

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

**Fitch Affirms Three Oklahoma Student Loan Authority Series.**

This information applies to the rating on the three Oklahoma Student Loan Authority transactions.

The Series Outstanding under the related trust as of November 30, 2017:

<u>Series</u>	<u>Outstanding Principal Amount</u>	<u>Cusip #</u>	<u>Comments</u>
Senior 2010A-2A	\$42,610,000	679110 DZ6	LIBOR FRN
Senior 2010A-2B	\$36,795,000	679110 EB8	LIBOR FRN
Senior 2011-1	\$60,140,000	679110 EC6	LIBOR FRN
Senior 2013-1	\$70,121,000	679110 EF9	LIBOR FRN

On December 21 2017, Fitch Ratings affirmed its rating on three of the Oklahoma Student Loan Authority Series 2010A, 2011-1, and 2013-1. Fitch is affirming their current 'AAA (sf)' ratings on the bonds from all three series.

# Fitch Ratings

## Fitch Affirms Three Oklahoma Student Loan Authority Series

Fitch Ratings-New York-21 December 2017: Fitch Ratings has taken the following rating actions:

Oklahoma Student Loan Authority Series 2010A (OSLA 2010A):

--Senior Series 2010A-2A affirmed at 'AAAsf'; Outlook Stable.

--Senior Series 2010A-2B affirmed at 'AAAsf'; Outlook Stable.

Oklahoma Student Loan Authority Series 2011-1 (OSLA 2011-1):

--Affirmed at 'AAAsf'; Outlook Stable.

Oklahoma Student Loan Authority Series 2013-1 (OSLA 2013-1):

--Affirmed at 'AAAsf'; Outlook Stable.

The notes pass the credit and maturity stress for their respective ratings with sufficient hard credit enhancement (CE). Credit metrics have not changed significantly from the last annual review, and the respective transactions have been performing as expected.

### KEY RATING DRIVERS

**U.S. Sovereign Risk:** The trust collateral comprises 100% Federal Family Education Loan Program (FFELP) loans with guarantees provided by eligible guarantors and reinsurance provided by the U.S. Department of Education (ED) for at least 97% of principal and accrued interest. The U.S. sovereign rating is currently 'AAA'/Stable.

**Collateral Performance for OSLA 2010A:** Fitch assumes a base case default rate of 17.8% and a 53.3% default rate under the 'AAA' credit stress scenario. The base case default assumption of 17.8% implies a sustainable constant default rate of 3.0% (assuming a weighted average life of 5.9 years) and a

sustainable constant prepayment rate of 9.5%. Fitch applies the standard default timing curve in its credit stress cash flow analysis. The claim reject rate is assumed to be 0.5% in the base case and 3.0% in the 'AAA' case. The TTM levels of deferment, forbearance, and income-based repayment (prior to adjustment) are 5.5%, 4.2%, and 16.2%, respectively, and are used as the starting point in cash flow modeling. Subsequent declines or increases are modelled as per criteria. The borrower benefit is assumed to be approximately 0.25%, based on information provided by the sponsor.

Collateral Performance for OSLA 2011-1: Fitch assumes a base case default rate of 21.3% and a 63.8% default rate under the 'AAA' credit stress scenario. The base case default assumption of 21.3% implies a sustainable constant default rate of 4.5% (assuming a weighted average life of 4.7 years) and a sustainable constant prepayment rate of 13.0%. Fitch applies the standard default timing curve in its credit stress cash flow analysis. The claim reject rate is assumed to be 0.5% in the base case and 3.0% in the 'AAA' case. The TTM levels of deferment, forbearance, and income-based repayment (prior to adjustment) are 9.0%, 5.4%, and 16.2%, respectively, and are used as the starting point in cash flow modeling. Subsequent declines or increases are modeled as per criteria. The borrower benefit is assumed to be approximately 0.31%, based on information provided by the sponsor.

Collateral Performance for OSLA 2013-1: Fitch assumes a base case default rate of 22.5% and a 67.5% default rate under the 'AAA' credit stress scenario. The base case default assumption of 22.5% implies a sustainable constant default rate of 5.5% (assuming a weighted average life of 4.1 years) and a sustainable constant prepayment rate of 15.0%. Fitch applies the standard default timing curve in its credit stress cash flow analysis. The claim reject rate is assumed to be 0.5% in the base case and 3.0% in the 'AAA' case. The TTM levels of deferment, forbearance, and income-based repayment (prior to adjustment) are 10.8%, 7.2%, and 16.7%, respectively, and are used as the starting point in cash flow modeling. Subsequent declines or increases are modeled as per criteria. The borrower benefit is assumed to be approximately 0.46%, based on information provided by the sponsor.

Basis and Interest Rate Risk for OSLA 2010A: Basis risk for this transaction arises from any rate and reset frequency mismatch between interest rate

indices for SAP and the securities. As of December 2017, 95% of the trust student loans are indexed to 1-month LIBOR and 5% are indexed to T-bill. All of the notes are indexed to 3-month LIBOR. Fitch applies its standard basis and interest rate stresses to this transaction as per criteria.

Basis and Interest Rate Risk for OSLA 2011-1: Basis risk for this transaction arises from any rate and reset frequency mismatch between interest rate indices for SAP and the securities. As of December 2017, 97.5% of the trust student loans are indexed to 1-month LIBOR and 2.5% are indexed to T-bill. All of the notes are indexed to 3-month LIBOR. Fitch applies its standard basis and interest rate stresses to this transaction as per criteria.

Basis and Interest Rate Risk for OSLA 2013-1: Basis risk for this transaction arises from any rate and reset frequency mismatch between interest rate indices for SAP and the securities. As of October 2017, 97.1% of the trust student loans are indexed to 1-month LIBOR and 2.9% are indexed to T-bill. All of the notes are indexed to 1-month LIBOR. Fitch applies its standard basis and interest rate stresses to this transaction as per criteria.

Payment Structure for OSLA 2010A: CE is provided by excess spread and overcollateralization (OC). As of December 2017, the total ratio (including the reserve) is 122.5% (18.4% CE). Liquidity support is provided by a reserve sized at 0.25% of the bond balance (with a floor of \$340,000), currently equal to \$340,000. The trust is in turbo and no cash can be released from the trust until the bonds are paid in full.

Payment Structure for OSLA 2011-1: CE is provided by excess spread and OC. As of December 2017, the total ratio (including the reserve) is 114.5% (12.7% CE). Liquidity support is provided by a reserve sized at 0.25% of the bond balance (with a floor of \$307,800), currently equal to \$307,800. The trust is in turbo and no cash can be released from the trust until the bonds are paid in full.

Payment Structure for OSLA 2013-1: CE is provided by excess spread and OC. As of October 2017, the total ratio (including the reserve) is 111.0% (9.9% CE). Liquidity support is provided by a reserve sized at 0.25% of the pool balance (with a floor of \$317,730), currently equal to \$317,730. The trust

is in turbo and no cash can be released from the trust until the bonds are paid in full.

**Maturity Risk:** Fitch's student loan ABS cash flow model (SLABS) indicates that the notes are paid in full on or prior to the legal final maturity dates under the commensurate rating scenario.

**Operational Capabilities:** Day-to-day servicing will be provided by Oklahoma Student Loan Authority (OSLA). Nelnet Servicing LLC (Nelnet) acts as backup servicer for the entire pool. OSLA and Nelnet have demonstrated adequate servicing capabilities for FFELP student loans with long track records. Fitch believes both to be acceptable servicers of FFELP student loans at this time.

## RATING SENSITIVITIES

'AAAsf' rated tranches of most FFELP securitizations will likely move in tandem with the U.S. sovereign rating, given the strong linkage to the U.S. sovereign by nature of the reinsurance and SAP provided by ED. Sovereign risks are not addressed in Fitch's sensitivity analysis.

Fitch conducted a CE sensitivity analysis by stressing both the related lifetime default rate and basis spread assumptions. In addition, Fitch conducted a maturity sensitivity analysis by running different assumptions for the IBR usage and prepayment rate. The results below should only be considered as one potential model-implied outcome, as the transaction is exposed to multiple risk factors that are all dynamic variables. In addition, the results do not take into account any rating cap considerations.

### OSLA 2010A

#### Credit Stress Rating Sensitivity

- Default increase 25%: class A 'AAAsf';
- Default increase 50%: class A 'AAAsf';
- Basis Spread increase 0.25%: class A 'AAAsf';
- Basis Spread increase 0.5%: class A 'AAAsf'.

#### Maturity Stress Rating Sensitivity

- CPR decrease 50%: class A 'AAAsf';
- CPR increase 100%: class A 'AAAsf';
- IBR Usage decrease 50%: class A 'AAAsf';
- IBR Usage increase 100%: class A 'AAAsf'.

#### OSLA 2011-1

##### Credit Stress Rating Sensitivity

- Default increase 25%: class A 'AAAsf';
- Default increase 50%: class A 'AAAsf';
- Basis Spread increase 0.25%: class A 'AAAsf';
- Basis Spread increase 0.5%: class A 'AAAsf'.

##### Maturity Stress Rating Sensitivity

- CPR decrease 50%: class A 'AAAsf';
- CPR increase 100%: class A 'AAAsf';
- IBR Usage decrease 50%: class A 'AAAsf';
- IBR Usage increase 100%: class A 'AAAsf'.

#### OSLA 2013-1

##### Credit Stress Rating Sensitivity

- Default increase 25%: class A 'AAAsf';
- Default increase 50%: class A 'AAAsf';
- Basis Spread increase 0.25%: class A 'AAAsf';
- Basis Spread increase 0.5%: class A 'AAAsf'.

##### Maturity Stress Rating Sensitivity

- CPR decrease 50%: class A 'AAAsf';
- CPR increase 100%: class A 'AAAsf';
- IBR Usage decrease 50%: class A 'AAAsf';
- IBR Usage increase 100%: class A 'AAAsf'.

Stresses are intended to provide an indication of the rating sensitivity of the notes to unexpected deterioration in trust performance. Rating sensitivity should not be used as an indicator of future rating performance.

USE OF THIRD-PARTY DUE DILIGENCE PURSUANT TO SEC RULE 17G-10

No third-party due diligence was provided or reviewed in relation to this rating action.

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**Applicable Criteria**

Global Structured Finance Rating Criteria (pub. 03 May 2017)

(<https://www.fitchratings.com/site/re/897411>)

Rating U.S. Federal Family Education Loan Program Student Loan ABS

Criteria (pub. 20 Jun 2017) (<https://www.fitchratings.com/site/re/899779>)

Structured Finance and Covered Bonds Counterparty Rating Criteria (pub. 23

May 2017) (<https://www.fitchratings.com/site/re/898537>)

Structured Finance and Covered Bonds Interest Rate Stresses Rating

Criteria (pub. 17 Feb 2017) (<https://www.fitchratings.com/site/re/893890>)

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