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## NorthStar Student Loan Trust I Series 2012-1 Class A Rating Affirmed

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OVERVIEW

- We reviewed NorthStar Student Loan Trust I's class A student loan asset-backed notes series 2012-1.
- We affirmed our 'AA+ (sf)' rating on the notes.

NEW YORK (Standard & Poor's) Aug. 12, 2014--Standard & Poor's Ratings Services today affirmed its 'AA+ (sf)' rating on NorthStar Student Loan Trust I's class A student loan asset-backed notes series 2012-1. This is a student loan asset-backed securities (ABS) transaction collateralized by student loans originated through the U.S. Department of Education's Federal Family Education Loan Program (FFELP).

The rating action reflects our views of future collateral performance as well as current credit enhancement available to support the notes, including overcollateralization, subordination for the class A notes, the reserve account, and excess spread. Our analysis also incorporated secondary credit factors such as credit stability, payment priority, and sector- and issuer-specific analyses as well as a peer analysis.

CURRENT CAPITAL STRUCTURE

As of June 2014

Series	Class name	Current balance	Note factor	Maturity date
2012-1	A	\$542,868,747	80.5%	December 2031
2012-1	B(i)	\$6,586,607	54.9%	January 2032

(i)Not rated by Standard & Poor's.

COLLATERAL SUMMARY(i)

	June 2014	Dec. 2013	June 2013	Dec. 2012
Pool factor	77.3%	82.3	87.0%	93.1%
In-school/grace	1.3%	3.0%	2.5%	3.1%
Repayment	68.6%	67.2%	64.2%	64.9%
Delinquency	2.5%	3.0%	2.5%	3.1%
Deferment	11.1%	11.8%	10.5%	11.3%
Forbearance	18.7%	19.2%	22.7%	20.5%

(i)Percentages of the pool balance excluding accrued interest.

CREDIT ENHANCEMENT

The class A notes benefit from a reserve fund that must be maintained at an amount equal to 0.75% of the current balance of the class A notes, with a floor of 0.15% of the initial balance of the class A notes. The notes also benefit from excess spread, overcollateralization, and the subordination of the class B notes.

CLASS PARITY(i)

Series	Class	June 2014	Dec 2013	June 2013	Dec 2012
2012-1	A	106.3%	105.5%	104.6%	104.3%
2012-1	B	105.1%	104.1%	103.0%	102.4%

(i)Class A parity is defined as the pool balance including accrued interest plus the reserve account, divided by the outstanding balance of the class A notes. Class B parity is defined as the pool balance including accrued interest plus the reserve account, divided by the outstanding balance of the total notes.

At the time of origination, class A parity was 103.5%. Since that time, the growth in parity shown in the table above has been primarily driven by principal payments to the notes from available funds as more of the loan collateral comes into repayment. The transaction is a full turbo structure, whereby all remaining available funds after the payment of fees and required payments to the Department of Education are used to pay principal on the class A notes until they are paid in full. No funds from the trust are used to pay class B interest or principal until the class A notes are paid in full. A separate account has been established to provide for the payment of class B

note interest and principal. This account is funded by certain amounts released from the 2006-A indenture. As a result of the full turbo feature to the class A notes, we expect that class A parity levels for this trust will continue to grow. We continue to apply our criteria for treating the U.S. government in its role as an insurer or guarantor as well as government agency loan-level support in structured finance transactions (see "U.S. Government Support In Structured Finance And Public Finance Ratings," published Sept. 19, 2011). In our view, the current available credit enhancement would not be sufficient to absorb the haircut to cash inflows received from the U.S. federal government under FFELP in a 'AAA' stress scenario. Accordingly, we are affirming our current 'AA+ (sf)' rating on the notes.

Today's rating action also reflects our outlook on asset performance based on a review of historical collateral data and the FFELP guaranty of at least 97% by the ED.

We will continue to monitor the performance of the student loan receivables backing this transaction relative to our rating and the trust's available credit enhancement.

#### STANDARD & POOR'S 17G-7 DISCLOSURE REPORT

SEC Rule 17g-7 requires an NRSRO, for any report accompanying a credit rating relating to an asset-backed security as defined in the Rule, to include a description of the representations, warranties and enforcement mechanisms available to investors and a description of how they differ from the representations, warranties and enforcement mechanisms in issuances of similar securities. The Rule applies to in-scope securities initially rated (including preliminary ratings) on or after Sept. 26, 2011.

If applicable, the Standard & Poor's 17g-7 Disclosure Report included in this credit rating report is available at <http://standardandpoorsdisclosure-17g7.com>

#### RELATED CRITERIA AND RESEARCH

##### Related criteria

- U.S. Government Support In Structured Finance And Public Finance Ratings, Sept. 19, 2011
- Methodology: Credit Stability Criteria, May 3, 2010
- Methodology: Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Upon A Nonmonetary EOD, March 16, 2010
- Legal Criteria For U.S. Structured Finance Transactions: Criteria Related To Asset-Backed Securities, Oct. 1, 2006
- Student Loan Criteria: Student Loan Programs, Oct. 1, 2004
- Student Loan Criteria: Evaluating Risk In Student Loan Transactions, Oct. 1, 2004
- Student Loan Criteria: Structural Elements In Student Loan Transactions, Oct. 1, 2004
- Student Loan Criteria: Rating Methodology For Student Loan Transactions, Oct. 1, 2004

##### Related research

*NorthStar Student Loan Trust I Series 2012-1 Class A Rating Affirmed*

- Global Structured Finance Scenario And Sensitivity Analysis:  
Understanding The Effects Of Macroeconomic Factors On Credit Quality,  
July 2, 2014
- The Rating Process For Student Loan Transactions, Oct. 1, 2004

RATING AFFIRMED

NorthStar Student Loan Trust I  
Student loan asset backed notes series 2012-1

Class	CUSIP	Rating
A	66705EAA6	AA+ (sf)

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