

Final Proposal (FP) Submission Requirements: Reason Codes

This document is intended solely to assist recipients in better understanding the Broadband Equity, Access, and Deployment (BEAD) Program and the requirements set forth in the Infrastructure Investment and Jobs Act, [Notice of Funding Opportunity \(NOFO\)](#), as modified by the [BEAD Restructuring Policy Notice \(RPN\)](#). This document does not and is not intended to supersede, modify, or otherwise alter applicable statutory or regulatory requirements, the terms and conditions of the award, or the specific application requirements set forth in the NOFO not modified by the RPN. In all cases, statutory and regulatory mandates, the terms and conditions of the award, and follow-on policies and guidance, shall prevail over any inconsistencies contained in this document.



Reason Codes Overview

Eligible Entities (EEs) must use reason codes to explain why certain BEAD-eligible BSLs will not be served by a BEAD project.

WHAT ARE REASON CODES?

Reason codes are a set of 7 unique codes used to **specify the reason why an unserved or underserved location on the NTIA-approved Final List of Eligible Locations (the Final List) does not require service.*** EEs must use the results from the BEAD Challenge Process, or their updated list if locations were made BEAD-eligible due to Federal Enforceable Commitment defaults as directed by the BEAD Restructuring Policy Notice (RPN).

WHAT IS THE PURPOSE FOR REASON CODES?

There will be cases where an EE identifies one or more BEAD-eligible locations as **not requiring broadband service, already being served through an enforceable commitment or non-subsidized service, or having been removed from Version 6 of the FCC Fabric.**

In these cases, EEs **must use reason codes** to explain why these BEAD-eligible locations will not be served by a BEAD project. All unserved and underserved locations from the Final List must be included in either the No BEAD Locations CSV file (with accompanying reason code) or the Locations CSV file (i.e., BSLs that will be served through BEAD projects).

HOW ARE REASON CODES USED?

To use a reason code, **EEs must collect evidence** that proves that a location in the No BEAD Locations CSV file meets the criteria of one of the reason codes.

NTIA will not collect the evidence in the Final Proposal but will analyze the CSV files to affirm that the EE has met its universal coverage obligations, per statutory requirements and BEAD NOFO Section IV.B.7.b.

Seven Reason Codes

NTIA will review Final Proposals for the use of reason codes. Note that all EEs *must* use all reason codes where applicable (see Footnote 44 of the [BEAD Restructuring Policy Notice](#) for more details).

WHAT ARE THE REASON CODES? ---

1 **No Broadband Connection**

Location should not have a broadband connection (example: barn, hay bale, or rock)

2 **No Demand for Mass-Market Broadband Service**

Location does not need mass-market broadband service due to the nature of internet use (example: the entity located at the BSL requires only enterprise service)

3 **Removal from FCC's Fabric**

Location is not depicted in FCC Fabric Version 6 (12/31/2024)

4 **Enforceable Commitment**

Location is already served by an enforceable commitment (EC)

5 **Served by Non-Subsidized Service**

Location is already served by non-subsidized service (i.e., a network built by an ISP with private funds). The current FCC National Broadband Map must depict currently available qualifying broadband service at the location. EEs must use the most practical version of the BDC prior to submitting (i.e., the latest updated date of availability as of 12/31/2024).

**Note that this reason code cannot be used for planned service or low-earth orbit (LEO) satellite service.*

6 **Other Reasons**


Any other reasons that are not listed

7 **Financially Incapable**

The EE is financially incapable of serving an unserved or underserved location

Key:

 Reason codes with sub-codes

 EEs must file an FCC Location Challenge prior to FP submission. Please see [FP Guidance](#) p.45 for more details.

Reason Codes | *Sub-codes*

If an EE intends to use Reason Code 1, 2, 4, or 7, it must provide the applicable sub-code as well.



WHAT ARE THE DIFFERENT SUB-CODES?

- 1 No Broadband Connection**
- Location should not have a broadband connection (example: barn, hay bale, or rock). EEs must provide the Non-BSL sub-code.*
- **D:** Location has been demolished and is not expected to be rebuilt
 - **B:** Residential location is no longer habitable
 - **U:** Location is a support structure (e.g., a garage, parking structure, barn, silo, storage shed) for a nearby building
 - **M:** Location is intended to be mobile and has not been permanently installed in its current location (e.g., it is an RV or boat)
 - **R:** Location is not a building but a land formation, such as a large rock or collection of hay bales
 - **Z:** Location is not serviceable for another reason

- 2 No Demand for Mass-Market Broadband Service**
- Location does not need mass-market broadband service due to the nature of internet use. EEs must provide the Location Type sub-code.*
- **C:** CAI location
 - **E:** Enterprise location
 - **P:** Government property

- 4 Enforceable Commitment (EC)**
- Location is already served by an enforceable commitment.*
- State enforceable commitment (includes local and county level ECs)
 - Federal enforceable commitment (BIP, CAFII, ECAM, RDOF, RECONNECT, TBCP1, TBCP2, Community Connect, TLP)

- 7 Financially Incapable**
- EE is financially incapable of serving the location*
- **F:** Financially incapable
 - **X:** Excessive cost

Strategies for Reason Codes

If an EE determines before the Benefit of the Bargain (BOTB) round begins that certain locations should not be included in a BEAD project, the EE may choose one of three strategies to notify applicants that the designated locations may not be served by BEAD.



HOW TO IDENTIFY LOCATIONS TO AVOID IN A PROJECT AREA



Separate

Reason Codes 1, 2, 3, 4, 5, and 6

An EE may separate locations that will be identified by reason codes 1-6 into new project areas to notify applicants the likelihood these locations will not receive BEAD funding.

- ✓ Avoid separating these locations into a single, large project area and instead separate these locations into compact and reasonable project areas.
- ✓ These separate project areas and accompanying locations must be listed in the No BEAD Locations CSV file.



Indicate

Reason Codes 1, 2, 3, 4, 5, and 6

An EE may indicate locations that will be identified by reason codes 1-6 as such (for example, by using an asterisks in the subgrantee selection portal or location map) so that applicants may account for them when submitting proposals

- ✓ *Indicating these locations notifies applicants of their status and likelihood these locations will not be served by BEAD.*
- ✓ *These locations must be listed in the No BEAD Locations CSV.*

Strategies for Reason Codes | Omit

When locations are removed from Version 6 of the FCC Fabric (Reason Code 3) or will be served by an EC (Reason Code 4), the EE may choose to omit these locations.

OMITTING LOCATIONS FROM A PROJECT AREA



Omit

Reason Codes 3 and 4

An EE may omit locations to prevent potential subgrantees from including the location in BEAD applications.

- ✓ **An EE may omit locations not depicted in Version 6 of the FCC Fabric (Reason Code 3) or covered by a new EC (Reason Code 4) from project areas used for conducting the BOTB round.**
- ✓ **These omitted locations **must be listed in the No BEAD Locations CSV.****
- ✓ **For enforceable commitments, the Eligible Entity omits locations at its own risk because if the enforceable commitment is not final at the time of Final Proposal submission the Eligible Entity is required to serve the covered locations through a BEAD project.**



Except for locations for which Reason Codes 3 and 4 will apply, the EE may not omit BEAD-eligible locations (those covered by reason code 1, 2, 5, and 6) from the NTIA-approved Final List of Eligible Locations or prohibit applicants from including them in their applications.

Strategies for Reason Codes (contd.)

The table below summarizes the strategies that can be used for each type of reason code.

REASON CODE STRATEGIES

	SEPARATE	INDICATE	OMIT	Must file an FCC Location Challenge prior to FP submission
Reason Code 1 <i>No Broadband Connection</i>	★	★	MAY NOT OMIT	★
Reason Code 2 <i>No Demand for Mass-Market Service</i>	★	★	MAY NOT OMIT	★
Reason Code 3 <i>Removal from FCC's Fabric</i>	★	★	★	FCC CHALLENGE NOT REQUIRED
Reason Code 4 <i>Enforceable Commitment</i>	★	★	★	FCC CHALLENGE NOT REQUIRED
Reason Code 5 <i>Served by Non- Subsidized Service</i>	★	★	MAY NOT OMIT	FCC CHALLENGE NOT REQUIRED
Reason Code 6 <i>Other Reasons</i>	★	★	MAY NOT OMIT	FCC CHALLENGE NOT REQUIRED
Reason Code 7 <i>Financially Incapable</i>	MAY NOT SEPARATE	MAY NOT INDICATE	MAY NOT OMIT	FCC CHALLENGE NOT REQUIRED

NOTE | The EE may not use any of the above strategies for reason code 7 (financially incapable). The EE may only use reason code 7 after it has completed its BOTB round and consulted with NTIA. The EE is not permitted to indicate financial incapability prior to the conclusion of the application process and subsequent negotiation.

Deep Dive on Reason Codes 4 and 7

EEs must either object to or apply one of the previously mentioned strategies to new federal and state-administered ECs. Additionally, EEs will have to explain their decision to use Reason Code 7 (if applicable) in their Final Proposal. For more details, see the [FP Guidance](#).

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REASON CODE 4: ENFORCEABLE COMMITMENTS

If a federal entity notifies an Eligible Entity of an EC before Final Proposal submission:



The EE may **object to the new EC and proceed as if there is no EC**, since it was notified after it completed its BEAD Challenge Process.



If the EE makes the EC under state-administered programs or does not object to the new federal ECs upon notification by the awarding agency, then the EE should, if possible, apply one of the previously discussed strategies (e.g., separate, indicate) to exclude the covered BEAD-eligible BSL.

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REASON CODE 7: FINANCIALLY INCAPABLE

When using Reason Code 7, EEs must explain how they concluded that the utilization of this code was necessary.



The EE will explain their reasoning in the Final Proposal through a narrative response and file upload (one for unserved locations and one for underserved locations).



If the EE was financially incapable of serving a BSL, it will have to explain why it did not have the funds to reach this specific BSL.



If the EE identified one or more BSLs could not be served due to the excessive cost, it must explain how it made this determination.

Maintaining Appropriate Evidence

EEs must maintain evidence to substantiate the reason codes used in the “No BEAD Locations” CSV file. This evidence must be timely, stored in common formats, and follow the requirements outlined in the most recent [FP Guidance](#).



WHY IS EVIDENCE NEEDED?

- ✓ **Evidence Objective** | The evidence should prove that the location does not need BEAD funds to avoid leaving locations un/underserved by mistakenly including them in the No BEAD Locations CSV.
- ✓ **Standard of Evidence** | The evidence must be clear and precise as to how the relevant reason code is substantiated (see [FP Guidance](#) p.48-54 for minimum evidentiary standards). The EE must collect evidence that it deems sufficient for each reason code or sub-code; in addition, FCC location challenge IDs are required for each location with a reason code 1 or 2 designation.
- ✓ **Possible Denial of Reason** | If the EE cannot produce evidence that maintains these standards, its use of the reason code will be denied and the relevant locations will remain BEAD eligible unless another reason code applies.

Note: NTIA will not collect evidence as part of the Final Proposal submission. However, EEs must maintain appropriate evidence to support the conclusion that the locations with reason codes should not be BEAD eligible. NTIA may request evidence from the EE at any point.



WHAT EVIDENCE MAY BE USED?

NTIA recommends the following sources of evidence that EEs can use to support their reason code designation:



Photographic Evidence



Land Use or Zoning Charge



Attestation by Unit of Local or Tribal Government



Evidence of Subscription (Service Record)



Attestation by Private Property Owner



Network Diagram or Speed Test

Unlicensed Fixed Wireless (ULFW) Process Overview

Per the Restructuring Policy Notice (RPN), ULFW providers are permitted to compete for BEAD subgrants on a level playing field with all other applications. To prevent overbuild, EEs must account for BSLs with access to existing ULFW networks that meet BEAD standards.



HOW TO ACCOUNT FOR ULFW SERVICE

EEs must take the following steps to ensure that locations already served by an ULFW service that meets BEAD technical specifications are not included in awards for BEAD deployment projects.

Before implementing the Benefit of the Bargain (BOTB) round, EEs must:

- 1 Review the FCC's National Broadband Map* to **determine whether an ULFW provider (technology code 70) currently offers service** to any BEAD-eligible BSLs in its jurisdiction.
- 2 If so, the EE must **notify the ULFW provider** (public posting is sufficient notice) **that it has seven calendar days to respond** if it intends to submit evidence that BEAD funding is not required for the locations it serves (*outlined in Appendix A of the Policy Notice*).

5 UTILIZING REASON CODE 5

If the ULFW provider successfully presents evidence within 7 days that is compelling to the EE (reference Appendix A of the RPN) that BEAD funding is not required for the locations it serves, then:

EEs MUST USE REASON CODE 5 TO INDICATE THESE LOCATIONS AS ALREADY SERVED BY NON-SUBSIDIZED SERVICE.



EEs may not omit BEAD-eligible locations from the BSL list used for subgrantee selection or prohibit applicants from including them in their applications. However, they should separate or indicate these locations on their maps.



This process does not need to be completed within the 30-day timeline for the IP Corrections submission window.