

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.



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

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

90+ days delinquent as of the date of the credit report, or that have been placed

- x charged off (written off) during the two years preceding the date of the credit report; or
- x during the five years preceding the date of the credit report, you have been subject to a
 - o default determination,

- o wage garnishment, or
 - o 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

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

Borrowers make a credit appeal through one of these means.

- o Log into 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.
- o Contact Applicant Services at 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 studentaid.gov

2. Obtain an Endorser

If you choose to obtain an endorser, the endorser should complete the endorser addendum at 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, the PLUS Endorser Code is found in the confirmation email received in the denial notice or by logging into studentaid.gov and selecting "Apply for a Graduate PLUS Loan."

Master Promissory Notes (MPNs) are used for PLUS Loans and allow for multiple year borrowing under the