SECURITY FEDERAL CORPORATION

Form 4

September 29, 2005

FORM 4

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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person [*] WARFIELD GREG	2. Issuer Name **and** Ticker or Trading Symbol SECURITY FEDERAL CORPORATION [SFDL]	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)
(Last) (First) (Middle) PO BOX 810 (Street)	3. Date of Earliest Transaction (Month/Day/Year) 09/29/2005	_____ Director _____ 10% Owner __X__ Officer (give title _____ Other (specify below) below) VP
AIKEN, SC 29802	4. If Amendment, Date Original Filed(Month/Day/Year)	6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person ___ Form filed by More than One Reporting Person
(City) (State) (Zip)		

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	12/31/2004		J[(1)]		210	A	$ 0	2,603	D [(2)]	
Common Stock	09/29/2005		M		600	A	$ 16.67	3,203	D [(3)]	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. P Der Sec (Ins
								Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
				Code	V	(A)	(D)					
Stock Option (4)	$ 16.67	09/29/2005		M			600	10/01/2004	09/30/2005	Common Stock	600	$

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
WARFIELD GREG PO BOX 810 AIKEN, SC 29802			VP	

Signatures

/s/Ruth Vance by Power of Attorney	09/29/2005
**Signature of Reporting Person	Date

Explanation of Responses:

*   If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

**   Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1)   Allocation from Employee Stock Ownership Plan.

(2)   Includes 1,350 shares held direct, 150 shares held indirect by wife, and 1,103 shares held indirect by Employee Stock Ownership Plan.

(3)   Includes 1,950 shares held direct, 150 shares held indirect by wife, and 1,103 shares held indirect by Employee Stock Ownership Plan.

(4)   The options were granted under the Issuer's 1999 Stock Option Plan. The options are exercisable at a rate of 20% per year.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.