



Chart 1
USA Funds' Hawaii Loan Volume
by Loan Type

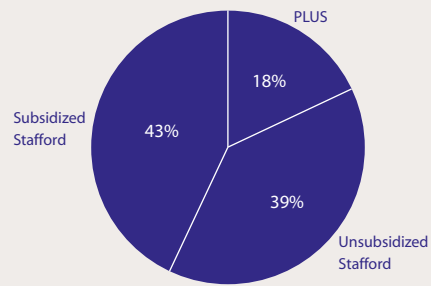
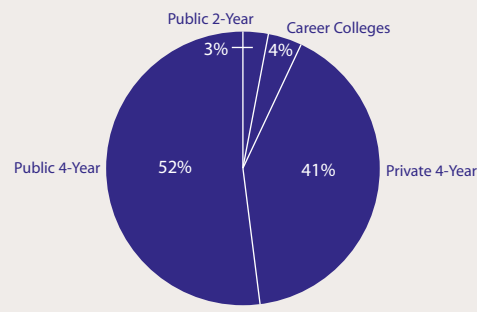


Chart 2
USA Funds' Hawaii Loan Volume
by Institution Type



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.



www.usafunds.org

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, 2005, USA Funds guaranteed more than \$95 million in new education loans to more than 11,500 Hawaii borrowers — including 10,014 students and 1,491 parents — and served 22 postsecondary institutions in Hawaii.

USA Funds works with Hawaii schools and lenders to help reduce student-loan-default rates. During the last 10 years, Hawaii's default rate has dropped nearly 70 percent. The most-recent default measure, the 2003 cohort-default rate, was 5.2 percent. 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 2005 provided a broad spectrum of services in Hawaii, including the following:

- ◇ USA Funds’ debt-management consultants assisted 23 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 20.
- ◇ Nine schools in Hawaii use USA Funds-provided tools that help students and graduates stay on the path to successful repayment. The new, Web-based USA Funds Debt ManagerSM assists with call or letter campaigns to borrowers experiencing repayment difficulties.
- ◇ 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 four 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 118 higher-education professionals took part in workshops in Honolulu and Pearl City.

USA Funds also supported a variety of other programs for Hawaii schools and lenders, and the students and families they serve, to support preparation for, access to and success in higher education in 2005.

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. The council 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 2005 USA Funds conducted four financial-aid workshops, in Hilo and Honolulu, for a total of 71 participants.

Scholarship funding

The USA Funds Access to Education Scholarships® program awarded 325 new and renewal scholarships totaling \$473,250 to deserving college-bound students in Hawaii for the 2005-2006 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 \$24,000 in scholarships to graduating seniors from eight 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. Twelve Hawaii schools and organizations took advantage of the 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 present Hawaii College Answer. The Web site, located at www.hawaii.collegeanswer.com, offers students and families information to assist in planning and paying for higher education, plus free access to a database of billions of dollars in scholarships.

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, 2005, SMS Hawaii purchased \$17.5 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.

College Goal Sunday

USA Funds supported the fourth-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 364 students and parents in Hawaii received assistance at three College Goal Sunday sites during 2005. USA Funds also sponsored the third-annual “USA Funds Countdown to College” supplement to the *Honolulu Advertiser*. The publication promotes Hawaii’s College Goal Sunday and provides higher-education admissions and financial-aid information.

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.

Table 1

Hawaii Schools Served by USA Funds

University of Hawaii at Manoa
Hawaii Pacific University
University of Hawaii at Hilo
Chaminade University of Honolulu
Argosy University/Honolulu
Hawaii Business College
Hawaii Community College
Windward Community College
Kapiolani Community College
Brigham Young University Hawaii Campus
Institute of Clinical Acupuncture and Oriental Medicine
Maui Community College
University of Hawaii-West Oahu
Kauai Community College
Leeward Community College
The Golf Academy of Hawaii
Hawaii Institute of Hair Design
Hawaii Technology Institute
Honolulu Community College
Heald Business College
New York Technical Institute-Hawaii
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
Bank One
Wells Fargo Bank
J.P. Morgan Chase
Bank of America
Wachovia Education Finance
Citibank Student Loans
Nelnet
Sallie Mae Education Trust