

# Fitch Ratings

## Fitch Affirms PHEAA 2009-1 and PHEAA 2009-2; Outlook Stable

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Fitch Ratings-New York-19 August 2015: Fitch Ratings affirms the Pennsylvania Higher Education Assistance Agency 2009-1 Indenture and Pennsylvania Higher Education Assistance Agency 2009-2 Indenture senior notes at 'AAAsf'. The Rating Outlook remains Stable on all notes.

A full list of rating actions follows at the end of this press release.

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### KEY RATING DRIVERS

**High Collateral Quality:** The trusts' collateral is comprised of 100% of Federal Family Education Loan Program (FFELP) loans, including 17.4% and 6.1% rehabilitated FFELP loans for PHEAA 2009-1 and PHEAA 2009-2, respectively. 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. sovereign 'AAA' with a Stable Outlook.

**Sufficient Credit Enhancement (CE):** CE is provided by overcollateralization (OC; the excess of trust's asset balance over bond balance) and excess spread. As of June 2015, total parity ratios are 122.05% (18.07% CE) for PHEAA 2009-1 and 120.00% (16.67% CE) for PHEAA 2009-2. Due to the trusts' turbo structures, no cash will be released until all notes have been paid in full.

**Adequate Liquidity Support:** Liquidity support is provided by reserve accounts sized at their floors of \$287,154 and \$410,251 for the PHEAA 2009-1 and PHEAA 2009-2 trusts, respectively.

**Acceptable Servicing Capabilities:** Day to day servicing is provided by Pennsylvania Higher Education Assistance Agency (PHEAA). In Fitch's opinion, PHEAA is an acceptable servicer of FFELP student loans.

### 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 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:

Pennsylvania Higher Education Assistance Agency 2009-1 Indenture:

--Class A-1 notes at 'AAAsf'; Outlook Stable.

Pennsylvania Higher Education Assistance Agency 2009-2 Indenture:

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

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#### Applicable Criteria

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

([https://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=867952](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](https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=750530))

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Dodd-Frank Rating Information Disclosure Form

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