

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

**Standard & Poor's Affirms One Class of Notes issued from the Oklahoma Student Loan Authority.**

This information applies to ratings on one class of notes from the following Oklahoma Student Loan Authority transaction.

The Note Outstanding under the related trust as of March 31, 2021:

<u>Series</u>	<u>Outstanding Principal Amount</u>	<u>Cusip #</u>	<u>Comments</u>
Senior 2011-1	29,725,000	679110 EC6	LIBOR FRN
<b>Total Outstanding Debt</b>	<b><u><u>\$29,725,000</u></u></b>		

On April 27, Standard & Poor's affirmed its rating on one class of notes from Oklahoma Student Loan Authority's Series 2011-1. The affirmation reflects S&P's view that the increased credit enhancement levels, collateral profiles, available liquidity, and full turbo payment structures, as well as S&P's opinion that each transaction has sufficient liquidity to cover interest payments to the bonds over the next several months despite the impact of the COVID-19 pandemic. Accordingly, S&P is affirming their current 'AAA (sf)' ratings on the notes from the 2011-1 Series.

# Ratings On Eight FFELP Student Loan ABS Transactions Affirmed

April 27, 2021

## Overview

- We have reviewed our ratings on eight ABS transactions backed by FFELP student loans.
- The review resulted in the affirmation of eight ratings at 'AAA (sf)'.  
- The affirmations reflect our view of the transactions' increased credit enhancement levels, collateral profiles, available liquidity, and full turbo payment structures, as well as our opinion that each transaction has sufficient liquidity to cover interest payments to the bonds over the next several months despite the impact of the COVID-19 pandemic.

CENTENNIAL (S&P Global Ratings) April 27, 2021--S&P Global Ratings today affirmed its ratings on eight classes of notes issued from eight discrete student loan ABS transactions at 'AAA (sf)' (see list). These transactions are primarily backed by pools of loans originated through the U.S. Department of Education's (ED) Federal Family Education Loan Program (FFELP).

Our review considered the transactions' collateral performance and available liquidity, changes in credit enhancement, and capital and payment structures. We also considered the evolving macroeconomic environment that has resulted from the COVID-19 pandemic, which will likely present employment challenges for student loan borrowers. Additionally, we considered secondary credit factors, such as credit stability, peer comparisons, and issuer-specific analyses.

S&P Global Ratings believes there remains high, albeit moderating, uncertainty about the evolution of the coronavirus pandemic and its economic effects. Vaccine production is ramping up and rollouts are gathering pace around the world. Widespread immunization, which will help pave the way for a return to more normal levels of social and economic activity, looks to be achievable by most developed economies by the end of the third quarter. However, some emerging markets may only be able to achieve widespread immunization by year-end or later. We use these assumptions about vaccine timing in assessing the economic and credit implications associated with the pandemic (see our research here: [www.spglobal.com/ratings](http://www.spglobal.com/ratings)). As the situation evolves, we will update our assumptions and estimates accordingly.

## Ratings Rationale

We rely on the long-term sovereign rating on the U.S. government ('AA+') for the guarantee reimbursement on defaults, special allowance payments, and interest subsidy payments on the collateral. When the U.S. sovereign rating is 'AA+', our criteria require that, for notes rated higher

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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, which have parity that is in excess of 115%, were affirmed at 'AAA (sf)'. Generally, we calculate parity as the sum of (a) the pool balance as of the end of the collection period and (b) the reserve account over the relevant note balance as of the end of the distribution date.

## Payment Structure And Credit Enhancement

All of the notes have coupons based on a spread above a LIBOR index.

The transactions benefit from a turbo feature whereby all available funds remaining after paying senior fees and expenses, interest on the notes, and the reserve replenishment are used to pay down the notes' principal balances until paid in full. Credit enhancement includes overcollateralization (parity), the reserve account, and excess spread. The payment structure has led to an increase in parity levels for the rated notes, which is a trend we expect to continue.

## Collateral

These transactions primarily comprise Stafford, Consolidation, and Parent Loan for Undergraduate Student loans that are supported by a guarantee 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 guarantee; therefore, net losses are expected to be minimal.

Although the levels of default for the loans in the pools of these transactions may increase due to the COVID-19 pandemic, we expect the loans to maintain their guarantee from the ED and for net losses to remain low. S&P Global Ratings affirmed its rating on the U.S. sovereign at AA+/Stable/A-1+ on April 2, 2020.

## Liquidity

Our ratings address our expectations regarding the payment of timely periodic interest and full repayment of principal by the notes' legal final maturity date. COVID-19 pandemic relief offered by the issuers of these transactions has resulted in a decline in borrower payments and defaults (which, in turn, result in lower levels of guarantee payments on defaults). Liquidity for timely periodic interest payments to the noteholders is not a concern because the issuers can use all amounts (principal and interest) collected from the borrowers, as well as other payments received from the ED, to make interest payments to the noteholders.

In our analysis of the issuers' ability to repay note principal by the legal final maturity date, a principal payment haircut was 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 higher the principal payment haircut, the more likely the bond is able to withstand a further decline in principal payments. Generally, we expect that the slowdown of noteholder principal payments due to COVID-19 pandemic relief will have the greatest impact on bonds closer to maturity, as these bonds will have less time to benefit from borrower payment and default guarantee payments returning to pre-COVID levels. Based on the historical principal paydown of the notes in this review and the transactions' structural features, we expect the notes to be repaid

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by their respective legal final maturity dates. All the transactions have principal payment haircuts greater than 20%, ranging between 52% and 79%.

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

## Related Criteria

- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020
- Criteria | Structured Finance | Legal: U.S. Structured Finance Asset Isolation And Special-Purpose Entity Criteria, May 15, 2019
- Criteria | Structured Finance | ABS: U.S. FFELP Student Loan ABS: Methodology And Assumptions, April 4, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- General Criteria: U.S. Government Support In Structured Finance And Public Finance Ratings, Dec. 7, 2014
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

## Related Research

- U.S. Real-Time Data: Poised To Spring Ahead Amid Widespread Vaccine Rollouts, April 12, 2021
- U.S. Markets See Inflationary Ghosts; Macroeconomic Signs Disagree, April 12, 2021
- Global Economic Outlook Q2 2021: The Recovery Gains Traction As Unevenness Abounds, March 31, 2021
- What The Federal Student Loan Forbearance Extension Could Mean For FFELP Student Loan ABS, Feb. 10, 2021
- Global Credit Outlook 2021: Back On Track?, Dec. 3, 2020
- COVID-19 Is Testing The Resilience Of Global Structured Finance, May 18, 2020
- Effects Of COVID-19 On U.S. Student Loan ABS, April 30, 2020
- U.S. 'AA+/A-1+' Sovereign Ratings Affirmed; Outlook Remains Stable, April 2, 2020

## **Ratings On Eight FFELP Student Loan ABS Transactions Affirmed**

- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016

## **Ratings Affirmed**

Nelnet Student Loan Trust2009-3

- Class A: AAA (sf)

Pennsylvania Higher Education Assistance Agency

- Series 2009-1 class A-1: AAA (sf)
- Series 2009-2 class A-2: AAA (sf)

PHEAA Student Loan Trust 2011-1

- Class 2011-1: AAA (sf)

SLC Student Loan Trust2010-1

- Class A: AAA (sf)

South Carolina Student Loan Corp.

- Class A-3: AAA (sf)

North Texas Higher Education Authority

- Series 2011-1 class 2011-1: AAA (sf)

Oklahoma Student Loan Authority

- Series 2011-1 class 2011-1: AAA (sf)

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