

NEW YORK--([BUSINESS WIRE](#))--Fitch Ratings maintains SLC Student Loan Trust 2005-1's senior notes (currently rated 'AAAsf') on Rating Watch Negative and upgrades the subordinate notes issued by SLC Student Loan Trust 2005-1 to 'Asf' from 'BBBsf'. The Rating Outlook remains Stable for the subordinate notes.

Key Rating Drivers

High Collateral Quality: The trust collateral is comprised 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 at least 97% reinsurance of principal and accrued interest provided by the U.S. Department of Education (ED).

Rating Watch Negative: 'AAAsf' rated tranches of U.S. FFELP student loan ABS are maintained on Rating Watch Negative following the revision of the U.S. sovereign rating on Oct. 15, 2013.

Sufficient Credit Enhancement: Total parity is 100.0% and senior parity is 104.65% as of the Oct. 31, 2013 collection period end. Additionally the class A notes benefit from 4.45% subordination provided by the class B notes. Excess cash can be released as long as the total parity is maintained at 100%. Fitch expects the senior and total parity to stay at current levels until the adjusted pool balance is 40% or less, as the senior notes and subordinated notes are being paid pro rata after the step-down date.

Adequate Liquidity Support: Liquidity support is provided by a reserve account (0.25% of the pool balance or 3,056,269).

Acceptable Servicing Capabilities: The loans are serviced by Sallie Mae Servicing L.P., which in Fitch's opinion, is 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 has taken the following rating actions:

SLC Student Loan Trust 2005-1:

--Class A-2 'AAAsf', Rating Watch Negative maintained;

--Class A-3 'AAAsf', Rating Watch Negative maintained;

--Class A-4 'AAAsf', Rating Watch Negative maintained;

--Class B-1 upgraded to 'Asf' from 'BBBsf'; Outlook Stable.

Additional information is available at '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.

Applicable Criteria and Related Research:

Global Structured Finance Rating Criteria 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

Additional Disclosure

Solicitation Status http://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=815541

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