

**OKLAHOMA STUDENT LOAN AUTHORITY
MUNICIPAL SECONDARY MARKET DISCLOSURE**

1995 Master Bond Resolution: Moody’s takes rating actions on Oklahoma Student Loan Authority’s 1995 Master Bond Resolution bonds and notes.

This information applies to Bonds and Notes issued by the Oklahoma Student Loan Authority (the “*Authority*”) pursuant to its 1995 Master Bond Resolution adopted November 2, 1995, as supplemented by various Supplemental and Amendatory Bond Resolution (collectively, the “*1995 Master Bond Resolution*”). Capitalized terms used, but not defined, herein have the same meaning as defined in the 1995 Master Bond Resolution.

The Bonds and Notes Outstanding under the Authority’s 1995 Master Bond resolution as of October 31, 2016 are:

<u>Series</u>	<u>Outstanding Principal Amount</u>	<u>Cusip #</u>	<u>Comments</u>
Senior 1995A-1	\$6,800,000	679110 CB0	35 day Auction Rate
Senior 2001A-4*	7,400,000	679110 CS3	CP index Floating Rate Notes
Senior 2004A-1	12,175,000	679110 CY0	35 day Auction Rate
Senior 2004A-2	17,375,000	679110 CZ7	35 day Auction Rate
Total Senior	<u>\$43,750,000</u>		
Subordinate 2001B-1	<u>\$11,300,000</u>	679110 CR5	35 day Auction Rate
Total Outstanding Debt	<u><u>\$55,050,000</u></u>		

* Taxable Obligations

On November 28, 2016, Moody’s announced rating actions on student loan ABS backed by FFELP student loans following the update of its rating methodology. Moody’s downgraded the ratings of 1 class of notes, upgraded the ratings of 1 class of notes and confirmed the rating on 3 classes of notes from Oklahoma Student Loan Authority’s 1995 Master Bond Resolution bonds and notes.

Rating Action: Moody's takes rating actions on Oklahoma Student Loan Authority's student loan securitization

Global Credit Research - 28 Nov 2016

Approximately \$58 million of asset-backed securities affected

New York, November 28, 2016 -- Moody's Investors Service, ("Moody's") has downgraded the ratings of 1 class of notes, upgraded the ratings of 1 class of notes and confirmed the rating on 3 classes of notes in Oklahoma Student Loan Authority's student loan securitization backed by student loans originated under the Federal Family Education Loan Program (FFELP) that are guaranteed by the US government for a minimum of 97% of defaulted principal and accrued interest.

Complete rating actions are as follows:

Oklahoma Student Loan Authority (1995 Indenture)

Ser. 95A-1, Confirmed at Aaa; previously on Jun 14, 2016 Aaa Placed Under Review for Possible Downgrade

Ser. 2001A-4, Downgraded to Baa3; previously on Jun 14, 2016 Aaa Placed Under Review for Possible Downgrade

Ser. 2001B-1, Upgraded to Aaa; previously on Jun 14, 2016 A2 Placed Under Review for Possible Upgrade

Ser. 2004A-1, Confirmed at Aaa; previously on Jun 14, 2016 Aaa Placed Under Review for Possible Downgrade

Ser. 2004A-2, Confirmed at Aaa; previously on Jun 14, 2016 Aaa Placed Under Review for Possible Downgrade

RATINGS RATIONALE

These tranches were placed on watch in June 2016 in connection with the application of the updated FFELP methodology. Under the new methodology, Moody's derives the expected loss of each tranche by running its standard 28 cash flow scenarios and using the weights associated with each scenario.

The downgrade of Ser. 2001A-4 tranche is primarily a result of Moody's analysis indicating that the tranche will not pay off by its final maturity date in either some or all of Moody's 28 cash flow scenarios, thus causing the tranche to incur expected losses that are higher than the expected loss benchmarks set in Moody's Idealized Cumulative Expected Loss Rates table for the prior ratings. The low payment rates on the underlying securitized pools of FFELP student loans are driven primarily by persistently high levels of loans to borrowers in non-standard payment plans, including deferment, forbearance and Income-Based Repayment (IBR), as well as by the relatively low rates of voluntary prepayments.

The downgrade also reflects Moody's concern about the timing of principal payments to the Ser. 2001A-4 tranche maturing in December 2017. As per Moody's interpretation of the documents, the redemption sequence is decided by the Oklahoma Student Loan Authority's order. Over the last 6 months, less than 50% of the principal payments made on all the tranches have been used for redemption of Ser. 2001A-4 tranche. Based on the current pay down trend this tranche will not be paid off by its legal final maturity. However, Moody's also considers the option of Oklahoma Student Loan Authority to divert the available funds towards redemption of this tranche. The authority can also choose to sell loans to avoid the occurrence of event of default.

The upgrades and confirmations are primarily a result of Moody's analysis indicating that the expected losses of the tranches across Moody's cash flow scenarios are lower than or consistent with the expected loss benchmarks in Moody's Idealized Cumulative Expected Loss Rates table for the prior ratings.

The confirmations for Ser. 2004A-1, 95A-1 and Ser. 2004A-2 tranches also reflect the correction of an error. In

our June 14, 2016 actions, the cash flows for these transactions were mistakenly modeled to release the funds to the authority from both interest and principal collections; however, only interest collections can be released. As a result of the correction, cash available for principal distribution on each distribution date has increased and the expected loss for these tranches has reduced to a level equal to or lower than the expected loss benchmark levels set in Moody's Idealized Cumulative Expected Loss Rates table for the prior ratings.

The principal methodology used in these ratings was "Moody's Approach to Rating Securities Backed by FFELP Student Loans" published in August 2016. Please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

Factors that would lead to an upgrade or downgrade of the ratings:

Up

Moody's could upgrade the ratings if the paydown speed of the loan pool increases as a result of lower than expected borrower usage of deferment, forbearance and IBR, higher than expected voluntary prepayment rates, or prepayments with proceeds from sponsor repurchases of student loan collateral or if a tranche's final maturity is extended. Moody's could also upgrade the rating owing to a build-up in credit enhancement.

Down

Moody's could downgrade the ratings if the paydown speed of the loan pool declines as a result of lower than expected voluntary prepayments, and higher than expected deferment, forbearance and IBR rates, which would threaten full repayment of the classes by their final maturity dates. In addition, because the US Department of Education guarantees at least 97% of principal and accrued interest on defaulted loans, Moody's could downgrade the ratings of the notes if it were to downgrade the rating on the United States government. Moody's could also further downgrade the rating on the Ser. 2001A-4 tranche if it is not paid off in the reasonable time frame.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions of the disclosure form.

In rating this transaction, Moody's used a cash flow model to model cash flow stress scenarios to determine the extent to which investors would receive timely payments of interest and principal in the stress scenarios, given the transaction structure and collateral composition.

Moody's quantitative analysis entails an evaluation of scenarios that stress factors contributing to sensitivity of ratings and take into account the likelihood of severe collateral losses or impaired cash flows. Moody's weights the impact on the rated instruments based on its assumptions of the likelihood of the events in such scenarios occurring.

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Amruta Chintawar
Associate Analyst
Structured Finance Group
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Dev Chatterjee
MD - Structured Finance
Structured Finance Group
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653



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