

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name COTTONWOOD COMMUNITIES, INC.		2 Issuer's employer identification number (EIN) 61-1805524	
3 Name of contact for additional information AARON TORRIENTE	4 Telephone No. of contact 801-278-0700	5 Email address of contact	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 6340 SOUTH 3000 EAST, SUITE 500		7 City, town, or post office, state, and ZIP code of contact SALT LAKE CITY, UT 84121	
8 Date of action DECEMBER 31, 2019		9 Classification and description 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 ▶ COTTONWOOD COMMUNITIES, INC. MADE CASH DISTRIBUTIONS TO ITS SHAREHOLDERS IN EXCESS OF ITS CURRENT AND ACCUMULATED EARNINGS AND PROFITS. SEE THE ATTACHMENTS 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 DISTRIBUTIONS IN 2019 ARE AS FOLLOWS:

	PER SHARE DISTRIBUTION	PER SHARE REDUCTION IN BASIS
COMMON	\$0.5	\$0.5

ANY NONTAXABLE INCOME 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 ▶ COTTONWOOD COMMUNITIES, INC.'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 SHARES REDUCE THE SHAREHOLDER'S TAX BASIS IN ITS SHARES TO THE EXTENT OF BASIS.

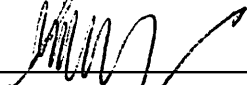
Part II Organizational Action (continued)

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.

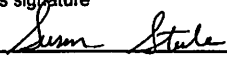
18 Can any resulting loss be recognized? ► THE ORGANIZATIONAL ACTION REPORTED HEREIN DOES NOT RESULT IN ANY LOSSES.

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 2019.

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 ► 1/22/20

Print your name ► SUSAN HALLENBERG Title ► CHIEF ACCOUNTING OFFICER

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	SUSAN STEELE		1/17/20		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 COMMUNITIES, INC.
61-1805524
TAX YEAR 2019

STATEMENT ATTACHED TO AND MADE PART OF
FORM 8937 REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

SECURITY DESCRIPTION	RECORD DATE	PAYMENT DATE	DISTRIBUTION PER SHARE
COMMON NON-VOTING STOCK	12/25/2018	1/8/2019	0.042466
COMMON NON-VOTING STOCK	1/25/2019	2/8/2019	0.042466
COMMON NON-VOTING STOCK	2/25/2019	3/8/2019	0.038356
COMMON NON-VOTING STOCK	3/25/2019	4/8/2019	0.042466
COMMON NON-VOTING STOCK	4/25/2019	5/8/2019	0.041096
COMMON NON-VOTING STOCK	5/25/2019	6/8/2019	0.042466
COMMON NON-VOTING STOCK	6/25/2019	7/8/2019	0.041096
COMMON NON-VOTING STOCK	7/25/2019	8/8/2019	0.042466
COMMON NON-VOTING STOCK	8/25/2019	9/8/2019	0.042466
COMMON NON-VOTING STOCK	9/25/2019	10/8/2019	0.041096
COMMON NON-VOTING STOCK	10/25/2019	11/8/2019	0.042466
COMMON NON-VOTING STOCK	11/25/2019	12/8/2019	0.041096
TOTAL PER SHARE			0.500000

COTTONWOOD COMMUNITIES, INC.
61-1805524
TAX YEAR 2019

**STATEMENT ATTACHED TO AND MADE PART OF
FORM 8937 REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

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 COMMUNITIES, INC.