



## What are the options if a parent's Direct PLUS Loan application is not approved?

If a parent's Federal Direct Parent PLUS Loan application is not approved, it can be a challenging and stressful situation. However, there are several options available to explore in such a scenario. Understanding these options and taking the appropriate steps can help address the financial needs of the student and the family.

### **Option 1: Appeal the credit decision.**

A parent has the opportunity to appeal the credit decision with the U.S. Department of Education. The appeal process typically involves providing additional information or documentation to support the ability to repay the loan. This could include details about extenuating circumstances that may have affected credit history or financial standing. Carefully follow the instructions provided for the appeal process and provide any necessary documentation in a timely manner. Please call the Federal Student Aid Information Center at (800) 433-3243 for assistance with the appeal process.

*If the appeal is successful, the parent will be required to complete PLUS Credit counseling online prior to disbursement of the loan.*

### **Option 2: Obtain an endorser.**

Another option is to obtain an endorser for the Direct PLUS Loan. An endorser is someone who does not have adverse credit history and agrees to repay the loan if the parent is unable to. The endorser essentially acts as a co-signer for the loan. It's crucial to select an endorser who is willing and able to fulfill this responsibility.

- The endorser code found in the confirmation email the parent received during the online application for the Direct PLUS Loan. The endorser code can also be found at [studentaid.gov](https://studentaid.gov) under My Documents.
- The parent borrower's last name
- A Federal Student Aid (FSA) ID. The endorser must have their own FSA ID for authentication and access to the online system. It serves as a secure login credential when interacting with federal student aid websites and is required to complete the addendum process.

Please call the Federal Student Aid Information Center at (800) 433-3243 for assistance with the endorser process.

*If a parent is approved with an endorser, the parent will be required to complete a new Loan Agreement (Master Promissory Note) and complete PLUS Credit counseling online prior to disbursement of the loan.*

### **Option 3: Stop processing the Federal Direct Parent PLUS Loan and request an additional federal student loan.**

If a parent decides not to appeal or obtain an endorser, they have the option to stop the processing of the Direct PLUS Loan. In this case, the student can request an additional student loan known as the Federal Direct Unsubsidized Loan. This type of loan is borrowed by the student themselves, rather than the parent. The specific amount that can be requested depends on the student's enrollment status and academic level. Freshman and sophomore students are eligible to request up to a maximum of \$4,000, while juniors and seniors may request up to a maximum of \$5,000.

The Office of Financial Aid will reach out to the student by email once they receive a PLUS Loan application that is not approved. Students should respond to this email as soon as possible.