

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

**Standard & Poor's Raises Ratings on Two Series for Oklahoma Student Loan Authority.**

This information applies to ratings on two Oklahoma Student Loan Authority transactions.

The Bonds Outstanding under the related trusts as of May 31, 2019:

<u>Series</u>	<u>Outstanding Principal Amount</u>	<u>Cusip #</u>	<u>Comments</u>
Senior 2011-1	43,445,000	679110 EC6	LIBOR FRN
Senior 2013-1	48,298,000	679110 EF9	LIBOR FRN
Total Outstanding Debt	<u>\$91,743,000</u>		

On June 4, 2019, Standard & Poor's raised ratings on two series of bonds from Oklahoma Student Loan Authority's Series 2011-1, and 2013-1. The raised ratings reflect S&P's view of the increased credit enhancement levels, collateral profile and available liquidity, and full turbo payment structure.

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# S&P Global

## Ratings

### (/en\_US/web/guest/home)

# Seven Ratings Raised From Seven FFELP Student Loan Transactions

04-Jun-2019 14:06 EDT

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#### OVERVIEW

We raised our ratings on seven classes of notes from seven ABS transactions backed by FFELP student loans.

The upgrades reflect our view of the increased credit enhancement levels, collateral profile and available liquidity, and full turbo payment structure.

NEW YORK (S&P Global Ratings) June 4, 2019--S&P Global Ratings today raised its ratings on seven classes of notes issued from seven student loan asset-backed securities (ABS) transactions (see list). These transactions are primarily backed by a pools of loans originated through the U.S. Department of Education's (ED's) Federal Family Education Loan Program (FFELP).

Our review considered the transaction's collateral performance and available liquidity, changes in credit enhancement, and capital and payment structures in our review. We also considered secondary credit factors, such as a peer comparison and an issuer-specific analysis.

We raised our rating on the senior notes from 'AA+ (sf)' to 'AAA (sf)'. The parity level for the notes has increased to above 115% with rising trends. The increase is primarily due to the full turbo non-releasing payment structure for each transaction.

#### CURRENT CAPITAL STRUCTURE

All of the transactions in this review are single-note senior class structures with the exception of Vermont Student Assistance Corp series 2012-1, which has a subordinate class that is not rated by S&P Global Ratings. All of the notes have coupons based off a spread above a LIBOR index and have note factors ranging from 22% to 51%. (Note factor is the current notes principal balance divided by the original principal balance.)

#### PAYMENT STRUCTURE AND CREDIT ENHANCEMENT

All seven transactions benefit from a turbo feature whereby all cash flow from the trust's assets will be used (after paying applicable fees, expenses, and interest on the notes), to pay down the note's principal balances until paid in full. Vermont Student Assistance Corp. 2012-1 allocates principal payments sequentially. Credit enhancement includes overcollateralization (parity), the reserve account, subordination (in certain cases), and excess spread. The payment structure has led to increases in parity levels for the notes, which is a trend we expect will continue.

#### COLLATERAL

These transactions primarily comprise Stafford, Consolidation, and Parent Loan for Undergraduate Student loans that are supported by a guaranty from the ED of at least 97% of a defaulted loan's principal and interest. Loans that have been serviced according to the FFELP guidelines are supported by this guaranty; therefore, net losses are expected to be minimal.

#### LIQUIDITY

Based on the historical principal pay downs of the notes and the transactions' structural features, we expect that these notes will be repaid before their

respective legal final maturity dates. In our analysis, a principal payment haircut is used to determine if the note is sensitive to the pace of principal payments. This haircut illustrates the immediate potential percentage decrease in principal payments that could still result in full principal repayments by the legal final maturity date. The notes in the transactions reviewed have haircuts ranging from 45% to 75% based on historical average principal payments.

#### RATINGS RATIONALE

We rely on the long-term sovereign rating on the U.S. government ('AA+') for the guaranty reimbursement on defaults, special allowance payments, and interest subsidy payments on the collateral. When the U.S. sovereign rating is lowered to 'AA+', our criteria requires that, for notes rated higher than the U.S. (i.e., 'AAA' rated notes), payments backed by the U.S. government should receive a 15% haircut. Based on our review of similar transactions backed by FFELP loans, we generally believe a 115% parity for non-releasing structures, is commensurate with a 'AAA' rating. As such, the ratings on classes in this review with parity greater than 115% were raised to 'AAA (sf)'

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

#### RELATED CRITERIA

Criteria | Structured Finance | Legal: U.S. Structured Finance Asset Isolation And Special-Purpose Entity Criteria (/en\_US/web/guest/article/-/view/sourcelid/10950501), May 15, 2019

Criteria | Structured Finance | ABS: U.S. FFELP Student Loan ABS: Methodology And Assumptions (/en\_US/web/guest/article/-/view/sourcelid/10869571), April 4, 2019

Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions (/en\_US/web/guest/article/-/view/sourcelid/10836964), Jan. 30, 2019

Criteria | Structured Finance | General: Methodology: Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD (/en\_US/web/guest/article/-/view/sourcelid/9049216), March 2, 2015

General Criteria: U.S. Government Support In Structured Finance And Public Finance Ratings (/en\_US/web/guest/article/-/view/sourcelid/6864778), Dec. 7, 2014

Criteria - Structured Finance - General: Criteria Methodology Applied To Fees, Expenses, And Indemnifications (/en\_US/web/guest/article/-/view/sourcelid/7430465), July 12, 2012

General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts (/en\_US/web/guest/article/-/view/sourcelid/7299006), May 31, 2012

Criteria - Structured Finance - General: Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment (/en\_US/web/guest/article/-/view/sourcelid/5428209), May 28, 2009

#### RELATED RESEARCH

U.S. Biweekly Economic Roundup: Manufacturing Is Going Through A Soft Patch (/en\_US/web/guest/article/-/view/sourcelid/10994410), May 17, 2019

Americas Economic Snapshot: Trade Tensions Resurface (/en\_US/web/guest/article/-/view/sourcelid/1005886), May 28, 2019

U.S. GDP Growth Hits A Soft Patch--Not Quicksand (/en\_US/web/guest/article/-/view/sourcelid/10936557), April 4, 2019

Economic Research: Global Economic Outlook 2019: Autumn Is Coming (/en\_US/web/guest/article/-/view/sourcelid/10808274), Dec. 11, 2018

Report Says Global Structured Finance Overall Credit Quality Continued To Improve In 2018 (/en\_US/web/guest/article/-/view/sourcelid/10928874), March 28, 2019

Principal Payment Rates In FFELP Student Loan ABS Transactions Reviewed In September 2018 FFELP Maturity Tracker (/en\_US/web/guest/article/-/view/sourcelid/10709931), Sept. 24, 2018

Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors (/en\_US/web/guest/article/-/view/sourcelid/9913417), Dec. 16, 2016

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'?" (/en\_US/web/guest/article/-/view/sourceId/9092521)," March 23, 2015; "Global Framework For Assessing Operational Risk In Structured Finance Transactions (/en\_US/web/guest/article/-/view/sourceId/8737366)," Oct. 9, 2014; "Methodology: Timeliness of Payments: Grace Periods, Guarantees, And Use of 'D' And 'SD' Ratings (/en\_US/web/guest/article/-/view/sourceId/8097062)," Oct. 24, 2013; "Counterparty Risk Framework: Methodology And Assumptions (/en\_US/web/guest/article/-/view/sourceId/10861340)," March 8, 2019; "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings (/en\_US/web/guest/article/-/view/sourceId/7554329)," Oct. 1, 2012; "Methodology: Credit Stability Criteria (/en\_US/web/guest/article/-/view/sourceId/5961504)," May 3, 2010; and "Use of CreditWatch And Outlooks (/en\_US/web/guest/article/-/view/sourceId/5612636)," Sept. 14, 2009.

## RATINGS RAISED

## Kentucky Higher Education Student Loan Corp.

## Rating

Series	To	From
2013-2	AAA (sf)	AA+ (sf)

## Oklahoma Student Loan Authority

## Rating

Series	To	From
2011-1	AAA (sf)	AA+ (sf)
2013-1	AAA (sf)	AA+ (sf)

## Rhode Island Student Loan Authority

## Rating

Series	To	From
2012-1	AAA (sf)	AA+ (sf)

## Utah State Board of Regents

## Rating

Series	To	From
2012-1	AAA (sf)	AA+ (sf)
2014-1	AAA (sf)	AA+ (sf)

## Vermont Student Assistance Corp.

## Rating

Series	To	From
2012-1	AAA (sf)	AA+ (sf)

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