

**Report of Organizational Actions
 Affecting Basis of Securities**

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
COTTONWOOD RESIDENTIAL, INC.		27-1083451	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
AARON TORRIENTE	801-278-0700		
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
6340 SOUTH 3000 EAST, SUITE 500		SALT LAKE CITY, UT 84121	
8 Date of action		9 Classification and description	
JANUARY 19, 2017		PREFERRED AND COMMON STOCK	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ THE TAXPAYER MADE CASH DISTRIBUTIONS TO ITS SHAREHOLDERS IN EXCESS OF ITS CURRENT AND ACCUMULATED EARNINGS AND PROFITS. SEE THE ATTACHMENT FOR THE AMOUNTS AND PAYMENT DATES OF THESE DISTRIBUTIONS.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ THE AMOUNT OF COMMON AND PREFERRED DISTRIBUTIONS IN 2016 ARE AS FOLLOWS:

	PER SHARE DISTRIBUTION	PER SHARE REDUCTION IN BASIS
PREFERRED	\$0.32500	\$0.20246
COMMON	\$0.89021	\$0.89021

ANY NONTAXABLE DISTRIBUTION IN EXCESS OF A SHAREHOLDER'S BASIS SHOULD BE TREATED AS A GAIN FROM THE SALE OR EXCHANGE OF PROPERTY.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ THE TAXPAYER'S EARNINGS AND PROFITS WERE CALCULATED UNDER IRC SECTION 312 AS MODIFIED BY IRC SECTION 857(d) FOR A REAL ESTATE INVESTMENT TRUST AND THE REGULATIONS THEREUNDER. DISTRIBUTIONS IN EXCESS OF THE PORTION OF THE EARNINGS AND PROFITS ALLOCABLE TO THE COMMON AND PREFERRED SHARES REDUCE THE SHAREHOLDERS TAX BASIS IN ITS SHARES TO THE EXTENT OF BASIS.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► INTERNAL REVENUE CODE SECTION 316 DEFINES A "DIVIDEND" GENERALLY AS ANY DISTRIBUTION OF PROPERTY MADE BY A CORPORATION TO ITS SHAREHOLDERS OUT OF EARNINGS & PROFITS (AS DEFINED BY INTERNAL REVENUE CODE SECTION 312 AND THE REGULATIONS THEREUNDER). PURSUANT TO INTERNAL REVENUE CODE SECTION 301(C) (2), THE PORTION OF THE DISTRIBUTION WHICH IS NOT A DIVIDEND SHALL BE APPLIED AGAINST AND REDUCE THE ADJUSTED TAX BASIS OF THE STOCK. UNDER INTERNAL REVENUE CODE SECTION 301(C) (3), A DISTRIBUTION WHICH IS NOT A DIVIDEND, TO THE EXTENT THAT IT EXCEEDS THE SHAREHOLDER'S ADJUSTED TAX BASIS OF THE STOCK, SHALL BE TREATED AS GAIN FROM THE SALE OR EXCHANGE OF PROPERTY.

18 Can any resulting loss be recognized? ► THE ORGANIZATIONAL ACTION REPORTED HEREIN DOES NOT RESULT IN ANY LOSSES.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► THE AMOUNT OF NONTAXABLE DISTRIBUTIONS EITHER (I) REDUCES THE SHAREHOLDER'S ADJUSTED TAX BASIS IN HIS/HER STOCK OR (II) TO THE EXTENT THAT IT EXCEEDS THE SHAREHOLDER'S ADJUSTED TAX BASIS IN HIS/HER STOCK ON THE DATES OF THE DISTRIBUTIONS, IS TREATED AS GAIN FROM THE SALE OR EXCHANGE OF PROPERTY IN 2016.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ►

Date ► 2/11/2017

Print your name ► SUSAN HALLENBERG

Title ► CHIEF FINANCIAL OFFICER

Paid Preparer Use Only

Print/Type preparer's name SUSAN STEELE	Preparer's signature 	Date 2/11/17	Check <input type="checkbox"/> if self-employed	PTIN P00852555
Firm's name ► DELOITTE TAX LLP			Firm's EIN ► 86-1065772	
Firm's address ► 655 WEST BROADWAY, STE. 700, SAN DIEGO, CA 92101			Phone no. 619-232-6500	

COTTONWOOD RESIDENTIAL, INC.

EIN: 27-1083451

ATTACHMENT TO FORM 8937

Security Description	Record Date	Payment Date	Distribution Per Share	
Series 2016 Preferred Stock	6/30/2016	7/5/2016	\$	0.053279
Series 2016 Preferred Stock	7/31/2016	8/8/2016		0.055055
Series 2016 Preferred Stock	8/31/2016	9/7/2016		0.055055
Series 2016 Preferred Stock	9/30/2016	10/7/2016		0.053279
Series 2016 Preferred Stock	10/31/2016	11/8/2016		0.055055
Series 2016 Preferred Stock	11/30/2016	12/9/2016		0.053279
Total per share			\$	0.325000
Common Non-Voting Stock	12/31/2015	1/14/2016	\$	0.07559
Common Non-Voting Stock	1/31/2016	2/9/2016		0.07538
Common Non-Voting Stock	2/29/2016	3/8/2016		0.07052
Common Non-Voting Stock	3/31/2016	4/11/2016		0.07538
Common Non-Voting Stock	4/30/2016	5/11/2016		0.07295
Common Non-Voting Stock	5/31/2016	6/6/2016		0.07538
Common Non-Voting Stock	6/30/2016	7/6/2016		0.07295
Common Non-Voting Stock	7/31/2016	8/9/2016		0.07538
Common Non-Voting Stock	8/31/2016	9/9/2016		0.07538
Common Non-Voting Stock	9/30/2016	10/10/2016		0.07295
Common Non-Voting Stock	10/31/2016	11/11/2016		0.07538
Common Non-Voting Stock	11/30/2016	12/13/2016		0.07295
Total per share			\$	0.89021

The taxpayer was not able to determine the quantitative effect on the shareholder's basis from distributions made on the dates identified above. The taxpayer is filing a timely Form 8937, in accordance with Reg. Sec. 1.6045B-1(a)(2)(ii), within 45 days of making that determination.