

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)	
BROADTREE HOMES, INC.		46-1630166	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
KEVIN BARRY	585-287-6500	KEVIN.BARRY@BROADSTONE.COM	
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	
530 CLINTON SQUARE		ROCHESTER, NY 14604	
8 Date of action		9 Classification and description	
VARIOUS		COMMON STOCK	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
N/A	N/A	N/A	N/A

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 ▶ BROADTREE HOMES, INC. DISTRIBUTED CASH TO ITS SHAREHOLDERS IN 2015. A PORTION OF THIS DISTRIBUTION REPRESENTS A NON-DIVIDEND DISTRIBUTION.

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 ▶ DIVIDENDS PAID IN EXCESS OF THE CURRENT AND ACCUMULATED EARNINGS AND PROFITS OF A CORPORATION REDUCE THE BASIS OF THE SHARES OF THE CORPORATION PURSUANT TO INTERNAL REVENUE CODE SECTION 301(c)(2) AND SECTION 316(a). 69.64% OF TOTAL 2015 DISTRIBUTIONS REPRESENT A NON TAXABLE DISTRIBUTION.

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 DIVIDENDS PAID IN EXCESS OF CURRENT AND ACCUMULATED EARNINGS & PROFIT WILL REDUCE THE SHAREHOLDER'S BASIS IN THE ISSUER'S SECURITIES

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶

SECTION 312 - DETERMINATION OF E&P

SECTION 301(c)(2) - TREATMENT OF DISTRIBUTIONS NOT TREATED AS A DIVIDEND

SECTION 316 - DETERMINATION OF THE PORTION OF A DISTRIBUTION TREATED AS A DIVIDEND

18 Can any resulting loss be recognized? ▶ THE SHAREHOLDERS CANNOT CLAIM A LOSS AS A RESULT OF THE DISTRIBUTION ABOVE

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶

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 ▶ Kevin Barry Date ▶ 11/10/16

Print your name ▶ KEVIN BARRY Title ▶ CAO

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Brian Fisher	<i>Brian Fisher</i>	11/10/16		P01045382
Firm's name ▶	ERNST & YOUNG U.S. LLP		Firm's EIN ▶	34-6565596
Firm's address ▶	SUITE 1500, 50 FOUNTAIN PLAZA BUFFALO, NY 14202		Phone no.	716-843-5000

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054