

FitchRatings

Fitch Affirms PHEAA 2011-1 Notes Ratings Endorsement Policy

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Fitch Ratings-New York-11 March 2015: Fitch Ratings affirms at 'AAAsf' the rating for the 2011-1 notes issued by PHEAA Student Loan Trust 2011-1 (PHEAA 2011-1). The Outlook remains Stable.

KEY RATING DRIVERS

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

Sufficient Credit Enhancement: CE is provided by overcollateralization (OC; the excess of trust's asset balance over bond balance) and excess spread. As of November 2014, total parity is 108.34% (7.70% CE). The trust has a turbo structure.

Adequate Liquidity Support: Liquidity support is provided by a reserve account equal to the greater of 0.25% of the Pool Balance or \$2,600,023, currently at sized \$2,816,258.30 as of November 2014.

Acceptable Servicing Capabilities: PHEAA is responsible for day-to-day servicing of the trust. Fitch believes PHEAA to be an acceptable servicer of FFELP student loans.

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 buildup of credit enhancement driven by positive excess spread given favorable basis factor conditions could lead to future upgrades.

Fitch affirms the following:

PHEAA Student Loan Trust 2011-1
--Series 2011-1 note at AAAsf; Outlook Stable.

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Applicable Criteria and Related Research:

--'Global Structured Finance Rating Criteria' (Aug. 4, 2014);
--'Rating U.S. Federal Family Education Loan Program Student Loan ABS Criteria' (June 23, 2014).

Additional Disclosure
Solicitation Status

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