

## Direct Graduate PLUS Loan and Adverse Credit

One of the eligibility requirements to receive a Direct PLUS Loan is that the applicant must not have an adverse credit history. A credit check is performed to determine whether a Direct PLUS Loan applicant meets this requirement. Below are answers to common questions about adverse credit and Direct PLUS Loans.

Credit check decision – Denied

Options to proceed outlined

Based on the results of your credit check, we are unable to approve your request for a Direct PLUS Loan. However, you may still receive a Direct PLUS Loan if you obtain an endorser, or if you document to the satisfaction of the U.S. Department of Education that there are extenuating circumstances related to your adverse credit history.

Indicate how you want to proceed by checking the appropriate box below. Your response will be reported to the school(s) that you selected on the Direct PLUS Loan Request.

[View Credit Check Details](#)

How would you like to proceed?

I want to obtain an endorser. [More Information](#)

I want to provide documentation of extenuating circumstances. [More Information](#)

I do not want to pursue a Direct PLUS Loan at this time. [More Information](#)

Undecided. [More Information](#)

### **Q: How can I find out why I was denied?**

Contact Applicant Services at 1-800-557-7394 between 8am to 11pm EST, Monday through Friday.

### **Q: What is considered adverse credit history?**

For purposes of qualifying for a Direct PLUS Loan, you are considered to have an adverse credit history if:

- you have one or more debts with a total combined outstanding balance greater than \$2,085 that are 90+ days delinquent as of the date of the credit report, or that have been placed in collection or
- charged off (written off) during the two years preceding the date of the credit report; or
- during the five years preceding the date of the credit report, you have been subject to a
  - default determination,
  - discharge of debts in bankruptcy,
  - foreclosure,
  - repossession,
  - tax lien,
  - wage garnishment, or
  - write-off of a federal student aid debt.

### **Q: Is there another way I can qualify for a PLUS loan?**

If you have an adverse credit history, you may still receive a Direct PLUS Loan through one of these options:

#### 1. **Seek a Credit Appeal**

The Dept. of Education allows borrowers whose credit was denied the opportunity to document either of the following situations:

- Information showing that credit reporting used in the credit denial is incorrect and/or has been corrected.
- Extenuating circumstances exist relating to the adverse credit history of the PLUS borrower.

Borrowers make a credit appeal through one of these means.

- Log into [studentaid.gov](https://studentaid.gov) and select "Apply for Aid" tab and then "Appeal a Credit Decision." Follow the directions and a representative from the Dept. of Education's Applicant Services will contact the borrower with further instructions.
- Contact Applicant Services at 1-800-557-7394 between 8am to 11pm EST, Monday through Friday.

If the borrower is initially denied and approved via this appeal process, the borrower will also need to complete the [PLUS credit counseling](#) requirement before the PLUS Loan can be disbursed. This counseling is a review of loan and repayment obligations available at [studentaid.gov](https://studentaid.gov).

## 2. **Obtain an Endorser**

If you choose to obtain an endorser, the endorser should complete the endorser addendum at [studentaid.gov](https://studentaid.gov). The endorser will need the PLUS Endorser Code (if a PLUS Loan Request was completed) or Loan Identification Number to connect the endorsement to the denied PLUS Loan. Completing the endorsement online also requires the endorser to [create an FSA ID](#) if they do not already have one.

If the borrower completed the Direct PLUS Loan Request at [studentaid.gov](https://studentaid.gov), the PLUS Endorser Code is found in the confirmation email received in the denial notice or by logging into [studentaid.gov](https://studentaid.gov) and selecting "Apply for a Grad PLUS Loan."

Master Promissory Notes (MPNs) are used for PLUS Loans and allow for multiple year borrowing under the same terms. However, when an endorser is used, the terms of the MPN used for that loan is specific only to that loan. Therefore, a borrower who has previously received a PLUS Loan without an endorser will need to complete a unique MPN for the endorsed loan. Also, any additional PLUS borrowing will require a new MPN and endorser addendum (though the same endorser can be used).

Finally, when the borrower is initially denied and approved through use of an endorser, the borrower will need to complete the [PLUS credit counseling](#) requirement before the PLUS Loan can be disbursed. This counseling is a review of loan and repayment obligations available at [studentaid.gov](https://studentaid.gov).

NOTE: It is key that the endorser addendum, PLUS Loan, and award offer amounts all match exactly.