

FitchRatings



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Fitch Affirms PHEAA Student Loan Trust I - 2003 Trust Indenture Sr and Sub Notes Ratings

Endorsement Policy
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Fitch Ratings-New York-05 August 2014: Fitch Ratings affirms the senior and subordinate notes issued by PHEAA Student Loan Trust I - 2003 Trust Indenture (PHEAA SLT I - 2003) at 'AAAsf'. The Rating Outlook on all outstanding notes remains Stable.

KEY RATING DRIVERS

High Collateral Quality: The trust collateral consists of 100% 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 reinsurance provided by the U.S. Department of Education (ED) for at least 97% of principal and accrued interest. Fitch currently rates the U.S. 'AAA' with a Stable Outlook.

Credit Enhancement (CE): CE is provided by overcollateralization and excess spread. As of June 2014, reported senior and total parities are 144.0% and 114.2%, respectively. The structure allows for the class B auction rate notes to be paid principal before the class A auction rate notes provided that senior and total parity are equal to at least 105.0% and 101.5%, respectively.

Adequate Liquidity Support: Liquidity support is provided by a reserve account sized at the greater of \$500,000 or 0.95% of outstanding notes, currently at \$2,916,025 as of June 2014.

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 the FFELP student loan ABS relies 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 buildup of credit enhancement driven by positive excess spread given favorable basis factor conditions could lead to future upgrades.

Fitch has taken the following rating actions:

PHEAA SLT I - 2003

- Class 2005-1 A-2 note 'PIFsf';
- Class 2003-1 A-3 note affirmed at 'AAAsf'; Outlook Stable;
- Class 2004-1 A-2 note affirmed at 'AAAsf'; Outlook Stable;
- Class 2004-1 A-3 note affirmed at 'AAAsf'; Outlook Stable;
- Class 2003-1 B note affirmed at 'AAAsf'; Outlook Stable;
- Class 2004-1 B-1 note affirmed at 'AAAsf'; Outlook Stable;
- Class 2005-1 B-1 note affirmed at 'AAAsf'; Outlook Stable.

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Additional information is available at 'www.fitchratings.com'.

Applicable Criteria and Related Research:

- 'Global Structured Finance Rating Criteria' (May 20, 2014);
- 'Rating U.S. Federal Family Education Loan Program Student Loan ABS Criteria' (June 23, 2014).

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Rating U.S. Federal Family Education Loan Program Student Loan ABS Criteria
Global Structured Finance Rating Criteria

Additional Disclosure

Solicitation Status

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