

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 II INC		83-1717458	
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	
OCTOBER 4, 2019		PREFERRED 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 ▶ COTTONWOOD RESIDENTIAL II INC. PAID CASH DISTRIBUTIONS ON PREFERRED STOCK IN EXCESS OF ITS CURRENT AND ACCUMULATED EARNINGS AND PROFITS IN 2018. DISTRIBUTION DATES WERE AS FOLLOWS:

DECLARATION DATES: SEPTEMBER 24, 2018; OCTOBER 24, 2018; NOVEMBER 24, 2018

RECORD DATES: SEPTEMBER 25, 2018; OCTOBER 25, 2018; NOVEMBER 25, 2018

PAYMENT DATES: OCTOBER 8, 2018; NOVEMBER 8, 2018; DECEMBER 8, 2018

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 PREFERRED DISTRIBUTIONS IN 2018 ARE AS FOLLOWS:

	PER SHARE DISTRIBUTION	PER SHARE REDUCTION IN BASIS
PREFERRED - 2016	\$0.121100	\$0.001625
PREFERRED - 2017	\$0.139720	\$0.001875

ANY NONTAXABLE DISTRIBUTION IN EXCESS OF A SHAREHOLDER'S BASIS SHOULD BE TREATED AS A GAIN FROM THE SALE OF 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 ▶ COTTONWOOD RESIDENTIAL II INC. DETERMINES ITS ANNUAL EARNINGS AND PROFITS UNDER IRC SECTION 312 (AS MODIFIED BY IRC SECTION 857(d) FOR A REAL ESTATE INVESTMENT TRUST) AND THE REGULATIONS THEREUNDER. THE EARNINGS AND PROFITS DETERMINATION SUPPORTS THE CALCULATION OF THE RETURN OF CAPITAL AND TAXABLE PORTIONS OF THE CASH DISTRIBUTIONS ON PREFERRED STOCK PAID ON THE DATES LISTED ABOVE.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC SECTION 316 DEFINES A "DIVIDEND" GENERALLY AS ANY DISTRIBUTION OF PROPERTY MADE BY A CORPORATION TO ITS SHAREHOLDERS OUT OF EARNINGS AND PROFITS (AS DEFINED BY IRC SECTION 312 AND THE REGULATIONS THEREUNDER). PURSUANT TO IRC SECTION 301(C) (2), THE PORTION OF THE DISTRIBUTION WHICH IS NOT A DIVIDEND SHALL BE APPLIED AGAINST AND REDUCE THE ADUSTED TAX BASIS OF THE STOCK. UNDER IRC SECTION 301(C) (3), A DISTRIBUTION WHICH IS NOT A DIVIDEND, TO THE EXTENT THAT IT EXCEEDS THE SHAREHOLDER'S ADJUSTED BASIS OF THE STOCK, SHALL BE TREATED AS A 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 A GAIN FROM THE SALE OR EXCHANGE OF PROPERTY IN 2018.

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 ▶ 10/14/2019

Print your name ▶ SUSAN HALLENBERG

Title ▶ CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	SUSAN STEELE	<i>Susan Steele</i>	10/11/19		P00852555
	Firm's name ▶ DELOITTE TAX LLP	Firm's address ▶ 655 W. BROADWAY, SUITE 700, SAN DIEGO, CA 92101		Firm's EIN ▶ 86-1065772	Phone no. 619-232-6500

COTTONWOOD RESIDENTIAL II, INC.
83-1717458
TAX YEAR 2018

STATEMENT ATTACHED TO AND MADE PART OF
FORM 8937 REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

SECURITY DESCRIPTION	RECORD DATE	PAYMENT DATE	DISTRIBUTION PER SHARE
SERIES 2016 PREFERRED STOCK	9/25/2018	10/8/2018	0.012500
SERIES 2016 PREFERRED STOCK	10/25/2018	11/8/2018	0.055200
SERIES 2016 PREFERRED STOCK	11/25/2018	12/8/2018	0.053400
<hr/> TOTAL PER SHARE			<hr/> 0.121100
SERIES 2017 PREFERRED STOCK	9/25/2018	10/6/2018	0.014380
SERIES 2017 PREFERRED STOCK	10/25/2018	11/8/2018	0.063700
SERIES 2017 PREFERRED STOCK	11/25/2018	12/8/2018	0.061640
<hr/> TOTAL PER SHARE			<hr/> 0.139720

COTTONWOOD RESIDENTIAL II, INC.
83-1717458
TAX YEAR 2018

STATEMENT ATTACHED TO AND MADE PART OF
FORM 8937 REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES
FOR THE YEAR ENDED DECEMBER 31,2018

STATEMENT PURSUANT TO TREASURY REGULATION §§1.6045B-1(A)(3) and (B)(4)

EFFECTIVE JANUARY 1, 2011, ISSUERS OF CORPORATE STOCK MUST BEGIN REPORTING CORPORATE ACTIONS THAT AFFECT STOCK BASIS, INCLUDING BUT NOT LIMITED TO MERGERS, STOCK SPLITS, STOCK DIVIDENDS, RECAPITALIZATIONS, AND PREFERRED STOCK DISTRIBUTIONS PAID IN EXCESS OF CUMULATIVE EARNINGS AND PROFITS. THIS INFORMATION IS INTENDED TO MEET THE REQUIREMENTS OF PUBLIC DISCLOSURE, PURSUANT TO TREASURY REGULATIONS §§1.6045B-1(A)(3) AND (B)(4) FOR COTTONWOOD RESIDENTIAL II, INC.