

Credit Denial Options

1. Apply with an endorser

Correct any invalid information on your credit report that may have led to the denial

2. Appeal the denial

Recent changes in the law that governs the terms and conditions of PLUS loans establish a specific extenuating circumstance for certain PLUS loan applicants who would otherwise be considered to have an adverse credit history. Specifically, a PLUS loan applicant may qualify for a PLUS loan based on extenuating circumstances if the applicant –

- a. Has been or is delinquent for 180 days or less on mortgage loan payments, or on medical bill payments for the applicant or the applicant's family, and
- b. Does not otherwise have an adverse credit history as determined in accordance with the federal regulations that apply to PLUS loan applicants.

An insert explaining the new provision will be included in all correspondence packages sent to Direct PLUS Loan applicants who receive an adverse credit determination. Information will include instructions to appeal the denial of a Direct PLUS Loan application.

If the Parent PLUS Loan is Denied

1. Processing of the Parent PLUS Loan stops

2. The Direct Loan Servicing Center will notify the parent and explain why the review of his/her credit history was denied.

3. The parent may contact the Direct Loan Servicing Center (800-557-7394) to either appeal the decision, or investigate the option of securing an endorser.

4. If the parent does not respond within 45 days of a denied credit decision, the Financial Aid Office will cancel the loan.

5. The Financial Aid Office will note the denial on the student record and attempt to offer the student additional Federal Direct Unsubsidized Loan funds as part of their financial aid award.

6. Parents who have questions about credit approval or denial, must contact the Federal Direct Loan Servicing Center at (800) 557-7394.

Repayment of Federal Direct PLUS Loans

Repayment begins within 30 days of the final loan disbursement during the academic year, and parents will have ten years during which to repay the loan.

Postpone Repayment on a Federal Direct Parent PLUS Loan

Parents can defer repayment of the Federal Direct Parent PLUS Loan for up to one year by applying for a General Forbearance, and can re-apply for this provision annually while their student is enrolled at least half-time as an undergraduate.

To apply electronically, parents can complete the electronic General Forbearance Form or contact the U.S. Department of Education's processing center at (800) 848-0979.

To qualify, parents must state verbally or in writing that they are financially unable to make the monthly payments. Parents cannot apply for this forbearance until the loan has fully disbursed and prior to the repayment period beginning.

If parents choose the forbearance provision, it is important to note you can pay the interest while the student is in school to decrease the amount that will be repaid.

Additional information can be found on the Federal Student Aid web site.