

Chart 1
USA Funds' Hawaii Loan Volume
by Loan Type

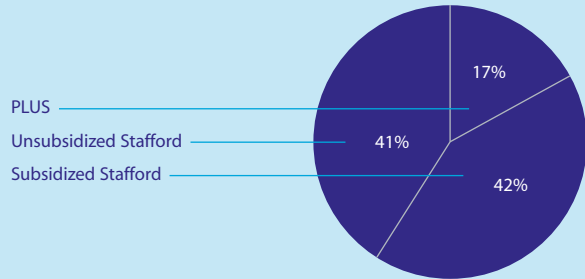
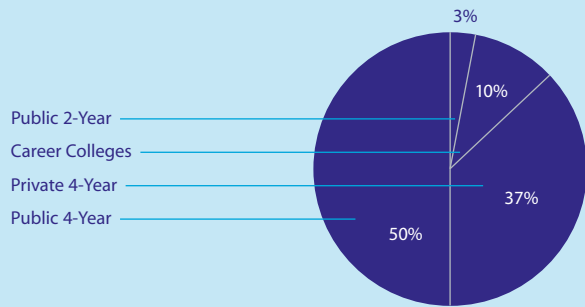


Chart 2
USA Funds' Hawaii Loan Volume
by Institution Type



USA Funds® is the nation's leading education-loan guarantor. A nonprofit corporation, USA Funds works to enhance postsecondary-education preparedness, access and success by providing and supporting financial and other valued services.



USA Funds® has served Hawaii as its designated guarantor of federal education loans since 1979. As Hawaii's designated guarantor, USA Funds links colleges, universities, career colleges, private lenders, students and parents to promote financial access to college. USA Funds supports critical education-loan services, including loan-application processing, customer assistance and default prevention and recovery, as well as policy guidance and training of school and lender staff.

During the fiscal year ending Sept. 30, 2006, USA Funds guaranteed more than \$98 million in new education loans to more than 11,400 Hawaii borrowers — including Federal Stafford loans to 9,994 students and Federal PLUS loans to 1,407 parents and students. USA Funds served 21 postsecondary institutions in Hawaii.

USA Funds works with Hawaii schools and lenders to help reduce student-loan-default rates. The most-recent default measure, the 2004 cohort-default rate, was 3.7 percent for Hawaii borrowers with USA Funds-guaranteed loans, compared with the default rate of 4.4 percent recorded among all Hawaii student-loan borrowers. The cohort-default rate measures the percentage of students who entered repayment on their education loans during a given federal fiscal year and defaulted on their loans prior to the end of the following fiscal year.

Debt-management initiatives

To partner with postsecondary institutions in their debt-management efforts, USA Funds in 2006 provided a broad spectrum of services in Hawaii, including the following:

- ◇ USA Funds’ debt-management consultants assisted 12 Hawaii schools in their work to curb student-loan defaults.
- ◇ To equip postsecondary institutions to teach their students to manage their time and money wisely while they are on campus and after graduation, USA Funds offers the USA Funds Life Skills® financial-literacy course. The number of schools in various stages of implementing USA Funds Life Skills in Hawaii stands at 12.
- ◇ Ten schools in Hawaii use USA Funds-provided tools that help students and graduates stay on the path to successful repayment. The Web-based USA Funds Debt Manager® assists with e-mail, call or letter campaigns to borrowers experiencing repayment difficulties.
- ◇ USA Funds offers a new online tool, USA Funds Stafford Loan GuideSM, that schools can customize to automate the entrance-counseling process and provide Stafford-loan borrowers with memorable guidance.
- ◇ To give schools greater flexibility as they help students track their education loans, USA Funds supports the Borrower Debt Management Information Service. Schools often use the service during student-loan exit counseling with borrowers.
- ◇ USA Funds conducted eight debt-management workshops in Hawaii to help schools learn more about USA Funds Life Skills, and about student retention and its role in default prevention. A total of 133 higher-education professionals took part in workshops in Hilo, Honolulu, Kahului and Pearl City.

USA Funds also supports a variety of other programs for Hawaii schools, lenders, students and families — and their communities — to enhance preparation for, access to and success in higher education. The following are some highlights from 2006:

Hawaii advisory council

To ensure that its services meet the needs of postsecondary education in Hawaii, USA Funds hosts regular meetings of its Hawaii financial-aid advisory council, which includes Hawaii financial-aid administrators and postsecondary-school officials, as well as representatives from lending institutions.

Staff-training opportunities

USA Funds helps colleges and lenders comply with program regulations and keeps them informed of policy developments and improved services through a wide array of training opportunities, including free workshops in Hawaii. During fiscal 2006 USA Funds conducted four financial-aid workshops, in Hilo and Honolulu, for a total of 55 participants. Financial-aid administrators from four Hawaii postsecondary-school campuses took advantage of USA Funds University online-learning courses during 2006.

Scholarship funding

The USA Funds Access to Education Scholarships® program awarded 314 new and renewal scholarships totaling \$466,500 to deserving college-bound students in Hawaii for the 2006-2007 academic year. These scholarships assist students in financial need — particularly those who are either members of ethnic-minority groups or are physically disabled — as they finance their higher education.

Under the USA Funds Scholars program, USA Funds awarded \$27,000 in scholarships to graduating seniors from nine Hawaii high schools. USA Funds Scholars are outstanding students in USA Funds’ designated states and in communities in which USA Funds has offices.

Early awareness program

USA Funds offers at no cost to Hawaii schools and community- and faith-based organizations its USA Funds Unlock the Future® early awareness program. A Hawaii organization took advantage of the program, which introduces students and their families to the benefits of and options for education after high school.

College Goal Sunday

USA Funds supported the fifth-annual College Goal Sunday in Hawaii. College Goal Sunday provides high-school seniors and their parents free help in completing the application necessary to qualify for federal aid for college. A total of 1,049 students and parents in Hawaii received assistance at five College Goal Sunday sites during 2006. USA Funds also sponsored the fourth-annual “USA Funds Countdown to College™,” a supplement to the *Hawaii Tribune-Herald*, the *Honolulu Advertiser* and *West Hawaii Today*. The publication promotes Hawaii’s College Goal Sunday and provides higher-education admissions and financial-aid information.

College-planning Web site

USA Funds partners with College Answer®, the foremost online resource for “going-to-college” information, to provide college-planning information for Hawaii residents at www.hawaii.collegeanswer.com.

Financial-Aid Night

USA Funds provided funding for Hawaii Financial-Aid Night workshops. Coordinated by the Pacific Financial Aid Association, the program gives families the opportunity to learn from financial-aid administrators about the student-aid process for postsecondary education.

Native Hawaiian Education Summit

Support from USA Funds helped Native Hawaiian Education Summit organizers record and share the summit’s findings with a variety of groups. Hosted by Chaminade University of Honolulu, the event served as a forum for discussion regarding educational issues of native-Hawaiian students.

National college fair

With assistance from USA Funds, the Hawaii Association for College Admission Counseling presented the Honolulu National College Fair, hosting representatives from approximately 200 colleges and universities. More than 4,000 students learned about the schools’ academic programs.

GEAR UP Scholars Program

A USA Funds grant supported three Honolulu high schools’ participation in a college study tour in southern California. Students took part in seminars about essay writing, college selection and financial aid.

SMS Hawaii

A USA Funds affiliate, SMS Hawaii®, is the designated student-loan secondary market for Hawaii. SMS Hawaii helps to ensure a continuous supply of private capital for funding student loans in Hawaii. During the fiscal year ending Sept. 30, 2006, SMS Hawaii purchased \$21.2 million in education loans, providing lenders with fresh capital to support new student loans. Hawaii borrowers can take advantage of one of the lowest-cost student loans available in the nation, with no upfront fees for SMS Hawaii-acquired loans guaranteed by USA Funds and originated by American Savings Bank.

Table 1

Hawaii Schools Served by USA Funds

University of Hawaii at Manoa
Hawaii Pacific University
Chaminade University of Honolulu
University of Hawaii at Hilo
Argosy University/Honolulu
Remington College-Honolulu Campus
Hawaii Business College
Kapiolani Community College
Hawaii Community College
Windward Community College
Maui Community College
University of Hawaii-West Oahu
Institute of Clinical Acupuncture and Oriental Medicine
Kauai Community College
Brigham Young University Hawaii Campus
Leeward Community College
San Diego Golf Academy of Hawaii
Hawaii Institute of Hair Design
Honolulu Community College
Heald College
International College and Graduate School

Table 2

10 Largest Lenders By Loan Volume Served by USA Funds in Hawaii

First Hawaiian Bank
American Savings Bank
J.P. Morgan Chase
Wells Fargo Bank
Citibank Student Loans
Bank of America
Sallie Mae Education Trust
Wachovia Education Finance
Student Loan Xpress
AMS Education Loan Trust