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**Parents' trap: How to pay college bills**

By SOLOMON D. LEACH, sleach@delcotimes.com

11/16/2005

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**Looking at college costs is enough to make some parents sick, but local banking experts are prescribing some lesser-known methods for parents trying to pay the bill. Drew Miller, executive vice president and chief lending officer for Beneficial Savings Bank, said that with the cost of education steadily rising, parents may need to think outside the conventional options of exhausting their savings, relying on financial aid or tapping federal Stafford loans.**

Tuition is continuing to increase nationwide, and with the government's modest limits on Stafford loans, most students and parents have to search for additional funding to cover tuition and other expenses.

Miller said federal Parent Loan for Undergraduate Students (PLUS) is a viable second option because of the interest-rate cap, which is set at 9 percent. He said that with the loans, once parents determine how much they're eligible for, they can borrow more or less based on their need.

Borrowers are typically given 10 years to pay back PLUS loans through monthly installments.

Two other financing options for parents who are homeowners are home-equity loans or a home-equity line of credit, Miller said.

Home-equity loans work like car loans, based on the value of your home. Along with a fixed-interest rate, home-equity loans offer a lump sum disbursement and the interest is tax deductible.

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On the other hand, a home-equity line of credit (HELOC) has a revolving credit line similar to a credit card and borrowers pay based on the amount used. HELOCs come with a variable interest rate, which is also tax deductible, and may be a better choice for someone looking to borrow money periodically to make up the difference in tuition for one or two semesters.

Keith New, spokesman for Pennsylvania Higher Education Assistance Agency (PHEAA), also noted that PLUS is a smart choice compared to most private bank loans.

"A PLUS loan would make an awful lot more sense" than a private loan, New said, noting that private loans can end up being very costly depending on the interest rate.

New emphasized, however, that students should search the Web for scholarships, using sites like EducationPlanner.org to find little-known awards, cutting down on the amount they will have to borrow. "There's a lot of these little scholarships that people just don't think about and how would they know about it" if they don't check scholarship Web sites, he pointed out.

For those who have exhausted other funding possibilities, Citizens Bank offers a group of alternative loans.

Sharon Murray, vice president of education finance for Citizens Bank, said the financial institution offers competitive loans for students who are undergraduates, graduates, continuing education and medical school students.

She said students can choose the amount they need to borrow, and depending on the amount, have 20 to 25 years for repayment.

Students are required to have a co-signer since most haven't established credit at that point. Murray said for more information, students can visit [citizensbank.com/edu](http://citizensbank.com/edu).

Those who are lucky, though, may want to just take their best shot at AbsolutePoker.com, where students can win a semester's tuition by winning a free Texas Hold 'Em tournament.

The online poker tournament is offered once per semester, and students who win will get a full tuition reimbursement upon completing the semester.

"We will pay their tuition, which includes any class costs," said Michael Edwards, the site's business development manager. Although he would not specify how many students had taken part since the promotion began, Edwards said it has brought a "significant increase" in student participation.

Considering that most four-year schools in the area charge more than \$30,000 a year for in-state tuition, and that heating costs and other expenses have increased this year, parents may be exploring every option come this college-hunting season.

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