsurance under this Agreement shall be sold, assigned or transferred by the Company without prior written consent of the Reinsurer. Such approval shall not unreasonably be withheld. The provisions of this section are not intended to preclude the Reinsurer from retroceding the reinsurance on an indemnity basis.

3. This Agreement, including any of the schedules and amendments thereto, constitutes the entire agreement between the parties with respect to the business being reinsured hereunder, and there are no understandings between the parties other than as expressed in this Agreement. Any changes in this Agreement shall be null and void unless such changes are made by written amendment to this Agreement, signed by both parties.

4. Any notice or notification required under this Agreement requires written notice or notification mailed or delivered to the Company at its home office in Blytheville, Arkansas, or to the Reinsurer at its administrative office in Salt Lake City, Utah.

5. If any provision of this Agreement is determined to be invalid or unenforceable, such determination will not impair or affect the validity or the enforceability of the remaining provisions of the Agreement.

6. The Company agrees to assist the Reinsurer in maintaining, where applicable, any existing policies reinsured under this Agreement and to avoid replacing any of such policies with policies of the Company, or its subsidiaries, or any other insurance companies. In addition, the Company agrees to use its best reasonable efforts to keep the policies reinsured in force and to support the business and operations of the Reinsurer, including, where applicable, in maintaining a satisfactory business relationship with the Reinsurer.

ARTICLE X

EXECUTION AND EFFECTIVE DATE

This Agreement shall be effective on and after December 29, 2005. In the event of a death or other occurrence giving rise to a claim under one of the policies, which death or occurrence occurred prior to the Effective Date, regardless of whether the death claim or occurrence is reported prior to or subsequent to the effective date, the Company shall be solely liable for the payment of any claim made on account of any such death or occurrence and Reinsurer shall pay to the Company the amount of the reserve of the policy with respect to which the claim is paid, to the extent that such reserve is reduced as a result of such payment.

IN WITNESS of the above, this Agreement is executed effective as of this 29th day of December, 2005.

SECURITY NATIONAL LIFE INSURANCE COMPANY

By: /s/ Scott M. Quist

Title: President

MEMORIAL INSURANCE COMPANY OF AMERICA

By: /s/ Larry N. Perrin

Title: Treasurer

SCHEDULE A

POLICIES AND RISKS REINSURED

Under this Agreement, the Reinsurer reinsures all policies in force as of the Effective Date of this Agreement and any new business written after the Effective Date, except for certain policies to be retained by the Company.

Following the transfer of reserves and related assets pursuant to this Agreement, the Company's capital and surplus shall not be less than \$1,000,000.

SCHEDULE B

REINSURANCE PREMIUMS

1. Reinsurance Premiums. The Company shall pay the Reinsurer a reinsurance premium on all policies in effect from time to time under this Agreement in an amount equal to the premium collected by the Company corresponding to the amount and policies reinsured hereunder.

2. Mode of Payment. The Premium paid to the Reinsurer by the Company will be paid as collected by the Company.

SCHEDULE C

COMMISSIONS AND EXPENSE ALLOWANCE

1. Ceding Commission Fee on Individual Life Insurance

Plan Description	Ceding Commission Fee
-----	-----
All plans reinsured hereunder	An amount equal to the actual sales commissions paid on policies reinsured hereunder

2. Expense Allowance for Premium Taxes, Including All Other Licenses and Fees.

An expense allowance equal to the actual premium taxes paid on collected premiums plus other licenses and fees will be paid by reinsurer in addition to all other allowances.

3. Any Other Administrative Expenses Will Be Paid by the Reinsurer.

All administrative expenses to include, but not be limited to, policy administration, accounting, financial statement preparation, and policyholder services.

SCHEDULE D

MONTHLY SETTLEMENT

FROM
MEMORIAL INSURANCE COMPANY OF AMERICA
TO SECURITY NATIONAL LIFE INSURANCE COMPANY
AND FROM
SECURITY NATIONAL LIFE INSURANCE COMPANY
TO
MEMORIAL INSURANCE COMPANY OF AMERICA

Reporting Month: _____/_____/_____
Date Report Completed: _____/_____/_____

1)	Direct Premiums	_____
	Less Other Reinsurance Premiums Paid	_____
	Total Premiums	_____
	Total	_____
2)	Policy Loans	_____
	Policy Loans Repaid	_____
	Policy Loan Interest Paid in Cash	_____
	Total	_____
3)	Benefits	_____
	Surrenders	_____
	Deaths	_____
	Other	_____
	Less Other Reinsurance Recoveries	_____
	Total	_____
4)	Commissions and Expense Allowance (Schedule C)	_____
	Less Other Reinsurance Allowances	_____
	Net Commission and Expense Allowance	_____
	Total	_____

5) New Policy Loans Paid Out in Cash _____

6) Net Due Equals (1) + (2) - (3) - (4) - (5) = _____

SCHEDULE D CONTINUED

Supplemental Information

Direct

	# of Policies	Policy Reserves	Face Amount
Beg. of Period	_____	_____	_____
+Additions	_____	_____	_____
-Terminations	_____	_____	_____
End of Period	_____	_____	_____

Reinsurance Ceded

	# of Policies	Policy Reserves	Face Amount
Beg. of Period	_____	_____	_____
+Additions	_____	_____	_____
-Terminations	_____	_____	_____
End of Period	_____	_____	_____

Direct

	Gross	Net
-----	-----	---
Deferred Premiums:	_____	_____
Due Premiums:	_____	_____
Advance Premiums:	_____	_____

Reinsurance Ceded

Deferred premiums:	_____	_____
Due Premiums:	_____	_____
Advance Premiums:	_____	_____

Coinsurance Allowances on Reinsurance Ceded

Deferred Premium	_____
Due Premium	_____
Advance Premium	_____
Policy Loan Interest Due:	_____
Policy Loan Interest Accrued:	_____
Policy Loan Interest Unearned:	_____
Policy Loan Beginning of Period:	_____
+ New Loans Paid in Cash:	_____
+ New Loans to Cover Interest:	_____
+ New Loans to Pay Premiums:	_____
- Loans Paid Off:	_____

Policy Loans End of Period: _____
Policy Loans Interest Paid in Cash: _____
Policy Loans Interest Added to Loan: _____

Total Policy Loan Interest: _____

EXHIBIT 1

TRUST AGREEMENT

TRUST AGREEMENT

effective as of December 29, 2005, among
MEMORIAL INSURANCE COMPANY OF AMERICA, as Grantor.
SECURITY NATIONAL LIFE INSURANCE COMPANY, as Beneficiary, and
ZIONS FIRST NATIONAL BANK, as Trustee.

<TABLE>
<CAPTION>

TABLE OF CONTENTS

	Page
Parties and Recitals	
<S> <C>	<C>
Section 1. Deposit of Assets into the Trust Account.....	1
Section 2. Withdrawal of Assets from the Trust Account.....	3
Section 3. Redemption, Investment and Substitution of Assets.....	4
Section 4. The Income Account.....	5
Section 5. Right to Vote Assets.....	5
Section 6. Additional Rights and Duties of Trustee.....	5
Section 7. Trustee's Compensation, Expenses and Indemnification.....	6
Section 8. Resignation of Trustee.....	7
Section 9. Termination of the Trust Account.....	7
Section 10. Tax Returns.....	8
Section 11. Definitions.....	8
Section 12. Governing Law.....	9
Section 13. Successors and Assigns.....	9
Section 14. Severability.....	9
Section 15. Entire Agreement.....	10

Section 16. Amendments.....	10
Section 17. Notices.....	10
Section 18. Headings.....	11
Section 19. Counterparts.....	11
Exhibit A Reinsurance Agreement	
Exhibit B List of Assets Deposited into Trust Account	

</TABLE>

TRUST AGREEMENT

THIS TRUST AGREEMENT is made and entered into, effective this 29th day of December, 2005 (the "Agreement"), by and among MEMORIAL INSURANCE COMPANY OF AMERICA, an Arkansas life insurance company, together with any successor thereof, including, without limitation, any liquidator, rehabilitator, receiver or conservator (the "Grantor"), SECURITY NATIONAL LIFE INSURANCE COMPANY, a Utah domiciled life insurance company (the "Beneficiary") and ZIONS FIRST NATIONAL BANK, a national banking corporation (the "Trustee") (Grantor, Beneficiary and Trustee are each hereinafter sometimes referred to, individually, as a "Party" and, collectively, as the "Parties").

WITNESSETH:

WHEREAS, Grantor and Beneficiary have entered into a certain reinsurance agreement, effective as of December 29, 2005, a copy of which is attached hereto as Exhibit "A", and by this reference made a part hereof (the "Reinsurance Agreement") concerning certain insurance policies (the "Reinsured Policies");

WHEREAS, Grantor desires, pursuant to the Reinsurance Agreement, to transfer to Trustee for deposit into a trust account (the "Trust Account") assets equal in amount to the statutory reserves subject to the Reinsurance Agreement in order to secure payments to be made pursuant to the terms of the Reinsurance Agreement; and

WHEREAS, Trustee has agreed to act as the trustee hereunder, and to hold such assets in trust in the Trust Account and the Income Account, as defined in Section 4 below, for the sole use and benefit of Beneficiary pursuant to the Reinsurance Agreement;

NOW, THEREFORE, for and in consideration of the promises and for other good and valuable consideration, the receipt of which is hereby acknowledged, the

Parties hereby agree as follows:

Section 1. Deposit of Assets into the Trust Account

(a) Grantor shall establish the Trust Account and Trustee shall administer the Trust Account in its name as the trustee for Beneficiary. The Trust Account shall be subject to withdrawal by Beneficiary as provided herein.

(b) Grantor shall transfer to Trustee, for deposit into the Trust Account, the assets listed in Exhibit B hereto, and may transfer to Trustee, for deposit to the Trust Account, such other assets as it may from time to time desire or as may be required pursuant to the terms of the Reinsurance Agreement (all such assets actually received in the Trust Account are herein referred to as the "Assets"). The Assets shall consist of cash and Eligible Securities (as hereinafter defined).

(c) The amounts deposited by Grantor into the Trust Account shall be in such amount that the aggregate market value of the Trust Account at the inception of this Trust equals or exceeds the statutory reserves on the reinsurance ceded under the Reinsurance Agreement as of the same date. For purposes of this section, aggregate market value shall be determined by Trustee, and the Assets that are in default according to their terms shall have a market value of \$0 (zero dollars). For purposes of this Agreement, statutory reserves, whenever used, shall mean the gross statutory reserves held by Grantor, or as should be held by Grantor, on its NAIC Convention Blank, with respect to the policies reinsured hereunder. Grantor certifies, to the best of its knowledge and belief, the actuarial accuracy of the reserves based upon the appropriate mortality table, interest assumptions, and method of calculation relating to each of the policies reinsured hereunder, and the accuracy of the outstanding balances of the policy loans, dividend deposits and coupon deposits, if any, applicable to each of the policies reinsured hereunder; provided, however, that in the event of a breach of these certificates or the discovery by Grantor or Beneficiary of an error in calculation, any such breach or error may be cured by Grantor or Beneficiary making a cash payment to the other, as the case may be, of the amount of any such error in calculation or actuarial inaccuracy.

(d) Grantor hereby represents and warrants (i) that any Assets transferred by Grantor to Trustee for deposit into the Trust Account will be in such form that Beneficiary may, whenever necessary, and Trustee will, upon direction by Beneficiary, negotiate any such Assets without consent or signature from Grantor or any other person in accordance with the terms of this Agreement; and (ii) that all Assets transferred by Grantor to Trustee for deposit into the Trust Account will consist only of cash and Eligible Securities.

(e) Trustee shall have no responsibility to determine whether the Assets in the Trust Account are sufficient to secure Grantor's liabilities under the Reinsurance Agreement or whether such assets are equal to the Statutory Reserves.

(f) This Agreement is a security agreement under the Arkansas Uniform Commercial Code ("Arkansas UCC"), as enacted and in effect in the State of Arkansas, and creates a security interest in the Assets in favor of Trustee, for the benefit of Beneficiary. Upon Beneficiary's request, financing statements shall be executed by the necessary party or parties and filed by Trustee in the manner required by law to perfect such security interest. Compliance with Arkansas UCC requirements shall not alter any rights under this Agreement or under any other laws of the State of Arkansas, nor shall it relieve Trustee of any obligation. Compliance with the Arkansas UCC is solely to preserve the priority of Beneficiary's security interest in the Assets.

(g) Grantor shall deliver the Assets listed in Exhibit B hereto to Trustee with appropriate assignments, bond powers, or powers of attorney that authorize Trustee to transfer the Assets to its name and hold them for the benefit of Beneficiary. In the event Assets are added to or are substituted for the Assets already in the fund, appropriate assignments, bond powers or powers of attorney authorizing Trustee to transfer the Assets to its name shall also be delivered to Trustee.

(h) Grantor warrants that it will not create any other security interest in or otherwise encumber the Assets. In the event that any lien or claim is made against any Assets which asserts an interest superior to that of Beneficiary, Grantor will promptly take steps satisfactory to Beneficiary to discharge the claim or lien or shall substitute other assets for those encumbered.

Section 2. Withdrawal of Assets from the Trust Account

(a) Without notice to Grantor, but upon written notice to Trustee (the "Withdrawal Notice"), Beneficiary shall have the right, at any time and from time to time, to withdraw from the Trust Account, such Assets as are specified in such Withdrawal Notice for legitimate business purposes, including the purposes set forth below. The Withdrawal Notice may designate a third party (the "Designee") to whom the Assets specified therein shall be delivered and may condition delivery of such Assets to such Designee upon receipt, and deposit to the Trust Account, of other Assets specified in such Withdrawal Notice. Beneficiary need present no statement or document other than a representation to be contained in the Withdrawal Notice that the Assets, using statutory accounting principles as required or allowed by the state of Arkansas, remaining in the Trust Account are at least equal to the Statutory Reserves as of the preceding quarterly statutory filing, nor is said right of withdrawal or any other provision of this Agreement subject to any conditions or qualifications not contained in this Agreement. At no time shall Beneficiary submit a withdrawal notice to Trustee that would cause the Assets in this Trust to be less than the Statutory Reserves, using statutory accounting principles as required or allowed by the state of Arkansas, on the Reinsured Policies as of the preceding quarterly statutory filing.

(b) Beneficiary shall have the right to withdraw Assets from the Trust Account in accordance with this Section 2 for the following purposes: (i) to make payment of any obligation of Beneficiary under the Reinsurance Agreement; (ii) to fund Beneficiary's share of non-forfeiture benefits returned to the

owners of policies reinsured under the Reinsurance Agreement on account of cancellations of such policies; (iii) to fund Beneficiary's share of surrenders and benefits or losses paid pursuant to the provisions of the policies reinsured under the Reinsurance Agreement; (iv) to the extent the Assets in the Trust Account, using statutory accounting principles as required or allowed by the state of Arkansas, exceed the statutory reserves for the policies covered by the Reinsurance Agreement, such excess amount of Assets may be withdrawn by Beneficiary in its sole discretion. Beneficiary shall have sole ownership of any increases in the amount of the Assets in the Trust Account, including, without limitation, any income derived from such Assets. However, Beneficiary is responsible to contribute to the Trust Account if the Assets are insufficient to cover all reserve requirements on an on-going basis.

(c) Upon receipt of a Withdrawal Notice, Trustee shall immediately take any and all steps necessary to transfer the Assets specified in such Withdrawal Notice and shall deliver such Assets to or for the account of Beneficiary or such Designee as specified in such Withdrawal Notice.

(d) Subject to paragraph (a) of this Section 2 and to Section 4 of this Agreement, in the absence of a Withdrawal Notice, Trustee shall allow no substitution or withdrawal of any Asset from the Trust Account.

(e) Trustee shall have no responsibility whatsoever to determine the manner in which any assets withdrawn from the Trust Account pursuant to this Section 2 will be used and/or applied.

Section 3. Redemption, Investment and Substitution of Assets

(a) Trustee shall surrender for payment all maturing Assets and all Assets called for redemption and deposit the principal amount of the proceeds of any such payment to the Trust Account.

(b) From time to time, at the written order and direction of Beneficiary, Trustee shall invest Assets in the Trust Account in Eligible Securities, as authorized by the insurance laws of Arkansas, and laws of other controlling insurance authorities. Trustee is specifically authorized to invest any cash balances in one or more money market vehicles utilized by Trustee for fiduciary accounts without receiving prior written direction or any further confirmation from Beneficiary. Trustee is further permitted to utilize any such fund invested in its own bank's deposits.

(c) From time to time, Beneficiary may direct Trustee in writing to substitute Eligible Securities for other Eligible Securities held in the Trust Account at such time. Trustee shall have no responsibility whatsoever to determine the value of such substituted securities or whether such substituted securities constitute Eligible Securities. On an annual basis, Beneficiary shall send a written statement to Trustee, certifying that all the securities in the Trust Account constitute Eligible Securities.

(d) Trustee shall have no responsibility whatsoever to determine that any Assets in the Trust Account are or continue to be Eligible Securities. Trustee

shall execute instructions or orders concerning such investments or substitutions of securities (the "Investment Orders") and settle securities transactions by itself or by means of an agent or broker. Trustee shall not be responsible for any act or omission, or for the solvency, of any such agent or broker unless said act or omission is the result, in whole or in part, of Trustee's negligence, willful misconduct or lack of good faith.

(e) Any loss incurred from any investment pursuant to the terms of this Section 3 shall be borne exclusively by Beneficiary. Trustee shall not be liable for any loss due to changes in market rates or penalties for early redemption.

Section 4. The Income Account

All payments of interest and dividends received from or relating to the Assets in the Trust Account shall be deposited by Trustee into a separate income account that shall be established by Grantor and administered by Trustee (the "Income Account") for the benefit of Beneficiary. Trustee's compensation and expenses shall be deducted from the Income Account, as provided in Section 7 of this Agreement.

Section 5. Right to Vote Assets

Trustee shall forward all annual and interim stockholder reports and all proxies and proxy materials relating to the Assets in the Trust Account to Beneficiary. Beneficiary shall have the full and unqualified right, where applicable, to vote any Assets in the Trust Account.

Section 6. Additional Rights and Duties of Trustee

(a) Trustee shall notify Grantor and Beneficiary in writing within ten days following each deposit to, or withdrawal from, the Trust Account.

(b) Before accepting any Asset for deposit to the Trust Account, Trustee shall determine that such Asset is in such form that Beneficiary whenever necessary may, or Trustee upon direction by Beneficiary will, negotiate such Asset without consent or signature from Grantor or any person or entity other than Trustee in accordance with the terms of this Agreement.

(c) Trustee may deposit any Assets in the Trust Account in a book-entry account maintained at a federally chartered bank or in depositories such as the Depository Trust Company. Assets may be held in the name of a nominee maintained by Trustee or by any such depository.

(d) Trustee shall accept and open all mail directed to Grantor or Beneficiary in care of Trustee.

(e) Trustee shall furnish Grantor and Beneficiary with a written statement of all the Assets in the Trust Account upon the inception of the Trust Account and at the end of each calendar quarter thereafter.

(f) Upon the request of Grantor or Beneficiary, Trustee shall promptly

permit the Grantor or Beneficiary, their respective agents, employees or independent auditors to examine, audit, excerpt, transcribe and copy, during Trustee's normal business hours, any books, documents, papers and records relating to the Trust Account or the Assets.

(g) Trustee is authorized to follow and rely upon instructions consistent with the provisions of this Agreement that may be given by officers named in incumbency certificates furnished to Trustee from time to time by Grantor and Beneficiary, respectively, and by attorneys-in-fact acting under written authority furnished to Trustee by Grantor or Beneficiary, including, without limitation, instructions given by letter, facsimile transmission, telegram, teletype, cablegram or electronic media, if Trustee believes such instructions to be genuine and to have been signed, sent or presented by the proper party or parties. Trustee shall not incur any liability to anyone resulting from actions taken by Trustee in reliance in good faith on such instructions. Trustee shall not incur any liability in executing instructions (i) from an attorney-in-fact prior to receipt by it of notice of the revocation of the written authority of the attorney-in-fact or (ii) from any officer of Grantor or Beneficiary named in an incumbency certificate delivered hereunder prior to receipt by it of a more current certificate.

(h) The duties and obligations of Trustee shall only be such as are specifically set forth in this Agreement, as it may from time to time be amended, and no implied duties or obligations shall be read into this Agreement against Trustee. Trustee shall only be liable for its own negligence, willful misconduct or lack of good faith.

(i) No provision of this Agreement shall require Trustee to take any action which, in Trustee's reasonable judgment, would result in any violation of this Agreement or any provision of law.

(j) Trustee may confer with counsel of its own choice in relation to matters arising under this Agreement and shall have full and complete authorization from the other Parties hereunder for any action taken or suffered by it under this Agreement or under any transaction contemplated hereby in good faith and in accordance with the opinion of such counsel.

Section 7. Trustee's Compensation, Expenses and Indemnification

(a) Trustee shall be paid its compensation and expenses from the Income Account, as set forth in Paragraph 4, for its services as trustee under this Agreement, based upon a fee schedule that will be mutually agreed upon by Trustee and Beneficiary. If at anytime there is not sufficient funds in the Income Account to pay the trustee's fees, Beneficiary will pay such fees from sources other than the Assets in the Trust Account. Beneficiary shall have the right to review at any time the amount of compensation and expenses paid to Trustee for serving as a trustee hereunder and, if necessary, to dispute any such amounts that may be incorrectly or improperly determined. All of Trustee's expenses and disbursements in connection with its duties under this Agreement will be paid from the Income Account, except any such expense or disbursement as may arise from Trustee's negligence, willful misconduct or lack of good faith.

Trustee shall be entitled to deduct its compensation and expenses from payments of dividends, interest and other income in respect of the Assets held in the Trust Account prior to the deposit thereof to the Income Account as provided in Section 4 of this Agreement, upon written notification to Beneficiary. Beneficiary and Grantor also hereby indemnify Trustee for, and hold it harmless against, any loss, liability, costs or expenses (including attorney's fees and expenses) incurred or made without negligence, willful misconduct or lack of good faith on the part of Trustee, arising out of or in connection with the performance of its obligations in accordance with the provisions of this Agreement, including any loss, liability, costs or expenses arising out of or in connection with the status of Trustee and its nominee as the holder of record of the Assets. Grantor hereby acknowledges that the foregoing indemnities shall survive the resignation of Trustee or the termination of this Agreement and hereby grants the Trustee a lien, right of set-off and security interest in the funds in the Income Account for the payment of any claim for compensation, reimbursement or indemnity hereunder.

(b) No Assets, other than as related to income, shall be withdrawn from the Trust Account or used in any manner for paying compensation to, or reimbursement or indemnification of, Trustee.

Section 8. Resignation of Trustee

(a) Trustee may resign at any time by giving not less than 90 days' written notice thereof to Beneficiary and to Grantor, such resignation to become effective on the acceptance of appointment by a successor trustee and the transfer to such successor trustee of all Assets in the Trust Account in accordance with paragraph (b) of this Section 8.

(b) Upon receipt of Trustee's notice of resignation, Grantor and Beneficiary shall appoint a successor trustee. Any successor trustee shall be a bank that is a member of Federal Reserve System or shall not be a Parent, a Subsidiary or an Affiliate of Grantor or Beneficiary. Upon the acceptance of the appointment as trustee hereunder by a successor trustee and the transfer to such successor trustee of all Assets in the Trust Account, the resignation of Trustee shall become effective. Thereupon, such successor trustee shall succeed to and become vested with all the rights, powers, privileges and duties of Trustee, and Trustee shall be discharged from any future duties and obligations under this Agreement, but Trustee shall continue after its resignation to be entitled to the benefits of the indemnities provided herein for Trustee.

Section 9. Termination of the Trust Account

(a) The Trust Account and this Agreement shall be terminated upon the joint action of both Grantor and Beneficiary, provided they have obtained written approval from the Arkansas Insurance Department consenting to such termination. Such notice shall specify the date (the "Termination Date") on which Grantor and Beneficiary intend the Trust Account to terminate, which date shall be at least fifteen (15) days subsequent to the date that the termination notice is given.

(b) On the Termination Date, upon receipt of written approval of the

Arkansas Insurance Department consenting to such termination, Trustee shall transfer to Beneficiary all amounts remaining in the Trust Account. In the event of insolvency of Beneficiary, as defined in Article VII of the Reinsurance Agreement, Trustee shall hold all monies due to the Beneficiary pursuant to unreimbursed payments made in accordance with the terms of the Reinsurance Agreement and thereafter hold any Assets and liabilities remaining in the Trust Account for purposes of administration of such Assets and liabilities with respect to such insolvency.

(c) If the Reinsurance Agreement is converted to an Assumption Agreement as a result of Grantor's insolvency as defined in Article VII of the Reinsurance Agreement, the Trust Account shall terminate and all Assets and liabilities in the Trust Account shall be distributed to Beneficiary.

Section 10. Tax Returns

Beneficiary shall be responsible for causing to be prepared and filed in a timely fashion all tax returns, if any, of the Trust relating to the transactions contemplated by this Agreement or otherwise contemplated hereby, and it shall send a copy of each such tax return to Trustee and Grantor. Trustee, upon request, will furnish Grantor with all such information as it has in its possession and as may be reasonably required in connection with the preparation of such tax returns and shall, upon the request of Beneficiary, execute such returns if required to do so by the applicable taxing authority. Trustee shall not be liable for any tax due and payable in connection with this Trust Agreement except for any tax based on or measured by the net income of Trustee resulting from the amounts paid to Trustee as fees or compensation for acting as Trustee hereunder.

Section 11. Definitions

Except as the context shall otherwise require, the following terms shall have the following meanings for all purposes of this Agreement (the definitions to be applicable to both the singular and the plural forms of each term defined if both such forms of such term are used in this Agreement):

The term "Affiliate" with respect to any corporation shall mean a corporation which directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such corporation. The term "control" (including the related terms "controlled by" and "under common control with") shall mean the ownership, directly or indirectly of more than fifty percent (50%) of the voting stock of a corporation.

The term "Business Day" shall mean any day on which the offices of Trustee is open for business.

The term "Eligible Securities" shall mean and include certificates of deposit issued by a United States bank and payable in United States legal tender and obligations issued, assumed or guaranteed by the United States, any state, territory or possession thereof, or the District of Columbia or any money market vehicles utilized by Trustee for fiduciary accounts, to include those invested

in its own bank's deposits, any other investment authorized under the relevant statutes and rules of Beneficiary's domiciliary state; provided, however, that no such securities shall have been issued by a Parent, a Subsidiary or an Affiliate of either Grantor or Beneficiary.

The term "obligations" shall mean, with respect to the Reinsurance Agreement, (a) losses, to include policyholder benefits, and allocated loss expenses paid or payable by Beneficiary, but not recovered from Grantor, (b) reserves for losses reported and outstanding, (c) reserves for losses incurred but not reported, (d) reserves for allocated loss expenses and (e) reserves for unearned premiums.

The term "person" shall mean and include an individual, a corporation, a partnership, an association, a trust, an unincorporated organization or a government or political subdivision thereof.

The term "Parent" shall mean an institution that, directly or indirectly, controls another institution.

The term "Subsidiary" shall mean an institution controlled, directly or indirectly, by another institution.

Section 12. Governing Law

This Agreement shall be subject to and governed by the laws of the State of Arkansas. Venue and jurisdiction shall be in the State of Arkansas.

Section 13. Successors and Assigns

No Party may assign this Agreement or any of its rights or obligations hereunder, without the written consent of the other Parties, whether by merger, consolidation, sale of all or substantially all of its assets, liquidation, dissolution or otherwise, except as expressly permitted by Section 8 of this Agreement, except that Beneficiary may assign all of its rights and obligations hereunder to a Parent or Subsidiary.

Section 14. Severability

In the event that any provision of this Agreement shall be declared invalid or unenforceable by any regulatory body or court having jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining portions of this Agreement.

Section 15. Entire Agreement

This Agreement constitutes the entire agreement among the Parties, and there are no understandings or agreements, conditions or qualifications relative to this Agreement which are not fully expressed in this Agreement.

Section 16. Amendments

This Agreement may be modified or otherwise amended, and the observance of any term of this Agreement may be waived, if such modification, amendment or waiver is in writing and signed by all of the Parties.

Section 17. Notices

Unless otherwise provided in this Agreement, all notices, directions, requests, demands, acknowledgments and other communications required or permitted to be given or made under the terms hereof shall be in writing and shall be deemed to have been duly given or made (a)(i) when delivered personally, (ii) when made or given by prepaid telex, telegraph or telecopier, or (iii) in the case of mail delivery, upon the expiration of three days after any such notice, direction, request, demand, acknowledgment or other communication shall have been deposited in the United States mail for transmission by first class mail, postage prepaid, or upon receipt thereof, whichever shall first occur and (b) when addressed as follows:

If to Grantor:

Memorial Insurance Company of America
634 West Main
Blytheville, Arkansas 72315
Attn: _____

If to Beneficiary:

Security National Life Insurance Company
5300 South 360 West, Suite 200
Salt Lake City, Utah 84123
Attn: Scott M. Quist, President

If to Trustee:

Zions First National Bank
10 East South Temple, Suite 300
Salt Lake City, Utah 84111
Attn: _____

Each Party may from time to time designate a different address for notices, directions, requests, demands, acknowledgments and other communications by giving written notice of such change to the other Parties. All notices, directions, requests, demands, acknowledgments and other communications relating to Beneficiary's approval of Grantor's authorization to substitute Assets and to the termination of the Trust Account shall be in writing and may not be made or given by prepaid telex, telegraph or telecopier.

Section 18. Headings

The headings of the Sections and the Table of Contents have been inserted

for convenience of reference only, and shall not be deemed to constitute a part of this Agreement.

Section 19. Counterparts

This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall constitute an original, but such counterparts together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

MEMORIAL INSURANCE COMPANY OF AMERICA,
as Grantor

By: _____
Title: _____

SECURITY NATIONAL LIFE INSURANCE COMPANY,
as Beneficiary

By: /s/ Larry N. Perrin

Title: Treasurer

ZIONS FIRST NATIONAL BANK, as Trustee

By: /s/ Brandon Elzinga

Title: Trust Officer

EXHIBIT A

REINSURANCE AGREEMENT between MEMORIAL INSURANCE COMPANY OF AMERICA of Blytheville, Arkansas and SECURITY NATIONAL LIFE INSURANCE COMPANY of Salt Lake

City, Utah, effective as of December 29, 2005.

EXHIBIT B

Assets Deposited into Trust Account

PROMISSORY NOTE

DATED this 29th day of December, 2005.

For valuable consideration, the sufficiency and receipt of which are hereby acknowledged, MEMORIAL INSURANCE COMPANY OF AMERICA, an Arkansas domiciled insurance company (the "Maker"), hereby promises to pay to the order of SECURITY NATIONAL LIFE INSURANCE COMPANY, a Utah domiciled insurance company (the "Payee"), at 5300 South 360 West, Suite 250, Salt Lake City, Utah 84123, or, at the Payee's option, at such other place as may be designated in writing from time to time by the Payee, the sum of Thirty Million Ninety-one Thousand Dollars (\$30,091,000), together with interest thereon as hereinafter provided, in cash or in assets of the Company to be transferred to the Payee as determined by the Payee in its sole discretion to be acceptable as payment on the Note.

Interest on the loan shall be charged on the unpaid principal of the loan at a rate equal to six percent (6%) per annum, computed on the basis of a 365 day year until the loan shall have been paid in full.

Principal and accrued interest shall be due and payable on or before thirty (30) days from the date of Note.

The Maker may prepay all or any portion of the principal balance of the Note at any time, and from time to time, without penalty. All payments made under this Note shall be applied first toward the reduction of accrued and unpaid interest and then toward the reduction of the unpaid principal hereof.

This Note is secured by a Security Agreement of even date herewith executed by the Maker.

The Maker shall be in default under this Note if the Maker shall (a) fail to make payment due hereunder when the same shall be due and payable, (b) file a petition seeking to be adjudged bankrupt, (c) make a general assignment for the benefit of creditors, (d) suffer the appointment of a receiver, (e) be found to have made any misrepresentation to the Payee, whether or not any such misrepresentation resulted in the making of this Note, (f) fail to comply with any other agreement related to or contemplated in connection with the execution of this Note, or (g) become insolvent, and, in the Payee's sole discretion, any such occurrence of default shall not be cured within ten (10) days thereof.

Upon default hereunder, at the option of the Payee, the Payee will, in addition to the remedies set forth herein, be entitled to exercise all legal and equitable remedies available to the holder of a full recourse obligation, including seeking payment from all of the assets of the Maker. No agreement has been made, or will be made, which limits the Payee's right to proceed for payment against any or all of the Maker's assets. Upon default hereunder, the

Maker immediately shall pay the Payee, on demand, any and all expenses reasonably incurred in relation hereto, including reasonable attorney's fees incurred or paid by the Payee in protecting or enforcing its rights hereunder.

This Note, in whole or in part, may be extended from time to time with the written consent of the Payee, without in any manner affecting the liability of the Maker. Any consent of the Payee hereunder (written or otherwise), acceptance of any payment due and payable under this Note other than in accordance with the terms and provisions hereof, or any failure of the Payee to exercise any rights under this Note or to specifically enforce the terms and provisions hereof shall not be deemed or constitute a waiver of any rights or remedies to which the Payee is entitled to under this Note or otherwise.

If any covenant or other provision of the Note is invalid, illegal, or incapable of being enforced, by reason of any rule of law or public policy, all other covenants and provisions of the Note shall nevertheless remain in full force and effect, and no covenant or provision shall be deemed dependent upon any other covenant or provision.

This Note has been executed as of the date first above written in conformity with, and shall be construed under and governed by, the laws of the State of Arkansas.

MAKER:

MEMORIAL INSURANCE COMPANY OF AMERICA

By: /s/ Larry N. Perrin

Its: Treasurer

ATTEST:

/s/ Bryan W. Duke
Its: Attorney

SECURITY NATIONAL LIFE INSURANCE COMPANY

By: /s/ Scott M. Quist

Its: President

ATTEST:

/s/ Stephen M. Sill
Its: Chief Financial Officer

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Security Agreement") is made and entered into effective this 29th day of December, 2005, by and between MEMORIAL INSURANCE COMPANY OF AMERICA, an Arkansas domiciled insurance company (the "Debtor"), and SECURITY NATIONAL LIFE INSURANCE COMPANY, a Utah domiciled insurance company (the "Secured Party").

1. Security Interest. Subject to the terms and provisions of this Security Agreement, the Debtor grants to the Secured Party a security interest (the "Security Interest") in the following collateral (the "Collateral"): All of the Debtor's right, title and interest in, and to the proceeds received from, all of the assets owned by the Debtor, as of the effective date of this Agreement, as listed and described in Schedule "A", which is attached hereto and by this reference made a part hereof.
2. Obligation. This Security Agreement and the Security Interest granted hereby secure payment by the Debtor of its obligations (the "Obligation") under that certain promissory note, of even date herewith, payable to the Secured Party in the principal amount of Thirty Million Ninety-one Thousand Dollars (\$30,091,000) (the "Note").
3. Debtor's Warranties and Covenants. The Debtor hereby represents and warrants as follows:
 - a. Financing Statements. No financing statement or other security agreement covering the Collateral or any proceeds thereof exists or is on file in any public office.
 - b. Ownership of Collateral. The Debtor is the absolute owner of the Collateral and has the right to pledge, sell, assign or transfer the same. The Debtor shall defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein adverse to the Secured Party.
 - c. No Material Adverse Change. There has been no material adverse change in the business, business prospects or financial condition of the Debtor that has not been fully disclosed to Secured Party.
 - d. Maintenance. The Debtor shall keep the Collateral free from liens and other security interests and shall not create or suffer to exist any lien or security interest in the Collateral. The Debtor shall immediately pay all costs necessary (including reasonable attorney's fees) to obtain, preserve, defend and enforce the Security Interest, collect the Note, and preserve, defend and collect the Collateral.
4. Rights and Powers of Secured Party. The Secured Party may, in its

discretion, upon the occurrence of an event of default under this Security Agreement, including, without limitation, any breach of any covenant or warranty hereunder or any event of default under the Note (an "Event of Default").

- a. Require the Debtor to give title, possession or control of the Collateral to the Secured Party;
- b. Sell the Collateral and use cash proceeds of sale or other funds generated by the Collateral to reduce any part of the Obligation;
- c. Take any action the Secured Party is permitted to take under this Security Agreement to preserve and enforce this Security Agreement, and maintain and preserve the Collateral, all without notice to the Debtor; and
- d. Add costs incurred in connection with each of the foregoing to the Obligation (but the Secured Party is under no duty to take any such action).

5. Remedies of Secured Party Upon Default. When an Event of Default occurs, and at any time thereafter, the Secured Party may declare the Obligation secured hereby immediately due and payable and may proceed to enforce payment of the same and to exercise any and all of the rights and remedies provided by the Arkansas Uniform Commercial Code (the "Code"), as well as all other rights and remedies processed by the Secured Party under this Security Agreement or otherwise.

6. General. In addition to the foregoing, the parties to this Security Agreement also agree as follows:

- a. Waiver. No delay on the part of the Secured Party in exercising any power or right shall operate as a waiver hereof or thereof; nor shall any single or partial exercise of any power or right preclude other or further exercise thereof or the exercise of any other power or right. No waiver by the Secured Party of any right hereunder or of any default by the Debtor shall be binding upon the Secured Party, unless in writing, and no failure by the Secured Party to exercise any right hereunder or waiver of any default of the Debtor shall operate as a waiver of any other or further exercise of such right or of any further default.
- b. Parties Bound. The rights of the Secured Party hereunder shall inure to the benefit of its successors and assigns and shall be assignable by the Secured Party without notice to or the consent of the Debtor. Notwithstanding any other provision of this Security Agreement or any instrument or agreement referenced herein, the Debtor may not assign this Security Agreement or any interest herein voluntarily, involuntarily, by operation of law or otherwise, without the prior written consent of the Secured Party, which consent may be withheld for any reason whatsoever. The terms of this Security Agreement shall

be binding upon, without restriction, the successors and assigns of the parties hereto. All representations, warranties and agreements of the Debtor shall bind the Debtor's successors, and assigns.

- c. Definitions. Unless the context indicates otherwise, definitions in the Code apply to words and phrases in this Security Agreement; if the Code definitions conflict, Article 9 of the Code definitions apply.
- d. Notice. Notice mailed postage prepaid to Debtor's most recent address as shown by notice of change on file with the Secured Party at least five (5) days prior to the related action (or if the Code elsewhere specifies a longer period, such longer period) shall be deemed reasonable.
- e. Modifications. No provision hereof shall be modified or limited except by a written agreement signed by both parties to this Security Agreement.
- f. Severability. The unenforceability of any provision of this Security Agreement shall not affect the unenforceability or validity of any other provision hereof.
- g. Financing Statement. The Debtor hereby appoints the Secured Party as the exclusive attorney-in-fact with sole authority to complete and sign one or more financing statements on behalf of the Debtor with respect to the Collateral and to file the same in the appropriate office or place.
- h. Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the State of Arkansas.
- i. Further Assurances; Diligence. Each party agrees to execute and deliver all documents and to perform all further act as may be reasonably necessary to carry out the provisions of this Security Agreement. The parties hereto agree to use reasonable diligence and to exercise their best efforts to fulfill their respective obligations under this Security Agreement at all times that this Security Agreement is in effect.

IN WITNESS WHEREOF, this Security Agreement is executed and delivered as of the date and year first above written.

DEBTOR: MEMORIAL INSURANCE COMPANY OF AMERICA

By: /s/ Larry N. Perrin

Its: Treasurer

SECURED PARTY:

SECURITY NATIONAL LIFE INSURANCE COMPANY

By: /s/ Scott M. Quist

Its: President

STATE OF ARKANSAS)
) ss.
COUNTY OF PULASKI)

On the 29 day of December, 2005, personally appeared before me Larry N. Perrin , who being by me duly sworn did say that he is the Treasurer of MEMORIAL INSURANCE COMPANY OF AMERICA, and that he signed the within and foregoing document on behalf of said corporation.

/s/ Erin Cristler
NOTARY PUBLIC

[SEAL]

STATE OF UTAH)
) ss.
COUNTY OF SALT LAKE)

On the 29 day of December, 2005, personally appeared before me Scott M. Quist, who being by me duly sworn did say that he is the President of SECURITY NATIONAL LIFE INSURANCE COMPANY, and that he signed the within and foregoing document on behalf of said corporation.

/s/ DeAnn Theurer

NOTARY PUBLIC

[SEAL]

MEMORIAL INSURANCE COMPANY OF AMERICA

SURPLUS CONTRIBUTION NOTE

FOR VALUE RECEIVED, MEMORIAL INSURANCE COMPANY OF AMERICA, an Arkansas domiciled insurance company (hereinafter the "Company"), subject to and conditioned upon the terms, conditions, limitations, and provisions hereof, promises to pay to SOUTHERN SECURITY LIFE INSURANCE COMPANY, a Florida domiciled insurance company, the principal amount of up to Two Million Two Hundred Dollars (\$2,200,000), together with interest on the unpaid balance thereof at the rate provided for herein. The Note and accrued interest shall not be a liability of the Company until all conditions for repayment specifically provided for herein are met.

Interest shall accrue on the outstanding principal amount of this Note from the date hereof at the rate of six percent (6%) per annum, computed on the basis of a 365 day year until the Note shall have been paid in full. The interest rate herein shall never exceed the maximum rate permitted by the law in the state of Arkansas. Principal and interest, if any, shall be payable upon the terms, conditions, stipulations and in the amount set forth in this Note.

The Company shall be required to pay the principal amount of this Note and any accrued interest, if any, only out of its surplus in excess of one million dollars (\$1,000,000). In no event shall any amount of principal or interest, if any, be required of the Company if such payment reduces its surplus to less than \$1,000,000. Interest, if any, on the outstanding principal balance shall be paid on a quarterly basis beginning January 1, 2006.

Any payments made on this Note by the Company to the holder hereof shall be credited first to accrued but unpaid interest due, if any, and the balance of such payment shall then be accredited to the principal amount of this Note.

Payments of principal and/or interest on this Note shall not be made unless such payment has been approved in advance by the Arkansas Insurance Department.

No payment on the Note shall be made if, in the sole discretion of the Company, the payment will impair the capital or surplus of the Company or reduce the capacity of the Company to maintain a proper ratio of retained written premiums to surplus.

This Note, upon prior approval of the Arkansas Insurance Department, may be repaid, in whole or in part, without premium or penalty and with accrued interest, if any, to the date of payment only.

In the event of reorganization, consolidation, merger, dissolution, liquidation or receivership of the Company, the holder of this Note shall be entitled to an equal right in and to the assets of the Company, along with all of the creditors, to the extent of any unpaid principal and accrued interest, if any, thereon, before any payment to or consideration of stockholders' equity or

rights.

In the event of liquidation of the Company, all obligations, rights and claims hereunder are expressly subordinated to the claims of (a) policyholders, insureds and beneficiaries under insurance contracts issued by the Company, (b) a supervisor, conservator, or receiver of the Company appointed by the Arkansas Insurance Department, and (c) the payment of principal and interest on any prior surplus contribution notes or bonds issued by the Company.

This Note will be governed by and construed in accordance with the laws of the state of Arkansas. This Note will be binding upon the Company and its successors and assigns, and shall not be amended by the parties without the prior written consent of the Arkansas Insurance Department.

IN WITNESS WHEREOF, this Surplus Contribution Note has been executed and is effective as of the 29th day of December, 2005.

MEMORIAL INSURANCE COMPANY OF AMERICA

Attest:

/s/ Bryan W. Duke

Its: Attorney

By: /s/ Larry N. Perrin

Its Treasurer

SOUTHERN SECURITY LIFE INSURANCE COMPANY

Attest:

/s/ Stephen M. Sill

Its: Chief Financial Officer

By: /s/ Scott M. Quist

Its President

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (the "Guaranty") is made and given this 29th day of December, 2005, by SECURITY NATIONAL LIFE INSURANCE COMPANY, a Utah domiciled insurance company, and its wholly-owned subsidiary, SOUTHERN SECURITY LIFE INSURANCE COMPANY, a Florida domiciled insurance company (collectively, the "Guarantors").

WITNESSETH:

WHEREAS, on September 23, 2005, Security National Financial Corporation, a Utah corporation, through its subsidiaries, Security National Life Insurance Company and Southern Security Life Insurance Company, entered into a stock purchase agreement (the "Stock Purchase Agreement") with Memorial Insurance Company of America, an Arkansas domiciled insurance company ("Memorial Insurance Company");

WHEREAS, under the terms of the Stock Purchase Agreement, Southern Security Life Insurance Company and Memorial Insurance Company each agree at the closing date of the stock purchase transaction to enter into a reinsurance agreement to reinsure all of the in force business of Memorial Insurance Company to Security National Life Insurance Company, as insured, except for eleven policies not included within the reinsured policies, which are to be retained by Memorial Insurance Company (the "Retained Policies");

WHEREAS, the Retained Policies that are to be retained by Memorial Insurance Company pursuant to the terms of the stock purchase transaction consist of the following policies, together with the face amount and amount of reserves of such policies:

Policy Number	Face Amount	SAP Reserve
-----	-----	-----
40116	\$1,400.00	\$665.50
37893	1,400.00	665.50
40117	1,200.00	374.72
39303	1,200.00	374.72
34758	700.00	557.46
38161	1,300.00	406.95
39301	2,600.00	1,090.88
32025	3,500.00	1,984.97
36085	1,400.00	744.95
34759	700.00	576.04
44711	1,400.00	1,102.01
	-----	-----
Total	\$16,800.00	\$8,543.70
	=====	=====

WHEREAS, on October 20, 2005, Security National Life Insurance Company and Southern Security Life Insurance Company submitted to the Arkansas Insurance Department for approval a Form A Filing for the Acquisition and Control of Memorial Insurance Company by Southern Security Life Insurance Company, in which the filing included a proposed reinsurance agreement (the "Reinsurance Agreement") that Security National Life Insurance Company intends to enter into with Memorial Insurance Company at the closing date of the stock purchase transaction;

WHEREAS, as a condition to the Arkansas Insurance Department approving the Form A filing, Security National Life Insurance Company has agreed to enter into a guaranty agreement with Memorial Insurance Company, in a form acceptable to the department, to guaranty the benefit payments stated in the eleven Retained Policies as a result of the Reinsurance Agreement to be entered into at the closing date of the stock purchase transaction; and

WHEREAS, Security National Life Insurance Company desires to enter into a guaranty agreement to guaranty the benefit payments stated in the Retained Policies to be retained by Memorial Insurance Company following the completion of the stock purchase transaction and the execution of the Reinsurance Agreement;

NOW, THEREFORE, in respect of the foregoing, Security National Life Insurance Company and Southern Security Life Insurance Company, as guarantors, represent and warrant as follows:

1. The Guarantors hereby unconditionally and irrevocably guarantee to Memorial Insurance Company, the Arkansas Insurance Department and to the policyholders of the Retained Policies the full and prompt payment, when due, of the benefit payments stated in each of the Retained Policies to be retained by Memorial Insurance Company following the closing of the stock purchase transaction and the execution of the Reinsurance Agreement, to the extent that the reserves relating to such policies are unable to provide for the full and complete payment of the benefits thereto (the "Obligations").

2. This guarantee of the Obligations is a continuing, absolute, and unconditional guaranty and shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantors and their respective successors, transferees and assigns thereof, and inure to the benefit of the policyholders of the Retained Policies and their heirs, legal representatives, assigns and successors in interest, until the Obligations shall have been satisfied in full.

3. The Guarantors further represent and warrant that:

(a) the Guarantors have full power and authority to execute and deliver this Guaranty and to preform fully and completely all of the obligations and liabilities under this Guaranty;

(b) the execution, delivery and performance of this Guaranty shall not violate any law, regulation, order, writ, injunction, decree or judgment of any court or governmental authority, and will not result in a breach of any contract, agreement or undertaking to which any Guarantor is a party; and

(c) this Guaranty is a valid and binding obligation, enforceable upon the Guarantors in accordance with the terms hereof (except as may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally and subject to the qualification that the remedy of specific performance or of injunctive relief is subject to the discretion of the court before which any proceeding therefore may be brought).

4. If any of the provisions of this Guaranty shall contravene or be held invalid under the laws of any jurisdiction, this Guaranty shall be construed as if not containing those provisions and the rights and obligations of the parties thereto shall be construed and enforced accordingly.

5. This Guaranty may not be changed orally, and this Guaranty and the rights, obligations and liabilities of the parties and policyholders hereunder shall be governed by and construed in accordance with the laws of the state of Arkansas, without giving effect to provisions thereof concerning conflict of laws.

6. The Guarantors' liability hereunder shall not be discharged except by performance and payment of all the Obligations hereunder, provided that, Guarantors' liability hereunder shall be reduced to the extent of any benefit payments made from the reserves relating to the Retained Policies.

7. The Guarantors jointly and severally waive presentment for payment, notice of protest, notice of dishonor, notice of nonpayment, notice of presentment, demand for payment, or protest of any of the Obligations.

8. Neither the Guarantors nor their successors in interest (by operation of law or otherwise) or legal representatives, shall assign or otherwise transfer their obligations hereunder.

9. This Guaranty shall continue in force and affect until all Obligations of the Guarantors under said instrument have been fully satisfied and until the benefit payments have been paid in full to the policyholders of each of the Retained Policies to be retained by Memorial Insurance Company following the closing of

the stock purchase transaction and the execution of the Reinsurance Agreement.

IN WITNESS WHEREOF, the Guarantors have executed and given this Guaranty as of the day and year first above written.

GUARANTORS:

SECURITY NATIONAL LIFE INSURANCE COMPANY

By: /s/ Scott M. Quist

Scott M. Quist, President
and Chief Operating Officer

SOUTHERN SECURITY LIFE INSURANCE COMPANY

By: /s/ Stephen M. Sill

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

STATE OF UTAH)
) ss.
COUNTY OF SALT LAKE)

On this 29th day of December, 2005, personally appeared before me Scott M. Quist, who being by me duly sworn did say that he is the President and Chief Operating Officer of SECURITY NATIONAL LIFE INSURANCE COMPANY and that said Scott M. Quist stated that he signed the within and foregoing document on behalf of said corporations.

/s/ DeAnn Theurer
NOTARY PUBLIC [SEAL]

STATE OF UTAH)
) ss.
COUNTY OF SALT LAKE)

On this 29th day of December, 2005, personally appeared before me Stephen M. Sill, who being by me duly sworn did say that he is the Vice President, Treasurer and Chief Financial Officer of SOUTHERN SECURITY LIFE INSURANCE COMPANY and that said Stephen M. Sill stated that he signed the within and foregoing document on behalf of said corporations.

/s/ DeAnn Theurer
NOTARY PUBLIC

[SEAL]

ADMINISTRATIVE SERVICES AGREEMENT

THIS AGREEMENT (the "Agreement") is effective as of December 29, 2005 (the "Effective Date") and is made and entered into by and between SECURITY NATIONAL LIFE INSURANCE COMPANY, a Utah domiciled life insurance company ("Security National"), and MEMORIAL INSURANCE COMPANY OF AMERICA, an Arkansas domiciled insurance company ("Memorial").

WITNESSETH:

WHEREAS, on September 23, 2005, Security National and its wholly-owned subsidiary, Southern Security Life Insurance Company, a Florida domiciled insurance company, entered into a stock purchase agreement (the "Stock Purchase Agreement") with Memorial;

WHEREAS, under the terms of the Stock Purchase Agreement, Security National and Memorial each agree at the closing of the stock purchase transaction to enter into a reinsurance agreement (the "Reinsurance Agreement") to reinsure all the in force business of Memorial to Security National, as the reinsurer, except for certain policies that are to be retained by Memorial; and

WHEREAS, as a condition to the Stock Purchase Agreement and the Reinsurance Agreement, Security National agrees to enter into an administrative services agreement with Memorial, in a form acceptable to the Arkansas and Utah insurance departments, to provide general and administrative services to Memorial in connection with the policies to be retained by Memorial following the closing of the stock purchase transaction and the execution of the Reinsurance Agreement, but not to include the policies to be reinsured to Security National pursuant to the Reinsurance Agreement, in accordance with the terms and conditions hereinafter contained;

NOW, THEREFORE, in consideration of the mutual promises, covenants, representations and undertakings hereinafter contained, the parties hereto agree as follows:

ARTICLE I

Term and Termination

Section 1.1 This Agreement shall commence on the Effective Date and shall be unlimited in duration, remaining in full force and effect as long as the Reinsurance Agreement shall remain in full force and effect.

Section 1.2. Any termination of this Agreement shall not affect the rights and obligations of the parties hereto as to transactions or acts done or performed by either party prior to the effective date of termination.

ARTICLE II

Appointment, Authority and Duties of Security National

Section 2.1. Memorial hereby engages Security National to provide administrative and financial services described herein to Memorial for the policies to be retained by Memorial pursuant to the stock purchase transaction and the Reinsurance Agreement, but not to include the policies reinsured to Security National under the Reinsurance Agreement.. Without limiting the generality of the foregoing, Security National shall, directly or indirectly, and at the reasonable request and direction of the Board of Directors of Memorial, perform or render the following administrative and financial services relating to:

A. Accounting Services. These services shall include policyholder billing, collection of policyholder premiums, payment of commissions, maintaining records of accounts receivable and accounts payable, payment of expenses, providing management reports to include budgeting and interim financial reports, payroll administration to the extent Memorial has employees outside the scope of this Agreement, proper posting of financial transactions to the policyholder in force, among other items.

B. Financial Reports and Statements. Preparation of financial reports and statements to include the preparation of statutory reports including quarterly and annual reports for the submission to the Arkansas Insurance Department and other relevant jurisdictions, other management reports to be agreed upon, periodic reports to the Internal Revenue Service, including tax returns, the management and payment of an annual audit fee with an acceptable certified public accounting firm, management of insurance department examinations, and the payment of the fees therefore.

C. Actuarial. Security National shall make available all existing products of Security National or related subsidiaries, shall maintain reserves and reserve calculations for financial statement, including GAAP, statutory, and federal income tax, and internal purposes, shall perform profitability analysis and shall be available for limited product development and/or product enhancement work.

D. Policyholder Services. Policyholder services shall handle all policyholder correspondence, shall calculate cash surrender values, maintain lapses, cancellations, reinstatement, and shall provide claim services, including investigation and administration of claims and the payment thereof.

E. Underwriting. To include the receipt of applications, analysis of said applications, and selection of risks including the management of medical evaluation of such risks, requesting MIB reports, requesting and evaluating attending physician statements, medical examinations, and upon the acceptance of

such risks the issuance of the policy.

F. Data Processing. To allow Memorial access to the data processing system of Security National and to provide data processing services such that the services contemplated by this Agreement can be provided on a timely basis, including new policy issue, policyholder services, accounting, in-force maintenance, commissions and other functions.

G. Legal. To include review of contracts, drafting or review of contracts for the purpose of agents or other purposes, and management of legal expenses incurred by Memorial for litigation or otherwise.

H. Building Management. To insure the building is properly maintained.

I. Marketing Advisory Services. To include agent licensing, calculation of commissions, payment of commissions, maintenance of the agency system, providing market analysis of various opportunities, and managing policy acquisition costs including commissions, advertising, marketing contests, sales conventions, and other items.

J. Investment Services. To provide investment services including the recommendation of publicly traded investments, mortgage loan services including purchase of loans and investments in mortgage warehouse lines, investment accounting including preparation of Schedule D of the statutory annual statement, and investment maintenance including calls and redemption of securities.

Section 2.2. All services including underwriting, claims management and investment services provided to Memorial hereunder are to be based upon the written criteria, standards and guidelines of Memorial. In the absence of such written procedures, Security National shall be entitled to rely upon its own best judgment in the respective matter. The standard shall be that of a prudent person managing his own affairs. Memorial shall have the ultimate and final authority over all decisions and policies, including but not limited to, decisions and policies related to the acceptance, rejection or canceling of rights, the payment or nonpayment of claims, and the purchase and sale of securities.

Section 2.3. Notwithstanding any other provision of this Agreement, it is understood that the business and affairs of Memorial shall be managed by its Board of Directors, and to the extent delegated by such Board, by its appropriately designated officers.

Section 2.4. All services provided by Security National hereunder shall be performed in accordance with generally accepted professional standards and, in this regard, Security National shall (a) maintain a staff of competent and

trained personnel, supplies and equipment for the purpose of performing its duties hereunder; (b) use reasonable efforts to service Memorial diligently and faithfully, to promote and safeguard the best interests of Memorial; and (c) perform all acts reasonably necessary to ensure the smooth and proper conduct of the subject business on behalf of Memorial. Security National may employ other persons or entities to furnish it with statistical and other factual information, advice and assistance as it may deem necessary or desirable for the proper and efficient conduct of its activities hereunder.

Section 2.5. Standard of care and standard of performance of duties. Duties and obligations of Security National shall be provided in a manner consistent with the nature, type, timeliness, and amount of service that was provided by Memorial's own employees. Where services are to be provided by Security National that had not previously been provided by Memorial's employees, the standard for such services shall be that of a reasonable person managing his own affairs engaged in similar service.

Section 2.6. It is contemplated that Security National will hire certain current employees of Memorial in order to accomplish the purposes of this Agreement. Memorial agrees to cooperate in retaining such employees and in other ways to effectuate the purposes of this Agreement. Memorial represents and agrees that all employees are "at will" employees not subject to any employment agreement or retirement plan.

Section 2.7. Warranties and Limitation of Liability. It is understood and agreed that Security National will be using certain commercially available products to include software and computer hardware among others. Security National specifically makes no guarantees, warranties, or otherwise regarding such items and the only such warranty or guaranty is that provided by the manufacturer. Furthermore, it is specifically agreed that in undertaking this Agreement, Security National is relying upon Memorial's representation as to its needs, requirements, and past capabilities. Security National makes no warranty or guaranty and accepts no liability with regards to its services or with regards to its investment advice.

ARTICLE III

Expenses and Compensation of Security National

Section 3.1. Security National shall furnish at its own expense, executive, supervisory and other personnel and services in connection with the services that it is to provide as contemplated by this Agreement.

Section 3.2. In full consideration for the services rendered by Security National hereunder, during each year of the term of this Agreement, Memorial

shall pay to Security National an Administrative Services Fee (the "Administrative Services Fee") of \$25.00 per policy per year, provided, however, that the Administrative Services Fee shall be reduced to zero for as long as capital and surplus of Memorial is less than or equal to \$1,000,000, unless Memorial and Security National otherwise agree in writing and such agreement is approved by the Arkansas and Utah insurance departments.

ARTICLE IV

Representations and Warranties

Section 4.1. Security National hereby represents and warrants to Memorial that it has full corporate power and authority to enter into this Agreement, and that the officer executing this Agreement has full authority and right to do so on behalf of Security National.

Section 4.2. Memorial hereby represents and warrants to Security National that it has full corporate power and authority to enter into this Agreement and that the officer executing this Agreement has full authority and right to do so on behalf of Memorial.

ARTICLE V

Compliance with the Memorial Policies

Security National covenants and agrees that the investment planning, investment advice and services that it furnishes Memorial hereunder will be in accordance with the general investment policies of Memorial set forth from time to time by its Board of Directors or any appropriate committee thereof, and in any memoranda or letter agreements to Security National, in accordance with the criteria and limitations provided by Sections of the Arkansas insurance laws, as amended from time to time.

ARTICLE VI

Records

Section 6.1. Security National agrees that it will maintain all records, memoranda, instructions and authorizations relating to the services performed hereunder on behalf of Memorial (the "Records"). The Records shall (a) be and remain the property of Memorial, (b) be open at all times to inspection and audit by Memorial or its authorized representatives, and (c) shall be delivered to Memorial upon written demand therefore provided that Security National may

retain a copy or duplicate of each Record, delivered to Memorial pursuant to (d) and Memorial will reimburse Security National for all reasonable expenses incurred in delivering Records to Memorial, including without limitation the cost to photocopy Records, copies of which are retained by Security National, and delivery expenses.

Section 6.2. Security National shall, at the request of Memorial, assist and provide operational support in connection with any audit of any records with respect to the services provided hereunder that is undertaken by Memorial's auditors, its firm of CPA's, its actuaries or the insurance department of any state or any other governmental agency.

Section 6.3. Security National shall provide, upon Memorial's reasonable request, any Records in its possession and control which are necessary to file any report required by any federal, state or local governmental agencies. If such Records are not timely provided, Security National will pay any cost reasonably incurred by Memorial in compiling the necessary information.

Section 6.4. The terms and conditions of this Agreement and the Records in the possession and the control of Security National are confidential and shall be treated as such by Security National and its employees.

ARTICLE VII

Independent Contractors

This Agreement is not a contract of employment and nothing herein contained shall be construed to create the relationship of employer and employee between Memorial and Security National. Security National is an independent contractor and shall be free to exercise judgment and discretion with regard to its duties under this Agreement.

ARTICLE VIII

Notices

Section 8.1. All notices, requests, demands and other communications under this Agreement or in connection therewith shall be given or made as follows:

If to Memorial:

Memorial Insurance Company of America
64 West Main
Blytheville, Arkansas 72315
Attn: _____

Facsimile: (870) 838-0988
Telephone No.: (870) 763-0713

With copies to:

Randall A. Mackey, Esq.
Mackey Price Thompson & Ostler
57 West 200 South, Suite 350
Salt Lake City, Utah 84111
Facsimile: (801) 575-5006
Telephone No.: (801) 575-5000

If to Security National:

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

with a copy to:

Randall A. Mackey, Esq.
Mackey Price Thompson & Ostler
57 West 200 South, Suite 350
Salt Lake City, Utah 84111
Facsimile: (801) 575-5006
Telephone No.: (801) 575-5000

Section 8.2. Any notice or communication required or permitted to be given in terms of this Agreement shall be valid and effective only if in writing.

Section 8.3. Either party may by written notice to the other sent by prepaid registered mail change its address to another physical address provided that change of address shall only become effective on the seventh (7th) day after dispatch of the notice.

Section 8.4. Any notice or communication sent by prepaid United States mail pursuant to this Agreement shall be deemed to have been received within ten (10) days of the date of posting. Any notice or communication sent by facsimile transmission pursuant to this Agreement shall be deemed to have been received on the day that such notice was transmitted and confirmation of receipt of transmission was received.

ARTICLE IX

Miscellaneous

Section 9.1. This Agreement shall be governed by and interpreted according to the laws of the State of Arkansas and the parties agree to submit themselves to the jurisdiction of any competent Arkansas court, both state and federal.

Section 9.2. This Agreement embodies the final, complete and entire agreement between the parties with respect to the Matters set forth herein. No other representations, understandings or agreements have been made or relied upon in the making of this Agreement other than those specifically set forth or referred to herein.

Section 9.3. Any alterations, modifications, amendments, variations or additions to this Agreement shall only be valid if in writing and executed with the same formalities as this instrument.

Section 9.4. The failure of either party to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of such provisions, nor in any way to affect the validity of this Agreement, or any part thereof, or the rights of either party to thereafter enforce each and every such provision.

Section 9.5. This Agreement shall not be assigned, delegated, subdelegated, charged or otherwise disposed of by Memorial without the prior express written consent of Security National. Upon written notice to Memorial, Security National may assign, delegate, subdelegate, charge or otherwise transfer this Agreement and its obligations hereunder; provided that any such assignee, delegee, subdelegee, chargee or transferee agrees in writing to be bound hereunder.

Section 10.6. This Agreement may be executed in two separate counterparts, each of which shall be deemed to be an original hereof, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Security National and Memorial have executed this Agreement as of the Effective Date.

SECURITY NATIONAL LIFE INSURANCE COMPANY

By: /s/ Scott M. Quist

Its: President

MEMORIAL INSURANCE COMPANY OF AMERICA

By: /s/ Larry N. Perrin

Its: Treasurer
