Cottonwood, Incorporated
Policies and Procedures

SECTION: Governing Board   **POLICY NO:** 01-005

SUBJECT: Investment of Funds   **PAGE(S):** 1 of 1

EFFECTIVE DATE: January 2008

Policy:

This policy is adopted by the Board of Trustees of Cottonwood, Inc. with the intention of providing guidance to the Executive Committee of Cottonwood, Inc. in its investment of funds that may become available in excess of amounts required for the foreseeable operations of the corporation. Said funds will be designated in amounts from time to time by the Board of Trustees of Cottonwood, Inc.

It is the intention of the Board that funds so designated will constitute long term reserves of the Corporation and shall, accordingly, be invested in such a manner as to promote an optimum total return over an extended period of time.

The Executive Committee shall invest said funds in diversified portfolios constituted by investments in equity and fixed income obligations both foreign and domestic in nature. Provided that at no particular point in time will the portfolio contain more than 70% of its value in equity or more than 10% in alternative investments, nor more than 30% of its portfolio in equity or fixed income obligations of a foreign nature.

In pursuit of this goal the Executive Committee is expressly authorized to employ such agents as it deems appropriate to oversee the day to day investment of said funds, to bind any agent so employed to the terms of this policy and have any agent or agents so appointed to report to the Executive Committee on the prospects and performance of funds invested by the agent.

On no less than an annual basis the Executive Committee or its appointed agents shall report to the entire Board the status of monies invested pursuant to this policy including, but not limited to, the total return realized for the preceding one year period of time, the current positions held in the portfolio and recommendations, if any, for the modification of this policy.