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Rating Raised On Class 2010A-1 From Oklahoma Student Loan Authority Series 2010A To 'AAA (sf)'

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OVERVIEW

- We raised our rating on the class 2010A-1 bonds from Oklahoma Student Loan Authority's series 2010A to 'AAA (sf)' from 'AA+ (sf)'.
- The upgrade reflects the application of our criteria regarding payment priority changes upon a nonmonetary event of default, our view on future collateral performance, and our view that the available credit enhancement is sufficient to support the higher rating.

NEW YORK (Standard & Poor's) Aug. 20, 2015--Standard & Poor's Ratings Services today raised its rating on the class 2010A-1 bonds from Oklahoma Student Loan Authority's series 2010A to 'AAA (sf)' from 'AA+ (sf)'. This transaction is a student loan asset-backed securities (ABS) transaction collateralized by a pool of Consolidation, Stafford, and Parent Loan for Undergraduate Students (PLUS) student loans originated through the U.S. Department of Education's Federal Family Education Loan Program (FFELP).

Today's upgrade follows the publication of our criteria for analyzing transactions subject to payment priority changes upon a nonmonetary event of default (EOD; see "Methodology: Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD," published March 2, 2015).

In determining the likelihood of a payment priority change upon a nonmonetary EOD, we consider factors such as applicable remedies, cure periods, and investor voting provisions, according to our criteria. In addition, the criteria considers the creditworthiness, operational capabilities, track records, and incentives of the transaction parties that are obligated to minimize the likelihood of a nonmonetary EOD or remedy an event that could lead to a nonmonetary EOD.

The payment priority in the transaction calls for principal payments to be distributed sequentially to the class A bonds, starting with the class 2010A-1 bonds until paid in full, and then to the class 2010A-2A and 2010A-2B bonds on a pro rata basis until paid in full. If a nonmonetary EOD occurs and is not remedied and the majority of the bondholders vote to accelerate the bonds, then the payment structure changes to allocate principal payments pro rata to the class A bonds.

Based on our criteria, we believe the likelihood of a payment structure change because of a nonmonetary EOD is sufficiently remote. Accordingly, we differentiated the ratings among the class A bonds based on our criteria, their sequential pay structure, and the credit enhancement available to each class under the sequential pay structure.

The upgrade reflects the application of our nonmonetary EOD criteria, the sequential payment priority, and our view that the current credit enhancement is sufficient to absorb the 15% haircut to the cash inflows received from the U.S. federal government under FFELP in a 'AAA' stress scenario. Generally, we believe parity above 120% is sufficient to support a 'AAA (sf)' rating. Therefore, we raised our rating on class 2010A-1 to 'AAA (sf)' from 'AA+ (sf)' because its parity exceeds 120%.

In addition, based on the transaction's paydowns to the class A bonds over the last two years, we believe that the liquidity risk is minimal and we expect class 2010A-1 to be paid off within the next 12 months, well within its legal maturity date.

The upgrade also reflects our view regarding future collateral performance and the current credit enhancement available to support the notes, including overcollateralization (parity), the reserve account, and excess spread. We also considered secondary credit factors, such as credit stability, payment priority, and sector- and issuer-specific analyses, as well as a peer analysis.

CURRENT CAPITAL STRUCTURE(i)

Class	Current balance (mil .$)	Note factor (%)	Calculated parity (%)(ii)	Maturity date
2010A-1	17.100	12.90	609.16	September 2024
2010A-2A	51.225	100.00	114.85	September 2037
2010A-2B	44.230	100.00	114.85	September 2037

(i)As of the June 2015 distribution date. (ii)Calculated parity is the pool balance including interest expected to be capitalized plus the reserve account, divided by the sum of the applicable bond balances and any bonds senior to the applicable bond balance.

REPORTED PARITY LEVELS(i)

Series	June 2015	June 2014
2010A	114.85%	112.30%

(i)As of the June 2015 distribution date.

This transaction benefits from a turbo feature whereby all cash flow from the trust's assets will be used--after paying certain fees, expenses, and interest on the bonds--to pay down the bonds' principal balances until paid in full. Accordingly, no money will be released to the issuer until all of the bonds are retired. We expect this turbo effect to increase parity during the transaction's life.

LOAN STATUS(i)

The trust continues to have a portion of loans in nonpaying status (deferment and forbearance). Students do not currently make payments on these loans. The interest owed by the students is accrued and capitalized into the loan balance.

	% of pool
Deferment	9.20
Forbearance	3.70
Repayment(ii)	86.60
30-plus-days delinquent(ii)	8.00

(i)Current statuses are as of the June 2015 distribution date.
(ii)Thirty-plus-day delinquencies are included in the repayment data.

We will continue to monitor the performance of the student loan receivables backing this transaction relative to our ratings and the available credit enhancement to the classes.

RELATED CRITERIA AND RESEARCH

Related Criteria

- Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction, May 29, 2015
- Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD, March 2, 2015
- U.S. Government Support In Structured Finance And Public Finance Ratings, Dec. 7, 2014
- Understanding Standard & Poor's Rating Definitions, June 3, 2009
- Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment, May 28, 2009
- Legal Criteria For U.S. Structured Finance Transactions: Special-Purpose Entities, Oct. 1, 2006
- Student Loan Criteria: Student Loan Programs, Oct. 1, 2004

- Student Loan Criteria: Evaluating Risk In Student Loan Transactions, Oct. 1, 2004
- Student Loan Criteria: Structural Elements In Student Loan Transactions, Oct. 1, 2004
- Student Loan Criteria: Rating Methodology For Student Loan Transactions, Oct. 1, 2004

Related Research

- Economic Research: U.S. Economic Forecast: The Terrible Twos, June 26, 2015
- Certain U.S. Student Loan ABS Ratings Placed Under Criteria Observation Due To Updated Nonmonetary EOD Criteria, March 2, 2015
- Global Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality, July 2, 2014
- The Rating Process For Student Loan Transactions, Oct. 1, 2004

In addition to the criteria specific to this type of security (listed above), the following criteria articles, which are generally applicable to all ratings, may have affected this rating action: "Post-Default Ratings Methodology: When Does Standard & Poor's Raise A Rating From 'D' Or 'SD'?," March 23, 2015; "Global Framework For Assessing Operational Risk In Structured Finance Transactions," Oct. 9, 2014; "Methodology: Timeliness of Payments: Grace Periods, Guarantees, And Use of 'D' And 'SD' Ratings," Oct. 24, 2013; " Counterparty Risk Framework Methodology And Assumptions," June 25, 2013; " Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," Oct. 1, 2012; "Methodology: Credit Stability Criteria," May 3, 2010; and "Use of CreditWatch And Outlooks," Sept. 14, 2009.