



Fitch Affirms Ratings on PHEAA Floating Rate Student Loan Revenue Notes, Series

2005 Ratings Endorsement Policy
29 Aug 2012 1:28 PM (EDT)

Fitch Ratings-New York-29 August 2012: Fitch Ratings affirms the 'AAAsf' ratings on both the senior and subordinate floating rate student loan revenue notes, series 2005 issued by Pennsylvania Higher Education Assistance Agency (PHEAA) under the 2005 trust indenture, dated July 1, 2005. The Rating Outlook is Negative. A full rating list is shown below.

The collateral supporting the notes is comprised of student loans originated under the Federal Family Education Loan Program (FFELP). The Negative Outlook on the notes is tied to the Outlook on the U.S. sovereign rating.

Fitch used its 'Global Structured Finance Rating Criteria' and 'U.S. FFELP Student Loan ABS Rating Criteria' to review the ratings.

Fitch affirms the ratings on the PHEAA Series 2005 senior and subordinate notes based on the sufficient level of credit enhancement to cover the applicable risk factor stresses. Credit enhancement for the senior and subordinate notes consists of overcollateralization and projected minimum excess spread, while the senior notes also benefit from subordination provided by the class B notes.

Although the reported parity as of the June 30 servicing report was 99.96%, Fitch has calculated a current total parity for the trust of approximately 103%. This is due to the way parity is defined and calculated for this trust. The collection account is reduced at the end of the collection period by the amount to be distributed; however, the bond balance is not reduced at the same time because the distribution date occurs 15 to 17 days later. Fitch believes this leads to an understatement of the parity and has made the adjustment in its analysis.

Although the trust can release cash at 100% parity, Fitch does not expect the parity level to be reduced below its current level. The notes' principal distribution amount definition states that principal collections may only be used to redeem note principal. Only excess interest collections can be released if parity is greater than 100%. Therefore, full credit is given to the current parity at approximately 103%.

Fitch has taken the following rating actions:

Pennsylvania Higher Education Assistance Agency
Floating Rate Student Loan Revenue Notes, Series 2005:
--Class A-2 affirmed at 'AAAsf'; Outlook Negative;
--Class B affirmed at 'AAAsf'; Outlook Negative.

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Additional information is available at www.fitchratings.com'. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Applicable Criteria and Related Research:

--'Global Structured Finance Rating Criteria' June 6, 2012;

--'Rating U.S. Federal Family Education Loan Program Student Loan ABS', April 3, 2012.

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Global Structured Finance Rating Criteria

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

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