

Chart 1
USA Funds' Maryland Loan Volume
by Loan Type

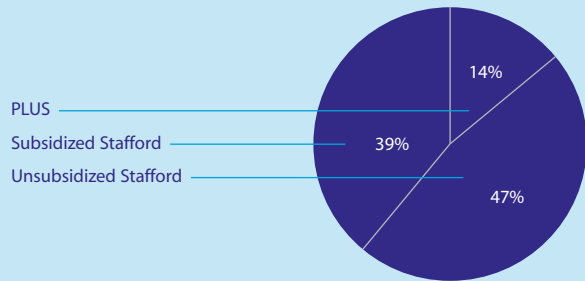
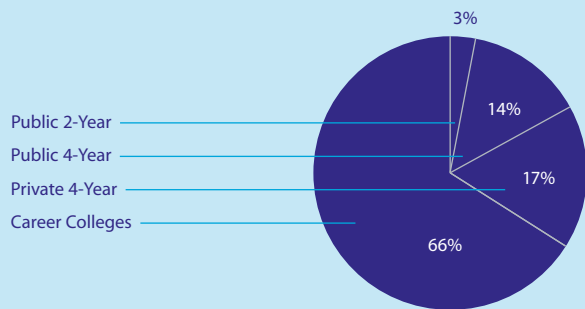


Chart 2
USA Funds' Maryland Loan Volume
by Institution Type



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 Maryland as its designated guarantor of federal education loans since 1995. As Maryland'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 \$510 million in new education loans to nearly 42,900 Maryland borrowers — including Federal Stafford loans for 38,132 students and Federal PLUS loans for 4,757 parents and students. USA Funds served 50 postsecondary institutions in Maryland.

USA Funds works with Maryland schools and lenders to help reduce student-loan-default rates. The most-recent default measure, the 2004 cohort-default rate, was 3.3 percent for Maryland borrowers with USA Funds-guaranteed loans, compared with the default rate of 4.1 percent recorded among all Maryland 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 Maryland, including the following:

- ◇ USA Funds’ debt-management consultants assisted eight Maryland 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 Maryland stands at nine.
- ◇ Six schools in Maryland 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 two debt-management workshops in Maryland to help schools learn more about USA Funds Life Skills, and about student retention and its role in default prevention. A total of 47 higher-education professionals took part in the Baltimore workshops.

USA Funds also supports a variety of other programs for Maryland 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:

Maryland advisory council

To ensure that its services meet the needs of postsecondary education in Maryland, USA Funds hosts regular meetings of its Maryland financial-aid advisory council, which includes financial-aid administrators for Maryland colleges and universities, representatives of lending institutions and officials of the Maryland Office of Student Financial Assistance.

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 Maryland. During fiscal 2006 USA Funds conducted four financial-aid workshops, in Baltimore and College Park, for 123 participants. Financial-aid administrators from five Maryland postsecondary-school campuses took advantage of USA Funds University online-learning courses during 2006.

Twenty education-lending professionals attended two USA Funds Education-Lender Forums in Baltimore to stay up to date on developments in the education-finance marketplace.

Scholarship funding

The USA Funds Access to Education Scholarships® program awarded 299 new and renewal scholarships totaling \$447,000 to deserving college-bound students in Maryland 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 \$9,000 in scholarships to graduating seniors from three Maryland 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 Maryland schools and community- and faith-based organizations its USA Funds Unlock the Future® early awareness program, which introduces students and their families to the benefits of and options for education after high school.

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 Maryland residents at www.maryland.collegeanswer.com.

College Goal Sunday

USA Funds supported the fifth-annual College Goal Sunday. The event provides high-school seniors and their parents free help in completing the application necessary to qualify for federal aid for college. During 2006, 452 students and parents in Maryland, Delaware and Washington, D.C., received assistance at 11 College Goal Sunday sites. For the fifth-consecutive year, USA Funds also sponsored the “USA Funds Countdown to College™” supplement to the *Baltimore Sun*. The publication, also delivered to Maryland high schools for distribution to seniors, promotes College Goal Sunday and provides higher-education admissions and financial-aid information.

Maryland Retention Conference

The free, day-long Maryland Retention Conference focused on the first year of college life and offered strategies that Maryland schools could use to enhance their student-retention efforts. USA Funds sponsored the event, organized by the Policy Center on the First Year of College and endorsed by the Maryland Higher Education Commission.

MHEC initiatives

USA Funds’ support for MHEC projects also included funding for an MHEC-produced 16-month college-planning calendar. Additionally, USA Funds supported maintenance of a Web-based calculator that permits visitors to the MHEC site — www.mhec.state.md.us — to determine their Expected Family Contribution and eligibility for need-based financial aid.

Economics education

A USA Funds grant to the Maryland Council on Economic Education supported fees for schools to take part in the Stock Market Game in Maryland and Washington, D.C. The activity teaches students about the importance of saving and investing, and provides lessons about math, economics, life skills, business education and technology.

Table 1
**25 Largest Maryland Schools
By Loan Volume
Served by USA Funds**

- Walden University
- University of Maryland College Park
- University of Maryland Baltimore County
- Loyola College in Maryland
- Goucher College
- TESST College
- Mount St. Mary’s University
- Lincoln Technical Institute-Columbia
- Morgan State University
- Sojourner-Douglass College
- McDaniel College
- Washington College
- University of Maryland Baltimore
- Montgomery College
- Columbia Union College
- College of Notre Dame of Maryland
- Baltimore International College
- ITT Technical Institute
- North American Trade Schools
- Johns Hopkins University
- Capitol College
- Hagerstown Community College
- Allegany College of Maryland
- Prince Georges Community College
- Villa Julie College

Table 2
**10 Largest Lenders
By Loan Volume
Served by USA Funds in Maryland**

- National Education
- Walden University
- Nellie Mae
- AMS Education Loan Trust
- Bank of America
- Independence Federal Savings Bank
- Citibank Student Loans
- Citizens Bank
- Sallie Mae Education Trust
- Wells Fargo Bank