

#### **Harbor Custom Development, Inc.**

January 30, 2023

Information about Tax Treatment of Cash Distributions paid in 2022

The tax information contained herein is provided for informational purposes only and should not be construed as legal or tax advice. Harbor Custom Development, Inc. (the "Company") does not provide legal or tax advice. Shareholders should consult their own legal, financial, or tax advisors to determine the income tax consequences of their specific situation.

For preferred shareholders of Harbor Custom Development, Inc., the 2022 monthly cash distributions of \$0.167 per share on 8.0% Series A Cumulative Convertible Preferred Stock traded under the symbol of HCDIP shall be, for income tax purposes, as follows:

			Ta	tal Day Shara	202	2 Tayabla		2022 Return of Capital (to the
De alamatiam Data	December Dete	Doument Date		tal Per Share			Ch.	Extent of
<b>Declaration Date</b>				Distribution	ט	ividend	SII	areholders Basis)
1/12/2022	1/30/2022	2/20/2022	\$	0.1670	\$	0.1670	\$	-
1/26/2022	2/28/2022	3/20/2022	\$	0.1670	\$	0.1670	\$	-
3/14/2022	3/31/2022	4/20/2022	\$	0.1670	\$	0.1670	\$	-
4/10/2022	4/30/2022	5/20/2022	\$	0.1670	\$	0.0554	\$	0.1116
5/10/2022	5/31/2022	6/20/2022	\$	0.1670	\$	-	\$	0.1670
6/13/2022	6/30/2022	7/20/2022	\$	0.1670	\$	-	\$	0.1670
7/13/2022	7/31/2022	8/20/2022	\$	0.1670	\$	-	\$	0.1670
8/10/2022	8/31/2022	9/20/2022	\$	0.1670	\$	-	\$	0.1670
9/14/2022	9/30/2022	10/20/2022	\$	0.1670	\$	-	\$	0.1670
10/10/2022	10/31/2022	11/20/2022	\$	0.1670	\$	-	\$	0.1670
11/10/2022	11/30/2022	12/20/2022	\$	0.1670	\$	-	\$	0.1670
12/10/2022	12/31/2022	1/20/2023	\$	0.1670	\$	-	\$	0.1670
	2022 Totals		\$	2.0040	\$	0.5564	\$	1.4476

U.S. federal income tax laws require the tax treatment of distributions described in this memorandum be based on a complex calculation of earnings and profits pursuant to Section 312 that cannot be computed until after the end of each year. Therefore, the tax treatment of the 2022 monthly cash distributions on 8.0% Series A Cumulative Convertible Preferred Stock was not determined until after the close of the year.

The Company's tax return has not been filed for the year ended December 31, 2022. The cash distributions tax treatment presented herein have been calculated using the best available information to date and as a result could change upon the filing of the Company's tax return.

The Company urges Shareholders of our 8.0% Series A Cumulative Convertible Preferred Stock to check their 2022 tax statements received from brokerage firms in order to ensure that the cash distribution information reported on such statements conforms to the information reported herein.

Harbor Custom Development, Inc. has provided this information to NASDAQ. However, if you receive an incorrect Form 1099 from your broker you should contact your broker directly.

### Form **8937**

(December 2017)
Department of the Treasury
Internal Revenue Service

### Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

Port I Penerting I	COLLOR				
Part I Reporting I	SSUEI				
1 Issuer's name				2 Issuer's employer identification number (EIN)	
	- 19			0 84 (800000000	
Harbor Custom Developme		4 T.I	- Ni f i i	46-4827436	
3 Name of contact for additional information 4 Telephone No. of contact			5 Email address of contact		
			(000)		
HCDI Investor Relations	O hav if mail is not	daliyarad ta s	(866) 744-0974	IR@harborcustomdev.com	
6 Number and street (or P	.O. box ii maii is not	delivered to s	street address) of contact	7 City, town, or post office, state, and ZIP code of contact	
4004 D 15 4 D 15	4000				
1201 Pacific Avenue, Suite 8 Date of action	1200	O Close	sification and description	Tacoma, WA 98402	
o Date of action		9 Class	sincation and description		
D	•	0.00/.0		Post and Charle	
Payment Date: May 20, 202 10 CUSIP number	11 Serial number(s		ies A Cumulative Convertible 12 Ticker symbol	13 Account number(s)	
10 COSIF Humber	11 Senamber(s	P)	12 Ticker Symbol	13 Account number(s)	
444507007			Lucasa		
41150T207 Part II Organization	nal Action Attac	h additional	HCDIP	hook of form for additional quantions	
Management of the				back of form for additional questions.	
				against which shareholders' ownership is measured for	
				t the time of this filing, the cash distributions to the	
			urrent and accumulated earni		
THE REAL PROPERTY AND ADDRESS OF THE PARTY.	a see see	AT 100 STORY STORY		d paid on May 20, 2022 to its preferred	
stockholders. The total dis	tribution recorded a	as of April 30	), 2022 was \$670,831.		
		-			
				in the hands of a U.S. taxpayer as an adjustment per	
				g information available at the time of this filing,	
			Total Control of the	e) of the distribution paid will be treated as taxable	
		The state of the s	The state of the s	return of capital to the extent of the stockholder's	
				ble dividend and \$448,269 will be treated as return of	
				be reduced by the amount of the nontaxable	
			that is not a dividend and in	excess of the stockholder's tax basis will be treated	
as capital gain for U.S. Fed	eral income tax pur	poses.			
		797 995			
	NO DOCK	969 18 16		ons turn out to be materially incorrect, the issuer will	
file a corrected Form 8937	within 45 days of su	uch determin	nation.		
2					
				on, such as the market values of securities and the	
valuation dates ► As o	described above, th	e issuer has	estimated that of such distrib	outions during this period are currently expected to	
exceed current and accum	ulated earnings and	profits of the	ne issuer. The issuer has appr	oximately \$222,563 of current and accumulated E&P	
as of April 30, 2022. As a re	esult, the issuer is e	stimating th	at during this period approxin	nately 33.18% (\$0.0554 per share) of the distribution	
paid will be treated as taxa	ble dividend and ap	proximately	66.82% (or \$0.1116 per share	) will be treated as nontaxable return of capital to the	
extent of the stockholder's tax basis. In total, approximately \$222,563 of the distribution paid will be treated as taxable dividend and					
\$448,269 will be treated as	return of capital to	the extent of	f the stockholder's tax basis.		
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Part II Organizational Action (continued)

		applicable Internal Revenue Code section f the Internal Revenue Code.	on(s) and subsection(s) upon	which the tax treatment is based	Sec. 301(c), Sec. 312 and
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<b>18</b> C	an any	resulting loss be recognized? ► N/A		-	
	,				
		<del></del>			
in the p	referr d. In tl	any other information necessary to impled stock would be taken into account ne case of shareholders who are cale	in the tax year of the share	eholder during which the distrib	oution was deemed to be
Deceiiii	JCI 31	, 2022.			
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			4	2	
	Under belief	penalties of perjury, I declare that I have ex it is true, correct, and complete. Declaration	amined this return, including acc of preparer (other than officer) is	companying schedules and statement based on all information of which pre	ts, and to the best of my knowledge and parer has any knowledge.
Sign Here	Signa	ture •		Date ▶ //	30/23
		your name ► Yoshi Niino			
<u> </u>	i mint)	Print/Type preparer's name	Preparer's signature	Date	of Accounting
Paid Prepa	arer	VE-E-Fair Cuanto			Check if self-employed
Use C		Firm's name ▶			Firm's EIN ▶
		Firm's address ▶	Range Sp. Co.		Phone no.
Send Fo	orm 89	37 (including accompanying statements	s) to: Department of the Treas	sury, Internal Revenue Service, O	gden, UT 84201-0054

#### **AS AMENDED**

Form **8937** (December 2017)
Department of the Treasury

### Report of Organizational Actions Affecting Basis of Securities

congrate instructions

Internal Revenue Service			See separate instructions.		
Part I Reporting	Issuer				
1 Issuer's name				2 Issuer's employer identification number	r (EIN)
Harbor Custom Developm	ent. Inc.			46-4827436	
3 Name of contact for ad		4 Telephon	e No. of contact	5 Email address of contact	
HCDI Investor Relations		IR@harborcustomdev.com			
6 Number and street (or F	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
1201 Pacific Avenue, Suite	e 1200			Tacoma, WA 98402	
8 Date of action		9 Class	sification and description		
Payment Date: June 20, 20			ies A Cumulative Convertible		
10 CUSIP number	11 Serial number(	s)	12 Ticker symbol	13 Account number(s)	
41150T207		La and all of a second	HCDIP		
				pack of form for additional questions.	1.6
				gainst which shareholders' ownership is measured	
the second of th				the time of this filing, the cash distributions to	the
•			urrent and accumulated earnir		
				paid on June 20, 2022 to its preferred	
stockholders. The total dis	stribution recorded	as of May 31	, 2022 was \$634,583.		
			E		
•			· · · · · · · · · · · · · · · · · · ·	n the hands of a U.S. taxpayer as an adjustment p	er
				information available at the time of this filing,	
				will be treated as nontaxable return of capital	
to the extent of the stockh	older's tax basis. Th	nere was a ch	nange in estimate and it was p	reviously reported that 30% (\$0.050 per share)	
A Company of the Comp	and the second control of the second	Carrier de la lac		117 per share) will be treated as nontaxable	
return of capital to the ex					
In total, approximately \$63	34,583 of the distribu	ıtion paid wi	II be treated as nontaxable retu	urn of capital to the extent of the	
				of the nontaxable portion of the distribution.	
Any amount of the distribu	ution that is not a di	vidend and i	n excess of the stockholder's t	ax basis will be treated as	
capital gain for U.S. Feder	al income tax purpo	ses.			
Pursuant to the applicable	treasury regulation	is under Sec	tion 6045B, the issuer is filing	this Form 8937 as a corrected form.	
			30.7	n, such as the market values of securities and the	
valuation dates ► As	described above, th	e issuer has	estimated that of such distrib	utions during this period are currently expected	d to
exceed current and accum	nulated earnings and	d profits of th	ne issuer. The issuer has appro	eximately a deficit of (\$473,251) of current and	
				s period approximately 100% (or \$0.167 per sha	
will be treated as nontaxal	ble return of capital	to the extent	of the stockholder's tax basis	. In total, approximately \$634,583 of the distribu	ution
paid will be treated as nor	ntaxable return of ca	pital to the e	xtent of the stockholder's tax	basis.	
P					

Part		Organizational Action (continued)			
The second					
17	List the	applicable Internal Revenue Code section	(s) and subsection(s) upon which the tax tr	eatment is based ▶	Sec. 301(c), Sec. 312 and
<u>Sec. 3</u>	16(a) c	f the Internal Revenue Code.			
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		81			
18	Can an	y resulting loss be recognized? ► N/A			
-					
10	Dunidala	and other information recognite involunt	ant the adjustment auch as the remortable	a tau The	U
		any other information necessary to implented stock would be taken into account in		COMPA	
		the case of shareholders who are calend			
		, 2022.	ar year taxpayers, the distributions are i	oportubio in the te	in your origing
					100.000
		er penalties of perjury, I declare that I have exam			
C:	Delle	f, it is true, correct, and complete. Declaration of	preparer (other than officer) is based on all infor	nation of which prepar	er has any knowledge.
Sign Here				1/2	122
Tiere	Sign	ature •		Date ► //30	
	Print	your name ► Yoshi Niino		Title ▶ Director o	f Accounting
Doid		Print/Type preparer's name	Preparer's signature	Date	Check   if   PTIN
Paid	ı barer	430 000 00			self-employed
	Only	Firm's name ▶	545		Firm's EIN ▶
		Firm's address ▶	-		Phone no.
Send	Form 8	937 (including accompanying statements) t	o: Department of the Treasury, Internal Re-	venue Service, Ogd	en, UT 84201-0054

### Form **8937**

(December 2017)
Department of the Treasury
Internal Revenue Service

### Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

Part I Reporting I	ssuer	у		
1 Issuer's name		2 Issuer's employer identification number (EIN)		
Harbor Custom Developme				46-4827436
3 Name of contact for additional information 4 Telephone No. of contact				5 Email address of contact
HCDI Investor Polations			(966) 744 0074	ID@harbaraustamday.com
6 Number and street (or P	.O. box if mail is not	delivered to s	(866) 744-0974 street address) of contact	IR@harborcustomdev.com 7 City, town, or post office, state, and ZIP code of contact
			, , , , , , , , , , , , , , , , , , , ,	
1201 Pacific Avenue, Suite	1200			Tacoma, WA 98402
8 Date of action		9 Class	sification and description	
Payment Date: July 20, 202			ies A Cumulative Convertible P	
10 CUSIP number	11 Serial number(	s)	12 Ticker symbol	13 Account number(s)
444507007			HODE	*
41150T207 Part II Organization	nal Action Attac	ch additional	HCDIP   statements if needed   See ha	Lack of form for additional questions.
				ainst which shareholders' ownership is measured for
				he time of this filing, the cash distributions to the
			urrent and accumulated earning	
			The state of the s	paid on July 20, 2022 to its preferred stockholders.
The total distribution recor	ded as of June 30,	2022 was \$6	34,566.	
*****				
				the hands of a U.S. taxpayer as an adjustment per
share or as a percenta	ge of old basis ► B	ased on reas	onable assumptions regarding	information available at the time of this filing,
				will be treated as nontaxable return of capital
			and the second s	ution paid will be treated as nontaxable return of
AND SOUTH AND SO	19 0.00 79-0 Dist	THE RESERVE THE THE PARTY	The state of the s	e reduced by the amount of the nontaxable portion
capital gain for U.S. Federa			not a dividend and in excess of	the stockholder's tax basis will be treated as
capital gail for 0.5. redera	ii iiicome tax purpo	JS62.		
Pursuant to the applicable	treasury regulation	ns under Sec	tion 6045B, if these assumption	is turn out to be materially incorrect, the issuer will
file a corrected Form 8937	Victoria de la Companya de la Compan	CONTRACTOR OF THE PROPERTY OF		, , , , , , , , , , , , , , , , , , , ,
	765770 MBO (35) SEC	7 1 ac 20 20 20 20 20 20 20 20 20 20 20 20 20		
				n, such as the market values of securities and the
				tions during this period are currently expected to
With the agreement with the company of the company	100m #300m300 /184	- War and the second		ximately a deficit of (\$428,121) of current and
A SAME OF THE SAME				s period approximately 100% (or \$0.167 per share) In total, approximately \$634,566 of the distribution
1000 1000 1000 1000 1000 1000 1000 100	March Control	200 00 100	extent of the stockholder's tax b	
			Stephanol o tak b	
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Part I		Organizational Action (continued	()		
		applicable Internal Revenue Code section	n(s) and subsection(s) upon whi	ch the tax treatment is based ▶	Sec. 301(c), Sec. 312 and
Sec. 31	6(a) of	the Internal Revenue Code.			
-					
18 Ca	an any	resulting loss be recognized? ► N/A			
	_				
3					
		any other information necessary to imple			
		ed stock would be taken into account i			
Decemb		he case of shareholders who are calen	idai yeai taxpayers, tile distri	outions are reportable in the ta	ax year ending
Decem	001 01	, LOLL.			
1.					
-					
St.					
B					
	Unde	r penalties of perjury, I declare that I have exa	amined this return, including accom-	panving schedules and statements.	and to the best of my knowledge and
	belief	, it is true, correct, and complete. Declaration of	of preparer (other than officer) is bas	ed on all information of which prepa	rer has any knowledge.
Sign		MI			
Here	Signa	ature >		Date >	2/22
	1000				
	Print	your name ► Yoshi Niino	T=		f Accounting
Paid		Print/Type preparer's name	Preparer's signature	Date	Check if PTIN
Prepa	arer				self-employed
Use (	Only	Firm's name			Firm's EIN ▶
Send E	orm ac	Firm's address ►  937 (including accompanying statements)	to: Department of the Treesure	Internal Revenue Service Occ	Phone no.
Julia I	J US	, , , , , , , , , , , , , , , , , , ,	, Dopardificite of the freasury	, incoma novembe dervice, Oge	1011, UI UTEU I-0004

### Form **8937**

(December 2017)
Department of the Treasury
Internal Revenue Service

### Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

Part I Reporting I	ssuer			
1 Issuer's name				2 Issuer's employer identification number (EIN)
Harbor Custom Developme				46-4827436
3 Name of contact for additional information 4 Telephone No. of contact			5 Email address of contact	
112227 2 2 2 1 2			12 201 (2012/2013	
HCDI Investor Relations	O hav if mail is not	delivered to	(866) 744-0974	IR@harborcustomdev.com
6 Number and street (or P	.O. box ii maii is not	delivered to s	areet address) of contact	7 City, town, or post office, state, and ZIP code of contact
1201 Pacific Avenue, Suite	1200			Tagoma WA 00402
8 Date of action	1200	9 Class	ification and description	Tacoma, WA 98402
o bate of detion		O Glass	modificit and description	
Payment Date: August 20,	2022	8.0% Ser	ies A Cumulative Convertible F	Preferred Stock
10 CUSIP number	11 Serial number(s		12 Ticker symbol	13 Account number(s)
10043-01 NO.2019-1-700-144-120 1/A01000010000000000000000000000000000	(V III SIRADADARAS SIRADA CARACTERIS	•	State and State	,
41150T207			HCDIP	
Part II Organization	nal Action Attac	h additional	statements if needed. See b	ack of form for additional questions.
14 Describe the organizat	tional action and, if a	pplicable, the	date of the action or the date ag	gainst which shareholders' ownership is measured for
the action ► Based of	on reasonable assu	mptions rega	arding information available at	the time of this filing, the cash distributions to the
			urrent and accumulated earnin	
The issuer declared a mon	thly cash distribution	on of \$0.167	per share on July 13, 2022 and	paid on August 20, 2022 to its preferred
stockholders. The total dis	tribution recorded	as of July 31,	2022 was \$634,566.	
45 Describe the second like				
				the hands of a U.S. taxpayer as an adjustment per
				information available at the time of this filing,
THE STATE OF THE S	18350 000 00 845			will be treated as nontaxable return of capital
N 100 100 100 100 100 100 100 100 100 10	APORTS VISCORD NO. 68			pution paid will be treated as nontaxable return of
				e reduced by the amount of the nontaxable portion
	#S 86		ot a dividend and in excess or	the stockholder's tax basis will be treated as
capital gain for U.S. Federa	i income tax purpo	565.		•
Pursuant to the applicable	treasury regulation	s under Sect	tion 6045B if these assumption	ns turn out to be materially incorrect, the issuer will
file a corrected Form 8937	distance of the second second			ins turn out to be materially incorrect, the issuer will
mo a contected i cini coor	Within 40 days of s	don dotomin	atton.	
16 Describe the calculation	on of the change in b	asis and the	data that supports the calculation	n, such as the market values of securities and the
				utions during this period are currently expected to
				eximately a deficit of (\$856,242) of current and
TO NOVINGE SEE TO SEE TO				s period approximately 100% (or \$0.167 per share)
100000	500	185	6 56 50 50 FAC 0 6 5	. In total, approximately \$634,566 of the distribution
			xtent of the stockholder's tax b	
				6

Par	t III	Organizational Action (continued)	)		r ago <b>-</b>
		ne applicable Internal Revenue Code section	n(s) and subsection(s) upon which the tax	treatment is based ▶	Sec. 301(c), Sec. 312 and
Sec. 3	316(a)	of the Internal Revenue Code.			
-					
				***************************************	
18	Cana	any resulting loss be recognized? ► N/A			
10	Oana	iny resulting loss be recognized?			
_					·····
-		li li			
19	Provi	de any other information necessary to impler	ment the adjustment, such as the reporta	ble tax year ▶ The ac	liustments to the tax basis
in the		erred stock would be taken into account in			
		n the case of shareholders who are calend			
Dece	mber	31, 2022.			
		· · · · · · · · · · · · · · · · · · ·			
				***************************************	
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	Ur	der penalties of perjury, I declare that I have exar	mined this return, including accompanying sch	edules and statements,	and to the best of my knowledge and
7		lief, it is true, correct, and complete. Declaration of	f preparer (other than officer) is based on all infe	ormation of which prepa	rer has any knowledge.
Sigr		11/1		111	100/00
Here	e Sig	gnature ►		Date ►	22/22
_		int your name Voshi Niino	Propararia signatura		f Accounting
Paid		Print/Type preparer's name	Preparer's signature	Date	Check if PTIN
	pare		L		self-employed
Use	Onl				Firm's EIN ▶
Send	Form	Firm's address ► 8937 (including accompanying statements)	to: Department of the Treasury Internal F	Revenue Service Occ	Phone no. len. UT 84201-0054
2 3		the state of the s		51.40 001 1100, 0gc	,

## Form **8937**(December 2017) Department of the Treasury Internal Revenue Service

### 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)
Harbor Custom Developm			ne No. of contact	46-4827436
3 Name of contact for ad-	ditional information	5 Email address of contact		
HCDI Investor Relations	O how if mail is not	alalicana al ka	(866) 744-0974	IR@harborcustomdev.com
6 Number and street (or F	2.0. box if mail is not	delivered to	street address) of contact	7 City, town, or post office, state, and ZIP code of contact
1201 Danifia Avenue Cuite	1200			T
1201 Pacific Avenue, Suite 8 Date of action	9 1200	Q Class	sification and description	Tacoma, WA 98402
o bate of action		Johas	silication and description	
Payment Date: September	20 2022	8 0% So	ries A Cumulative Convertil	ala Professod Stock
10 CUSIP number	11 Serial number(		12 Ticker symbol	13 Account number(s)
		-,	in the state of th	7 (5) (5) (5)
41150T207			HCDIP	
	onal Action Attac	h additiona		ee back of form for additional questions.
				te against which shareholders' ownership is measured for
				e at the time of this filing, the cash distributions to the
				rnings and profits of the issuer.
				22 and paid on September 20, 2022 to its preferred
stockholders. The total dis				
				ity in the hands of a U.S. taxpayer as an adjustment per
				ling information available at the time of this filing,
				are) will be treated as nontaxable return of capital
				stribution paid will be treated as nontaxable return of
		1000		ill be reduced by the amount of the nontaxable portion
			not a dividend and in exces	s of the stockholder's tax basis will be treated as
capital gain for U.S. Feder	ai income tax purpo	)Ses.		
Pursuant to the applicable	treasury regulation	ne undar Sac	tion 6045B if those assumi	otions turn out to be materially incorrect, the issuer will
file a corrected Form 8937				otions turn out to be materially incorrect, the issuer will
ine a corrected r offir 6337	Within 45 days of s	uch determi	nation.	
<del></del>	-1000			
16 Describe the calculati	on of the change in I	asis and the	data that supports the calcul	ation, such as the market values of securities and the
valuation dates ► As	described above, the	e issuer has	s estimated that of such dis	tributions during this period are currently expected to
				oproximately a deficit of (\$1,284,362) of current and
The state of the s				ing this period approximately 100% (or \$0.167 per share)
				asis. In total, approximately \$634,566 of the distribution
			extent of the stockholder's t	

Par	t II	C	Organizational Action (continued	)		
17			pplicable Internal Revenue Code section	n(s) and subsection(s) upon which t	he tax treatment is based ▶	Sec. 301(c), Sec. 312 and
Sec.	316(	a) of	the Internal Revenue Code.			
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4						
-						
-						
10						
18	Can	any	resulting loss be recognized? ► N/A			minimum a summer comment of the summer of th
-						
s						
-						
19	Prov	vide a	any other information necessary to imple	ement the adjustment, such as the r	eportable tax vear ▶ The ac	liustments to the tax basis
			d stock would be taken into account i			
			e case of shareholders who are calen			
			2022.			
<u> </u>						
-						
	Į.	Under	penalties of perjury, I declare that I have exa it is true, correct, and complete. Declaration of	mined this return, including accompany	ring schedules and statements,	and to the best of my knowledge and
Cia:		bellel,	it is true, correct, and complete. Declaration of	preparer (other than officer) is based to	iri an imormation of which prepa	er has any knowledge.
Sig:	0	o	11/1/		Date ►///	11/12
1101	٤	Signat	ure •		Date ▶	0/00
		Drint	your name ► Yoshi Niino		Title ► Director o	f Accounting
Da:	715400		Print/Type preparer's name	Preparer's signature	Date	DTIN
Pai	a epar					Check if if self-employed
	par o		Firm's name			Firm's EIN ▶
	J 01	у	Firm's address ▶			Phone no.
Send	d Fori	m 89	37 (including accompanying statements)	to: Department of the Treasury, In	ternal Revenue Service, Ogo	en, UT 84201-0054

(December 2017) Department of the Treasury Internal Revenue Service

### Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

Part I Reporting I	ssuer			
1 Issuer's name				2 Issuer's employer identification number (EIN)
Harbor Custom Developme	nt, Inc.			46-4827436
3 Name of contact for add		5 Email address of contact		
HODI I Palatiana			(200) 744 0074	In all the second of
6 Number and street (or P.	O hav if mail is not	delivered to s	(866) 744-0974	IR@harborcustomdev.com
6 Number and street (or P.	.O. box ii maii is not	delivered to s	street address) of contact	7 City, town, or post office, state, and ZIP code of contact
1201 Pacific Avenue, Suite	1200			Tacoma, WA 98402
8 Date of action		9 Class	sification and description	
			an more and the market	
Payment Date: October 20,			ies A Cumulative Convertibl	
10 CUSIP number	11 Serial number	S)	12 Ticker symbol	13 Account number(s)
41150T207			HCDIP	
	nal Action Atta	ch additional		back of form for additional questions.
14 Describe the organizat	ional action and, if a	pplicable, the	date of the action or the date	against which shareholders' ownership is measured for
the action ► Based of	n reasonable assu	mptions rega	arding information available	at the time of this filing, the cash distributions to the
				nings and profits of the issuer.
The issuer declared a mon	thly cash distributi	on of \$0.167	per share on September 14,	2022 and paid on October 20, 2022 to its preferred
stockholders. The total dis			And the second of the second o	
<del></del>				
*				
15 Describe the quantitati	ve effect of the ora:	anizational act	ion on the basis of the securit	in the hands of a U.S. taxpayer as an adjustment per
				ng information available at the time of this filing,
			P. Del Brigadon actuados (P. Del Nacional Security) (C. Del	e) will be treated as nontaxable return of capital
	with the fact that the			
				ribution paid will be treated as nontaxable return of
				be reduced by the amount of the nontaxable portion of the stockholder's tax basis will be treated as
capital gain for U.S. Federa			iot a dividend and in excess	of the stockholder's tax basis will be treated as
capital gail for 0.5. Federa	ir income tax purpt	7565.		
Pursuant to the applicable	treasury regulation	ns under Sec	tion 6045B, if these assumpt	ions turn out to be materially incorrect, the issuer will
file a corrected Form 8937		540 N St		,
	,			
				ion, such as the market values of securities and the
valuation dates ► As o	lescribed above, tl	ne issuer has	estimated that of such distr	butions during this period are currently expected to
exceed current and accum	ulated earnings an	d profits of th	he issuer. The issuer has ap	proximately a deficit of (\$1,712,483) of current and
accumulated E&P as of Se	ptember 30, 2022.	As a result, th	ne issuer is estimating that d	uring this period approximately 100%
(or \$0.167 per share) will b	e treated as nonta	xable return	of capital to the extent of the	stockholder's tax basis. In total, approximately
\$634,566 of the distribution	n paid will be treat	ed as nontax	able return of capital to the	extent of the stockholder's tax basis.

Part		Organizational Action (continued)			
		applicable Internal Revenue Code section(s) and su	bsection(s) upon which the tax t	reatment is based ▶	Sec. 301(c), Sec. 312 and
Sec. 31	16(a) c	f the Internal Revenue Code.			
-					
-					
	_				
<b>18</b> C	Can an	y resulting loss be recognized? ► N/A			
-					
-					
-					
		any other information necessary to implement the a			
		red stock would be taken into account in the tax			
Decem		the case of shareholders who are calendar year t 1 2022	axpayers, the distributions are	reportable in the t	ax year ending
Decem	ibei 5	I, LULL.			
-					
_					
-					
		er penalties of perjury, I declare that I have examined this			
	belie	f, it is true, correct, and complete. Declaration of preparer (	other than officer) is based on all info	mation of which prepa	rer has any knowledge.
Sign		MIII		Date > 11/2	2/22
Here	Sign	ature >		Date ►	UIC
	D	Washi Nija		T D	
<u> </u>		your name ► Yoshi Niino Print/Type preparer's name Preparer'	s signature	Title ► Director o	of Accounting
Paid			and a second		Check if self-employed
Prep Use				_	Firm's EIN ▶
_	Cilly	Firm's address ▶			Phone no.
Send F	orm 8	937 (including accompanying statements) to: Depart	ment of the Treasury, Internal Re	evenue Service, Ogo	

# Form **8937**(December 2017) Department of the Treasury Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

Part I Reporting I	ssuer						
1 Issuer's name			2 Issuer's employer identification number (EIN)				
Harbor Custom Developme	ent Inc		46-4827436				
3 Name of contact for add		4 Telephone No. of contact	5 Email address of contact				
• Harrie or contact for acc	ational information	Telephone No. of contact	5 Email address of contact				
HCDI Investor Relations		(866) 744-0974	IR@harborcustomdev.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				
1201 Pacific Avenue, Suite	1200		Tacoma, WA 98402				
8 Date of action		9 Classification and description					
Dayment Date: Nevember	20. 2022	9.09/ Sories A Cumulative Convert	ible Dreferred Steels				
Payment Date: November 2 10 CUSIP number	11 Serial number(	8.0% Series A Cumulative Convert s) 12 Ticker symbol	13 Account number(s)				
TO COOL HAMBON	- Condition	o, in the symbol	10 Noodan nambon(o)				
41150T207		HCDIP					
	onal Action Attac		see back of form for additional questions.				
14 Describe the organization	tional action and, if a	applicable, the date of the action or the da	ate against which shareholders' ownership is measured for				
the action ► Based of	on reasonable assu	mptions regarding information availab	le at the time of this filing, the cash distributions to the				
		to exceed current and accumulated e					
			2022 and paid on November 20, 2022 to its preferred				
stockholders. The total dis	tribution recorded	as of October 31, 2022 was \$634,566.					
-							
			rity in the hands of a U.S. taxpayer as an adjustment per				
share or as a percenta	ige of old basis ► <u>B</u>	ased on reasonable assumptions rega	rding information available at the time of this filing,				
			nare) will be treated as nontaxable return of capital				
·			istribution paid will be treated as nontaxable return of				
			will be reduced by the amount of the nontaxable portion				
			ss of the stockholder's tax basis will be treated as				
capital gain for U.S. Federa	ar income tax purpo	5565.	· · · · · · · · · · · · · · · · · · ·				
Pursuant to the applicable	treasury regulation	ns under Section 6045B, if these assur	nptions turn out to be materially incorrect, the issuer will				
file a corrected Form 8937			iphons turn out to be materially moorreot, the issuer will				
The decoration of the second continuation.							
			ulation, such as the market values of securities and the				
valuation dates ► As described above, the issuer has estimated that of such distributions during this period are currently expected to							
			approximately a deficit of (\$2,140,604) of current and				
		a result, the issuer is estimating that d					
(or \$0.167 per share) will be treated as nontaxable return of capital to the extent of the stockholder's tax basis. In total, approximately							
\$634,566 of the distribution paid will be treated as nontaxable return of capital to the extent of the stockholder's tax basis.							
-							

Part		Organizational Action (continued)	(6		
		applicable Internal Revenue Code section	(s) and subsection(s) upon which the tax t	reatment is based ▶	Sec. 301(c), Sec. 312 and
Sec. 31	6(a) o	f the Internal Revenue Code.			
<b>18</b> C	an any	resulting loss be recognized? ► N/A			
	<del></del>				
A					
		any other information necessary to impler			
		ed stock would be taken into account in he case of shareholders who are calenc			
Decem			dar year taxpayers, the distributions are	reportable in the ta	ix year ending
Decem	DCI 31	, LULL.		\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	
No.					
		***************************************			
-					
~	Unde	er penalties of perjury, I declare that I have exar	nined this return, including accompanying sche	edules and statements.	and to the best of my knowledge and
	belie	f, it is true, correct, and complete. Declaration of	f preparer (other than officer) is based on all info	rmation of which prepar	er has any knowledge.
Sign		111			1
Here	Signa	ature ►		Date ► ///	22/22
	Print	your name ► Yoshi Niino	T		f Accounting
Paid		Print/Type preparer's name	Preparer's signature	Date	Check if PTIN
Prep	arer				self-employed
Use		Firm's name ▶			Firm's EIN ▶
Sond F	orm 9	Firm's address >	to: Department of the Trees		Phone no.
Selia	OHII Q	937 (including accompanying statements)	to. Department of the freasury, internal Re	evenue pervice, Uga	CII, U I 042U I-UU34

### Form **8937** (December 2017)

Department of the Treasury

Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

Internal Revenue Service			See separate instructions.	
Part I Reporting	ssuer			
1 Issuer's name				2 Issuer's employer identification number (EIN)
Harbor Custom Developm	ent, Inc.			46-4827436
3 Name of contact for add	ditional information	4 Telephor	e No. of contact	5 Email address of contact
HCDI Investor Relations			(866) 744-0974	IR@harborcustomdev.com
6 Number and street (or F	O. box if mail is not	delivered to		7 City, town, or post office, state, and ZIP code of contact
1201 Pacific Avenue, Suite	1200			Tacoma, WA 98402
8 Date of action		9 Class	sification and description	
Payment Date: December	20, 2022	8.0% Ser	ries A Cumulative Convertibl	e Preferred Stock
10 CUSIP number	11 Serial number(	s)	12 Ticker symbol	13 Account number(s)
41150T207			HCDIP	
	onal Action Attac	ch additiona	statements if needed. See	e back of form for additional questions.
				against which shareholders' ownership is measured for
the action ▶ Based	on reasonable assu	mptions rea	arding information available	at the time of this filing, the cash distributions to the
				nings and profits of the issuer.
•				2022 and paid on December 20, 2022 to its preferred
stockholders. The total dis				
-				
				y in the hands of a U.S. taxpayer as an adjustment per
share or as a percenta	ige of old basis ► B	ased on reas	onable assumptions regardi	ng information available at the time of this filing,
the issuer is estimating the	at during this perio	d approximat	tely 100% (or \$0.167 per shar	re) will be treated as nontaxable return of capital
to the extent of the stockh	older's tax basis. Ir	total, appro	ximately \$634,566 of the dist	ribution paid will be treated as nontaxable return of
capital to the extent of the	stockholder's tax h	asis. Tax ba	sis in the preferred stock wil	I be reduced by the amount of the nontaxable portion
A STATE OF THE STA	The Treatment of the Residence	26/201 25/27 190/2002	C 707 W W W W W W W W W W W W W W W W W W	of the stockholder's tax basis will be treated as
capital gain for U.S. Feder	182			
Pursuant to the applicable	treasury regulation	ns under Sec	tion 6045B, if these assumpt	ions turn out to be materially incorrect, the issuer will
file a corrected Form 8937				term out to be materially moorroot, the locater will
ine a corrected roini 0337	Within 45 days or s	deri deteriiii	lation.	
16 Describe the calculation	on of the change in I	pasis and the	data that supports the calculat	tion, such as the market values of securities and the
	57.00 m		35 B	
				ibutions during this period are currently expected to
		-		proximately a deficit of (\$4,648,133) of current and
		Washington Tolking		uring this period approximately 100%
(or \$0.167 per share) will	be treated as nonta	xable return	of capital to the extent of the	stockholder's tax basis. In total, approximately
\$634,566 of the distribution	on paid will be treat	ed as nontax	able return of capital to the e	extent of the stockholder's tax basis.
				2
· · · · · · · · · · · · · · · · · · ·			9	

Part	D	Organizational Action (continued)			
		applicable Internal Revenue Code section	n(s) and subsection(s) upon which the tax t	reatment is based >	Sec. 301(c), Sec. 312 and
Sec. 31	6(a) o	f the Internal Revenue Code.			
-					
<b>18</b> C	an any	resulting loss be recognized? ► N/A			
-					
				7	
		any other information necessary to impler		and the second s	
		ed stock would be taken into account in			
		ne case of shareholders who are calend	ar year taxpayers, the distributions are	reportable in the ta	ix year ending
Decem	ber 31	2022.			
-					
-	Linda	r penalties of perjury, I declare that I have exam	nined this return, including accompanying sche	dules and statements	and to the best of my knowledge and
		, it is true, correct, and complete. Declaration of			
Sign					
Here	Signa	ture •		Date ► //30	/23
	Print	your name ► Yoshi Niino		Title ▶ Director of	f Accounting
Paid		Print/Type preparer's name	Preparer's signature	Date	Check if PTIN
Prepa	arer				self-employed
Use (		Firm's name ▶			Firm's EIN ▶
		Firm's address ▶			Phone no.
Send F	orm 89	37 (including accompanying statements) t	to: Department of the Treasury, Internal Re	evenue Service, Ogd	en, UT 84201-0054

# Form **8937**(December 2017) Department of the Treasury Internal Revenue Service

### 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)					
Harbor Custom Development, Inc.	46-4827436						
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact					
HCDI Investor Relations	(866) 744-0974	IR@harborcustomdev.com					
6 Number and street (or P.O. box if mail is not		7 City, town, or post office, state, and ZIP code of contact					
	,						
1201 Pacific Avenue, Suite 1200		Tacoma, WA 98402					
8 Date of action	9 Classification and description						
		I IN STONE W					
Payment Date: January 20, 2023	8.0% Series A Cumulative Convertible P						
10 CUSIP number 11 Serial number	(s) 12 Ticker symbol	13 Account number(s)					
41150T207	HCDIP						
	ch additional statements if needed. See ba	ack of form for additional questions					
		ainst which shareholders' ownership is measured for					
		he time of this filing, the cash distributions to the					
preferred stockholders are currently expected							
		2 and paid on January 20, 2023 to its preferred					
stockholders. The total distribution recorded	•	z and paid on Sandary 20, 2023 to its preferred					
Stockholders. The total distribution recorded	43 01 December 31, 2022 Was \$034,300.						
		-					
		<del>_</del>					
15 Describe the quantitative effect of the orga	anizational action on the basis of the security in	the hands of a U.S. taxpayer as an adjustment per					
		information available at the time of this filing,					
the issuer is estimating that during this perio							
		ution paid will be treated as nontaxable return of					
		e reduced by the amount of the nontaxable portion					
of the distribution. Any amount of the distribu	•						
capital gain for U.S. Federal income tax purpo	oses.						
Pursuant to the applicable treasury regulation	ns under Section 6045B, if these assumption	s turn out to be materially incorrect, the issuer will					
file a corrected Form 8937 within 45 days of such determination.							
		, such as the market values of securities and the					
		tions during this period are currently expected to					
		ximately a deficit of (\$5,343,947) of current and					
accumulated E&P as of December 31, 2022. As a result, the issuer is estimating that during this period approximately 100%							
(or \$0.167 per share) will be treated as nontaxable return of capital to the extent of the stockholder's tax basis. In total, approximately							
\$634,566 of the distribution paid will be treated as nontaxable return of capital to the extent of the stockholder's tax basis.							
<del></del>							

Part I		Organizational Action (continued)					
<b>17</b> Lis	t the	applicable Internal Revenue Code section(	s) and subsection(s) upon which the tax to	reatment is based ▶	Sec. 301(c), Sec. 312 and		
Sec. 316	Sec. 316(a) of the Internal Revenue Code.						
2	111 1111111						
-							
			7				
18 Ca	ın any	resulting loss be recognized? ► N/A					
·							
-					***************************************		
<b>19</b> Pr	ovide	any other information necessary to implem	nent the adjustment, such as the reportab	le tax vear ▶ The ac	liustments to the tax basis		
		ed stock would be taken into account in					
		ne case of shareholders who are calenda					
Decemb			,		, , , , , , , , , , , , , , , , , , ,		
	,						
·							
-							
1		penalties of perjury, I declare that I have examit is true correct, and complete. Declaration of r					
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  Date  1/30/23					or mad any time models.		
					30/23		
		your name ► Yoshi Niino			f Accounting		
Deid	· mit		Preparer's signature	Date	PTIN		
Paid		5.5 5: 6 *********************************			Check if self-employed		
Prepa		Firm's name ▶		1	Firm's EIN ▶		
Use C	лпу	Firm's address ►			Phone no.		
Send Fo	Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054						