

Fitch Rates PHEAA Student Loan Adjustable Revenue Bonds, 1995 Series A 'AAA/F1+' [Ratings](#)

01 May 2008 10:21 AM (EDT)

Fitch Ratings-New York-01 May 2008: Fitch rates Pennsylvania Higher Education Assistance Agency (PHEAA) student loan adjustable revenue bonds, 1995 series A as follows, effective as of April 30, 2008:

--\$125,000,000 1995 series A 'AAA/F1+'

Fitch has been requested to assign a rating on the above-referenced 1995 series A bonds. The long-term rating reflects the trust's collateral performance, the current credit enhancement, and the strength of the financial and legal structure. The short-term rating of the bonds are based on the liquidity facility, provided by Morgan Stanley Bank with a Fitch short term issuer default rating of 'F1+'.

The series A bonds are tax-exempt VRDOs bearing interest at the weekly rate determined by a remarketing agent and payable semiannually.

Credit enhancement consists of excess spread, over-collateralization, and a reserve account. The trust also benefits from a financial guarantee provided by Ambac Assurance Corp. (Ambac). Ambac carries a Fitch Insurer Financial Strength (IFS) of 'AA', Outlook Negative. The Fitch IFS rating of 'AA' still denotes a very strong capacity to meet policyholder and contract obligations on a timely basis. The Fitch rating does not rely upon or give any credit to the bond insurance policy.

In addition, the reserve account has a minimum balance requirement of 2% of the outstanding bond balance which is covered by a surety bond also provided by Ambac.

The trust only finances student loans originated under the Federal Family Education Loan Program (FFELP). FFELP loans are guaranteed by an eligible guarantor to at least 97% of principal and accrued interest, depending on the loan's origination date. The FFELP loans are also reinsured by the U.S. Department of Education up to the same amounts. American Education Services (AES), the loan servicing division of PHEAA, services 100% of the student loans in the trust.

Fitch expects to publish a new issue report, PHEAA Student Loan Adjustable Revenue Bonds, 1995 Series A, which will provide a credit analysis and review of the transaction and rationale for Fitch's rating on the bonds.

About PHEAA

PHEAA is public company and government instrumentality, created pursuant to P.L 549 on August 7, 1963 to improve the higher education opportunities of eligible students accepted for enrollment or attending approved institutions. The agency is authorized under the Act to issue bonds or notes for the purpose of purchasing, making or guaranteeing loans to students or parents or to lending institutions or post-secondary institutions to make student or parent loans.

Contact: Emily Lee +1-212-908-0667 or Jeff Prackup +1-212-908-0839, New York.

Media Relations: Sandro Scenga, New York, Tel: +1 212-908-0278.

Fitch's rating definitions and the terms of use of such ratings are available on the agency's public site, 'www.fitchratings.com'. Published ratings, criteria and methodologies are available from this site, at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance and other relevant policies and procedures are also available from the 'Code of Conduct' section of this site.

Copyright © 2008 by Fitch, Inc., Fitch Ratings Ltd. and its subsidiaries.