

NEW YORK--( [BUSINESS WIRE](#) )--Fitch Ratings affirms the senior student loan notes at 'AAAsf' issued by State Board of Regents of the State of Utah 2012-1. The Rating Outlook on the senior notes, which is tied to the sovereign rating of the U.S. government, remains Negative. Fitch used its 'Global Structured Finance Rating Criteria' and 'Rating U.S. Federal Family Education Loan Program Student Loan ABS' to review the ratings.

## Key Rating Drivers

**High Collateral Quality:** The trust collateral comprises Federal Family Education Loan Program (FFELP) loans with guaranties provided by eligible guarantors and reinsurance provided by the U.S. Department of Education (ED) for at least 97% of principal and accrued interest.

**Sufficient Credit Enhancement (CE):** Cash flow scenarios for the series 2012-1 notes were satisfactory under Fitch's stresses. As of August 2013, total parity is 105.6%. Credit enhancement (CE) is provided by overcollateralization (OC), and excess spread.

**Adequate Liquidity Support:** Liquidity support for the series 2012-1 notes is provided by a debt service reserve account currently, as of August 2013, at \$1,158,673 and a capitalized interest account at \$990,750.

**Satisfactory Servicing Capabilities:** Day-to-day servicing is provided by State Board of Regents of the State of Utah for the majority of the portfolio and Nelnet Servicing, LLC. Both servicers have demonstrated adequate servicing capabilities.

## 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

## Fitch Affirms Senior Notes of State Board of Regents of the State of Utah 2012-1

Written by Australian Business

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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.

Initial Key Rating Drivers and Rating Sensitivity are further described in Fitch's pre-sale report published on Oct. 1, 2012.

Fitch has taken the following rating actions:

State Board of Regents of the State of Utah 2012-1

--Class 2012-1 affirmed at 'AAAsf'; Outlook Negative.

Additional information is available at '[www.fitchratings.com](http://www.fitchratings.com)'

Applicable Criteria and Related Research:

--'Global Structured Finance Rating Criteria' dated May 24, 2013;

--'Rating U.S. Federal Family Education Loan Program Student Loan ABS Criteria' dated May 17, 2013;

--'State Board of Regents of the State of Utah, Series 2012-1 (US ABS)' dated Oct. 1, 2012.

A comparison of the transaction's RW&Es to those of typical RW&Es for student loans is available by accessing the following reports:

--'State Board of Regents of the State of Utah, Series 2012-1--Appendix', dated Oct. 1, 2012;

--'Representations, Warranties, and Enforcement Mechanisms in Global Structured Finance Transactions -- Amended', dated April 17, 2012.

Applicable Criteria and Related Research:

State Board of Regents of the State of Utah, Series 2012-1 -- Appendix

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=690082](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=690082)

Global Structured Finance Rating Criteria

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=708661](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=708661)

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

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=708795](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=708795)

State Board of Regents of the State of Utah, Series 2012-1 (US ABS)

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=690070](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=690070)

Representations, Warranties, and Enforcement Mechanisms in Global Structured  
Finance Transactions -- Amended

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=676496](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=676496)

Additional Disclosure

Solicitation Status

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