

MAY 21 1984

#84-B-10

RESOLUTION

APPROVING THE ISSUANCE OF
ORANGE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT REVENUE BONDS
(RYLAND PROJECT)
IN AN AGGREGATE PRINCIPAL AMOUNT OF \$2,000,000

WHEREAS, the Board of County Commissioners of Orange County declared a need for the Orange County Industrial Development Authority (the "Authority"), appointed its members and empowered it to act under the provisions of Chapter 159 Part III of the Florida Statutes; and,

WHEREAS, the Authority on May 16, 1984, following the public hearing (the "Public Hearing") held pursuant to the Notice of Public Hearing published in The Orlando Sentinel and attached hereto as Exhibit "A" (the "Notice") adopted the resolution attached hereto as Exhibit "B" (the "Resolution") providing for the issuance of an aggregate principal amount of \$2,000,000 of Orange County Industrial Development Authority Industrial Development Revenue Bonds (Ryland Project) (the "Bonds") for acquisition, construction and equipping of the therein described industrial or manufacturing plant for The Ryland Group, Inc. (the "Project") in Orange County; and,

WHEREAS, the Board of County Commissioners of Orange County has jurisdiction over Orange County; and,

WHEREAS, the Board of County Commissioners of Orange County has been furnished with a copy of the Notice and of the minutes or extracts of the minutes of the Meeting and Public Hearing of the Authority held on May 16, 1984, with respect to the Authority's approval of the Resolution indicating that the Notice apprised residents of Orange County of the proposed issuance of the Bonds not less than 14 days before the Public Hearing and that the Public Hearing was conducted in a manner which provided a reasonable opportunity for persons with differing views on both the issuance of the Bonds and the location and nature of the Project to be heard; and,

WHEREAS, the Board of County Commissioners has been requested by the Authority to consider and approve the Authority's issuance of the Bonds under the provisions of Section 125.01(1)(z) of the Florida Statutes, as amended, and Section 103(k) of the Internal Revenue Code of 1954, as amended;

NOW, THEREFORE, BE IT RESOLVED by the Board of County

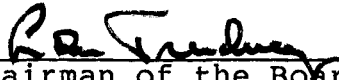
Commissioners of Orange County as follows:

1. Issuance of the Bonds by the Authority in an aggregate principal amount of \$2,000,000 of Orange County Industrial Development Authority Industrial Development Revenue Bonds (Ryland Project) as contemplated by the Resolution is hereby approved.

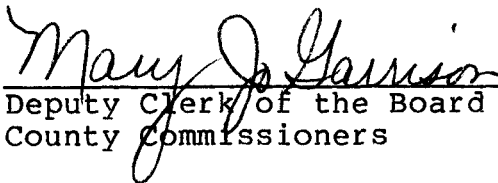
2. This approval is intended to comply with the provisions of Section 125.01(1)(z) of the Florida Statutes, as amended, and Section 103(k) of the Internal Revenue Code of 1954, as amended.

3. Nothing contained in this approval shall be deemed to create any obligation or obligations of Orange County, Florida or the Board of County Commissioners of Orange County.

ADOPTED as of this 21st day of May, 1984, and effective immediately upon its adoption.



Chairman of the Board of
County Commissioners



Deputy Clerk of the Board of
County Commissioners

The Orlando Sentinel

Published Daily
Orlando, Orange County, Florida

EXHIBIT A

ADVERTISING CHARGE \$78.59

State of Florida } ss
COUNTY OF ORANGE }

Before the undersigned authority personally appeared _____

Nancy A. Puglia _____, who on oath says that

she is the Legal Advertising Representative of the Orlando Sentinel, a Daily newspaper published at Orlando, in Orange County, Florida; that the attached copy of advertisement, being a Notice of Public Hearing in the matter of Re: Orange County Industrial Development Authority-Bond Issues in the _____ Court, was published in said newspaper in the issues of _____
May 2, 1984

Affiant further says that the said Orlando Sentinel is a newspaper published at Orlando, in said Orange County, Florida, and that the said newspaper has heretofore been continuously published in said Orange County, Florida, each Week Day and has been entered as second-class mail matter at the post office in Orlando, in said Orange County, Florida for a period of one year next preceding the first publication of the attached copy of advertisement; and affiant further says that he/she has neither paid nor promised any person, firm or corporation any discount, rebate, commission or refund for the purpose of securing this advertisement for publication in the said newspaper.

Nancy A. Puglia

Sworn to and subscribed before me this 2nd day

of May A.D., 1984

Virginia H. Hollingsworth

Notary Public, State of Florida at Large Notary Public
My Commission Expires July 13, 1985

Bonded by American Fire & Casualty Co. FORM NO. AD-262



NOTICE OF PUBLIC HEARING ORANGE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

A public hearing will be held by the Orange County Industrial Development Authority to consider and act on approval for purposes of Section 103(k) of the Internal Revenue Code of 1954, as amended, of the bond issues for the projects listed below:

1. Maximum of \$4,500,000 of industrial development revenue bonds for The Martin Brower Company, a Delaware corporation and a wholly-owned subsidiary of Dalgety, Inc., a Delaware corporation. Project is to construct a food distribution center consisting of an approximately 100,000 sq. ft. dry storage, cooler and freezer storage facility on approximately 10 to 20 acres of land at one of the following alternative locations in South Orange County: (i) Landstreet Road immediately west of Jefferson Wards; (ii) Landstreet Road west of the UPS facility; or (iii) Exchange Drive in Orlando Central Park. Repayment of such bonds is to be guaranteed by the Martin Brower Company, Dalgety, Inc., and Dalgety PLC, a London, England public limited corporation. Dalgety, Inc. is a wholly-owned subsidiary of Dalgety PLC.

2. Maximum of \$1,600,000 of industrial development revenue bonds for Anco Company, a Florida general partnership of which Marie-Louise Akesson, Thomas Akesson and Roland Nilsson are the general partners. Project is to construct a 41,600 sq. ft. facility on approximately 5.2 acres on Exchange Drive in Orlando Central Park in South Orange County for manufacturing and warehousing of venetian blind machinery and related equipment together with related office facilities. The Project will be owned by Anco Company and leased to AB SANI USA INC. Repayment of the bonds will be guaranteed by Anco Company and its general partners and AB SANI USA INC.

3. Maximum of \$2,000,000 of industrial development revenue bonds for The Ryland Group, Inc., a Maryland corporation. Project is to construct a 43,000 sq. ft. facility on approximately 9.7 acres of land for the manufacture of housing components. Location is on Zell Drive in Regency Industrial Park in South Orange County.

Members of the public will be given a reasonable opportunity to express their views on the issuance of the bonds and the location and nature of the proposed project at the public hearing which will be conducted as a part of the Authority's regular monthly public meeting to be held on Wednesday, May 16, 1984 at 2:00 p.m. in Suite 890, Hartford Building, 200 East Robinson Street, Orlando, Florida.

If a person decides to appeal any decision made by the Orange County Industrial Development Authority with respect to any matter considered at this meeting or hearing, he will need a record of the proceedings, and for such purpose, he may need to insure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.
May 2, 1984

ORANGE COUNTY
INDUSTRIAL
DEVELOPMENT
AUTHORITY
By: Roy L. Harris, Jr.
Title: Secretary

EXHIBIT B

RESOLUTION NO. 84 - 007

RESOLUTION

AUTHORIZING A MEMORANDUM OF AGREEMENT WITH

THE RYLAND GROUP, INC.

A RESOLUTION AUTHORIZING A MEMORANDUM OF AGREEMENT WITH THE RYLAND GROUP, INC., WITH RESPECT TO THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A CAPITAL PROJECT CONSISTING OF AN INDUSTRIAL OR MANUFACTURING PLANT IN ORANGE COUNTY, FLORIDA; THE PROPOSED ISSUANCE AND SALE OF \$2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF ORANGE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY REVENUE BONDS (RYLAND PROJECT), SERIES 1984, FOR THE PURPOSE OF PAYING ALL OR ANY PART OF THE COST OF SAID PROJECT; AND THE SALE OF SAID PROJECT TO OR FINANCING THEREOF FOR THE RYLAND GROUP, INC., ALL PURSUANT TO THE FLORIDA INDUSTRIAL DEVELOPMENT FINANCING ACT.

BE IT RESOLVED by the members of the Orange County Industrial Development Authority:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of the Florida Industrial Development Financing Act, Part II, Chapter 159, Florida Statutes, as amended, and Part III of Chapter 159, Florida Statutes, as amended (the "Act"), and other applicable laws.

SECTION 2. FINDINGS. It is hereby found, ascertained, determined and declared that:

(A) The Orange County Industrial Development Authority (the "Authority") is a public body politic and corporate and a public instrumentality duly created and existing under and by virtue of the laws of the State of Florida. The Authority is authorized and empowered by the Act to provide for the issuance of and to issue and sell its Industrial Development Revenue Bonds for the purpose of paying all or any part of the cost of any "capital project comprising an industrial or manufacturing plant"; and

(B) In order to promote the economic growth of Orange County, Florida (the "County"), and the industrial economy of the State of Florida, to increase purchasing power and opportunities for gainful employment, to improve living conditions and to advance and improve the economic prosperity and the general welfare of the County, the State of Florida and its people, it is desirable that:

(1) The Authority provide for the issuance and sale of its Industrial Development Revenue Bonds or Notes (Ryland Project), Series 1984, in the aggregate amount of \$2,000,000 (the "Bonds");

(2) That the Authority use the proceeds thereof, to the extent of such proceeds, as follows:

(i) to pay all or any part of the cost of issuance of the Bonds;

(ii) to pay all or any part of the cost of acquiring a certain parcel of real estate located within the County and within the jurisdiction of the Authority (the parcel consists of approximately 9.7 acres of land) and constructing and equipping certain improvements thereon, including the construction of an approximately 43,000 square foot facility for the manufacturing of housing components;

(iii) to pay all or any part of the cost of the acquisition and installation of certain machinery, equipment and appurtenances and facilities incidental thereto, and other improvements necessary and convenient therefor (the aforementioned parcel of real estate and improvements to be constructed thereon, and such machinery, equipment and appurtenances and facilities incidental thereto, being referred to herein, collectively, as the "Project"); and

(iv) to pay any other "cost" (as defined in the Act) of the Project;

(3) That the Authority either (i) sell the Project to The Ryland Group, Inc., a Maryland corporation (the "Company"), for or at a purchase price payable in installments sufficient to pay the principal of, premium (if any), interest and other costs due

pursuant to the Bonds when and as the same may become due, or (ii) otherwise finance the acquisition of the Project in a manner that will pay all sums and costs due under the Bonds; and

(C) The Company has shown that the Project will increase employment in the County by creating approximately 100 new jobs immediately following completion of the Project; and

(D) The Project shall make a significant contribution to the economic growth of the County, shall provide gainful employment and shall serve a public purpose by advancing the economic prosperity and the general welfare of the County and the State of Florida and its people; and

(E) The financing of the construction and equipping of the Project by the Company through the issuance of the Bonds constitutes an appropriate use of Authority's powers and will result in a substantial public benefit; and

(F) The County is able to cope satisfactorily with the impact of the Project and is able to provide, or cause to be provided when needed, the public facilities, including utilities and public services, that will be necessary for the construction, operation, repair and maintenance of the Project and on account of any increase in population or other circumstances resulting therefrom; and

(G) The costs to be associated with the acquisition, construction and equipping of the Project are costs of a project within the meaning of the Act; and

(H) In view of rising construction costs, rising interest rates and other factors, it is believed essential that the acquisition, construction and equipping of the Project commence at the earliest practical date, and the Company is unwilling to make commitments therefor without satisfactory assurances from the Authority that, upon satisfaction of all requirements of law and other conditions to be met by the Company, Bonds will be issued and sold and the proceeds thereof will be made available to finance the cost of the Project, to the extent of such proceeds; and

(I) It is necessary and desirable and in the best interest of the Authority and the County that the

Authority and the Company enter into a Memorandum of Agreement (the "Memorandum of Agreement") providing for the performance by the Company of the functions described therein, including the arranging for the acquisition, construction and equipping of the Project and providing among other things for (1) the issuance and sale by the Authority of the Bonds, (2) the use and application of the proceeds of the issuance and sale of the Bonds to pay all or any part of the "cost" (as defined in the Act) of the Project, to the extent of such proceeds, and (3) the sale of the Project by the Authority to the Company pursuant to a sale agreement (or the financing thereof for the Company pursuant to a loan agreement) requiring the Company (a) to pay installments sufficient to pay all of the interest, principal, redemption premiums (if any) and other costs due under and pursuant to the Bonds when and as the same become due and payable, (b) to operate, repair and maintain the Project at the Company's own expense, and (c) to pay all other costs incurred by the Authority in connection with the financing, construction, equipping and administration of the Project that are not paid out of the Bond proceeds or otherwise; and

(J) The Company is financially responsible and fully capable and willing to fulfill its obligations under the proposed sale agreement (or loan agreement), including the obligation to make installment payments in the amount and at the times to be required by the sale agreement (or loan agreement), the obligation to operate, repair and maintain such Project at its own expense, and to serve the purposes of the Act and other responsibilities to be imposed under the sale agreement (or loan agreement), due consideration having been given to the Company's ratio of current assets to current liabilities, net worth, earning trends, coverage of all fixed charges, the nature of its business and the industry in which it is involved, its inherent stability, and other factors, including the description of a reimbursement, purchase and loan or letter of credit agreement with a bank or other financial institution, determinative of the capabilities of Company, financially and otherwise, to fulfill its obligations consistently with the purposes of the Act; and

(K) The Bonds shall and will be payable solely from the revenues and proceeds derived by the Authority from the sale (or financing), operation or leasing of the Project, and will not constitute a debt, liability or obligation of the Authority, the County or the State of

Florida or of any political subdivision thereof, the Authority shall not be obligated to pay the same nor interest, premiums (if any) or costs thereon except from the revenues and proceeds pledged therefor, and neither the faith and credit nor the taxing power of the Authority, the County or the State of Florida or of any political subdivision thereof will be pledged to the payment of the principal, premiums (if any), interest, or costs due pursuant to or under such Bonds.

SECTION 3. APPROVAL OF MEMORANDUM OF AGREEMENT. In order to assure the location of, and induce the Company to locate, the Project in the boundaries of the County, with the resulting public benefits which flow therefrom, and to serve more effectively the purposes of the Act, the proposed Memorandum of Agreement to be made between the Authority and the Company, in the form and with the contents presented at and filed with the minutes of this meeting, be and the same is hereby approved.

SECTION 4. AUTHORIZATION OF EXECUTION AND DELIVERY OF MEMORANDUM OF AGREEMENT. The Chairman or Vice Chairman of the Authority is hereby authorized and directed to execute the Memorandum of Agreement in the name of and on behalf of the Authority, the Secretary or Assistant Secretary of the Authority is hereby authorized and directed to attest the same and to affix thereto the Official Seal of the Authority and the Chairman or Vice Chairman is hereby authorized to deliver the Memorandum of Agreement to the Company. Such officers and all other officers and employees of the Authority are hereby authorized to execute and deliver such further agreements, instruments and documents as may be necessary and desirable to effectuate and carry out the intent and purposes of the Memorandum of Agreement, when executed and delivered by the Company.

SECTION 5. EFFECT OF RESOLUTION. This resolution is intended to and shall constitute "a Bond Resolution or some other similar official action" of the Authority for purposes of Section 103(b) of the Internal Revenue Code of 1954, as amended, and the related regulations, ruling and interpretative court decisions thereunder. The Authority hereby recommends that the County Commissioners of Orange County approve the issuance of the Bonds.

SECTION 6. REPEALING CLAUSE. All resolutions or orders and parts thereof in conflict herewith, to the extent of such conflicts, are hereby superseded and repealed.

SECTION 7. EFFECTIVE DATE. This resolution shall take effect immediately upon its adoption.

The foregoing resolution was offered by the Authority Member Mr. Arthur, who moved its adoption. The motion was seconded by Authority Member Mr. J. Harris, and, upon being put to a vote, the vote was as follows:

Voting in favor of the motion: Messrs. Davis, Arthur, J. Harris & Tedder.

Voting against the motion: None.

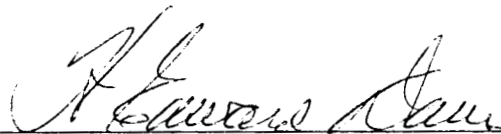
Abstain: None.

Absent: Mr. Lord.

Vice-

The Chairman then declared the resolution to be duly passed and adopted.

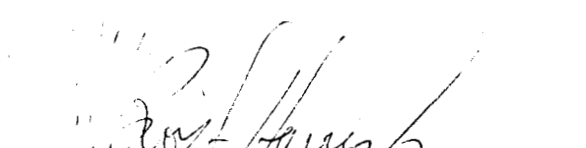
PASSED AND APPROVED this 16th day of May, 1984.



J. Harris
Vice-Chairman of the Orange County
Industrial Development Authority,
Orange County, Florida

(OFFICIAL SEAL)

ATTEST:



J. Harris
Secretary of the Orange County
Industrial Development
Authority, Orange County,
Florida

MEMORANDUM OF AGREEMENT

This MEMORANDUM OF AGREEMENT, dated as of the 16th day of May, 1984, between the ORANGE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY (the "Authority"), a public body politic and corporate and a public instrumentality duly created and existing under and by virtue of the law of the State of Florida (the "State"), and THE RYLAND GROUP, INC., a Maryland corporation (the "Company"), provides:

Section 1. The matters of mutual inducement and reliance which resulted in the execution of this Memorandum of Agreement are as follows:

(a) The Authority is authorized and empowered by the Florida Industrial Development Financing Act, Part II of Chapter 159, Florida Statutes, as amended, and Part III of Chapter 159, Florida Statutes, as amended (the "Act"), to provide for the issuance of and to issue and sell its Industrial Development Revenue Bonds for the purpose of paying all or any part of the cost of any "capital project comprising an industrial or manufacturing plant."

(b) In order to improve the economic base of Orange County, Florida (the "County"), and the industrial economy in the State, to promote the economic growth of the County and the State, to increase purchasing power and opportunities for gainful employment, to improve living conditions and to advance and improve the economic prosperity and the general welfare of the State and its people, it is desirable that the Authority issue and sell its Industrial Development Revenue Bonds or Notes (Ryland Project), Series 1984, in the aggregate principal amount of \$2,000,000 (the "Bonds").

(c) The Authority intends to use the proceeds thereof, to the extent of such proceeds, as follows: (i) to pay all or any part of the cost of issuance of the Bonds; (ii) to pay all or any part of the cost of acquiring a certain parcel of real estate consisting of approximately 9.7 acres located within the County and within the jurisdiction of the Authority (the "Land"), and constructing and equipping certain improvements thereon, including the construction of an approximately 43,000 square foot facility for the manufacturing of housing components, (iii) to pay all or any part of the cost of the acquisition and installation of certain machinery, equipment and appurtenances and facilities incidental thereto, and other improvements necessary and convenient therefor (the Land, the improvements to be constructed thereon and such machinery,

equipment and appurtenances and facilities incidental thereto being referred to herein collectively as the "Project"), and (iv) to pay any other "cost" (as defined in the Act) of the Project.

(d) The Authority intends to finance the acquisition of the Project through a loan agreement in a manner that will provide for the payment of all sums and costs due pursuant to and under the Bonds when as as the same become due.

(e) The Company has shown that the Project will increase employment in the County by creating 50 to 100 new jobs immediately following completion of the Project.

(f) The Company has requested that the Authority enter into this Memorandum of Agreement for purpose of declaring the Authority's intention to provide financing to pay all or a portion of the cost of the Project.

(g) The Authority by resolution duly passed and adopted, has made certain findings and determinations and has approved and authorized the execution and delivery of this Memorandum of Agreement.

(h) The Company represents that it has not financed the Project nor commenced its acquisition or construction or the ordering of equipment.

Section 2. The Authority will cooperate with the Company and its agents in the Company's efforts to find one or more purchasers for the Bonds, and if purchase arrangements satisfactory to the Company can be made by the Company and its agents, the Authority will authorize the issuance and sale of the Bonds and will issue and sell the Bonds to such purchaser or purchasers of the Bonds as may be designated by the Company, all upon such terms and conditions as shall be approved by the Company and the Authority and authorized by law; provided, however, that the Authority will not approve or participate in any "best efforts" underwriting for the sale of the Bonds. The Bonds will be payable solely from the revenues and proceeds derived by the Authority from the financing, operation, or leasing of the Project, and will not constitute a debt, liability or obligation of the Authority, the County or the State or any political subdivision thereof. The Authority shall not be obligated to pay the principal of the Bonds nor interest, premium (if any) or costs thereon except from the revenues and proceeds pledged therefor, and neither the faith and credit nor the taxing power of the Authority, the County or the State or any political subdivision thereof will be pledged to the payment of

the principal of premium (if any), interest or costs due pursuant to or under such Bonds.

Section 3. From the date hereof until the sale of the Bonds, there shall be furnished to the Authority in reasonable detail (a) a financial statement of operations of the Company for and within 30 days following the end of each quarter of the fiscal year of the Company, (b) an audited balance sheet and income statement of the Company for and within 120 days following the end of the fiscal year of the Company prepared by such independent certified public accountants as the Company may choose to utilize. In addition to and notwithstanding the obligation of the Company to provide such financial statements, until the sale of the Bonds the Company will notify the Authority of any material change, whether or not adverse, in the business, operations or financial condition of the Company within 10 days after its occurrence. In the event the Authority shall at any time prior to sale of the Bonds determine in its sole discretion that there has been a material adverse change in the business, operations or financial condition of the Company, whether or not such determination is based upon financial statements or notices provided by the Company in accordance herewith, the obligation of the Authority to issue and sell the Bonds may at the option of the Authority be terminated.

Section 4. At the proper time and subject in all respects to the prior advice, consent and approval of the Company the Authority will submit applications, adopt such proceedings and authorize the execution of such documents as may be necessary and advisable for the authorization, sale and issuance of the Bonds and for the acquisition, construction and equipping of the Project, all as shall be authorized by law and mutually satisfactory to the Authority and the Company.

Section 5. The Bonds issued shall be in such aggregate principal amount, shall bear interest at such rate or rates, including variable rates, shall be payable at such times and places, shall be in such forms and denominations, shall be sold in such manner and in such time or times, shall have such provisions for redemption, shall be executed, and shall contain affirmative and negative covenants and such other provisions, all as shall be authorized by law and all on terms mutually satisfactory to the Authority and the Company.

Section 6. The Authority will use and apply the proceeds of the issuance and sale of the Bonds or cause such proceeds to be used and applied, to the extent of such proceeds, to pay the cost of the Project and will cause a loan to be made

to the Company requiring the Company (a) to make payment for the account of the Authority of installments sufficient to pay all of the interest, principal, redemption premiums (if any) and other costs due under and pursuant to the Bonds when and as the same become due and payable, (b) to operate, repair and maintain the Project at the Company's own expense, (c) to pay to the Authority a processing and administrative fee of one-half of one percent of the principal amount of the Bonds upon the issuance and sale thereof (provided that such fee shall not exceed \$10,000), and (d) to pay all other costs incurred by the Authority in connection with the financing, construction and administration of the Project that are not paid out of the Bond proceeds or otherwise for so long as any of the Bonds remain outstanding.

Section 7. Having determined that the purposes of the Act would be more effectively served, the Authority hereby engages the services of the Company as an independent contractor of the Authority, and the Company hereby accepts such engagement, for the acquisition, construction and equipping of the Project, it being understood and agreed that the Company shall provide all services incident to the acquisition, construction and equipping of the Project (including, without limitation, the preparation of plans, specifications and contract documents, the award of contracts, the inspection and supervision of work performed, the employment of engineers, architects, builders and other contractors) and that the Company shall pay all costs of the Project, subject to reimbursement by the Authority upon the issuance and sale of the Bonds and the use and application of the proceeds thereof as provided above. The Authority shall have no responsibility for the provision of the services to be provided by the Company. It is expected that the Project will cost approximately Two Million Dollars (\$2,000,000), inclusive of the cost of the Land, interest during construction, any underwriting discount or commissions, and legal, accounting, financing and consulting expenses. The Company agrees that to the extent that the proceeds derived from the sale of the Bonds are not sufficient to complete the Project, the Company will supply all additional funds necessary for the completion of the Project. So long as this Memorandum of Agreement is in effect, all risk of loss to the Project shall be borne by the Company.

Section 8. At or prior to the time of issuance and sale of the Bonds, the Authority will enter into a purchase agreement with the purchaser of the Bonds or an agent therefor containing provisions acceptable to the Company and the Authority.

Section 9. At the time of issuance and sale of the Bonds, the following conditions precedent shall have been satisfied:

(a) The Authority shall have duly passed and adopted a resolution making all findings required by law and authorizing the issuance and sale of the Bonds and the execution and delivery of a loan agreement, a purchase agreement as described in Section 8 and such other agreements, instruments and documents as may be required to be specifically authorized.

(b) All public hearing and approval requirements imposed by Section 103(k) of the Internal Revenue Code of 1954, as amended, shall have been complied with by or for the Authority.

(c) The Board of Directors of the Company shall have duly passed and adopted a resolution authorizing the execution, delivery and performance by the Company of the loan agreement, the purchase agreement and any other documents relating to the issuance of the Bonds as may be requested by the Authority or Bond counsel, and approving the loan agreement, the purchase agreement and the issuance and sale of the Bonds, and authorizing or approving such other agreements, instruments, and documents for which specific authorization or approval may be required.

(d) The Company shall have provided a satisfactory opinion of counsel for the Company with respect to (i) the due organization, existence, qualification to do business in the State and good standing of the Company, its power and authority to own its properties (including the Project) and to carry on its business and activities (including those to be carried on, at or in connection with the Project), (ii) the due authorization and execution, and delivery of any agreements to which the Company is a party, including the loan and purchase agreements and other instruments and documents, their legality, validity, binding effect and enforceability in accordance with their respective terms, and (iii) the absence of any violation of law, rule, regulation, judgment, decree or order of any court or other agency of government or of the certificate of incorporation, bylaws, and agreements, indentures or other instruments to which the Company is a party or by which it or any of its property is or may be bound.

(e) The Authority shall have been provided, at the cost of the Company, a satisfactory opinion of counsel to the Authority, with respect to the due authorization and existence of the Authority and that all necessary proceedings in

connection with the authorization, issuance and sale of the Bonds and the other transactions of the Authority contemplated hereby have been properly conducted in accordance with applicable law.

(f) The Company and the Authority shall have executed and delivered such non-arbitrage certificates and representations, and Hunton & Williams, as bond counsel, shall have rendered such opinion relating to arbitrage, as may be required to comply with Section 103(c) of the Internal Revenue Code of 1954, as amended, and the regulations, rulings and interpretative court decisions thereunder.

(g) Hunton & Williams, as bond counsel, shall have delivered their opinion with respect to the validity of the Bonds, and to the effect that the interest on the Bonds is exempt from Federal income taxation under existing statutes and published regulations, rulings and interpretative court decisions (except as to Bonds held by a "substantial user" of the Project or any "related person," as such terms are defined in the Internal Revenue Code and the regulations thereunder or except in the case of a violation of Section 103(1) of the Internal Revenue Code and the regulations thereunder).

(h) The Company shall have furnished satisfactory plans and specifications for the Project, in reasonable detail, showing that the Project complies in all respects with the requirements of law.

(i) The Company shall have provided such other or additional representations, warranties, covenants, agreements, certificates, certified financial statements, and other proofs as may be required by the Authority or by bond counsel.

Section 10. The Authority agrees, if requested, to issue its notes to obtain interim financing for the Project on terms to be mutually agreed upon, such notes to be guaranteed or otherwise secured by the Company as required by the lender and the Authority.

Section 11. In the event that the Bonds are not issued and sold and the transactions contemplated hereby are not closed within twelve months after the date hereof, for any reason and whether or not as a result of any failure to find one or more purchasers for the Bonds, any default or failure of performance by the Authority, the inability of the Authority to issue and sell the Bonds or the failure or inability of the Authority and the Company to agree to the terms and conditions of the agreements, instruments and other documents provided for herein or contemplated hereby, the Company agrees that:

(a) The Company will (i) pay all costs and expenses, including any fees and expenses of any financial agent of the Company, (ii) pay the reasonable fees and expenses of bond counsel, and (iii) reimburse the Authority for all reasonable out-of-pocket costs and expenses, including reasonable fees and expenses of the Authority's counsel, that the Authority may have incurred in connection with this Memorandum of Agreement.

(b) The Company will indemnify and hold the Authority, and the Authority's members, officers, employees and agents, harmless against any liabilities, allegations or claims of loss or damage (including attorneys' fees and expenses) pertaining to the Project, the Bonds or any transaction contemplated hereunder or arising out of or predicated upon this Memorandum of Agreement, any action or non-action taken or omitted in reliance upon this Memorandum of Agreement or any default or failure of performance hereunder.

Section 12. No covenant or agreement contained in this Memorandum of Agreement or the Bonds, the purchase agreement, the loan agreement, or in any other instrument relating to the Bonds or the Project, shall be deemed to be a covenant or agreement of any member, officer, employee or agent of the Authority in an individual capacity, and neither the members or any officer of the Authority executing the Bonds or any such other agreements or instruments shall be liable personally thereon or be subject to any personal liability or accountability by reason thereof.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Agreement and the Authority has affixed its seal, as of the date first written above.

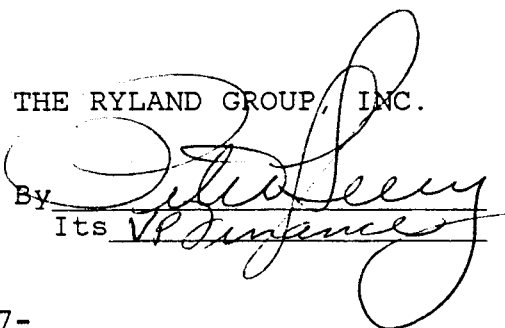
ORANGE COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY

(OFFICIAL SEAL)

BY _____
Chairman

Secretary

THE RYLAND GROUP, INC.

By 
Its VP Finance