Form **8937**(December 2011) Department of the Treasury

Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

OMB No. 1545-2224

Reporting Issuer Part I 2 Issuer's employer identification number (EIN) Issuer's name M.D.C. HOLDINGS, INC. 84-0622967 3 Name of contact for additional information Telephone No. of contact 5 Email address of contact **INVESTOR RELATIONS** 1-866-424-3395 IR@MDCH.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 DENVER, COLORADO 80237 4350 S MONACO STREET 8 Date of action 9 Classification and description **NOVEMBER 22, 2016** 5% STOCK DIVIDEND 10 CUSIP number 11 Serial number(s) 12 Ticker symbol 13 Account number(s) **MDC** Part II Organizational Action Attach additional statements if needed. See back of form for additional questions. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► On November 21, 2016, the board of directors of M.D.C. Holdings, Inc. ("MDC") approved a 5% stock dividend. The stock dividend was distributed on December 20, 2016 to shareholders of record on December 6, 2016 and was in the form of one additional share of MDC common stock for each twenty shares owned by shareholders on the record date. Cash was paid in lieu of fractional shares based on the closing price of MDC's common stock on the record date. Please ask your tax advisor any questions about the tax implications of cash paid for fractional shares. 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 15 share or as a percentage of old basis For every twenty shares of MDC common stock owned, the shareholder received one share. A shareholder will divide the adjusted basis in the shares of MDC common stock held before the stock dividend by the total number of shares of MDC common stock owned after the stock dividend. See the example in #16 below. 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 ► A shareholder will divide the adjusted basis in the shares of MDC common stock held before the stock dividend by the total number of shares of MDC common stock owned after the stock dividend. Example: Before the stock dividend: A shareholder holds 105 shares of MDC common stock with an adjusted basis of \$30.00 per share resulting in a total adjusted basis \$3,150. After the stock dividend: The shareholder would have received 5 additional shares for 100 shares (stock dividends were awarded in 20 share increments) and the remaining the fractional amount of shares would have been paid in cash. The shareholder now owns 110 shares of MDC common stock. The shareholder would divide the adjusted basis \$3,150 by the new number of shares, resulting in a new basis of \$28.64 per

Part II Organizational Action (continued)

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18 C	an any	resulting loss be recognized? ► _			
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19 P	rovide	any other information necessary to	implement the adjustment, such as	the reportable tax year ▶	
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