

Chart 1
USA Funds' Maryland Loan Volume
by Loan Type

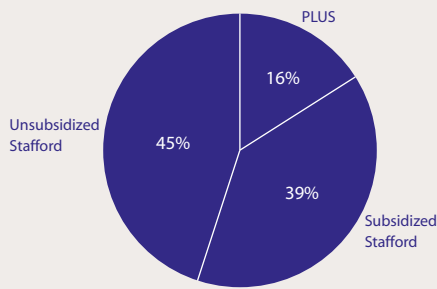
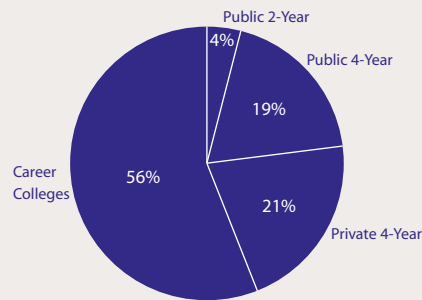


Chart 2
USA Funds' Maryland Loan Volume
by Institution Type



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, 2005, USA Funds guaranteed more than \$418 million in new education loans to nearly 40,200 Maryland borrowers — including 35,314 students and 4,864 parents — and served 49 postsecondary institutions in Maryland.

USA Funds works with Maryland schools and lenders to help reduce student-loan-default rates. During the last 10 years, Maryland's default rate has dropped nearly 80 percent. The most-recent default measure, the 2003 cohort-default rate, fell to 3.4 percent — a decline of more than 24 percent from the previous year in the default rate among Maryland 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 2005 provided a broad spectrum of services in Maryland, including the following:

- ◇ USA Funds’ debt-management consultants assisted 11 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 17.
- ◇ Four schools in Maryland 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 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 38 higher-education professionals took part in the Baltimore workshops.

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

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. The council 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 2005 USA Funds conducted four financial-aid workshops, in Baltimore and College Park, for 124 participants.

Sixteen education-lending professionals attended a USA Funds Education-Lender Forum 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 327 new and renewal scholarships totaling \$480,000 to deserving college-bound students in Maryland 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 \$3,000 in scholarships to two graduating high-school seniors from Baltimore. 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. Eleven Maryland 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 Maryland College Answer. The Web site, located at www.maryland.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.

College Goal Sunday

USA Funds supported the fourth-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 2005, 700 students and parents in Maryland, Delaware and Washington, D.C., received assistance at 10 College Goal Sunday sites. For the fourth-consecutive year, USA Funds also sponsored the “USA Funds Countdown to College” supplement to the *Baltimore Sun*. The publication promotes College Goal Sunday and provides higher-education admissions and financial-aid information.

College-aid calculator

USA Funds provided funding for maintenance of a Web-based calculator that permits visitors to the Maryland Higher Education Commission site — www.mhec.state.md.us — to determine their Expected Family Contribution and eligibility for need-based financial aid.

Model for enhancing access

A grant from USA Funds supports the MHEC’s work on a postsecondary-education model addressing the impact of tuition policy and financial aid on education access. The findings will help develop a model aimed at ensuring access to postsecondary training for Maryland students.

YouthTrac Foundation

To support the YouthTrac Foundation’s work to provide education and sports opportunities to underprivileged youth, USA Funds funded the purchase of supplies and program materials.

College-transfer guide

USA Funds provided financial assistance for a Maryland Association of Community Colleges guide that helps community-college students obtain aid to pursue bachelor’s degrees.

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
TESST College
Loyola College in Maryland
McDaniel College
Mount St. Mary’s University
Goucher College
Morgan State University
Sojourner-Douglass College
College of Notre Dame of Maryland
Columbia Union College
Washington College
Baltimore International College
Montgomery College
Lincoln Technical Institute-Columbia
University of Maryland Baltimore
Villa Julie College
Capitol College
Maryland Institute College of Art
Allegany College of Maryland
Anne Arundel Community College
Hagerstown Community College
University of Baltimore
Howard Community College

Table 2

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

National Education/IDAPP
Citizens Bank
AMS Education Loan Trust
Bank of America
Independence Federal Savings Bank
Citibank Student Loans
Sallie Mae Education Trust
J.P. Morgan Chase
Wachovia Education Finance
SunTrust Bank