

Fitch Affirms Notes Issued by NorthStar Student Loan Trust I, Series 2012-1

Fitch Ratings-NY-22 September 2014: Fitch Ratings affirms the 'AAAsf' ratings assigned to the senior student loan asset-backed notes issued by the NorthStar Student Loan Trust I, Series 2012-1 (NorthStar 2012-1). The Rating Outlook on the senior notes is Stable. A detailed list of rating actions follows at the end of this press release.

KEY RATING DRIVERS:

High Collateral Quality: Each of the trusts' 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. The current U.S. sovereign rating is at 'AAA' with a Stable Outlook.

Sufficient Credit Enhancement (CE): The affirmation is based on the sufficient level of credit enhancement to cover applicable risk factor stresses. CE is provided by overcollateralization (OC; the excess of trust's asset balance over bond balance) and excess spread. The parity ratio (total assets to senior liabilities) is currently 106.39% including the Reserve Account and is expected to build over time. The trust is in turbo and there is no cash being released from the trust. In Fitch's analysis, the notes passed the cash flows corresponding to their rating stresses.

Adequate Liquidity Support: Liquidity support is provided by reserve account which is equal to the greater of 0.25% of the outstanding notes, and 0.15% of the initial note balance. The Collection Account must retain a balance of \$2 million until Sept. 25, 2015, before those funds can be released to pay down notes.

Satisfactory Servicing Capabilities: Day-to-day servicing is provided by Great Lakes Educational Loan Services, Inc. (Great Lakes) which is not rated Fitch. Fitch believes the servicing operations are acceptable at this time. Fitch has reviewed the servicing operations of Great Lakes and believes it to be 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's analysis of the Representations and Warranties (R&W) of this transaction can be found in 'NorthStar Student Loan Trust I, Series 2012-1 Representations and Warranties Presale Appendix', dated Oct. 10, 2012. These R&W are compared to those of typical R&W for the asset class as detailed in the special report 'Representations, Warranties, and Enforcement Mechanisms in Global Structured Finance Transactions' dated April 17, 2012.

Fitch has affirmed the following ratings:

NorthStar Student Loan Trust I, Student Loan Asset-Backed Notes, Series 2012-1:
--Class A at 'AAAsf'; Outlook Stable.

Contact:

Primary Analyst
Jeffrey Prackup
Director
+1-212-908-0839
Fitch Ratings, Inc.
One State Street Plaza
New York, NY 10004

Secondary Analyst
Harry Kohl
Associate Director
+1-212-908-0837

Committee Chairperson
Tracy Wan
Senior Director
+1-212-908-9171

Media Relations: Sandro Scenga, New York, Tel: +1 212-908-0278,
Email: sandro.scenga@fitchratings.com.

Additional information is available at 'www.fitchratings.com'

Applicable Criteria and Related Research:

- 'Global Structured Finance Rating Criteria' (May 20, 2014);
- 'Rating U.S. Federal Family Education Loan Program Student Loan ABS Criteria' (June 23, 2014).