

THE RYLAND GROUP, INC.
COMPENSATION COMMITTEE

Charter

Organization

This Charter governs the operations of the Compensation Committee. The Compensation Committee shall be comprised of independent, non-employee directors of the Board of Directors of The Ryland Group, Inc. The Compensation Committee approves the design of, assesses the effectiveness of, and administers and approves the executive and management compensation programs of the Corporation. The Compensation Committee also reviews and approves all salary arrangements and other compensation for executive and senior officers and managers, including the Chief Executive Officer, evaluates executive performance and considers related matters.

Responsibility/Authority

The Compensation Committee has the responsibility and authority to supervise and review the affairs of the Corporation as they relate to total compensation and benefits. The Committee has the sole authority to retain and terminate independent consultants on matters of executive compensation and benefits as it deems appropriate, including sole authority to approve the consultant's fees and other retention terms. The Committee shall:

- Determine and approve the compensation of the Board of Directors and the compensation plans, policies and general level of the compensation of the Board of Directors.
- Review and approve goals and objectives relevant to the Chief Executive Officer's compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives and determine and approve the Chief Executive Officer's compensation level based on this evaluation.
- Determine the compensation of the other executive officers, officers and managers of the Corporation.
- Negotiate and approve executive employment, consulting and separation agreements with the Chief Executive Officer and the other senior executive officers of the Corporation.
- Review and approve the compensation plans, policies and general levels of compensation for the Corporation's Chief Executive Officer, executive officers, senior officers and managers of the Corporation.
- Evaluate, administer and approve the Corporation's stock option, stock incentive, and other stock based compensation programs.
- Evaluate, administer and approve the Corporation's benefit, incentive and compensation plans.

- Prepare a Compensation Committee report on executive compensation to be included in the Corporation's filings with the SEC.
- Review the performance of the Committee on an annual basis.

Operating Procedures

Formal actions to be taken by the Committee shall be by unanimous written consent or by a majority of the persons present (in person or by conference telephone) at a meeting at which a quorum is present. A quorum shall consist of at least 50% of the members of the Committee.