

Fitch Affirms PHEAA 2005 Trust Indenture

Fitch Ratings-New York-09 July 2015: Fitch Ratings has affirmed the the senior and subordinate notes issued by the Pennsylvania Higher Education Assistance Agency 2005 Trust Indenture at 'AAAsf'. The Rating Outlook is Stable for all notes.

KEY RATING DRIVERS

High Collateral Quality: The trust collateral is comprised of 100% of Federal Family Education Loan Program (FFELP) loans. The credit quality of the trust collateral is high, in Fitch's opinion, based on the guarantees provided by the transaction's eligible guarantors and at least 97% reinsurance of principal and accrued interest provided by the U.S. Department of Education. The current ratings of the U.S are 'AAA', Outlook Stable.

Sufficient Credit Enhancement: CE is provided by overcollateralization (OC; the excess of trust's asset balance over bond balance), excess spread, and for the class A notes, subordination provided by the class B notes. As of the Mar. 2015 distribution report, total and senior parity is 104.7% and 113.9% respectively.

Adequate Liquidity Support: Liquidity support is provided by a Debt Service Reserve Account in the amount of \$1,843,420.

Acceptable Servicing Capabilities: Day-to-day servicing is provided by PHEAA. Fitch believes PHEAA to be an acceptable servicer at this time.

RATING SENSITIVITIES

Since FFELP student loan ABS rely on the U.S. government to reimburse defaults, 'AAAsf' FFELP ABS ratings will likely move in tandem with the 'AAA' U.S. sovereign rating. Aside from the U.S. sovereign rating, defaults and basis risk account for the majority of the risk embedded in FFELP student loan transactions. Additional defaults and basis shock beyond Fitch's published stresses could result in future downgrades. Likewise, a build-up of credit enhancement driven by positive excess spread given favorable basis factor conditions could lead to future upgrades.

DUE DILIGENCE USAGE

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

Fitch has affirmed the following ratings:

PHEAA 2005 Trust Indenture

--Class A-2 at 'AAAsf'; Outlook Stable;

--Class B note at 'AAAsf'; Outlook Stable

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Additional information is available at www.fitchratings.com.

Applicable Criteria

Global Structured Finance Rating Criteria (pub. 06 Jul 2015)

(https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=867952)

Rating U.S. Federal Family Education Loan Program Student Loan ABS Criteria (pub. 23 Jun 2014)

(https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=750530)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form

(https://www.fitchratings.com/creditdesk/press_releases/content/ridf_frame.cfm?pr_id=987679)

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