NAVIENT
123 Justison Street
Wilmington, Delaware 19801

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VIA ELECTRONIC MAIL

Fitch Ratings
33 Whitehall Street
New York, New York 10004

Re: Exposure Draft: Rating U.S. Federal Family Education Loan Program Student Loan ABS Criteria

Ladies and Gentlemen:

Navient is pleased to have the opportunity to submit this comment letter in response to Fitch Ratings' "*Exposure Draft: Rating U.S. Federal Family Education Program Student Loan ABS Criteria*," which was published on November 18, 2015 (the "*Exposure Draft*"). In the Exposure Draft, Fitch proposed comprehensive changes to its current methodology for rating asset-backed securities backed by student loans made under the Federal Family Education Loan Program (such program, the "*FFELP*" and such securities, "*FFELP ABS*"). We welcome Fitch's request for comments to the proposed methodology and we are encouraged that Fitch seeks to develop its revised methodology for rating FFELP ABS by incorporating perspectives of industry participants through this comment process.

INTRODUCTION

It is undisputed that repayment activity of FFELP loans in the recent past was slower than historical norms as a result of (a) an increase in the use of deferment and forbearance and a decrease in voluntary prepayments during the economic recession, (b) the introduction of various plans under the Income-Driven Repayment ("*IDR*") program, and (c) leading servicers, such as Navient, helping to reduce borrower defaults through successfully implementing new default prevention programs. In response to this reduction in repayment activity, Fitch has proposed to make comprehensive changes to its ratings methodology for evaluating FFELP ABS. While we agree with Fitch that there have been some periods in the recent past in which repayment activity was at levels below historical norms, we believe that the proposed methodology does not appropriately consider important loan performance dynamics and other factors that have already impacted repayment activity and that will continue to impact the repayment of FFELP ABS in the future.

In the Exposure Draft, Fitch seeks feedback from market participants on two questions. First, Fitch asks whether the assumptions and stresses set forth in the proposed methodology are reasonable. Second, Fitch asks whether a surveillance application credit should be applied based on time remaining to maturity.

Are the Proposed Assumptions and Stresses Reasonable?

In this letter, we provide detailed comments to the assumptions and stresses set forth in the proposed methodology and, where we disagree with an aspect of the proposed methodology, we provide empirically-supported alternative proposals. Some of our comments relate to the mechanical application of various assumptions and stresses in the proposed methodology. In addition, many of our comments relate to our view that the proposed methodology does not properly take into account (1) factors that mitigate overall FFELP loan duration, including structural aspects of the FFELP loan program and FFELP ABS and expected future events and (2) the unique performance characteristics of loans enrolled in the IDR program.

There are structural limitations on the overall duration of FFELP loans and FFELP ABS transactions. As a result of several factors, including the loan forgiveness aspect of the Income-Based Repayment ("*IBR*") plan,[1] servicing policy limits on the cumulative use of discretionary forbearance, and portfolio performance dynamics, there is an outside date by which the entire FFELP loan portfolio must have paid off, defaulted or been forgiven. In addition, in some cases, the servicer in a FFELP ABS transaction will have a strong economic incentive to exercise its option to purchase all remaining trust student loans once the outstanding principal balance of the trust student loans falls below 10% of the initial principal balance (an "*optional servicer clean-up call*").

With the exception of the proposed deferment assumption, the loan performance assumptions in the proposed methodology do not properly take into account future events that will impact overall FFELP loan duration. Repayment rates have been increasing since 2014 and we expect that they will continue to increase as a result of: (a) improved economic conditions that are likely to increase voluntary prepayment rates and (b) an increase in loan consolidation activity resulting from (i) the loan consolidation option provided to some FFELP borrowers under the Department of Education's Direct Loan program and (ii) borrowers of older variable rate FFELP loans seeking to lock in current interest rates through loan consolidation. In addition, the new Revised Pay As You Earn ("*REPAYE*") program will likely increase the consolidation activity of certain borrowers.

Further, Fitch proposes to adjust the existing methodology to account for the growing use of the IBR plan and other similar plans under the IDR program by adding an IBR adjustment factor to deferment assumptions. We agree with Fitch that it is appropriate to adjust the rating model to consider the use of the IDR program. However, it is also important not to overstate the impact of the IDR program on total portfolio extension,

[1] As discussed more fully in Appendix A to this comment letter, the IBR plan is one of two plans available to FFELP borrowers under the IDR program.

since data on the impacts of IDR program enrollment on long-term repayment activity is not yet mature. Some of the borrowers who likely would have used deferment or forbearance statuses in periods prior to 2009 have been enrolling in the IBR plan instead. In addition, because the IBR plan was introduced relatively recently and during a period of economic recession, it is difficult to know how many FFELP borrowers are enrolling in an IBR plan to ease the transition from school until they reach their earning potential and how many are enrolling in response to higher levels of economic hardship experienced during the period of 2008 through 2013.

In any case, under the revised methodology, the impact of IDR usage should be modeled separately from other loan performance assumptions to better reflect the volume of loans enrolled in the IDR program and the extent to which IDR loans behave differently than other FFELP loans. Further, the new IDR assumption should reflect the loan forgiveness aspect of the IBR plan and the amortization of IDR loans over time.

Should Fitch Apply a Surveillance Application Credit Based on Time Remaining to Maturity?

We agree with Fitch's proposed approach to the surveillance application methodology, which allows for rating tolerance based on time remaining to maturity. This proposed approach reflects a balanced, long-term and sustainable approach to rating FFELP ABS that recognizes that surveillance activities should be conducted with the expectation that economic conditions will change over longer periods of time. This approach also mitigates the risk of unnecessary ratings volatility.

With a stated term of up to 30 years, FFELP loans – and, therefore, FFELP ABS – have very long lives that can span multiple economic cycles. While there will likely be short-term variances in loan performance, loan performance tends to revert to historically typical levels over time. In addition, the overall FFELP portfolio is mature and seasoned and retains its government guarantee. Therefore, in the surveillance context, a rating tolerance based on time remaining to maturity is appropriate.

In applying the rating tolerance approach, the proposed methodology sets forth a two-rating-category tolerance for FFELP ABS tranches with more than seven years to maturity and a one-rating-category tolerance for FFELP ABS tranches with more than two but up to seven years remaining to maturity. We agree with Fitch that one- and two-category tolerances are appropriate when tiered by the proximity of the legal final maturity date of the FFELP ABS. We also agree that the proposed two-year threshold for application of the one-category tolerance is appropriate. However, we believe that (1) the two-category tolerance should take effect after five years instead of the proposed seven years and (2) the rating tolerance application should be capped at "AA" instead of the proposed "A" tolerance cap.

When applying the rating-category tolerances, the proposed methodology should incorporate a procedure for Fitch to undertake a secondary review of the outcomes of cash flow modeling. Fitch should have the flexibility to consider other factors in addition

to cash flow model outcomes when those outcomes seem unreasonable in light of the outside dates past which a FFELP loan is not likely to remain outstanding or when unique factors impact a particular FFELP ABS trust or tranche.

As the largest issuer of FFELP ABS with the longest history of issuing such securities, we take our leadership role seriously. Accordingly, we look forward to continuing to work with Fitch and other securitization industry participants to develop appropriate, sustainable approaches to properly evaluating risks associated with FFELP ABS.

OVERVIEW OF FFELP LOANS

Throughout this comment letter, we refer to a number of key features of FFELP loans, including the nature of the government guarantee applicable to FFELP loans and the various types of FFELP loans (*e.g.*, Stafford, Consolidation or Non-Consolidation). We also refer to FFELP loans on the basis of their loan status (*e.g.*, in-school, grace, repayment, deferment or forbearance) or their participation in income-driven repayment plans (*e.g.*, IDR). In Appendix A to this comment letter, we provide a high-level overview of the key features of the FFELP relevant to the concepts in this comment letter and in Fitch's proposed methodology.

DATA METHODOLOGY

Throughout this letter, we provide data to support our comments. The methodology for presenting this data is described in Appendix B to this comment letter.

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Appendices

I. EXECUTIVE SUMMARY OF NAVIENT COMMENTS

In the Exposure Draft, Fitch requests that respondents consider two specific questions, including (1) whether the proposed assumptions and stresses are reasonable and (2) whether Fitch should apply a surveillance application credit based on time remaining to maturity: In this comment letter, we respectfully submit responses to both questions.

Question One: Are Fitch's revised assumptions and stresses reasonable?

In this comment letter, we include detailed comments and, where applicable, alternative approaches to establishing the loan performance assumptions regarding (1) defaults, (2) prepayments, (3) deferment, (4) forbearance and (5) IDR. We also provide general comments regarding adjustments that Fitch should make to the proposed methodology beyond the proposed loan performance assumptions and stresses.

1. Default Assumptions

(a) The proposed life-of-loan default method assumes that no additional defaults will occur after six or eight years for Non-Consolidation and Consolidation loans, respectively. As demonstrated by the historic default rates, defaults occur throughout the life of a FFELP ABS trust. Therefore, the default assumption set forth in the proposed methodology is not realistic. The revised methodology should instead adopt a constant default rate ("*CDR*") method.

(b) The revised methodology should take into account additional factors that may impact default and/or claim rates in longer FFELP loan extension scenarios, including the association of higher default and/or claim rates with (i) FFELP loans that use long periods of deferment and forbearance, (ii) older FFELP loans enrolled in the IDR program, and (iii) borrowers whose loans are eventually paid through a death or disability claim.

2. Prepayment Assumptions

(a) The revised methodology should more broadly reassess the mechanics used in prepayment assumptions. Specifically:

(i) The revised methodology should establish voluntary prepayment assumptions that are separate from the default assumptions.

(ii) The voluntary prepayment assumptions in the revised methodology should use the CPR1 methodology[2] to calculate voluntary prepayments.

(iii) The denominator used in the CPR methodology should be adjusted to include only FFELP loans in a repayment status.

[2] A detailed explanation of the CPR1 methodology is included in Section II.B.1(b) of this comment letter.

(b) The revised methodology should better reflect the likelihood of higher voluntary prepayment activity in the future.

(i) Voluntary prepayment activity will likely increase as a result of (A) improving economic conditions and (B) increases in consolidation activity as a result of (1) the loan consolidation option provided to some FFELP borrowers under the Department of Education's Direct Loan program and (2) borrowers of older variable rate FFELP loans seeking to lock in current interest rates through loan consolidation.

(ii) Voluntary prepayment activity is also likely to increase as a result of the new Revised Pay As You Earn ("*REPAYE*") program.

(iii) To better reflect these expected increases in voluntary repayment activity, the revised methodology should (A) assume an increase in prepayment levels based on historical performance of FFELP loans generally and FFELP ABS trusts specifically, (B) include a base case prepayment expectation that begins at current levels and ramps up over the next two years and (C) include a stressed case repayment expectation that increases and declines from the current level in a manner that approximates the business cycle.

3. Deferment Assumptions

(a) We agree with Fitch's proposal that expected case deferment assumptions should begin at the current level and decline to a floor.

(b) The deferment assumptions in the revised methodology should account for FFELP loans that will exit in-school or grace statuses in the future.

4. Forbearance Assumptions

We disagree with Fitch's proposal to assume that current forbearance levels will continue unchanged into the future. Instead, we expect that forbearance usage rates will decline as a result of:

(a) Stabilization of the volume of FFELP loans in a FORM administrative status after an initial period of increased use of the FORM administrative status in 2014;

(b) The improving economy; and

(c) Servicing policy limits on future use of additional forbearance.

5. Income-Driven Repayment Plan Assumptions

(a) We agree with Fitch that it is appropriate to adjust the existing methodology to consider the use of the IDR program. However, IDR usage should be modeled

separately from other loan performance assumptions instead of as an adjustment factor to deferment assumptions.

(b) The IDR assumptions in the revised methodology should recognize (i) the loan forgiveness aspect of the IBR plan and (ii) that IDR loans do, in fact, amortize over time.

6. Additional Comments

In addition to the loan performance assumptions, we also respectfully provide the following general comments regarding Fitch's proposed methodology:

(a) Fitch should recognize the economic realities associated with the optional servicer clean-up call feature incorporated into many FFELP ABS transactions and should assume that the servicer will exercise its optional servicer clean-up call when the economics to do so are clear.

(b) Fitch should provide clarity regarding how it will evaluate the various mechanisms available to sponsors to avoid events of default. Navient has many tools available and a track record of using such tools to mitigate the impact of slower than expected repayment speeds in its FFELP ABS, including optional servicer clean-up calls, optional subordinated lending arrangements, and optional servicer purchases.

(c) The loan performance assumptions for the revised methodology should rely on issuer-specific data rather than aggregate industry data when evaluating a particular FFELP ABS transaction.

Question Two: Should Fitch apply a surveillance application credit based on time remaining to maturity?

1. Surveillance Application Tolerance

We agree with Fitch's proposal to apply a framework that applies different ratings sensitivities based upon the time remaining until the FFELP ABS' legal final maturity date. This proposed tolerance approach appropriately recognizes that the certainty of an outcome diminishes as the occurrence of that outcome becomes more distant in time. Because FFELP loans have very long stated terms that can span multiple economic cycles with significantly different effects on the payment behavior of FFELP loans, the proposed surveillance application methodology helps avoid the risk of extrapolating short-term variances in FFELP loan performance to very long durations.

2. Timing of Application

When assigning an initial rating at issuance of a FFELP ABS transaction, the rating methodology applies stresses to evaluate future variability in performance. However, once an initial rating has been assigned, surveillance should be conducted with the

expectation that it may take time for short-term conditions to revert to longer-term levels. Historical experience demonstrates that the highest variability of forward-looking predictions begins approximately five years following the issuance of the FFELP ABS, suggesting that predictability of loan performance diminishes after five years. While we agree with the proposed two-year threshold for application of the one-rating-category tolerance, we believe that the two-rating-category tolerance should take effect after five years instead of the proposed seven years.

3. Magnitude of Application

We agree that the one- and two- category tolerances are appropriate when tiered by the proximity of the legal final maturity date.

4. Ratings Cap for Surveillance Application Tolerance

In the revised methodology, the rating tolerance should be capped at "AA" rather than "A." The definition of the "AA" rating indicates an expectation that defaults will be low and that the rating is not "significantly vulnerable" to foreseeable events. This definition is consistent with application of the rating tolerance at longer maturity durations where events are less foreseeable. Expanding the application of the surveillance rating tolerance to "AA" is also justified by the fact that FFELP loans will ultimately be repaid by the borrowers themselves, through loan forgiveness or through the government guarantee process.

5. Secondary Review Where Extension Backstops Are Violated

The performance of FFELP ABS transactions is not homogenous. There may be combinations of loan performance assumptions in some FFELP ABS transactions that generate outlier performance when extrapolated forward without careful consideration of the specific history and performance factors related to the specific transaction. Therefore, the revised methodology should incorporate a procedure by which, in addition to modeling performance expectations based on the proposed assumptions, Fitch will conduct a secondary review of the trends and underlying performance drivers of FFELP ABS transactions whose modeled legal final maturity dates fall after 2040.

6. Stable Ratings Approach

Although we believe that two-year and five-year thresholds for surveillance ratings applications may be reasonable, we urge Fitch to cautiously avoid potential ratings volatility associated with a rigid, step function approach to applying these thresholds. For example, the level of predictability of loan performance outcomes is only somewhat higher at five years from maturity than it is four years and nine months from maturity. In the revised methodology, Fitch should incorporate a mechanism to avoid abrupt ratings actions if a FFELP ABS transaction's rating is evaluated shortly before or shortly after the five- year threshold.

II. COMMENTS TO PROPOSED ASSUMPTIONS

In the Exposure Draft, Fitch requests feedback regarding whether Fitch's revised assumptions and stresses for deferment, forbearance, IBR, default timing and prepayments are reasonable. In this Section II, we provide comments regarding each of the proposed loan performance assumptions. We also provide additional comments regarding the proposed methodology.

A. Default Assumptions

Because of the government guarantee of at least 97% of principal and interest, FFELP loan defaults accelerate the repayment rate of FFELP loan pools. In the Exposure Draft, Fitch proposes to use a default assumption based on a 12.5% life-of-loan default rate occurring over a period of six or eight years for Non-Consolidation loans and Consolidation loans, respectively. The proposed methodology's assumption that a FFELP ABS trust will not experience any defaults after six to eight years is inconsistent with historical experience. As a result, we respectfully request that Fitch instead adopt a constant default rate assumption that incorporates adjustments that recognizes the increased default risks associated with FFELP loan extension.

1. Constant Default Rate Assumption

The proposed life-of-loan default rate assumption is not consistent with historical experience because it assumes that a FFELP ABS trust will not experience defaults after six or eight years. Instead, the revised methodology should incorporate a constant default rate assumption.

(a) Proposed Default Assumption is Inconsistent with Historical Experience

In the Exposure Draft, Fitch proposes to use a 12.5% life-of-loan default rate occurring over a period of six years for Non-Consolidation loans and a period of eight years for Consolidation loans. The proposed life-of-loan default rate is expressed as a percentage of the FFELP ABS pool's initial principal balance and, for loans in in-school and grace statuses, the expected capitalized balance at repayment.[3]

The default timing curve under this assumption would result in zero defaults being expected after six or eight years, respectively. Charts 1 and 2 below show the cumulative defaults for Stafford and Consolidation loan trusts, respectively.[4] The shaded areas represent the periods in which the default timing assumption set forth in

[3] The balance used for modeling defaults includes principal and, for loans in in-school and grace statuses, the total interest expected to accrue and capitalize over the in-school and grace periods based on (1) the interest accrued to capitalize to date and (2) future interest expected to accrued and capitalize based on the loans' anticipated repayment begin dates.

[4] Data includes all Navient-sponsored FFELP ABS trusts. Prior to the company's separation from SLM Corporation in 2014, Navient sponsored FFELP securitizations under the name SLM.

the proposed methodology would result in zero defaults occurring. Historically, defaults have continued to occur during these periods. Particularly in longer loan extension scenarios, it is not realistic to assume defaults will cease after six to eight years.

Chart 1
FFELP Non-Consolidation ABS Trusts
Cumulative Defaults by Trust

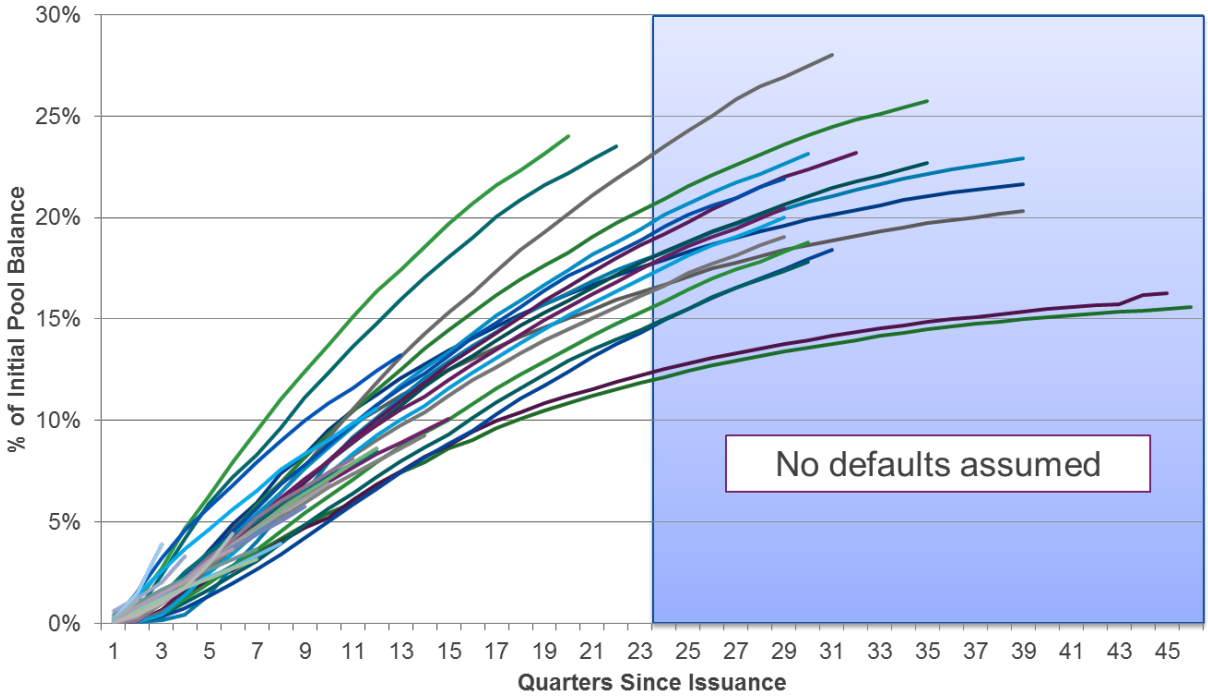


Chart 2
FFELP Consolidation ABS Trusts
Cumulative Defaults by Trust

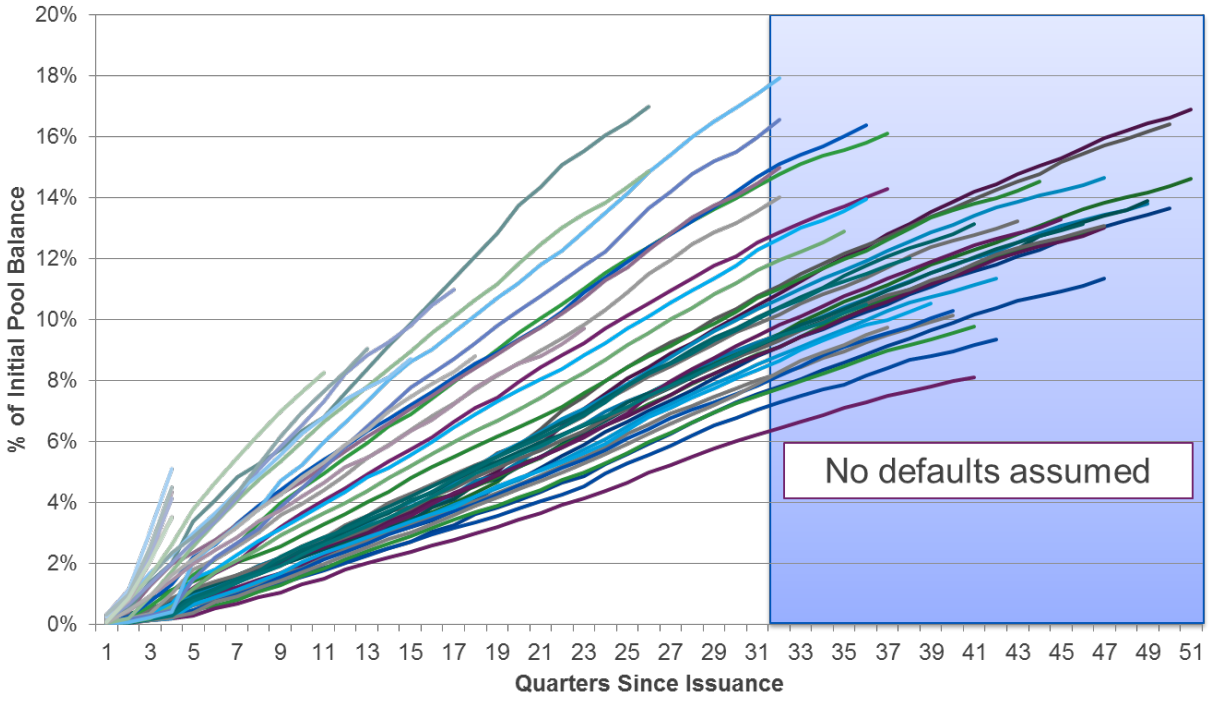
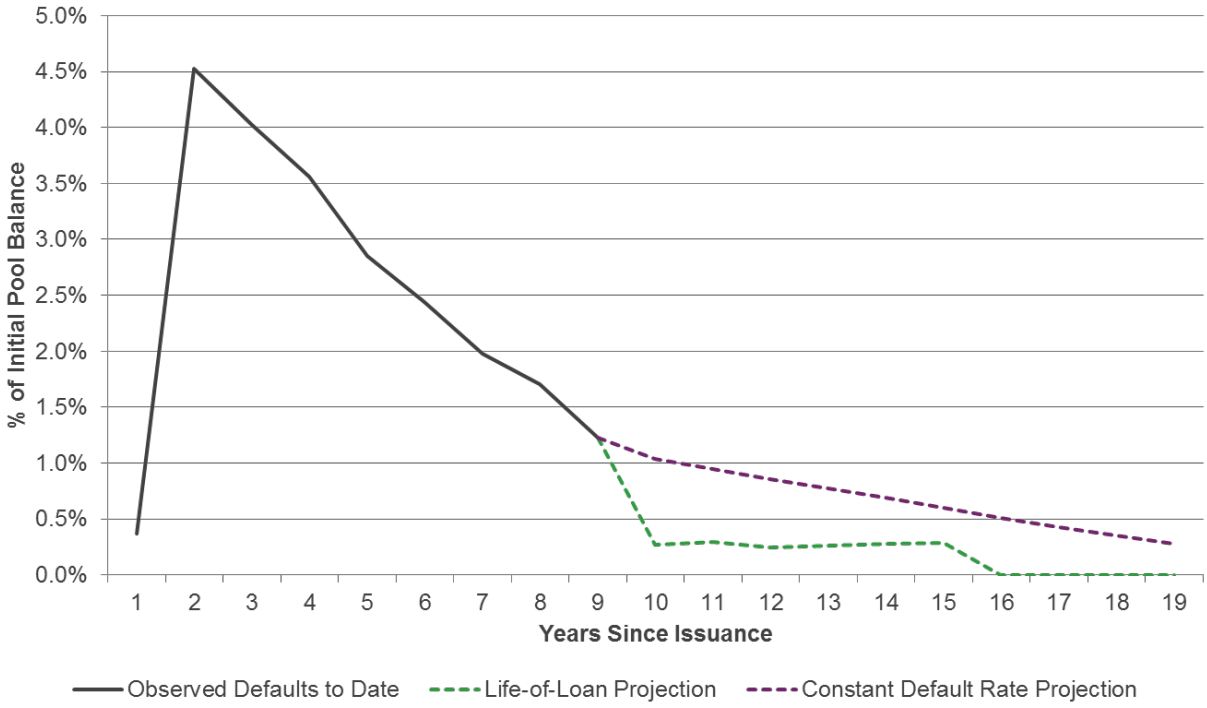


Chart 3 further shows that the expected defaults set forth under the proposed methodology do not match the observed historical performance. A constant default rate approach would more accurately reflect the expectation that defaults should continue to occur at low levels in later years of the forecast.

Chart 3
FFELP Non-Consolidation ABS Trust Cumulative Defaults



(b) Alternative Constant Default Rate Assumption

The CDR approach is the most appropriate method of capturing default rates in long FFELP ABS extension scenarios. A CDR recognizes that, while the outstanding principal amounts of FFELP loans that enter into default will decrease as a FFELP ABS pool amortizes, some level of ongoing default risk will continue to be observed throughout the life of the trust. The use of a CDR approach would be consistent with historical experience.

As described in Charts 4 and 5 below,[5] default rates have been declining over the last six years as a result of portfolio seasoning, the improving economy, and the availability of the IBR plan under the IDR program. Over the past two years, CDR performance has converged to a relatively stable level. We propose a CDR assumption in the expected case equal to the average of the most recent two years of default performance.

[5] Data includes all Navient-serviced loans in all Navient-sponsored FFELP ABS trusts. Prior to the company's separation from SLM Corporation in 2014, Navient sponsored FFELP securitizations under the name SLM.

Chart 4
FFELP Non-Consolidation ABS Trusts
Constant Default Rates
By Trust Issuance Vintage

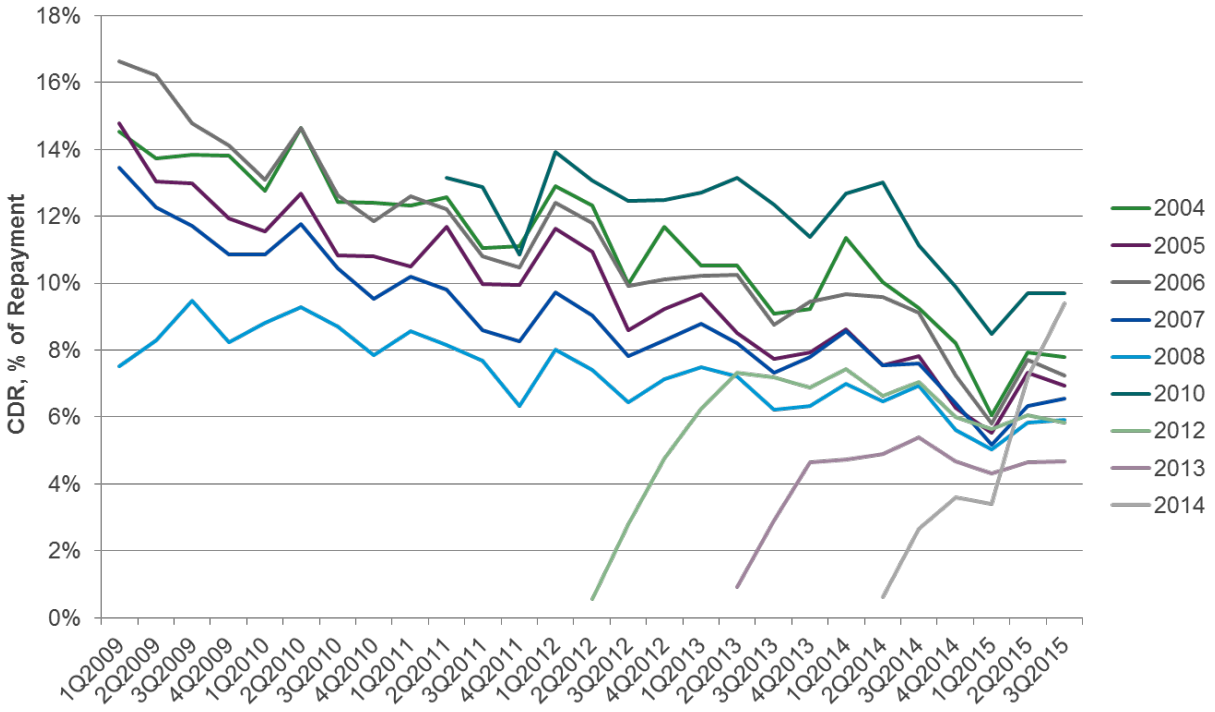
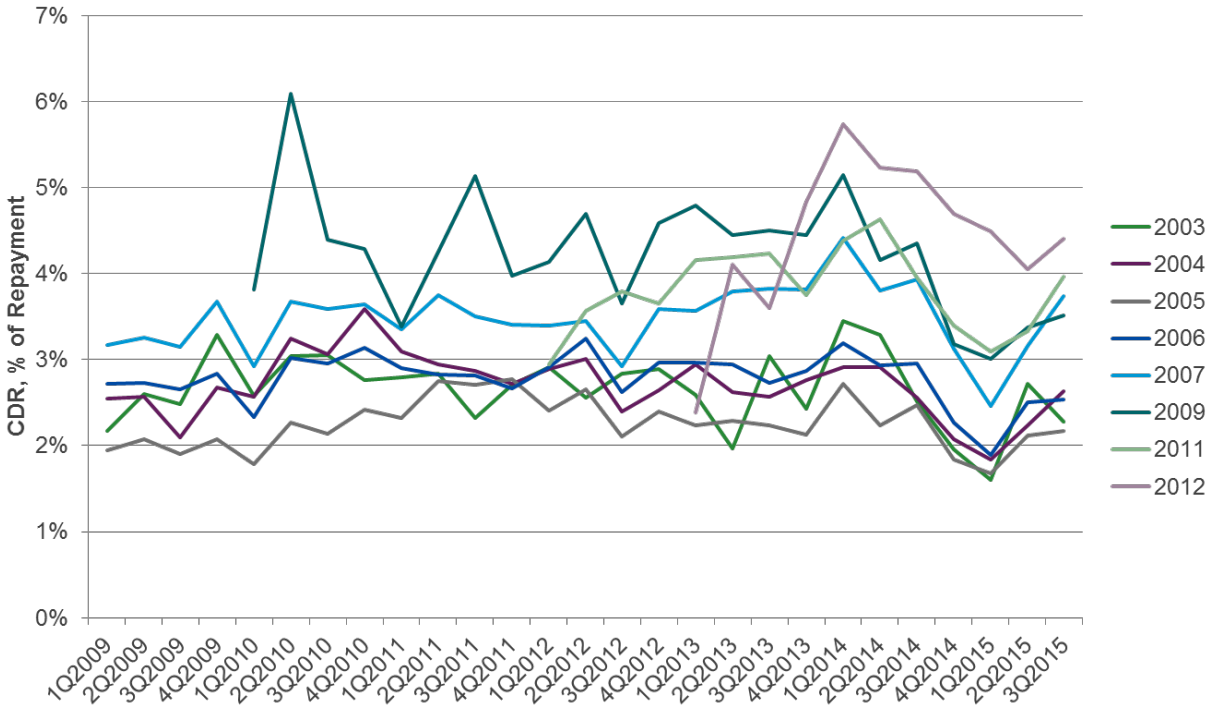


Chart 5
FFELP Consolidation ABS Trusts
Constant Default Rates
By Trust Issuance Vintage



2. Additional Factors Impact Default Rates in Maturity Extension Scenarios

In longer FFELP loan extension scenarios, additional factors may impact default rates, including the association of higher default and/or claim rates with (a) FFELP loans that use long periods of deferment and forbearance, (b) older FFELP loans enrolled in the IDR program, and (c) borrowers whose loans are eventually paid through a death or disability claim.

(a) *Long Periods of Deferment and Forbearance*

As demonstrated by Tables 1 through 4 in Appendix C to this comment letter, FFELP borrowers who utilize deferment and forbearance statuses for long periods likely do so as a result of credit stress. Therefore, as a FFELP loan pool continues to age, a meaningful number of the loans that are at a heightened risk for additional use of deferment and forbearance statuses are also at an increased risk for default.

In establishing a CDR, the revised methodology should properly consider the increased risk of default associated with FFELP loans using high levels of deferment and forbearance. Specifically, the stress case assumptions in the revised methodology should incorporate an increment to historically observed default rates based on the number of borrowers that will exhaust their remaining ability to use additional periods of

deferment or forbearance in the future. The longer a borrower goes without making payments, the greater the risk that the borrower will default. This correlation can be used to derive the default increment that should be applied in maturity extension scenarios.

(b) *Older Loans in IDR Program*

Delinquency and default rates for FFELP loans that are in the Permanent Standard period of the IBR plan are higher than the delinquency and default rates of FFELP loans that are in the Partial Financial Hardship ("*PFH*") period of the IBR plan or in the seasoned loan population.[6]

The IBR plan, which accounts for 95% of current IDR program usage, requires that FFELP borrowers qualify for reduced payments based on their income, geography and family size. Under the IBR plan, as a FFELP borrower's discretionary income increases, the required loan payments may also increase. Accordingly, borrowers could realize a relatively small increase in income that would cause them to no longer be eligible for the PFH period. As a result, the borrowers' FFELP loans would transition from the PFH period to the Permanent Standard period but the borrowers' increased income might not be sufficient to support an increase in payments.

As demonstrated in Chart 1 set forth on Appendix C to this comment letter, for the oldest FFELP loans in the IDR program, the delinquency and default rates for loans that have exited the reduced payment phase are higher than the delinquency and default rates for loans that are making reduced payments or otherwise not in an IDR plan.

In contrast, as demonstrated in Chart 2 set forth on Appendix C to this comment letter, borrowers that are newer to repayment show fewer defaults upon transition out of the reduced payment phase of the IDR program. One reason to explain this variance is that borrowers are typically enrolled in the IDR program to provide relief during the transition between school and employment.

(c) *Death and Disability Claims in Long Extension Scenarios*

In FFELP, death and disability claims are guaranteed at 100% of principal and interest balances. In the universe of FFELP claims, death and disability are small in overall terms because, in general, the number of aging borrowers in the program is relatively low. Currently, fewer than 10% of all FFELP loan balances are owed by borrowers older than age 60. As a result, a borrower's age and mortality have not historically been a significant consideration in evaluating FFELP loan defaults. However, in light of Fitch's proposed assumptions regarding the long duration of FFELP loans, Fitch should incorporate factors into the revised methodology that address an increasing amount of FFELP loan balances being owed by borrowers whose loans are eventually paid through a death or disability claim.

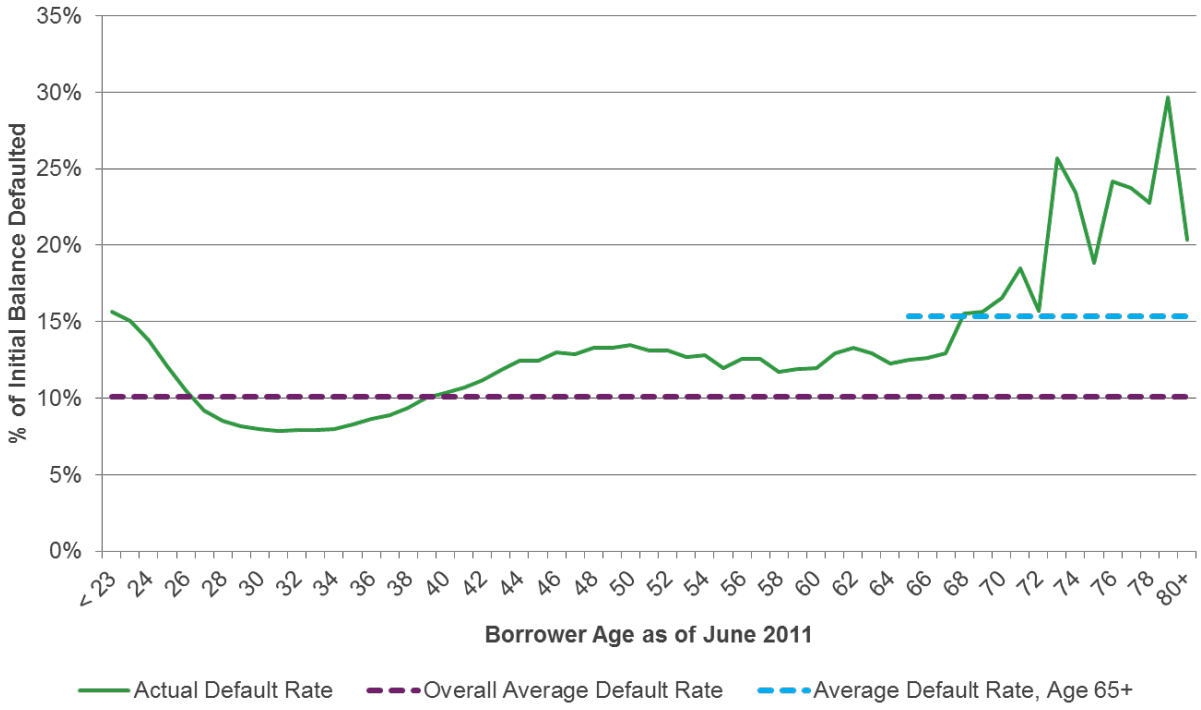
[6] A more detailed explanation of the IDR program, including the PFH period and the Permanent Standard period, is set forth in Appendix A to this comment letter.

The average current age of borrowers remaining in Navient-sponsored Non-Consolidation loan ABS trusts is 38, and the average current age of borrowers in Navient-sponsored Consolidation loan ABS trusts is 42. The most distant legal final maturity dates of Navient-sponsored FFELP ABS trusts on watch for downgrade are generally in the 2040s. As of a legal final maturity date in 2045, for example, the average age of borrowers in Non-Consolidation loan ABS trusts will be 68 years old and the average age of borrowers in Consolidation loan ABS trusts will be 72 years old.

As demonstrated by Chart 6, the oldest borrowers generate a higher default and/or claim rate than all other borrowers. [7] The oldest borrowers were older when their loans were originated than younger borrowers who experienced payment difficulty at an earlier age. However, under the proposed methodology, Fitch assumes that high volumes of borrowers will struggle to make payments and, therefore, enroll in deferment or forbearance status or in the IDR program at earlier stages in the lives of their FFELP loans. If that were to occur, even those youngest borrowers would be subject to higher default risks as they are assumed to remain in the portfolio for long periods of time.

[7] Data includes all Navient-sponsored FFELP loan ABS trusts as of June 30, 2015. Prior to the company's separation from SLM Corporation in 2014, Navient sponsored FFELP securitizations under the name SLM.

Chart 6
Cumulative Amount Defaulted
All Default Types
June 2011 through June 2015 by Borrower Age



As demonstrated by Chart 3 set forth on Appendix C to this comment letter, death and disability claims increase as a proportion of total claims as borrowers age.

Chart 6 above suggests that a higher risk of default and/or claims is associated with borrowers reaching their mid-60s. Given that the average age of borrowers remaining in Navient-sponsored FFELP ABS trusts is currently 41, the average age will reach 65 in 2040. Chart 6 also reflects that the default rate for older borrowers is approximately one and a half times the default rate experienced by the overall population. Just as voluntary prepayments result in a payment in full of the FFELP loan, death and disability claims result in a payment of 100% of principal and interest. As a result, Fitch should increase the CPR calculation by one-and-a-half times for the prepayment assumption applied to FFELP loan pools after 2040 to adjust for higher claim rates associated with death and disability claims.

B. Prepayment Assumptions

In the Exposure Draft, Fitch proposes to adjust its assumptions regarding prepayments. However, in the revised methodology, Fitch should (1) more broadly reassess the mechanics for prepayment calculations and (2) better reflect the likelihood of higher prepayments in the future.

1. Reassess Mechanics for Prepayment Assumptions

In preparing the revised methodology, Fitch should more broadly reassess the mechanics for repayment calculations and should (a) calculate voluntary prepayment assumptions in the form of a CPR calculation that excludes defaults; (b) confirm the use of the CPR1 methodology for calculating voluntary prepayments; and (c) adjust the denominator of the prepayment calculation to include only loans in a repayment status.

(a) Separate Voluntary Prepayment Assumptions from Default Assumptions

Historically, FFELP ABS issuers have reported prepayment rates based on the total change in pool balance relative to expectations. As a result, the reported CPRs included both voluntary and involuntary (*i.e.*, default) prepayments. However, additional clarity would be achieved by modeling defaults and voluntary prepayments separately.

In the proposed methodology, it is difficult to determine what portion of the proposed prepayment assumption (*e.g.*, a CPR of 8.5%) comes from defaults and what portion comes from voluntary prepayments. Under the proposed methodology, the default rate is fixed across stress scenarios but the total CPR (which includes both voluntary prepayments and defaults) declines in higher stress cases.

As a result of the inclusion of defaults in the proposed total CPR assumption, it is not clear whether the lowest levels of total CPR in the proposed methodology assume a high enough level of voluntary prepayments. In other words, if the default rate is fixed but the CPR is declining, the net voluntary prepayment component of the total CPR assumption may be too low.

Taken to its extreme, the combination of the proposed default rate assumption and the proposed total CPR assumption could result in a net voluntary prepayment expectation of zero. Because Fitch proposes to combine a life-of-loan default rate with a total CPR, it is not possible to tell whether or when the assumed voluntary prepayments would be zero without modeling the cash flows and comparing the default amount to the net voluntary prepayment amount.

Therefore, it will be difficult for Fitch to set the cash flow assumptions without the risk of unintended consequences to the prepayment rate. It is similarly difficult for market participants to understand the reasonableness of Fitch's proposed assumptions.

In the revised methodology, Fitch should use a CDR calculation for evaluating default assumptions and a separate CPR calculation for evaluating voluntary prepayment assumptions.

(b) Use CPR1 Methodology for Calculating Voluntary Prepayments

Navient discloses information regarding voluntary prepayment rates each calendar quarter in the form of CPRs, which are calculated using two different methodologies. Under both methodologies, the CPR is an annualized amount by which the actual pool amortization exceeds the expected pool amortization as a percentage of the total pool balance.

However, the two methodologies differ regarding the categories of loan statuses that are included in determining the expected amount of pool amortization. The CPR1 methodology expects payments only from FFELP loans in a repayment status. FFELP loans that are in deferment or forbearance status are not expected to make payments under the CPR1 methodology and, thus, are neutral to the CPR determined using that methodology. On the other hand, the CPR2 methodology expects payments from FFELP loans that are in repayment, deferment and forbearance statuses. Under the CPR2 methodology, FFELP loans that are in deferment or forbearance status have CPRs less than zero.

Under the proposed methodology, each loan status bucket will be modeled separately. The appropriate CPR methodology to apply is the CPR1 methodology because, when determining the CPR for FFELP loans that are in a repayment status, the CPR1 methodology prevents double-counting the impacts of deferment and forbearance status on the cash flows.

However, because Fitch proposes to model CPR for Consolidation loan ABS transactions and because Navient does not currently report CPR for Consolidation loan ABS transactions using the CPR1 methodology, we respectfully request that Fitch clarify that the CPR1 methodology will be used to calculate voluntary repayment rates under the revised methodology.

(c) Denominator of CPR Calculation Should Include Only Loans in Repayment

The CPR methodology used in modeling needs to align with the appropriate reference balance when applying prepayments. Navient's disclosed CPRs measure the prepayments against the total pool balance. However, in our modeling applications, CPR is only applied to loans in a repayment status because loans in deferment or forbearance status are assumed not to make payments and, therefore, are assumed not to prepay.

Table 1 below shows the impact of the mismatch in the calculations, where the prepayments predicted by the model will not equal the amount of actual prepayments that occurred. In this example, assume a pool of FFELP loans with an aggregate principal balance of $1,000,000 with 20% of those loans in a non-payment status. (For simplicity, we assume all non-repayment loans are in deferment status and are subsidized.) If this pool experienced $1,000 in prepayments in a month, the disclosed

CPR calculated against the total pool balance would be 1.2% and calculated against the repayment balance would be 1.5%. However, applying a CPR of 1.2% only to loans in a repayment status will result in a prediction of $799 of prepayments instead of the $1,000 that actually occurred.

Table 1
Calculation vs. Application of CPR Assumption in Fitch Methodology

Calculation	Formula	Balance
Actual Performance Activity		
Beginning Principal Balance	A = B + C	$1,000,000
Beginning Deferment Balance	B	$200,000
Beginning Repayment Balance	C	$800,000
Contractual Principal Payments[8] (Repayment Loans)	D	$5,152
Prepayments	E	$1,000
Ending Principal Balance	F = A - D - E	$993,848
Prepayment Rate	$[G = 1 – (1 – (E / (A – D)))]^{12}$	1.20%
Fitch Proposed Implementation		
Beginning Principal Balance	A = B + C	$1,000,000
Beginning Deferment Balance	B	$200,000
Beginning Repayment Balance	C	$800,000
Contractual Principal Payments	D	$5,152
Assumed CPR	E	1.20%
Calculated Prepayments	$F = (1 – (1 – E)^{1/12}) * (C – D)$	$799
Ending Principal Balance	G = A – D – F	$994,049

Table 2 below shows that the actual and modeled prepayments match when the CPR is calculated based on the repayment balance. In modeling, the CPR must be applied only to loans in a repayment status, because loans in deferment and forbearance statuses are not making payments and, therefore, are assumed not to prepay.

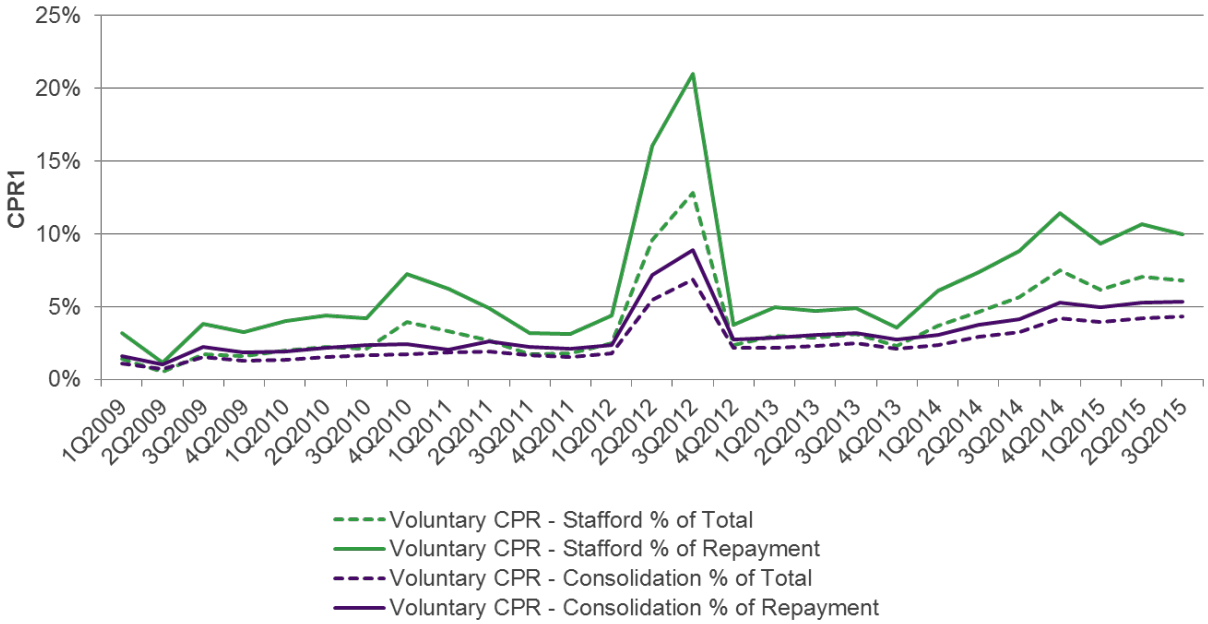
[8] Assuming 5% interest rate and 120-month repayment term.

Table 2
Corrected Calculation and Application of CPR Assumption

Calculation	Formula	Balance
Actual Performance Activity		
Beginning Principal Balance	A = B + C	$1,000,000
Beginning Deferment Balance	B	$200,000
Beginning Repayment Balance	C	$800,000
Contractual Principal Payments (Repayment Loans)	D	$5,152
Prepayments	E	$1,000
Ending Principal Balance	F = A - D – E	$993,848
Prepayment Rate	$G = 1 - (1 - (E / (\underline{C} - D)))^{12}$	1.50%
Fitch Proposed Implementation		
Beginning Principal Balance	A = B + C	$1,000,000
Beginning Deferment Balance	B	$200,000
Beginning Repayment Balance	C	$800,000
Contractual Principal Payments	D	$5,152
Assumed CPR	E	1.50%
Calculated Prepayments	$F = (1 - (1 - E)^{1/12}) * (C - D)$	$1,000
Ending Principal Balance	G = A – D – F	$993,848

With respect to FFELP ABS pools in which the volume of loans in deferment or forbearance status is meaningful, the impact of the balance used for the denominator can be significant. Chart 7 below shows the calculated CPR on the basis of the total and repayment balances; the total balance understates the CPR in all cases and understates the CPR by as much as 1% to 3% most recently.

Chart 7
Voluntary CPRs Based on Repayment Balance vs. Total Pool Balance



** Excluding impact of servicer asset purchases.*

The revised methodology should clarify that the CPR to be used in modeling has been adjusted to generate the prepayment amounts based on the repayment balance. This approach would result in the CPRs being modeled in a manner consistent with the way they are being reported.

2. Better Reflect The Likelihood of Higher Future Prepayment Activity

With the exception of the deferment assumption, Fitch's proposed assumptions do not take into account expected future events. While we agree with Fitch that repayment rates remain somewhat below historical average levels, repayment rates have been increasing since 2014 and we expect that they will continue to increase as a result of: (a) improved economic conditions that are likely to increase voluntary prepayment rates and (b) an increase in loan consolidation activity resulting from (i) the loan consolidation option provided to some FFELP borrowers under the Department of Education's Direct Loan program and (ii) borrowers of older variable rate FFELP loans seeking to lock in current interest rates through loan consolidation. Further, the new REPAYE program will likely increase the consolidation activity of certain borrowers. To better reflect the likelihood of higher future prepayments, the revised methodology should include an upward sloping prepayment assumption to a target level that reflects a balanced historical average.

(a) *Improving Economic Conditions*

Economic conditions have a significant impact on prepayment rates. During periods of economic recession, borrowers were more likely to conserve cash and, therefore, less likely to make voluntary prepayments on their FFELP loans. However, we are currently in a period of economic recovery during which the labor market, housing market and overall economy are transitioning to a more stable footing. We see relatively high correlation of higher prepayment rates to positive trends in interest rates and consumer confidence. For example, a simple correlation of prepayments with economic variables would suggest a 35% relative increase in prepayment levels associated with rising interest rates within the next year.[9]

(b) *Loan Consolidation Activity is Increasing*

Loan consolidation levels have been increasing in our FFELP ABS trusts since the beginning of 2014 (Charts 8 and 9[10]) for at least two reasons.

[9] This suggestion is based on the assumption that the Federal Funds rate increases to 2.2% at the end of 2016. If the Federal Funds rate only increased to 1%, the increase in prepayments would be approximately 13%.

[10] Data includes Navient serviced loans in all Navient-sponsored Non-Consolidation and Consolidation loan ABS trusts. Prior to the company's separation from SLM Corporation in 2014, Navient sponsored FFELP securitizations under the name SLM.

Chart 8
FFELP Non-Consolidation ABS Trusts
Consolidation Rates
By Trust Issuance Vintage

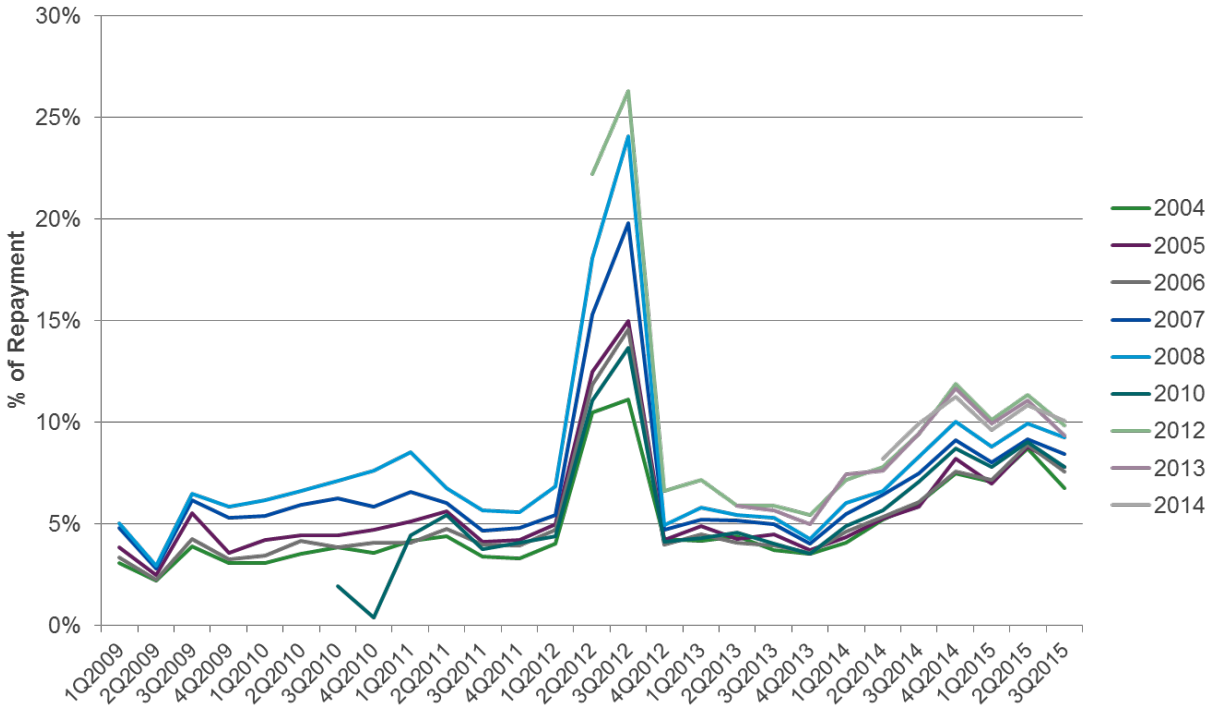
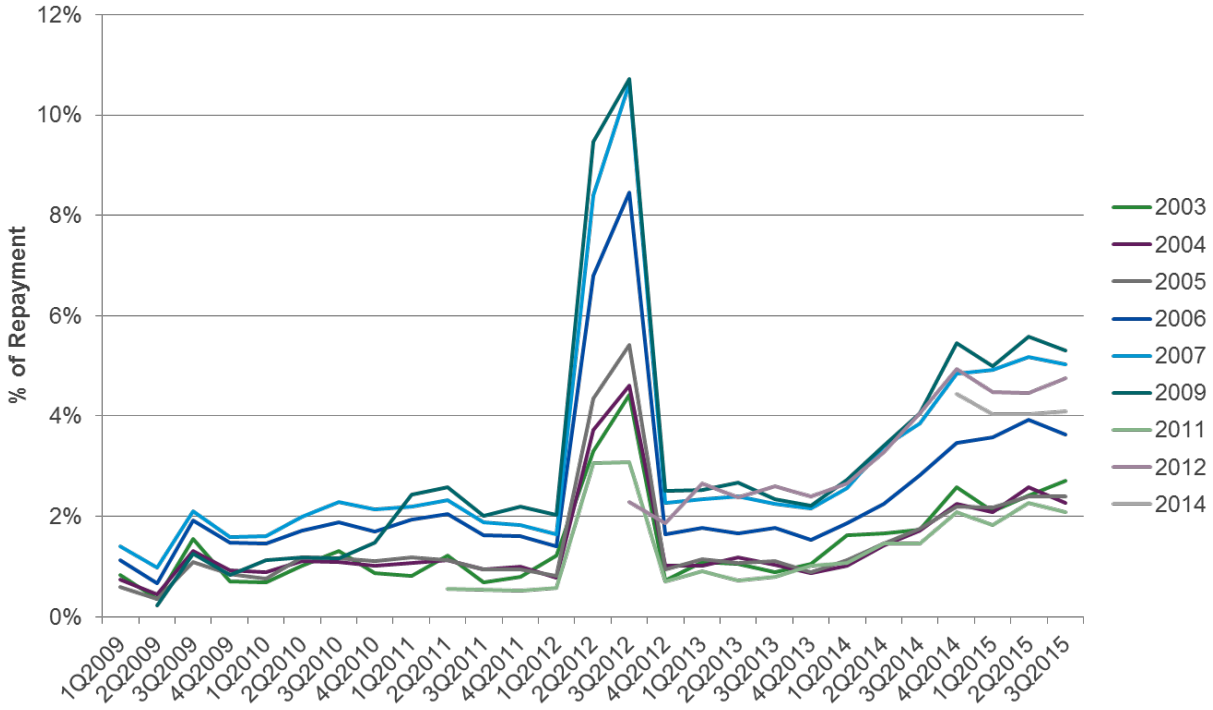


Chart 9
Consolidation ABS Trusts
Consolidation Rates
By Trust Issuance Vintage



First, the Department of Education's Direct Loan program has provided a loan consolidation option for some FFELP borrowers. In addition to the FFELP, the Department of Education has a separate student loan program called the Direct Loan program under which FFELP borrowers are able to consolidate their FFELP loans in certain circumstances. The Direct Loan program's repayment plans allow borrowers to become eligible for income-driven repayment plans at higher income levels and also provides for earlier loan forgiveness. Direct Loan consolidation may also be appealing to borrowers who have exhausted their available hardship deferment and discretionary forbearance time under the FFELP and Navient's servicing policy limits.[11] We believe that increased public awareness of the Direct Loan program's plans has spurred loan consolidation activity among FFELP borrowers who qualify for the Direct Loan program's income-driven repayment and loan forgiveness plans.

Second, in light of expectations that interest rates will begin to rise in the future, some borrowers of older FFELP loans who still have variable rate loans may seek to lock in current loan interest rates through loan consolidation. This would lead to higher prepayment rates. In total, 32% of loans in Navient-sponsored Non-Consolidation loan

[11] A more detailed description of the types of deferment and forbearance statuses and their respective cumulative use limits is provided in Appendix A to this comment letter.

ABS trusts are variable rate loans. Further, Fitch should consider the concentrations of variable rate loans in each FFELP ABS trust individually. This is important because, among Navient-sponsored Non-Consolidation loan ABS trusts and Navient-sponsored ABS trusts with a combination of Consolidation loans and Non-Consolidation loans, the proportion of variable rate loans varies from less than 4% to 99.95%.

(c) *New REPAYE Program*

The new REPAYE program could potentially further increase FFELP loan consolidation activity for certain borrowers in the future. Under the original PAYE program, certain borrowers who were "new borrowers" as of October 1, 2007 are eligible to consolidate their FFELP loans into a single loan under the Direct Loan program that ties loan repayment to income and family size and provides benefits that are not available under the FFELP.

On October 27, 2015, the Department of Education released final rules implementing the REPAYE program. Under the new REPAYE rules, borrowers are able to consolidate their FFELP loans to enroll in the REPAYE program.

The REPAYE rule (i) caps loan payments at 10% of the borrower's discretionary income, (ii) makes loans eligible for forgiveness after 20 years (for borrowers who took out only undergraduate loans), and (iii) forgives half of the unpaid interest accrued during the reduced payment period. These provisions of the REPAYE program may be attractive to eligible FFELP borrowers who have been struggling to make their existing payments for an extended period of time. In contrast to the REPAYE program, the existing FFELP IDR program (x) caps loan payments at 15% of the borrower's discretionary income, (y) makes loans eligible for forgiveness after 25 years, and (z) does not provide forgiveness of any portion of unpaid interest associated with the reduced payment period.

(d) Alternative Proposal For Prepayment Assumption

As an alternative to Fitch's proposed prepayment assumption levels, we believe that the base case prepayment expectations should begin at current levels and ramp up to levels that resemble the voluntary prepayment activity observed when the Special Direct Consolidation Loan ("*SDCL*") program was available in 2012.[12] We expect the increase in prepayments over the last two years to continue at a consistent pace, with the result that our expected overall prepayment rates are reached in two years.

[12] Between January 17, 2012 and June 30, 2012, borrowers could consolidate through the Special Direct Consolidation Loan Initiative ("*SDCL*"). SDCL provided a temporary incentive to borrowers who had at least one student loan owned by the Department of Education and at least one held by a FFELP lender to consolidate the FFELP lender's loans into the Direct Student Loan Program by providing a 0.25 percentage point interest rate reduction on the resulting consolidation loan.

For example, Stafford loan voluntary prepayment rates are currently at 9.9% CPR, as a percent of repayment and excluding the impact of the servicer's exercise of optional servicer loan purchases.[13] The average Stafford loan voluntary prepayment rate in mid-2012, under SDCL, was 18.5% CPR. Over the last two years, Stafford loan voluntary prepayments have been increasing by 3.6% per year. Thus, we would assume that voluntary prepayments rise from 9.9% today by 3.6% per year to a long-term target level of 18.5%, which, given the recent pace of increase in prepayments, would be achieved in just over two years.

While this may appear to be a high number, current prepayment levels remain below the long-term average level of voluntary prepayments. By proposing a base case level of prepayments that is more similar to historical levels, we suggest an approach that will eliminate the need to periodically reevaluate prepayment levels in light of new events. For example, performance assumptions have been reevaluated in previous years as a result of changes in consolidation activity, IBR activity, and other factors. The revised methodology should seek to eliminate this reactivity.

We further propose that the most stressed prepayment levels should look back to a period impacted both by the weak economy and by the availability of all the same repayment programs that are available to borrowers today. We believe that the calendar year 2009 appropriately represents this balance. However, given the long lives of FFELP loan assets, it is not appropriate to expect these low levels of prepayment to persist for the life of FFELP ABS transactions. In addition, it is not appropriate to immediately override current prepayment levels with a vastly different assumed prepayment level. Instead, we suggest that the stress case scenarios should begin in the middle of a business cycle and should assume that the average duration of the business cycle is six years. Thus, we propose that Fitch ramp the currently observed voluntary prepayment level down to the target levels (based on 2009 performance) over three years, retain the low level for one full business cycle (six years) as a stress, and then over the following three years ramp back up to the base case level.

C. DEFERMENT ASSUMPTIONS

While we agree with Fitch's proposed assumption that deferment levels will decline over time, the calculations under the deferment assumption in the revised methodology should exclude loans in in-school and grace statuses.

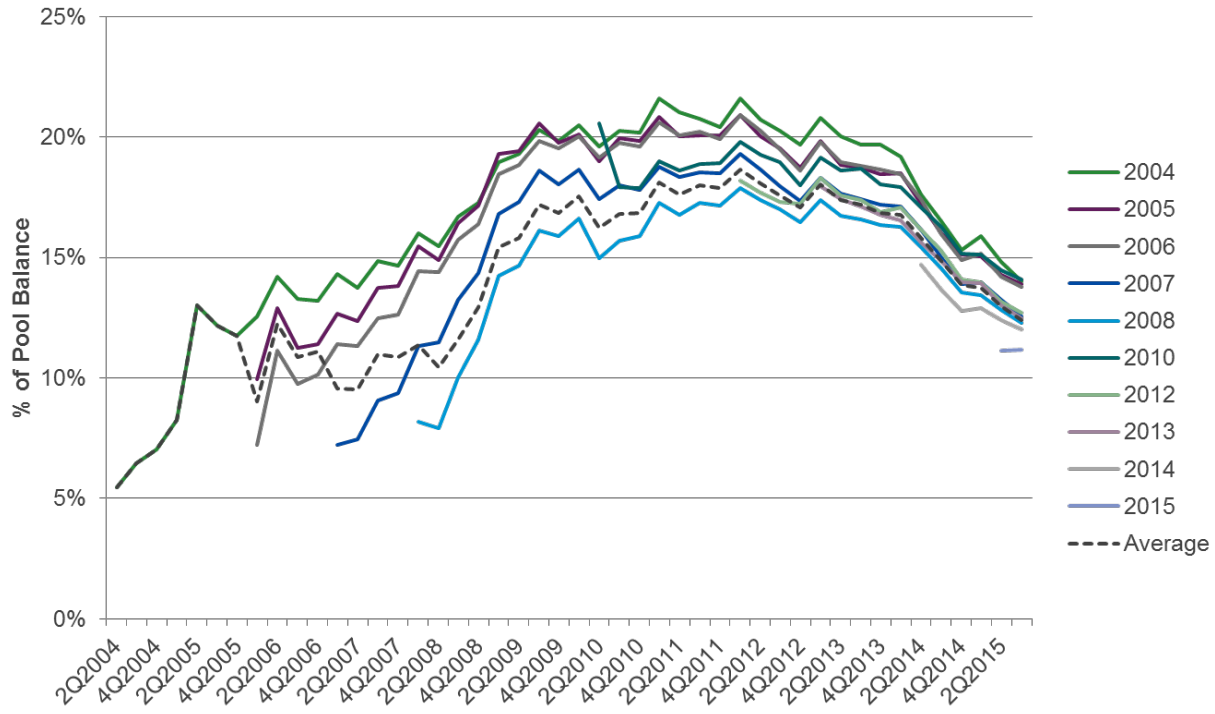
1. Deferment Levels Will Decline Over Time

We agree with Fitch's expectation set forth in the proposed methodology that deferment levels will fall over time to a floor level. We continue to experience declining deferment

[13] In many Navient-sponsored FFELP ABS trusts, the servicer has the right to purchase trust student loans aggregating up to 2% or 10% of the trust's initial pool balance. As demonstrated in Navient's trust reports, we have been exercising our optional servicer purchase rights.

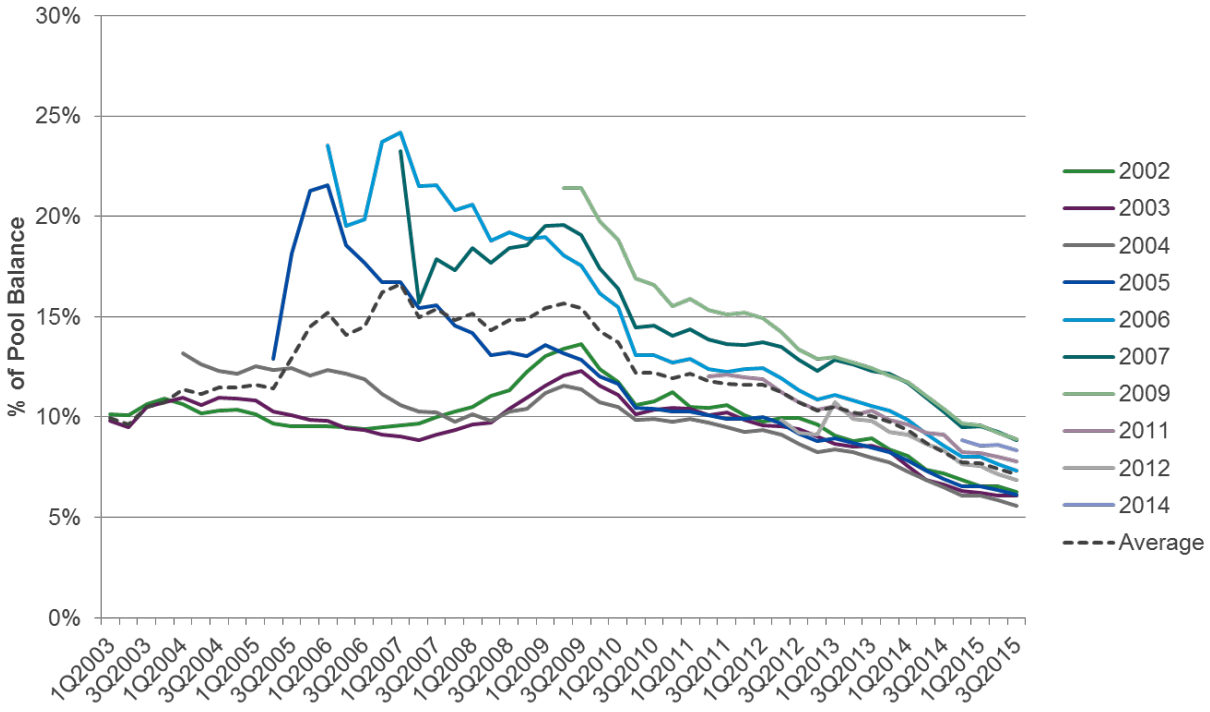
rates in Navient-sponsored FFELP ABS trusts (Charts 10 and 11[14]) and expect this trend to continue.

Chart 10
FFELP Non-Consolidation ABS Trusts
Deferment Rates
By Trust Vintage



[14] Data includes all Navient-sponsored FFELP loan ABS trusts. Prior to the company's separation from SLM Corporation in 2014, Navient sponsored FFELP securitizations under the name SLM.

Chart 11
FFELP Consolidation ABS Trusts
Deferment Rates
By Trust Vintage



We also expect that, even as the portfolio seasons, there will continue to be a small number of borrowers who experience economic or other hardships and, as a result, a small number of borrowers will continue to use deferment.

While school-related deferments do not have a cumulative use limit in the FFELP, hardship deferment (which includes all deferments other than school-related deferments) is limited under the FFELP to a cumulative maximum use of 36 months. As demonstrated by Charts 4 and 5 and Tables 5 through 12 in Appendix C to this comment letter, the prior use of hardship deferment can be used to determine (i) the likelihood that a loan would use additional deferment and (ii) the resulting mathematical limit on the future amount of hardship deferment that can be used. As a result, the assumed levels of deferment for each FFELP ABS trust should be sized in a manner that reflects the likely remaining use of deferment statuses for that specific trust in light of the regulatory policy limits on cumulative use of hardship deferment statuses.

2. FFELP Loans Will Exit In-School and Grace Statuses

We understand that Fitch's deferment assumption also includes FFELP loans in an in-school or grace status. In general, the volume of loans in in-school and grace statuses in Navient-sponsored FFELP Non-Consolidation loan ABS is low. In addition, the subsidy and capitalization mechanics of FFELP loans in an in-school or grace status

appropriately resemble the subsidy and capitalization mechanics of loans in deferment status. As such, we do not disagree with the inclusion of in-school and grace status loans in the deferment status for modeling purposes.

However, as proposed, Fitch's "AAA" stress level for deferment provides for current levels of deferment to continue indefinitely. This is not appropriate when in-school and grace status loans are included in the deferment status. Loans in in-school and grace statuses will certainly transition to a repayment status in the future. The "AAA" deferment amount should adjust for the amount and timing of loans exiting in-school and grace statuses.

As many as 1.6% of loans in Navient-sponsored Non-Consolidation loan ABS are currently in an in-school or grace status, compared with 12% in deferment status. Fitch should ensure that its "AAA" assumptions do not overstate the amount of FFELP loans that will remain in deferment status far into the future.

D. FORBEARANCE ASSUMPTIONS

We disagree with Fitch's proposal to assume that current forbearance levels will continue indefinitely into the future. We believe that forbearance rates will continue to decline for at least three reasons: (1) recent trends are impacted by the increase in Navient's use of administrative forbearance to give borrowers time to enroll in IDR or deferment programs, (2) the portfolio continues to season and benefit from the improving economy, and (3) the limits on discretionary forbearance will cause some borrowers to cease to be eligible for additional forbearance time in the future.

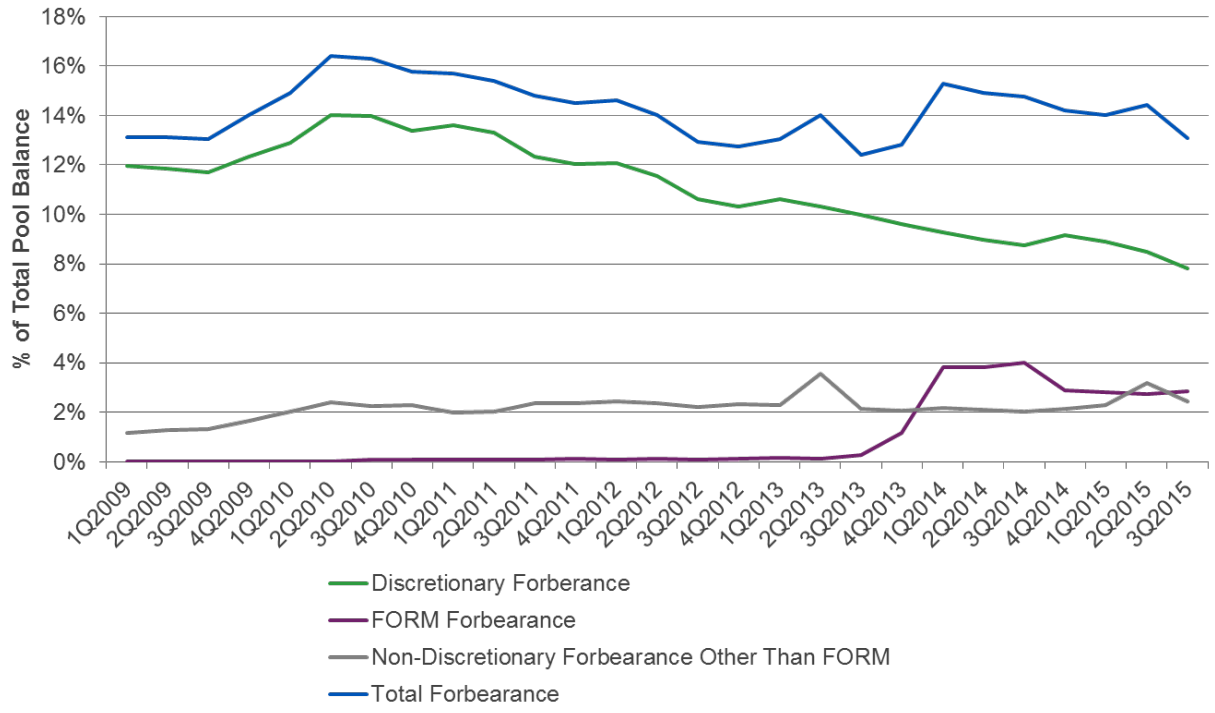
1. Exclude Administrative Forbearance When Deriving the Slope of Forbearance Usage Projections

As described more fully in Appendix A to this comment letter, there are four different types of forbearance statuses available under the FFELP: (i) administrative, (ii) discretionary, (iii) mandatory administrative and (iv) mandatory forbearance. To more accurately analyze the FFELP ABS extension risk associated with the use of forbearance, Fitch should analyze the impact of administrative forbearance separately from the impact of forbearance relating to the economic hardship of the borrower.

One type of forbearance permitted under the FFELP is a short-term administrative forbearance (which we call "*FORM*") that provides a borrower a period of up to 60 days of nonpayment while that borrower applies and submits documentation for a requested change in repayment plans. Beginning in 2014, Navient began to utilize FORM forbearance at higher rates as borrowers needed additional time to enroll in the IDR program or a deferment status.

After an initially higher level of FORM usage, the volume of loans in the FORM status has since stabilized around a level of 3% (Chart 12).[15] During the same time period, forbearance used for hardship purposes has continued to decline. The combination of the two types of forbearance into one forbearance assumption calculation has led Fitch to conclude that forbearance is not in decline. In reality, we expect declining discretionary forbearance and consistent inventory of loans in the FORM status or in other types of administrative, mandatory, or mandatory administrative forbearance. As a result, we expect declining overall use of forbearance in the future.

Chart 12
FFELP ABS Trust Forbearance Components



2. <u>Forbearance Declines as the Portfolio Seasons and the Economy Improves</u>

We expect that continued portfolio seasoning will result in declining deferment and forbearance rates. Charts 13 and 14 below show the forbearance usage rates by FFELP ABS trust issuance vintage.[16] Generally, trusts issued earlier have lower forbearance usage rates as the underlying FFELP loans are more seasoned. Conversely, trusts issued more recently generally have higher forbearance rates as the underlying FFELP loans are less seasoned.

[15] Data includes all Navient-sponsored FFELP loan ABS trusts. Prior to the company's separation from SLM Corporation in 2014, Navient sponsored FFELP securitizations under the name SLM.
[16] Data includes all Navient-sponsored FFELP loan ABS trusts. Prior to the company's separation from SLM Corporation in 2014, Navient sponsored FFELP securitizations under the name SLM.

Chart 13
FFELP Non-Consolidation ABS Trusts
Current Forbearance Rate
By Trust Issuance Vintage

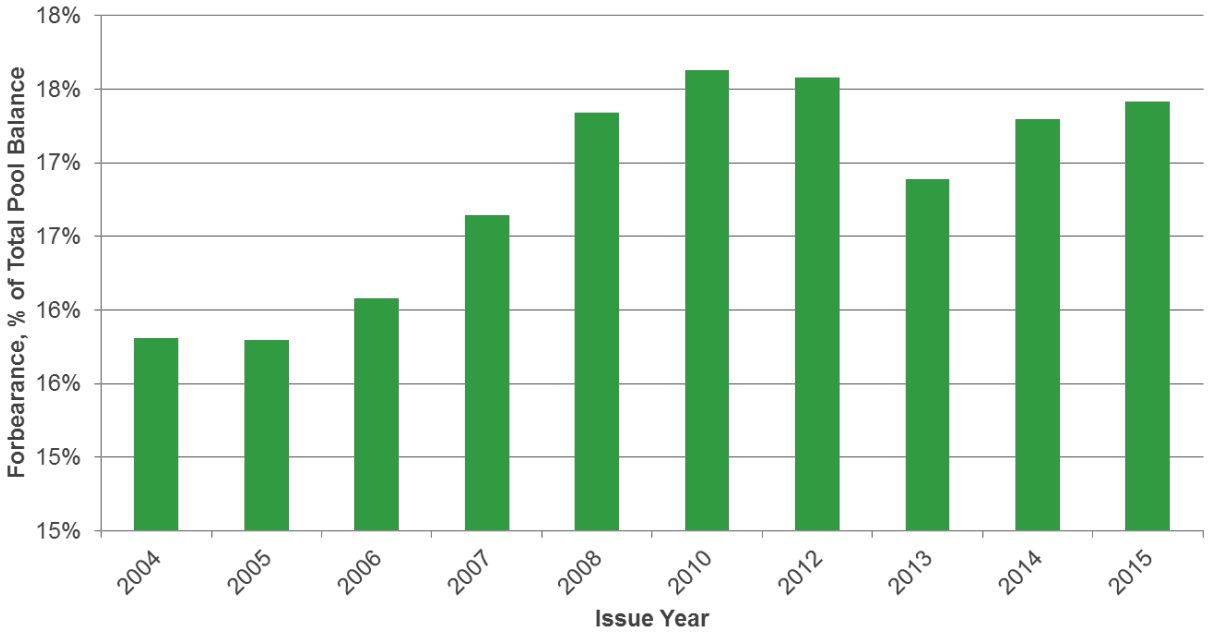
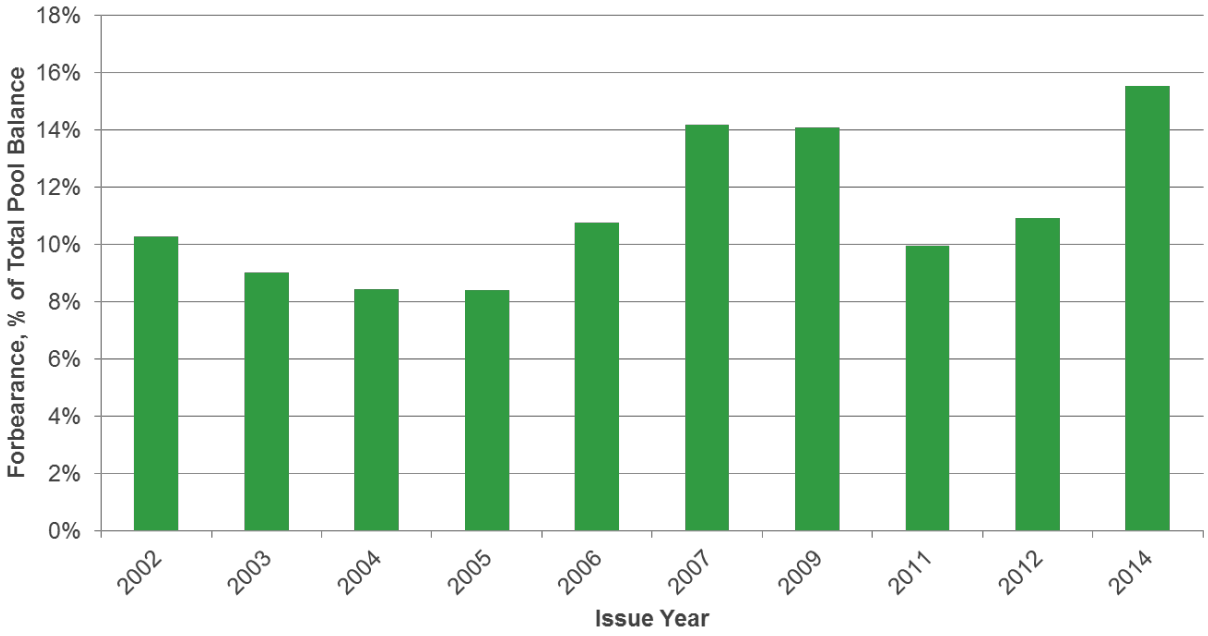


Chart 14
FFELP Consolidation ABS Trusts
Current Forbearance Rate
By Trust Issuance Vintage



We also expect that the improving economy will cause forbearance levels to decline as borrowers have less need of the forbearance program due to economic hardship. Further, when borrowers do encounter economic hardship, some will qualify for the IDR program and may find these more appealing than forbearance and the associated interest capitalization.

3. Forbearance Policies and Previous Use of Forbearance Limit Amount of Future Forbearance that Can Occur

The proposed methodology does not properly consider servicing policy limits on the cumulative use of discretionary forbearance statuses. Navient's servicing policy is to give one type of forbearance – discretionary forbearance – for no more than 60 months over the life of a loan.[17] Exceptions are limited and are applied on a case-by-case basis.[18]

[17] A more detailed description of the various types of forbearance statuses available under the FFELP is provided in Appendix A to this comment letter.

[18] As described more fully in Appendix C to this comment letter, even though a small number of FFELP loans may receive discretionary forbearance past Navient's 60-month servicing policy limit, the cumulative discretionary forbearance usage still has an upper limit, with only a very small number of FFELP loans

In the revised methodology, Fitch should size the assumed levels of forbearance for each FFELP ABS trust in a manner that reflects the likely remaining use of forbearance statuses for that specific trust in light of the servicing policy limits on cumulative use of discretionary forbearance statuses. As demonstrated by Charts 6 and 7 and Tables 7 through 12 in Appendix C to this comment letter, the prior usage of discretionary forbearance can be used to determine (i) the likelihood that a loan would use additional forbearance, and (ii) the resulting mathematical limit on the future amount of discretionary forbearance that can be used.

For each FFELP ABS trust, Fitch should compare the proposed forbearance assumptions to the likely remaining durations of forbearance use in that specific FFELP ABS trust to evaluate whether the proposed assumptions are realistic. If the proposed assumptions are not realistic, Fitch should either (a) adjust the assumed forbearance levels to align with the remaining lives of the FFELP loans in the pool or (b) curtail the application of the forbearance assumptions at the date when borrowers will have exhausted their ability to use additional forbearance.

As we describe in Charts 6 and 7 and Tables 7 through 12 in Appendix C to this comment letter, we can analyze the likelihood of borrowers' future use of forbearance based on: (i) regulatory and servicing policy limits on the cumulative use of discretionary forbearance, (ii) the progression of older FFELP loans towards those servicing policy limits, (iii) predictions of future use of forbearance in light of borrowers' past forbearance, and (iv) the propensity and ability of FFELP borrowers to use additional forbearance. Collectively, these factors create a mathematical limit on the amount of forbearance that can occur.

For example, using Table 3 below,[19] we determine that approximately 68% of the loans across all Navient-sponsored Non-Consolidation loan ABS are expected to use additional forbearance by multiplying (a) the portfolio distribution of cumulative forbearance used to date (column A), by (b) the likelihood that the loans in each category use additional forbearance (column B). Within this portion of the portfolio, borrowers may use variable amounts up to a total of 60 months of discretionary forbearance. The product of columns (A) and (C) of Table 3 suggests that the weighted average remaining duration of discretionary forbearance that can be used in the portfolio would only be approximately 37 months.

exceeding the servicing policy limit and with those exceptions providing only a short period of additional discretionary forbearance.

[19] Data includes all Navient-sponsored FFELP ABS trusts. Prior to the company's separation from SLM Corporation in 2014, Navient-sponsored FFELP securitizations under the name SLM.

Table 3
Distribution of Cumulative Forbearance Used Among Remaining FFELP Non-Consolidation ABS Trust Loans and Propensity to Use Additional Forbearance

Cumulative Forb Used	(A) Portfolio Distribution	(B) % Use Additional Forbearance in Next 5 Years	(C) Number of Additional Forb Months Available
Never Used	23%	48%	60
1-12 Months	21%	79%	54
13-24 Months	15%	88%	41
25-36 Months	13%	89%	29
37-48 Months	11%	81%	17
49-60 Months	16%	42%	3
> 60 Months	1%	n/a	0
Total	100%	68%	37

If the remaining expected forbearance assumption is that the current volume of FFELP loans in forbearance status (*i.e.*, approximately 17.2% of the FFELP loans in the portfolio) will remain in forbearance status, the facts above can be used to determine how long this volume of loans can remain in forbearance status without exceeding the cumulative use servicing policy limit on discretionary forbearance. Table 4 below demonstrates the calculation for loans across Navient-sponsored Non-Consolidation loan ABS.

Table 4
Derivation of Maximum Expected Duration of Forbearance Use
For Remaining FFELP Non-Consolidation ABS Trust Loans

(A) Assumed Forbearance Rate	17.2%
(B) Proportion of Portfolio Expected to Use Forbearance in the Future	68%
(C) Percentage of Portfolio Expected to Eventually Use Forbearance that is in Forbearance at Any Given Time (C = A / B)	25%
(D) Number of Remaining Months Eligible for Forbearance	37
(E) Number of Remaining Years Eligible for Forbearance (E = D / 12)	3.1
(F) Remaining Possible Years of Forbearance Usage (F = E / C)	12.3

As discussed above, approximately 68% of the population of loans in Navient-sponsored Non-Consolidation loan ABS trusts is likely to use additional forbearance in the future. Fitch proposes to assume that 17.2% of the population will be in forbearance status. As a result, approximately 25% of those likely to use forbearance must be in forbearance status at any given time (*i.e.*, 17.2% of the population in forbearance status *divided by* the 68% who are likely to use forbearance). This 25% can only remain in forbearance status for approximately 37 months before they exceed the servicing policy limit. Most simply, assume that 25% of those likely to use forbearance remain in forbearance status for 37 months and then the next 25% take their place. In that case, the total duration that forbearance can logically persist is for an additional three years for each 25% of the portfolio, or approximately 12 years.

The more seasoned the loans in the FFELP ABS trust, the shorter this duration will tend to be. As a result, each FFELP ABS trust must be considered according to the characteristics and seasoning of its particular pool of underlying FFELP loans. Across all FFELP ABS transactions, the length of time that loans could persist in using forbearance at current levels ranges from 3.5 to 17.5 years. Thus, forbearance rates cannot reasonably be expected to persist at current levels for the duration of the FFELP ABS transaction life in the expected case or stress case scenarios.

E. Income-Driven Repayment Assumptions

Fitch proposes to adjust the existing methodology to account for the growing use of the IBR plan by adding an IBR adjustment factor to deferment assumptions. While we agree with Fitch that it is appropriate to adjust the ratings model to consider the use of

IDR program, including the IBR plan, we believe the impacts of IDR program use should be modeled separately from other loan performance assumptions and that the new IDR assumption should reflect the loan forgiveness aspect of the IBR plan and the amortization of IDR loans over time.

1. Loans in IDR Should Be Modeled Separately

As of September 30, 2015, 10.8% of loans in Navient-sponsored FFELP ABS trusts were in the reduced payment period of an IDR plan. The payments due and the prepayment activity on IDR loans are different from loans in other repayment statuses, including deferment and forbearance. The size of this portfolio, the extent to which it behaves differently than other FFELP loans, and the potential scope of the ratings actions associated with adoption of the IDR assumption warrant the utmost precision and sophistication in modeling IDR loans. As such, IDR loans should be broken out into a separate performance bucket and evaluated separately from other loans. A separate performance bucket dedicated to IDR loans would permit the application of payment rate assumptions that are appropriate to IDR loans and would also provide an avenue to more precisely recognize loan forgiveness.

2. Loan Forgiveness Aspect of IBR Plan

The proposed methodology does not consider the loan performance implications of the loan forgiveness aspect of the IBR plan.

As discussed more fully in Appendix A to this comment letter, FFELP loans that have been enrolled in an IBR plan at any point in their lifetime are eligible for loan forgiveness on the later of 25 years following the qualification date and 25 years of payments made (including periods where the calculated payment was zero). When a FFELP loan is forgiven, the principal balance of the loan is reduced to zero and a corresponding payment equal to 100% of principal and interest is made to the FFELP ABS trust that owns the FFELP loan.

Generally, borrowers with low incomes relative to their debt are likely to become eligible for loan forgiveness. Given the distribution of the current IBR loan portfolio by current aggregate outstanding principal balance, we project that, depending on borrowers' future salaries, between 22% and 76% of FFELP loans that are currently in the PFH period of an IBR plan will become eligible for loan forgiveness.[20]

Because the qualification date for many Navient-sponsored FFELP ABS trust IBR loans was July 1, 2009, many of the FFELP loans that are eligible for forgiveness will be paid between July 1, 2034 and July 1, 2039, depending on the amount of forbearance

[20] For more information, see Table 13 in Appendix C to this comment letter.

used.[21] In the revised methodology, Fitch should increase the CPR assumption during the period from 2034 to 2039 to reflect the loan forgiveness date.

Because loans that have used an IBR plan at any point in their lifetimes may be eligible for loan forgiveness, the forgiveness assumption must consider not only the loans in an IBR plan at a point in time, but also loans that have used an IBR plan at a prior period in their lives. Not all borrowers that have used IDR in the past are in an IDR status today. Between 4% and 18% of borrowers in Navient-sponsored ABS trusts are in the reduced payment phase of an IBR plan today. In contrast, between 6% and 27% of borrowers in Navient-sponsored ABS trusts have used an IBR plan at some point in the past and may become eligible for loan forgiveness in the future. On average, approximately 1.6 times the balance in IDR today has used IBR in the past. This ratio is consistent across transactions.

Because the payment upon forgiveness is 100% of principal and interest, loan forgiveness can be treated the same as a voluntary CPR (*i.e.*, there is no risk-sharing). Therefore, Fitch should account for the loan forgiveness event through revised prepayment assumptions. If IDR loans are modeled as a separate pool, with distinct loan performance assumptions, loans in IDR should experience 100% principal and interest payments on a pro-rata timing basis between 2034 and 2039. Because forgiveness pertains not only to loans in IDR, where we assume the remaining population in the IDR pool would attain forgiveness, additional loans that had used IDR in the past would also be eligible for forgiveness. We expect this amount would be equal to 60% of the loans in IDR at the time of the forgiveness event, multiplied by the likelihood of forgiveness. This amount should be applied as an addition to the CPR for loans in repayment between 2034 and 2039.

If IDR loans continue to be modeled as proposed by Fitch (*i.e.*, as an addition to loans in deferment), the total population of loans that have ever been in IDR should be multiplied by the expectation of forgiveness and applied to loans in repayment between 2034 and 2039. An example of the calculation is set forth in Table 5 below. If the assumed level of IBR utilization is 15%, and the ratio of borrowers currently in IBR to those who have ever used IBR is 1.6, there would be 24% of borrowers who have ever used IBR. If 49% of these borrowers will be forgiven (*i.e.*, the average of the 22% and 76% forgiveness sensitivity analysis) over the period between 2034 and 2039, we would expect a 2.4% increment to CPR during that period. Fitch should derive its CPR assumption based on its assumed level of IBR usage.

[21] As described in Appendix A to this comment letter, the forgiveness qualification date is: (a) the date of the first payment (based on 120-month amortization) or the date of economic hardship since July 1, 2009; or (b) for FFELP loans with no payments or deferments, the date of first enrollment in the IDR plan. Many, but not all, FFELP loans have a qualification date in July 2009, because their first payment since July 1, 2009, was made during that month.

Table 5
Approach to Deriving CPR Assumption for Loan Forgiveness

Calculation	Formula	Balance
% of Borrowers in IBR	A	15%
% of Borrowers Ever in IBR	B = A * 1.6	24%
Forgiveness Expectation	C	49%
Additional CPR	D = B * C / 5	2.4%

3. IDR Loans Amortize Over Time

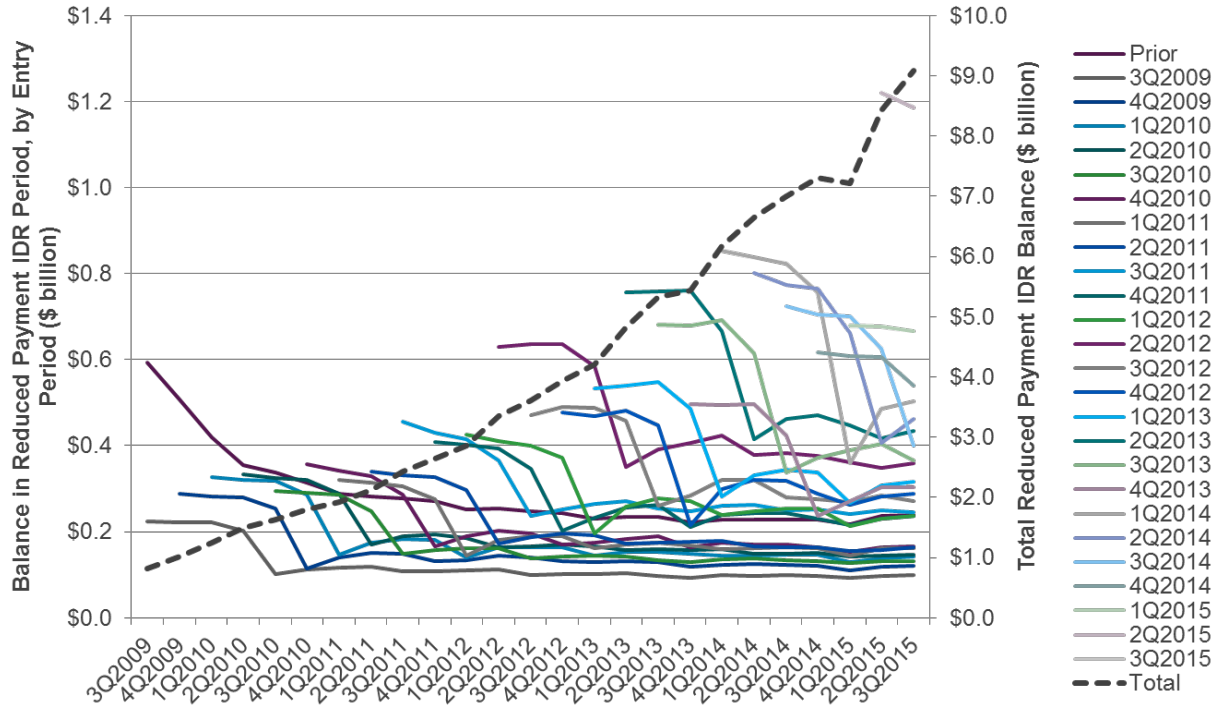
The IDR assumptions in the revised methodology should recognize that IDR loans do, in fact, amortize over time. In Charts 8 and 9 set forth on Appendix C to this comment letter, we present the managed portfolio pool performance of loans from the time they entered an IDR plan. Each of our FFELP ABS trusts has experienced similar performance of the loans in an IDR plan.

Chart 15 [22] below shows the total inventory of loans in the reduced payment period of an IDR plan within Navient-sponsored FFELP ABS trusts, segmented by the calendar quarter in which they first began making reduced payments in IDR. Once a loan exits the reduced payment period of the IDR program, its performance is no longer shown. As a result, the total across entry periods equals the total balance of loans making reduced payments under IDR.

While the overall inventory of loans making reduced payments under an IDR plan has risen, the increase relates primarily to new loans entering the IDR program. Also, since borrowers re-enrolling would cause an increase in the principal balance of loans in the same entry period, we can conclude that those who enrolled previously are successful in increasing their incomes such that they no longer need to be enrolled in the program.

[22] Data includes all Navient-sponsored FFELP ABS trusts. Prior to the company's separation from SLM Corporation in 2014, Navient-sponsored FFELP securitizations under the name SLM.

Chart 15
FFELP ABS Trusts
Balance of Loans in Reduced Payment Period of an IDR Plan
By Quarter First Entered IDR



Charts 16 and 17 below show the pool factor of loans in Navient-sponsored Non-Consolidation and Consolidation ABS trusts, respectively, after entering the reduced payment period of an IDR plan. Unlike Chart 15 above, the balance for IDR borrowers demonstrated in Charts 16 and 17 below is tracked across all payment plans or programs they subsequently enter. As demonstrated in Charts 8 and 9 in Appendix C to this comment letter, we see that trust loans in IDR also amortize over time.

Chart 16
FFELP Non-Consolidation ABS Trusts
Balance of Loans That Have Ever Used IDR
By Quarter First Entered IDR

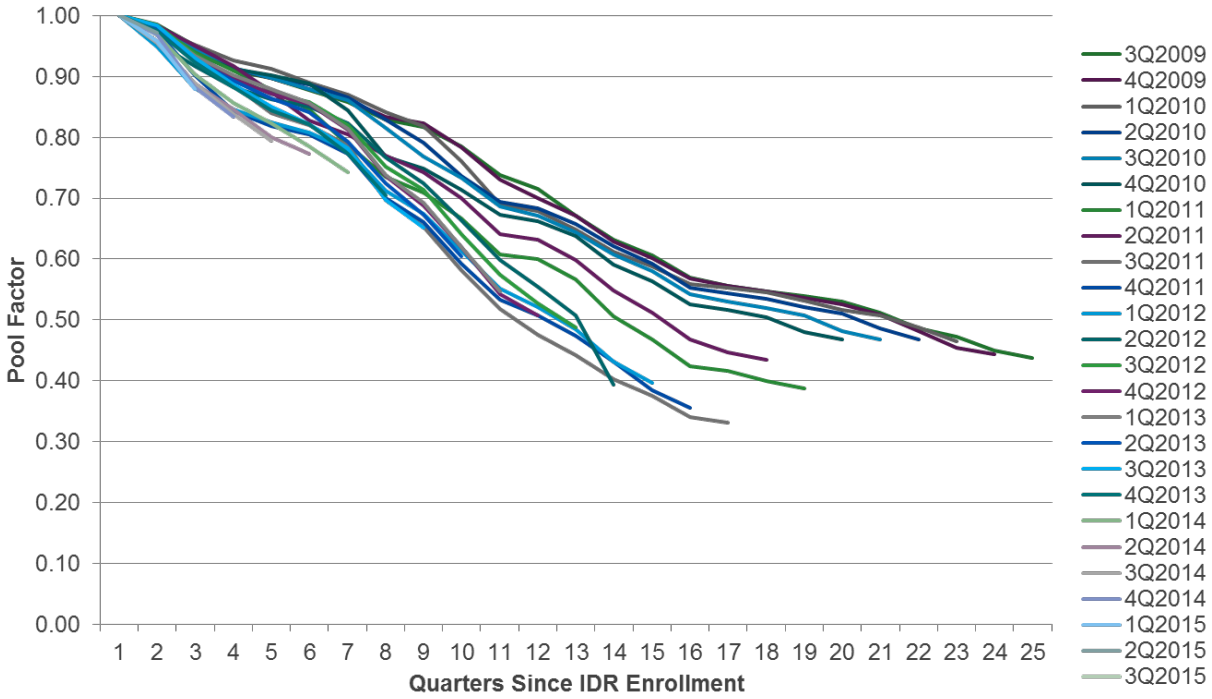
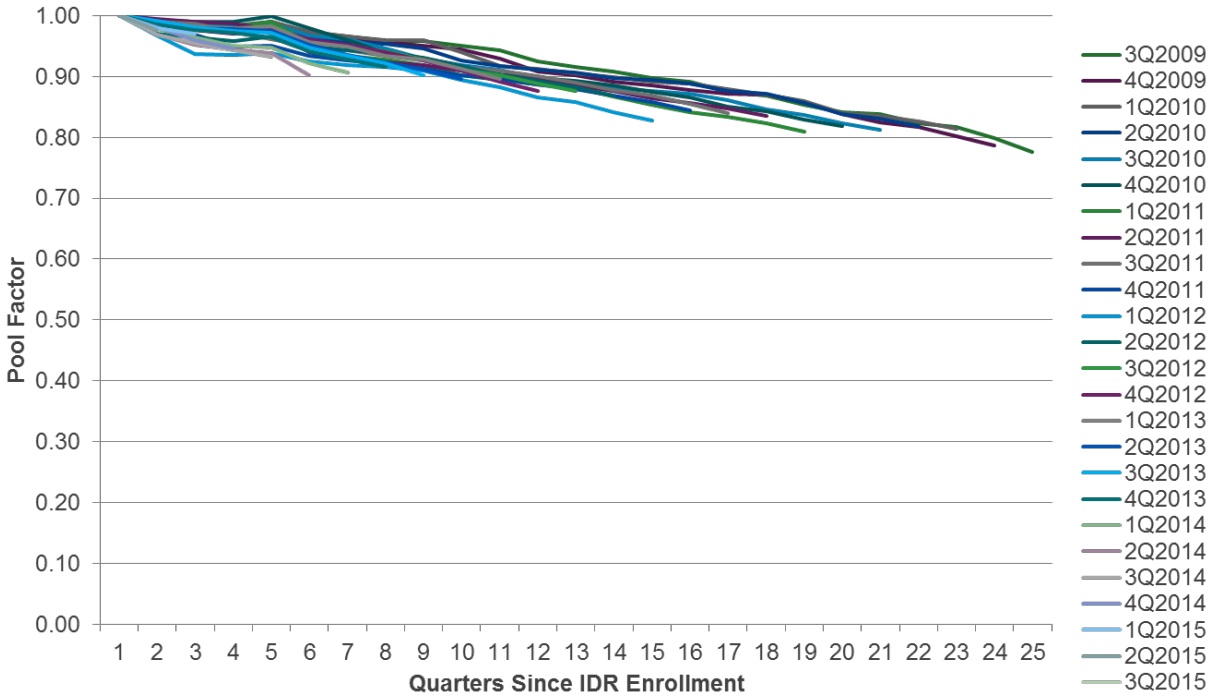


Chart 17
FFELP Consolidation ABS Trusts
Balance of Loans That Have Ever Used IDR
By Quarter First Entered IDR



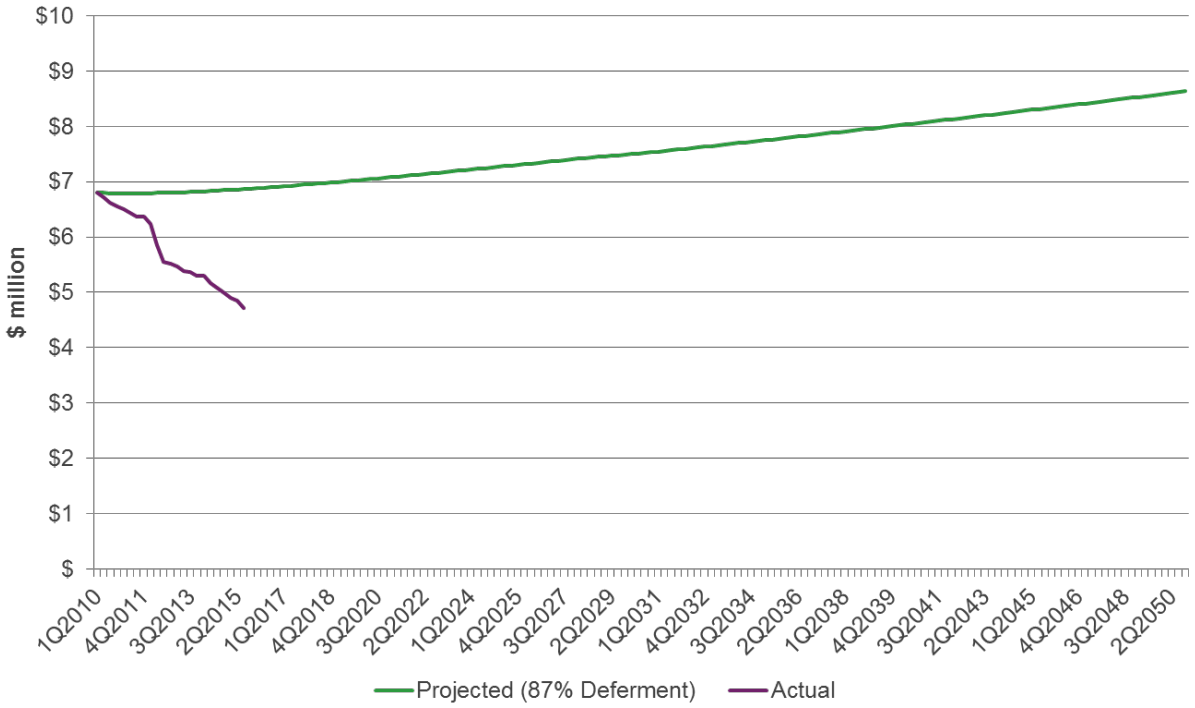
This amortization should not be ignored in Fitch's revised methodology.

In the Exposure Draft, Fitch proposes an IBR assumption set at 87% of the observed level of IBR usage. This proposal to model 87% of the IDR portfolio correctly avoids double counting IDR loans that are also in deferment or forbearance status. However, the 87% level also assumes that a significant volume of FFELP loans in the portfolio are not making payments for a very long period of time.

Chart 18 below was generated by taking a group of loans in a representative Non-Consolidation loan ABS trust, SLM Student Loan Trust 2008-7, that entered IDR for the first time in the first quarter of 2010 and modeling the loans with 87% of them in deferment status and 13% of them in a repayment status.[23] When predicting the cash flows on this basis, the outcome anticipates that the pool balance negatively amortizes for life and does not reasonably approximate the actual performance of the IDR loans.

[23] Prior to the company's separation from SLM Corporation in 2014, Navient-sponsored FFELP securitizations under the name SLM.

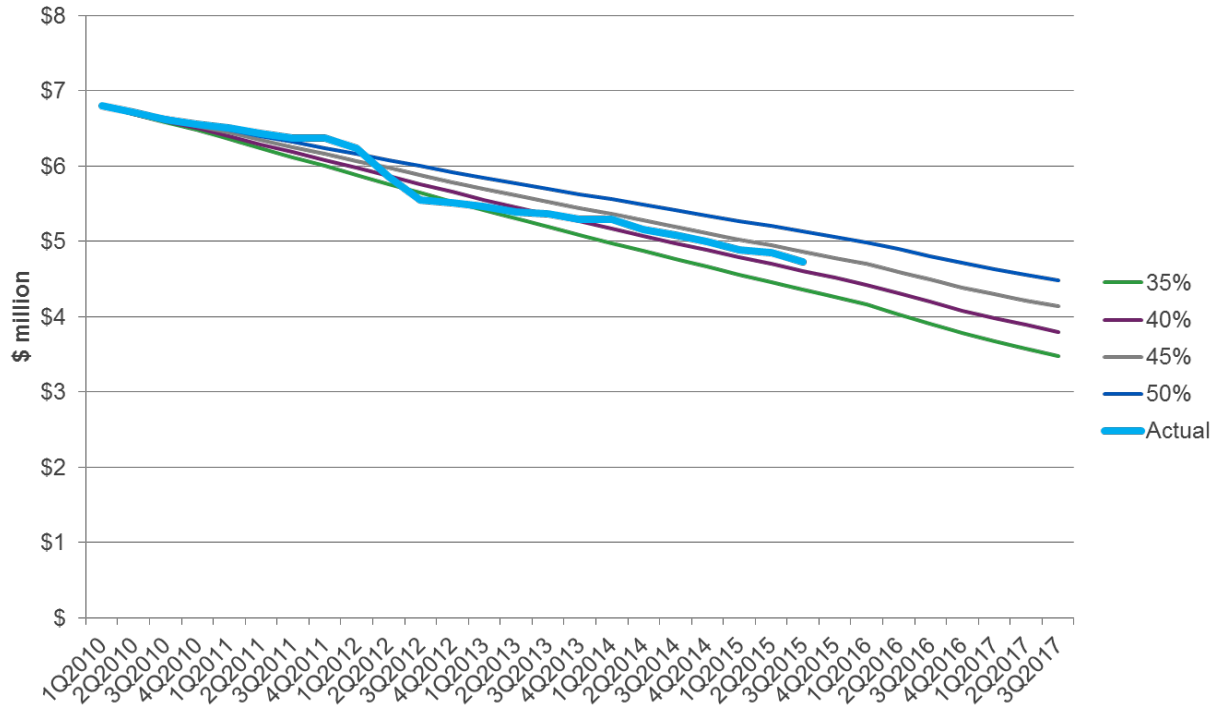
Chart 18
SLM Student Loan Trust 2008-7
Projected Amortization Based on 87% of Loans in Deferment
Loans Entering IDR in 1Q2010



The actual amortization of the group of identified FFELP loans is most accurately modeled when approximately 40% of loans are in deferment status and approximately 60% of loans are in a repayment status. Chart 19 below shows the actual amortization of the loans in SLM Student Loan Trust 2008-7 that entered IDR for the first time in the first quarter of 2010, compared to the modeled performance of the same loans at different assumed deferment rates.[24] To date, this group of IDR loans has performed most like the modeled loans assuming 40% of loans were in deferment. This blend appropriately recognizes that IDR loans amortize, but not as quickly as loans in repayment.

[24] Repayment loans are subject to Fitch's proposed levels for defaults and prepayments. This is consistent with how a group of IDR loans would be modeled between deferment status and repayment status, where the loans assigned to repayment would be assumed to experience default and prepayment rates consistent with the performance of the rest of the repayment population.

Chart 19
SLM Student Loan Trust 2008-7
Deferment Assumption Sensitivity Analysis
Loans Entering IDR in 1Q2010



Fitch should better account for the amortization of IDR loans in the revised methodology. If possible, the revised methodology should treat IDR loans as a distinct pool with its own appropriate loan performance assumptions. If modeling a distinct IDR pool is not possible, the revised methodology should specify a percentage to be added to the deferment assumption that causes the cash flow results to more closely resemble the highly consistent historical amortization performance of IDR loans.

F. General Comments to Proposed Methodology

In addition to our comments to the proposed loan performance assumptions and stresses set forth above, we respectfully request that Fitch adjust the proposed methodology to: (1) assume that the servicer will exercise an optional servicer clean-up call in circumstances where the economic incentives for doing so are compelling; (2) provide guidance regarding the impact that sponsor support will have on ratings actions; and (3) rely on issuer-specific data and transaction-specific data.

1. Optional Servicer Clean-Up Call

When the remaining principal balance of the FFELP ABS falls below 10% of the initial balance, many FFELP ABS structures include a turbo feature.[25] The turbo feature causes cash collections to be applied to make payments on the FFELP ABS instead of being released to the holder of the residual interest in the trust. This contributes to a strong economic incentive to exercise the optional servicer clean-up call.

In addition, many FFELP ABS structures typically give the servicer the right to exercise an optional purchase of all remaining trust student loans once the outstanding principal balance of the trust student loans falls below 10% of the initial principal balance (an "*optional servicer clean-up call*"). Because the call is an option rather than an obligation of the servicer, Fitch has not historically assumed that the optional servicer clean-up call will occur. However, in the new loan extension scenarios proposed by Fitch, there is a point at which it is no longer economical to administer and service a FFELP ABS transaction with a small remaining pool balance.

As we demonstrate below in Chart 20 in Section III.A, Navient has historically exercised the optional servicer cleanup call where the remaining pool balance has fallen below 10%.

2. Provide Guidance on Impact of Sponsor Support

The Exposure Draft did not directly address how Fitch expects to evaluate factors relating to sponsor support, including the level of loan purchases permitted under the relevant transaction documents, the demonstrated willingness of the sponsor to exercise support mechanisms, the creditworthiness of the sponsor or the relevant purchaser, and the sponsor's reliance on the securitization markets. We respectfully request that Fitch incorporate a discussion into the revised methodology of how sponsor support may reduce the likelihood of non-payment of a FFELP ABS, including, without limitation, subordinated lending arrangements made available to the FFELP ABS trust, optional servicer clean-up calls and optional servicer purchase rights.

A description of the actions that Navient is taking to address concerns relating to repayment activity is provided in Appendix D to this comment letter.

[25] All Navient-sponsored FFELP ABS transaction structures incorporate a turbo feature that requires that, after the outstanding principal balance of the trust student loans falls below a specified percentage of the initial principal balance, cash collections that would otherwise have been released to the holder of the residual interest in the FFELP ABS trust instead will be applied to make principal payments on the outstanding FFELP ABS until they are reduced to zero. For the SLM Student Loan Trust 2004-10 transaction, the specified trigger percentage for the turbo feature is 5%. For all other Navient-sponsored FFELP ABS trusts, the specified trigger percentage for the turbo feature is 10%.

3. Revised Methodology's Cash Flow Model Should Rely on Issuer-Specific Data and Transaction-Specific Data

We are concerned that Fitch intends to use industry aggregate data to establish loan performance assumptions where issuer-specific data is not available. It is critical that the rating methodology recognize the transaction-specific differences in loan performance, particularly in the surveillance context. One size does not fit all.

Use of issuer- or transaction-specific data in some cases and industry-level data in other cases could create market distortion among the ratings levels of sponsors with different ability and willingness to provide detailed loan performance data. Further, Fitch's proposal to use industry-level data where issuer-specific data and transaction-specific data are not available is not commensurate with the fact that the presence of issuer-specific data and transaction-specific data eases Fitch's modeling and monitoring concerns. Therefore, where sponsors have been unwilling or unable to provide the detailed loan performance data necessary for accurate assessment of portfolio performance, Fitch should account for the resulting uncertainty with respect to the portfolio performance conservatively to ensure a level playing field for all sponsors.

III. COMMENTS TO PROPOSED SURVEILLANCE METHODOLOGY APPLICATION

In the Exposure Draft, Fitch requested feedback regarding whether Fitch should apply a surveillance application credit based on the FFELP ABS's time remaining to maturity. We agree that, when developing an ABS rating methodology for a long-term asset like FFELP loans, the ratings response should be tiered based on the precision of the loan performance prediction in light of the duration and should be based on the particular characteristics of the particular FFELP ABS pool that is under review. In this Section III, we provide comments regarding the proposed surveillance application methodology.

A. Certainty of an Outcome Diminishes as that Outcome Becomes More Distant in Time

Outcomes that are near in time are easier to predict. For example, given that we know how a FFELP ABS loan pool has been performing recently and have relatively high visibility into any external events that may affect the pool in the next few months, it should be easier to predict the remaining pool balance that will exist at the end of the next calendar quarter than it is to predict the remaining pool balance one year, three years, or five years into the future. Over those longer periods of time, it becomes more difficult to anticipate the external future events that could impact the accuracy of the forecast. Further, over longer periods of time, a forecasting error that may be small in the near term becomes compounded. For these reasons, we agree with Fitch that a ratings response that provides a buffer for forecasting errors and external events over longer periods of time is not only appropriate, but imperative.

With a stated term of up to 30 years, FFELP loans – and, therefore, FFELP ABS – have very long lives that can span multiple economic cycles. Surveillance of the assigned

ratings necessarily involves snapshots of transaction performance at particular points in time. Transaction performance at any of these particular points in time may not be representative of the long-term performance of the FFELP ABS across multiple business cycles. The surveillance tolerance appropriately recognizes that more time is often needed to observe the benefits of the tendency of FFELP loan performance trends to revert to historically typical levels.

B. Surveillance Ratings Application Should Be Based on Two and Five Years Remaining Until Legal Final Maturity

The proposed methodology allows for a two-rating-category tolerance for tranches with more than seven years to maturity and a one-rating-category tolerance for tranches with more than two but up to seven years remaining to maturity. While we agree with the proposed two-year threshold for application of the one-rating-category tolerance, we believe that the two-rating-category tolerance should take effect after five years instead of the proposed seven years.

Chart 20 below shows the pool factors since the time of issuance of all Non-Consolidation loan ABS transactions sponsored by Navient.[26] The pool factor is expressed as the remaining balance at each subsequent period as a proportion of the pool's initial balance. One calendar quarter after issuance, the pool factors range from 88% to 100%, an absolute difference of 14% and a standard deviation of 2.7%. A year after issuance, the pool factors range from 59% to 96%, an absolute difference of 37% and a standard deviation of 10.2%. Two years after issuance, the standard deviation is 16.1%; five years after issuance, the standard deviation is 18%.

[26] Data includes all Navient-sponsored FFELP ABS trusts, with the exception of those with revolving periods. Prior to the company's separation from SLM Corporation in 2014, Navient sponsored FFELP ABS transactions under the name SLM.

Chart 20
FFELP Non-Consolidation ABS Trusts
Pool Factors
By Trust and Time Since Issuance

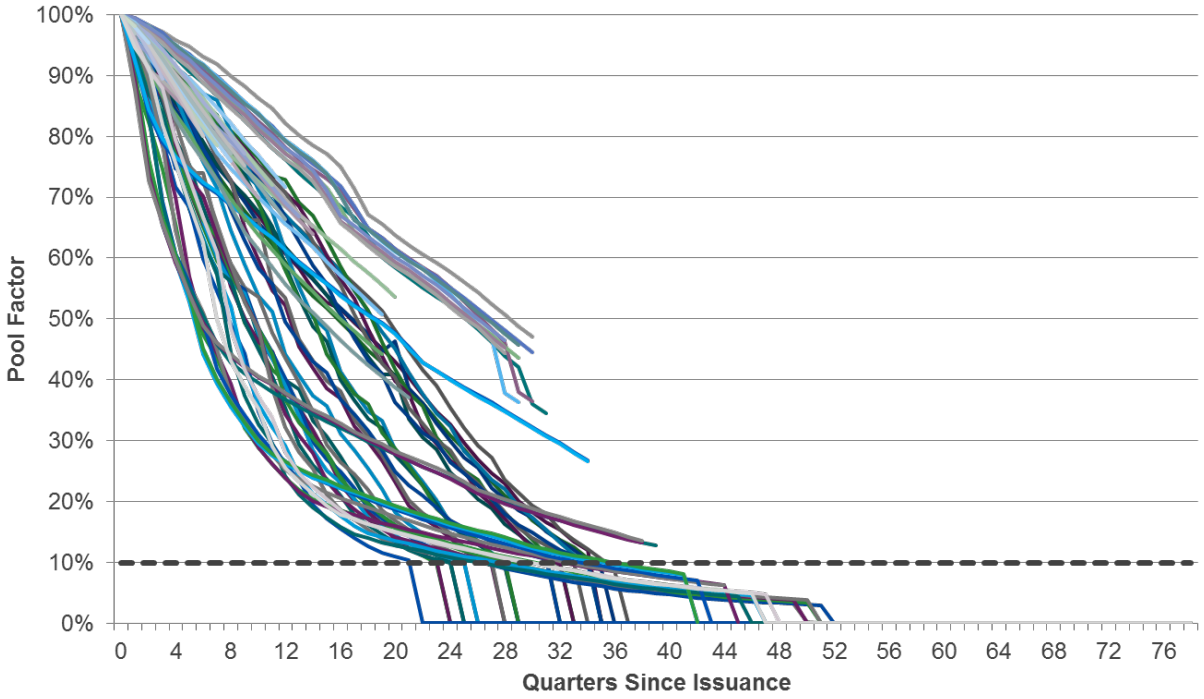


Chart 21 below shows the standard deviation of the pool factors of Navient-sponsored Non-Consolidation loan ABS trusts over time. The shaded area reflects the periods between two- and five- years from the initial projection of the pool balances. The standard deviation steadily increases through the two- to five-year period and then stabilizes. The standard deviation continues to reflect high variability through the first eight to nine years of transactions' lives and then it stabilizes. This stabilization occurs because there are a smaller number of remaining transactions and because those remaining transactions have relatively homogenous terms and performance outcomes as a result of being issued close together in time and being exposed to the same conditions throughout their lives.

Chart 21
FFELP Non-Consolidation ABS Trusts
Standard Deviation of Pool Factors
By Time Since Issuance

The trends among Consolidation loan ABS transactions are similar to the trends for the Non-Consolidation loan ABS transactions discussed above. Chart 22 below shows the pool factors across all Consolidation loan ABS transactions sponsored by Navient. Chart 23 below shows the standard deviation of the pool factors. Similar to Non-Consolidation loan ABS transactions, Consolidation loan ABS transactions show increasing variability in the first five years following issuance. Like for Non-Consolidation loans, the declining standard deviation later in time does not mean that performance predictability actually increases again. It simply means that not enough FFELP ABS transactions have reached similarly high levels of seasoning to demonstrate the existence of that variability.

Chart 22
FFELP Consolidation ABS Trusts
Pool Factors
By Trust and Time Since Issuance

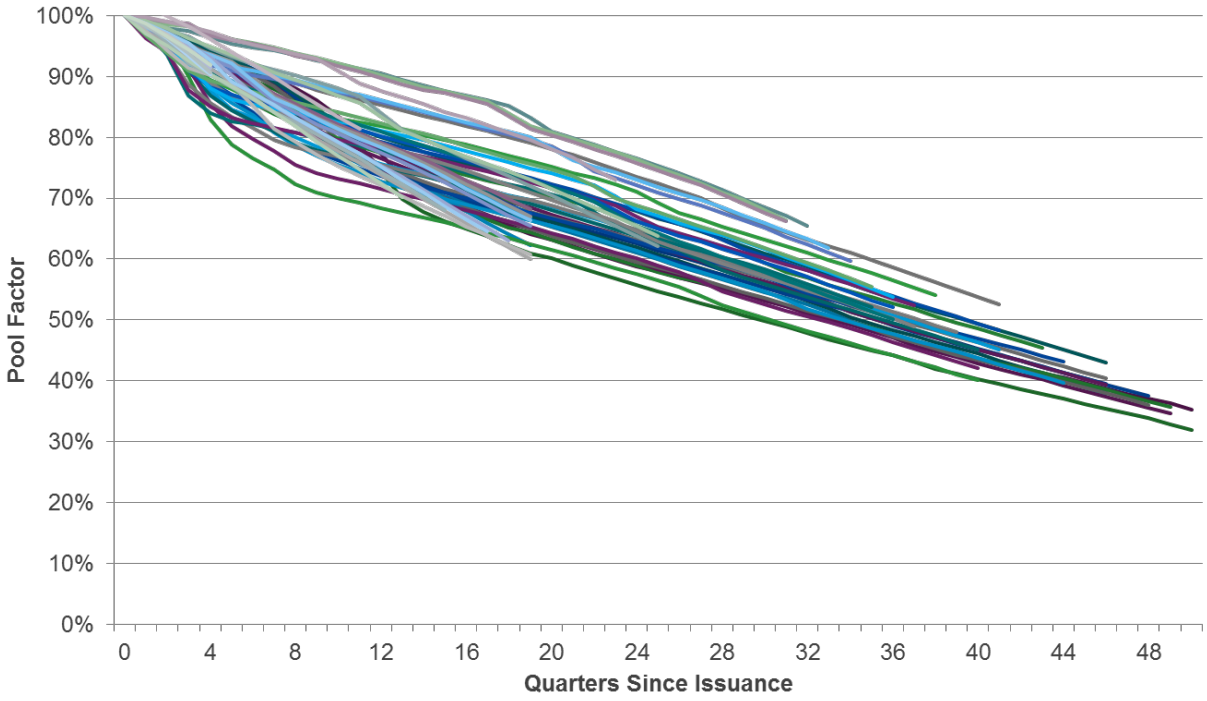
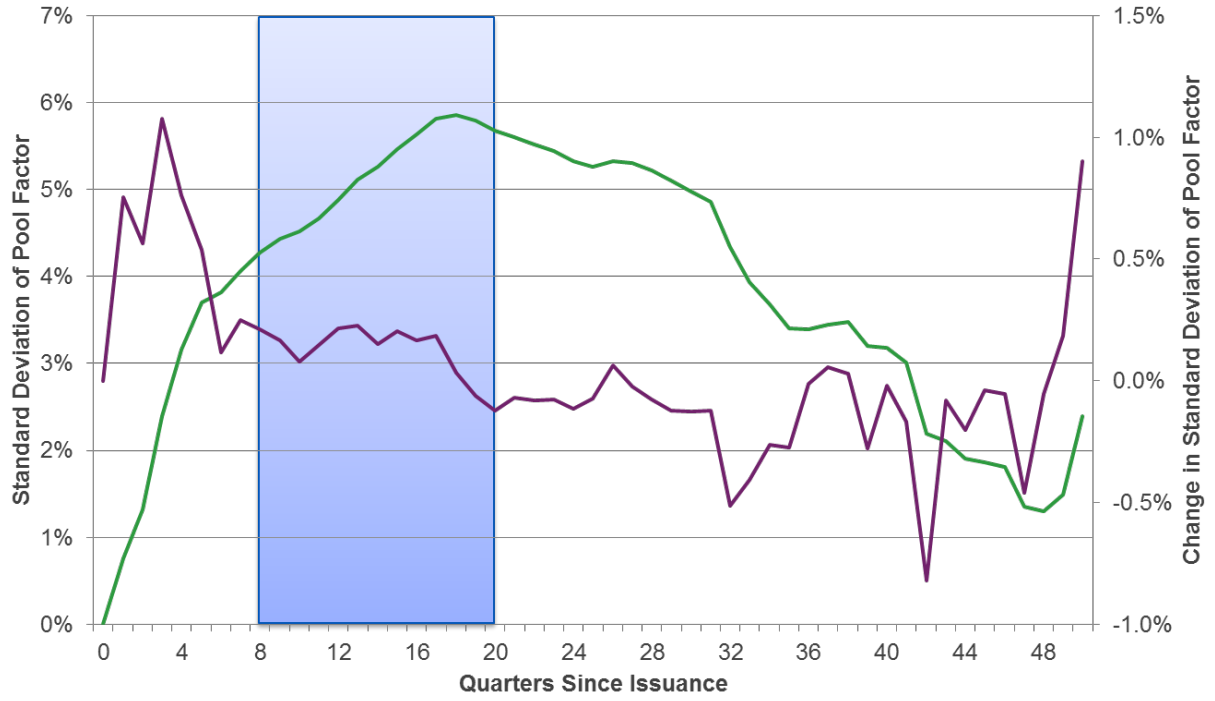


Chart 23
FFELP Consolidation ABS Trusts
Standard Deviation of Pool Factors
By Time Since Issuance



Declining performance certainty over time does not mean that robust long-term expectations of FFELP loan performance cannot be developed. However, when evaluating an individual FFELP ABS transaction's performance, it is important to note that the economic conditions at any given point in time are likely to differ from historically observed levels. Future conditions will impact the performance of FFELP ABS and, the farther out the prediction extends, the more difficult it is to precisely forecast the impacts of changing conditions. More time is often needed to observe the benefits of the tendency of FFELP loan performance trends to revert to historically typical levels.

Because the highest variability in remaining balances occurs inside five years, we believe that five years is the most appropriate point at which to introduce a higher ratings tolerance.

C. One- and Two- Category Tolerances Appropriate

The one- and two-category tolerances set forth in the proposed methodology appropriately recognize that uncertainty in performance outcome predictions increases over longer windows of time.

D. Surveillance Ratings Tolerance Should Be Capped at "AA"

As the highest credit rating available, "AAA" is associated with the "lowest expectation of default risk" and "exceptionally strong capacity for payment of financial commitments."[27] The "AAA" rating is designed to be "highly unlikely" to be adversely affected by foreseeable events.

In contrast to the "AAA" rating, a rating of "A" denotes expectations of "low" default risk and a "strong" capacity for payment of financial commitments. Fitch notes that the capacity for payment of financial commitments "may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings." The surveillance ratings tolerance allows for adverse business or economic conditions to vary in the medium and long term. As a result, we agree with Fitch that, at a minimum, the surveillance ratings tolerance is appropriate to apply in the "A" scenario.

Fitch describes the "AA" rating based on expectations of "very low" default risk, compared with "the lowest" default risk for "AAA," and "low" for "A." Similarly, Fitch describes the capacity for payment of financial commitments for a "AA" rating as "very strong," compared with "exceptionally strong" for "AAA" and "strong" for "A." Whereas a "AAA" rating is characterized as "highly unlikely" to be impacted by foreseeable events, and the "A" rating *may* be vulnerable to adverse conditions, the "AA" rating should not be "significantly vulnerable" to foreseeable events.

Outside of a five-year performance window, many events that could disrupt transaction performance are difficult to foresee. While we know and can stress for positive and negative changes in economic conditions over long periods of time, policy changes and other events are difficult or impossible to predict outside a near period. In addition, there are probable future events that would accelerate payments to a FFELP ABS trust, including loan forgiveness and borrowers exhausting their ability to use additional deferment and forbearance.

Because FFELP loans and the corresponding FFELP ABS have such long repayment lives, we believe the interpretation of "foreseeable" should encompass the possibility for deviation in performance related to distant outcomes for "AA" as well as "A" ratings. The application of the surveillance ratings tolerance for more distant outcomes is consistent with "very low" default risk associated with "AA," particularly given the government guarantee of at least 97% of principal and interest associated with FFELP loans and the back-ended catalysts for higher guarantee payments in long maturity stress scenarios.

E. Secondary Review Should Be Applied When Modeling Demonstrates Legal Final Maturity Dates Occurring After 2040

As a result of several factors, including the loan forgiveness aspect of the IBR plan, regulatory limits under the FFELP on the cumulative use of hardship deferment,

[27] Fitch Ratings. *International Issuer and Credit Rating Scales.*

servicing policy limits on the cumulative use of discretionary forbearance, and portfolio performance dynamics, there is an outside date by which the entire FFELP portfolio will have paid off, defaulted or been forgiven. Except in rare instances where a borrower remains in school for extended periods of time, the final payoff date for any FFELP loan will not extend past the year 2048.[28] Further, FFELP loans (other than those that have used in-school deferment) that are eligible for loan forgiveness will be paid off between the years 2034 and 2039.

Approximately 5.4% of our FFELP ABS trusts' loans are currently using in-school deferment. On a relative basis, the use of in-school deferment has declined by 8% over the last year and is down to half the peak level experienced at the end of 2006. Given this downward trajectory and the fact that there is no other way for a FFELP loan to be outstanding past the year 2048, any projected legal final maturity dates for outstanding FFELP ABS transactions in the 2050s and later are not supportable. Further, given the loan forgiveness element of the IBR plan and other loan performance factors, it is highly unlikely that a FFELP ABS trust would fail to pay off by its legal final maturity date after the late 2030s.

However, loan performance assumptions by their nature are difficult to set on a one-size-fits-all basis. We recognize the possibility that modeled assumptions could generate cash flow results that seem to suggest legal final maturity dates in the 2040s and later in some cases. Where this occurs, we suggest that the revised methodology should incorporate a procedure for Fitch to undertake a secondary review of the appropriateness of the assumptions and any mitigating circumstances or unusual factors related to the particular FFELP ABS transaction or bond in question. The ratings response to cash flow results should be subject to additional considerations when the modeled outcome is unreasonable or suggests that additional factors should be considered or more customized criteria should be implemented.

F. Ratings Actions Taken Close to the Five-Year Threshold Could Create Ratings Volatility

While we agree with the proposed tiered approach to ratings tolerances, we note that the proposed surveillance application methodology could result in unnecessary ratings volatility when FFELP ABS transactions are evaluated on dates occurring close to the two- or five-year thresholds. In Charts 22 and 24 above, we demonstrate that the visibility into pool amortization decreases continuously as we try to predict further into the future. However, the proposed ratings tolerance would address the variability in only two broad buckets. Although a FFELP ABS transaction with four years and nine months remaining until its legal final maturity date affords meaningfully less visibility into its future performance than a transaction with slightly over two years remaining until maturity, their ratings will be approached in the same manner under the proposed surveillance application methodology.

[28] Stafford loans cannot extend past the year 2048. Consolidation loans may extend past the year 2048 only if they (a) enroll in the IBR plan in the future, (b) have not used hardship deferment or IBR in the past, (c) do not elect Expedited Standard option, and (d) do not otherwise pay off.

Fitch maintains both a ratings level and a ratings outlook. If a cash flow modeling outcome is a near miss at a duration less than the five-year cutoff for application of the surveillance tolerance, it may be appropriate to continue to employ the higher surveillance rating tolerance with respect to the rating and act via the outlook alone until further clarity can be achieved. We suggest that the following factors should be considered in determining ratings actions:

1) Is the time to maturity within one year of the five-year threshold at which the surveillance tolerance changed?

2) Is there a meaningful likelihood that trends will continue such that the forecasted final payment date will drift further from the legal final maturity date?

3) Is there uncertainty or are there potential meaningful positive catalysts that could move the forecast final payment date back closer to the legal final maturity date?

If the answer to the first question is yes, and either question 2 or 3 suggests that future performance remains uncertain, we suggest Fitch should continue to employ the two-rating-category tolerance and change the outlook to negative, pending additional performance clarity. We note that it has long been part of Fitch's methodology that the cash flow outcome alone does not dictate the rating. Instead, the cash flow outcome is a key input to the ratings committee decision-making process. Our proposed approach would provide a useful framework to better define the approach to the committee's qualitative consideration.

CONCLUDING REMARKS

We thank Fitch for considering these comments and for providing transparency regarding your methodology. Should you have questions, please contact me, Mark Rein or Wendy Zorick.

Sincerely,

Stephen O'Connell
Senior Vice President & Treasurer
Navient Corporation

Appendix A

OVERVIEW OF FFELP LOANS

Throughout our comment letter, we refer to a number of key features of FFELP loans, including the nature of the government guarantee and the various types of FFELP loans. We also refer to FFELP loans on the basis of their loan status or their participation in income-driven repayment plans. In this Appendix A, we provide a high-level overview of the key features of the FFELP relevant to this comment letter and to the proposed methodology. For additional information about the FFELP, please refer to the Common Manual.[29]

A. Federal Guaranty

A FFELP loan is a loan originated under the Federal Family Education Program (the "*FFELP*"), which was established under Title IV of the Higher Education Act of 1965. Under the FFELP, loans were extended to students enrolled in eligible institutions, or to parents of dependent students, to finance their education costs. In addition to the FFELP, the Department of Education has a separate student loan program called the Direct Loan program but loans originated under that program are not FFELP loans and they are never included in FFELP ABS.

Under the FFELP, student loans originated by eligible private lenders were guaranteed by designated state agencies and other not-for-profit organizations and reinsured by the federal government.

Notwithstanding the fact that the FFELP was terminated as of July 1, 2010 and no FFELP loans have been originated since that time, outstanding FFELP loans retain their federal guarantee.

Payment of principal and interest on the FFELP loans is guaranteed against: (a) default of the borrower; (b) death, bankruptcy or permanent, total disability of the borrower; (c) closing of the borrower's school prior to the end of the academic period; (d) false certification by the borrower's school of his eligibility for the loan; and (e) an unpaid school refund.

FFELP loans are insured as to 100% of principal and accrued interest against death or discharge. FFELP loans are also insured against default at a percentage of 97% to 100% based on the date of disbursement of the FFELP loan.

[29] First published in December 1995, the Common Manual is a cooperative effort of the nation's guarantors that participate in the FFELP. The manual is a resource created and maintained by guarantors to simplify and streamline the federal rules and regulations for the FFELP, and provides single, standardized policy guidance for schools and lenders.

B. Types of FFELP Loans

Five types of FFELP loans were authorized under the Higher Education Act: (1) subsidized Stafford Loans to students who demonstrate requisite financial need; (2) unsubsidized Stafford Loans to students who either do not demonstrate financial need or require additional loans to supplement their Subsidized Stafford Loans; (3) loans to parents of dependent undergraduate students whose estimated costs of attending school exceed other available financial aid; (4) loans to parents of dependent graduate students whose estimated costs of attending school exceed other available financial aid; and (5) Consolidation Loans, which consolidate into a single loan a borrower's obligations under various federally authorized student loan programs.

In this comment letter, (a) the loans identified in clause (1) and (2) above are collectively referred to as "*Stafford loans*"; (b) Stafford loans and the loans identified in clauses (3) and (4) above are collectively referred to as "*Non-Consolidation loans*"; and (c) the loans identified in clause (5) above are referred to as "*Consolidation loans*."

99% of Stafford Loans will have entered repayment by the end of 2015 and all Consolidation loans entered repayment before or during 2008.

C. FFELP Loan Statuses

Under the FFELP, each loan is characterized in one of five loan statuses: (1) in-school, (2) grace, (3) repayment, (4) deferment or (5) forbearance.

1. In-School: The in-school status applies to a FFELP borrower for the initial period during which the borrower is enrolled in school at least half-time. During this time, the borrower is not obligated to make payments with respect to the FFELP loan.

2. Grace: The grace status is a period during which the FFELP borrower is not obligated to make payment on the FFELP loan. The grace status is intended to provide the student borrower with time after school to find employment and prepare to repay the FFELP loan.

3. Repayment: The repayment status is a period during which the FFELP borrower is obligated to make scheduled loan payments.

4. Deferment: Deferment is a status available to FFELP borrowers to help them meet their loan repayment obligations. Once the repayment period has begun, the borrower is entitled to defer payments on a FFELP loan when applicable eligibility criteria are met.

The circumstances that establish a FFELP borrower's eligibility for a deferment status are when the borrower is: (a) enrolled in school at least half-time; (b) enrolled in an approved graduate fellowship program or rehabilitation program; (c) seeking, but unable

to find, full-time employment; (e) experiencing economic hardship; or (e) in active or post-active military service.

The cumulative use limit for a deferment status depends on the type of deferment. There is no limit for school or military service deferments. However, under the FFELP, all other deferments are considered hardship deferments and are limited to 36 months of cumulative use.

5. Forbearance: Forbearance is a status available to FFELP borrowers to help them meet their loan repayment obligations. By granting a forbearance status, a servicer permits a temporary cessation of payments, allows an extension of time for making payments, or temporarily accepts smaller payments than were previously scheduled.

Today, a forbearance status is most often granted when a deferment status or participation in an Income-Driven Repayment (IDR) program is not available to the borrower, the borrower's hardship is considered temporary, or when IDR payments still pose a financial hardship for the borrower.

There are four types of forbearance available to FFELP borrowers:

1. Administrative Forbearance: Administrative forbearance is granted for payments of principal and interest that are overdue or would be due in circumstances including, but not limited to, a bankruptcy filing, closed school or false certification, identity theft, or to cover periods of delinquency before or after an authorized deferment or forbearance status.

2. Discretionary Forbearance: Discretionary forbearance is given where the borrower intends to repay the FFELP loan but cannot make payments in the short term as a result of economic hardship, health concerns or other acceptable reasons. As the name suggestions, this type of forbearance status is granted at the discretion of the servicer.

3. Mandatory Administrative Forbearance: Under the FFELP, a servicer must grant a mandatory administrative forbearance in cases such as in a national emergency, for military mobilization, or for borrowers in a designated disaster area. Mandatory administrative forbearance does not require a request from the borrower.

4. Mandatory Forbearance: Upon receiving a FFELP borrower's request and documentation required to support the borrower's eligibility, a servicer must grant a mandatory forbearance status in situations including, but not limited to, medical or dental internship or residency, active military state duty as a member of the National Guard, or the Department of Defense Student Loan Repayment Program. The servicer must grant a mandatory forbearance upon the borrower's request.

Like for deferments, the cumulative use limits for forbearance depends on the forbearance type. Under the FFELP, there is no cumulative use limit for discretionary forbearance or for most mandatory forbearance statuses. The cumulative use limit for most types of administrative forbearance varies between 60 and 120 days. Other types of administrative forbearance, such as internship or residency forbearance, extend for the entire duration that the borrower is experiencing the eligible condition. As described more fully in Section III.C.3(b)(ii) of the comment letter, Navient's servicing policy is to limit the cumulative use of discretionary forbearance to 60 months with limited exceptions.

D. Income-Driven Repayment Programs

The Income-Driven Repayment (IDR) program are available to assist FFELP borrowers by setting their monthly loan payment at an amount that is intended to be affordable based on the borrower's income and family size. A FFELP borrower's enrollment in the IDR program determines the amount of the borrower's monthly loan payment regardless of loan status. In other words, IDR is not a loan status but instead is a repayment program that a FFELP loan of any loan status can enroll in.

There are two IDR plans available in the FFELP: (1) Income-Sensitive Repayment (ISR); and (2) Income-Based Repayment (IBR).

1. Income-Sensitive Repayment

ISR has been available under the FFELP since 1995. Where the FFELP borrower's income is insufficient to repay the FFELP loan over a maximum repayment period, the borrower can designate a monthly payment amount between 4% and 25% of his or her monthly income, so long as the payment is sufficient to cover interest payments. If this payment amount does not amortize the FFELP loan over its maximum term, the servicer can grant up to five years of reduced payment forbearance in order to amortize the FFELP loan fully. The borrower must re-certify income annually to continue to make reduced payments under the ISR plan, and there is no loan forgiveness associated with the ISR plan. ISR comprises approximately 5% of current IDR program usage.

2. Income-Based Repayment

The remaining 95% of current IDR program usage is made up of FFELP loans in the IBR plan. The IBR plan has been available to FFELP borrowers since July 1, 2009 and provides for payments to be capped based on the borrower's adjusted gross income.

(a) Partial Financial Hardship

Loans enter IBR based on the presence of a Partial Financial Hardship ("*PFH*"). A PFH is present when the loan payment calculated under the IBR formula is lower than the loan's stated payment amount. The IBR payment is set at 15% of the difference

between the borrower's adjusted gross income and one-and-a-half times the poverty guideline for the borrower's family size and state; with the preceding quantity divided by 12. Borrowers must reapply annually to certify that they still meet the criteria for reduced payments under the PFH period of the IBR plan. Parent PLUS loans are not eligible for an IBR plan.

During the PFH period of the IBR plan, subsidized loans will receive subsidy payments for up to three consecutive calendar years of PFH enrollment. Interest capitalization occurs when FFELP loans transition out of the PFH period; there is no interest capitalization during the PFH period.

(b) *IBR Repayment Plans*

FFELP borrowers who are no longer eligible for the PFH period may transition to one of two repayment alternatives. If borrowers do not elect otherwise, their FFELP loans will transition to the "Permanent Standard" repayment period. When a loan exits the PFH period and enters the Permanent Standard period, interest capitalizes and a new payment is determined. The payment is equal to an amortizing payment based on (i) the balance that originally entered the PFH period, (ii) the loan's interest rate, and (iii) a 120-month term. Once the payment amount has been determined, the remaining term will equal the number of months required to fully amortize the FFELP loan at the determined payment amount. Because the balance exiting the PFH period could exceed the balance that originally entered in the PFH period, the term required to amortize the FFELP loan could exceed 120 months.

The other possible repayment option under IBR is called the "Expedited Standard" repayment period. A FFELP borrower can enter an Expedited Standard phase at any time after the PFH period, including from a Permanent Standard phase. Under the Expedited Standard phase, the borrower leaves the IBR plan altogether. When the borrower opts for Expedited Standard, the remaining term of the FFELP loan is reset to the original contractual term, minus payments made to date (including payments made during the PFH and any Permanent Standard periods).

(c) Loan Forgiveness

FFELP loans that have been enrolled in an IBR plan at any point in their lifetime are eligible for loan forgiveness after the later of 25 years following the qualification date and 25 years of qualifying payments made. When a FFELP loan is forgiven, the principal balance of the FFELP loan is reduced to zero and the guarantor provides reimbursement of 100% of outstanding principal and interest on the FFELP loan.

Qualification Date: The qualification date for measuring whether 25 years has passed under the loan forgiveness program is: (a) the date of the first payment (based on 120-month amortization) or the date of economic hardship since July 1, 2009; or (b) for loans with no payments or deferments, the date of first enrollment in the IDR plan.

Qualifying Payments: Payments that accrue toward loan forgiveness include: (a) all payments made while the FFELP loan was in a PFH period or a Permanent Standard period of the IBR plan; (b) any other payments made under a 10-year repayment term; (c) payment dates that occur while the FFELP loan is in a hardship deferment status (*i.e.*, including periods where the calculated payment is zero).

Appendix B

DATA METHODOLOGY

Throughout our comment letter, we provide data to support our comments. The methodology for presenting this data is described in this Appendix B.

Unless otherwise noted, the data reflect Navient-serviced FFELP loans that are owned by Navient or by a Navient-sponsored securitization trust. The data set forth in Appendix C to the comment letter are presented as of June 30, 15. All other data is presented as of September 30, 2015. The data do not include Navient-owned FFELP loans that are serviced by third parties, even where Navient acts as the master servicer for those FFELP loans in connection with a securitization trust.

The FFELP loans included in this data were originated prior to the end of the FFELP program on June 30, 2010 and most were originated prior to June 2008. Since July 1, 2010, all federal student loans are made directly by the Department of Education and serviced by companies including Navient. Loans serviced under Navient's contract with the Department of Education are not included in this data.

Vintage refers to the year in which FFELP loans entered repayment for the first time. Vintage-based amortization analysis included in the data presented in this comment letter is limited to FFELP loans that were present in the Navient-serviced portfolio for their full repayment lives and exclude loans that were acquired by Navient after initially entering repayment.

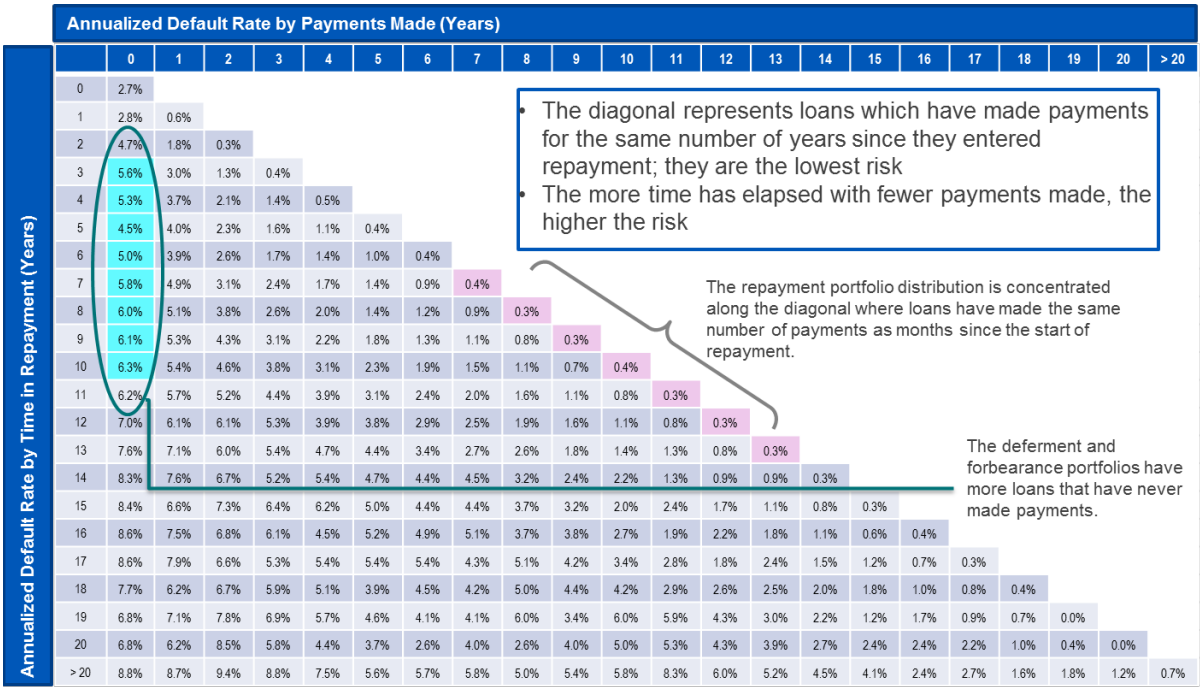
Each FFELP ABS trust sponsored by Navient is backed by a discrete pool of FFELP loans. The data in this comment letter may not necessarily be reflective of the performance of the FFELP loans owned by a particular FFELP ABS trust.

Appendix C

LOAN PERFORMANCE DATA

Table 1 below demonstrates average annualized default performance over a four-year period.

Table 1
Risk Profile of Loans in Deferment and Forbearance



	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	> 20
0	2.7%																					
1	2.8%	0.6%																				
2	4.7%	1.8%	0.3%																			
3	5.6%	3.0%	1.3%	0.4%																		
4	5.3%	3.7%	2.1%	1.4%	0.5%																	
5	4.5%	4.0%	2.3%	1.6%	1.1%	0.4%																
6	5.0%	3.9%	2.6%	1.7%	1.4%	1.0%	0.4%															
7	5.8%	4.9%	3.1%	2.4%	1.7%	1.4%	0.9%	0.4%														
8	6.0%	5.1%	3.8%	2.6%	2.0%	1.4%	1.2%	0.9%	0.3%													
9	6.1%	5.3%	4.3%	3.1%	2.2%	1.8%	1.3%	1.1%	0.8%	0.3%												
10	6.3%	5.4%	4.6%	3.8%	3.1%	2.3%	1.9%	1.5%	1.1%	0.7%	0.4%											
11	6.2%	5.7%	5.2%	4.4%	3.9%	3.1%	2.4%	2.0%	1.6%	1.1%	0.8%	0.3%										
12	7.0%	6.1%	6.1%	5.3%	3.9%	3.8%	2.9%	2.5%	1.9%	1.6%	1.1%	0.8%	0.3%									
13	7.6%	7.1%	6.0%	5.4%	4.7%	4.4%	3.4%	2.7%	2.6%	1.8%	1.4%	1.3%	0.8%	0.3%								
14	8.3%	7.6%	6.7%	5.2%	5.4%	4.7%	4.4%	4.5%	3.2%	2.4%	2.2%	1.3%	0.9%	0.9%	0.3%							
15	8.4%	6.6%	7.3%	6.4%	6.2%	5.0%	4.4%	4.4%	3.7%	3.2%	2.0%	2.4%	1.7%	1.1%	0.8%	0.3%						
16	8.6%	7.5%	6.8%	6.1%	4.5%	5.2%	4.9%	5.1%	3.7%	3.8%	2.7%	1.9%	2.2%	1.8%	1.1%	0.6%	0.4%					
17	8.6%	7.9%	6.6%	5.3%	5.4%	5.4%	5.4%	4.3%	5.1%	4.2%	3.4%	2.8%	1.8%	2.4%	1.5%	1.2%	0.7%	0.3%				
18	7.7%	6.2%	6.7%	5.9%	5.1%	3.9%	4.5%	4.2%	5.0%	4.4%	4.2%	2.9%	2.6%	2.5%	2.0%	1.8%	1.0%	0.8%	0.4%			
19	6.8%	7.1%	7.8%	6.9%	5.7%	4.6%	4.1%	4.1%	6.0%	3.4%	6.0%	5.9%	4.3%	3.0%	2.2%	1.2%	1.7%	0.9%	0.7%	0.0%		
20	6.8%	6.2%	8.5%	5.8%	4.4%	3.7%	2.6%	4.0%	2.6%	4.0%	5.0%	5.3%	4.3%	3.9%	2.7%	2.4%	2.4%	2.2%	1.0%	0.4%	0.0%	
> 20	8.8%	8.7%	9.4%	8.8%	7.5%	5.6%	5.7%	5.8%	5.0%	5.4%	5.8%	8.3%	6.0%	5.2%	4.5%	4.1%	2.4%	2.7%	1.6%	1.8%	1.2%	0.7%

In Table 1:

- The left-hand axis shows the number of years since loans first entered repayment, and the top axis shows the number of years of payments made on the loans.
- The diagonal from left to right represents default performance for loans that have made the same number of payments as they have spent time since entering repayment. These loans are the lowest risk, with average annualized default rates for the segments with the largest portfolio volume generally around 0.3-0.4% per year.
- Reading down the left-hand axis of the matrix gives the average annualized default rate for loans that have never made a payment. The longer the time a borrower has been in repayment without payment demonstration, the higher potential for some loans to default.

- Reading from left to right on the chart, the more payments a loan has made in any given category of time since repayment began, the lower the risk of the loan.

The use of deferment and forbearance causes divergence between the amount of time since borrowers entered repayment and the number of payments they have made. The larger this divergence, the longer borrowers have been struggling to make payments and the higher the risk that some of those borrowers will default.

Tables 2 through 4 below show the distribution of the repayment, deferment and forbearance portfolios across time in repayment and payments made. Darker shaded segments show the highest concentrations of volume. Whereas 24% of the repayment portfolio has made the same number of payments as they have time since entering repayment, only 1% of the current deferment and forbearance populations are part of this segment. On the other hand, while only 9% of the loans currently in repayment have never made a payment, approximately 37% of loans in deferment and forbearance have never made a payment.

Table 2
Distribution of Loans in Repayment
Time in Repayment vs. Payments Made

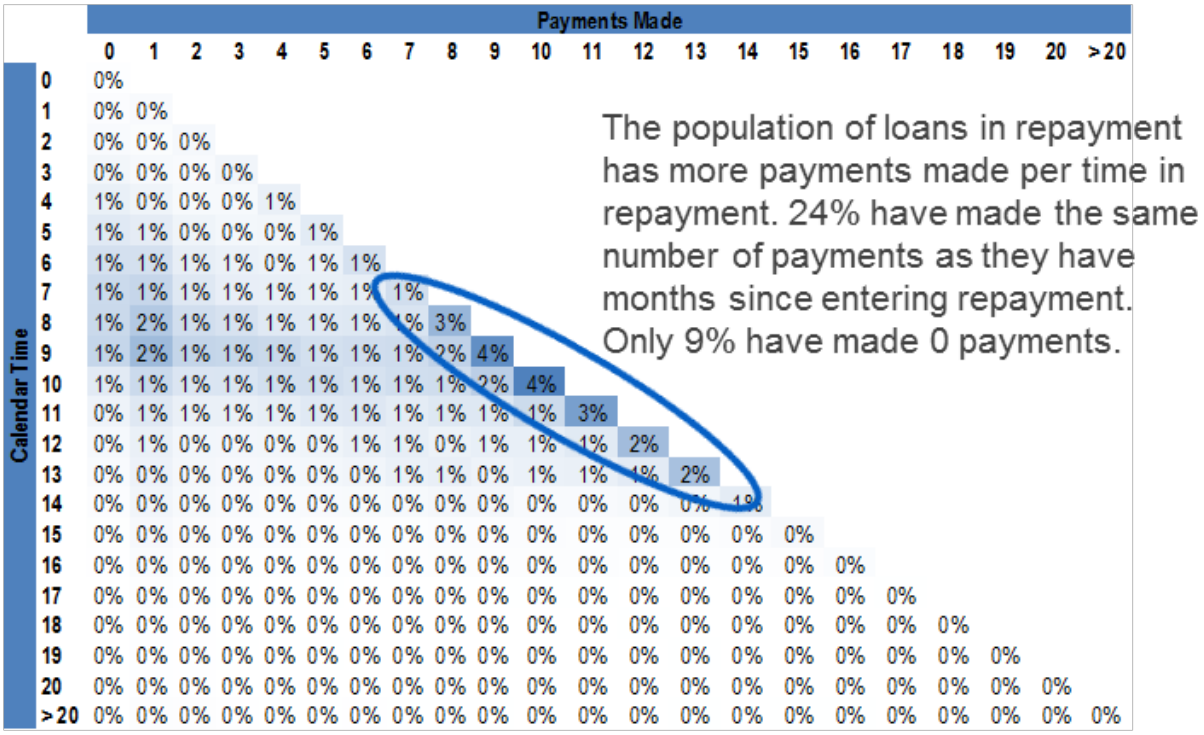
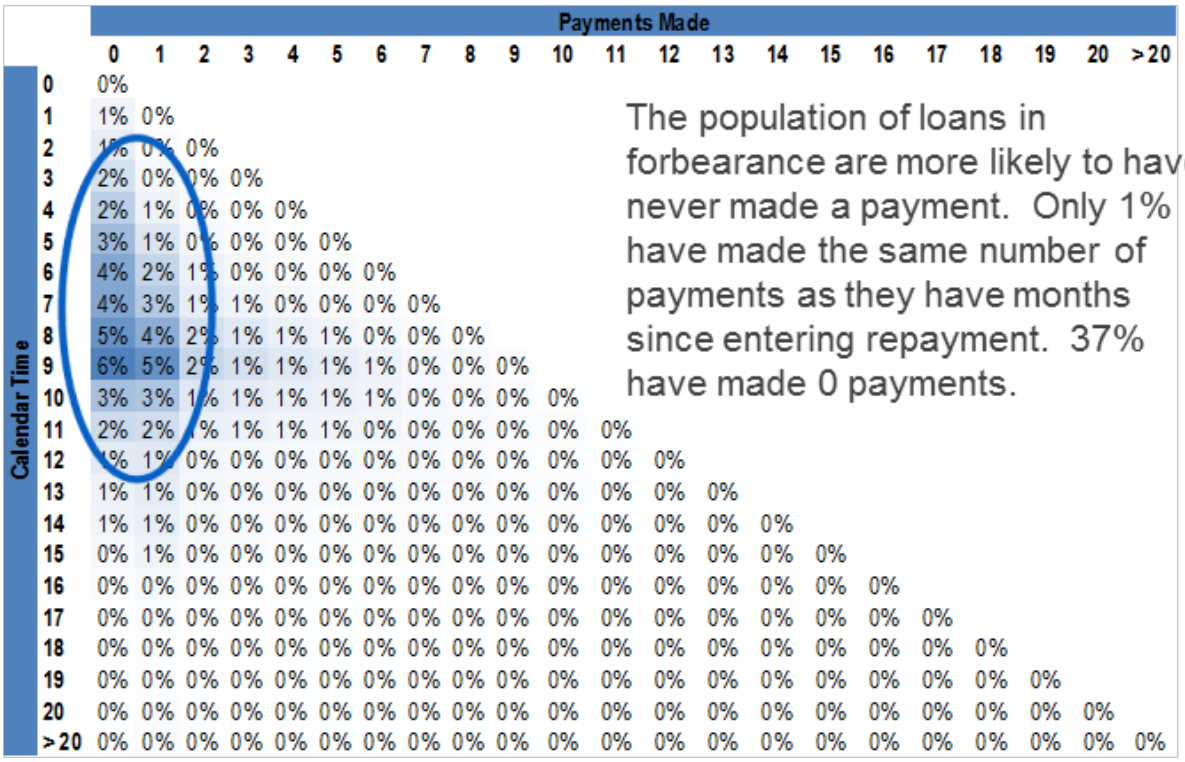


Table 3
Distribution of Loans in Deferment
Time in Repayment vs. Payments Made

Calendar Time	Payments Made																					
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	>20
0	0%																					
1	1%	0%																				
2	1%	0%	0%																			
3	2%	0%	0%	0%																		
4	2%	1%	0%	0%	0%																	
5	3%	1%	0%	0%	0%	0%																
6	4%	2%	1%	1%	0%	0%	0%															
7	5%	2%	1%	1%	1%	0%	0%	0%														
8	5%	3%	2%	1%	1%	1%	1%	0%	0%													
9	6%	5%	2%	1%	1%	1%	1%	1%	0%	0%												
10	3%	3%	1%	1%	1%	1%	1%	1%	0%	0%	0%											
11	3%	2%	1%	1%	1%	1%	0%	0%	0%	0%	0%	0%										
12	1%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%									
13	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%								
14	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%							
15	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%						
16	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
17	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%				
18	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%			
19	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		
20	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
>20	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

The population of loans in deferment are more likely to have never made a payment. Only 1% have made the same number of payments as they have months since entering repayment. 37% have made 0 payments.

Table 4
Distribution of Loans in Forbearance
Time in Repayment vs. Payments Made



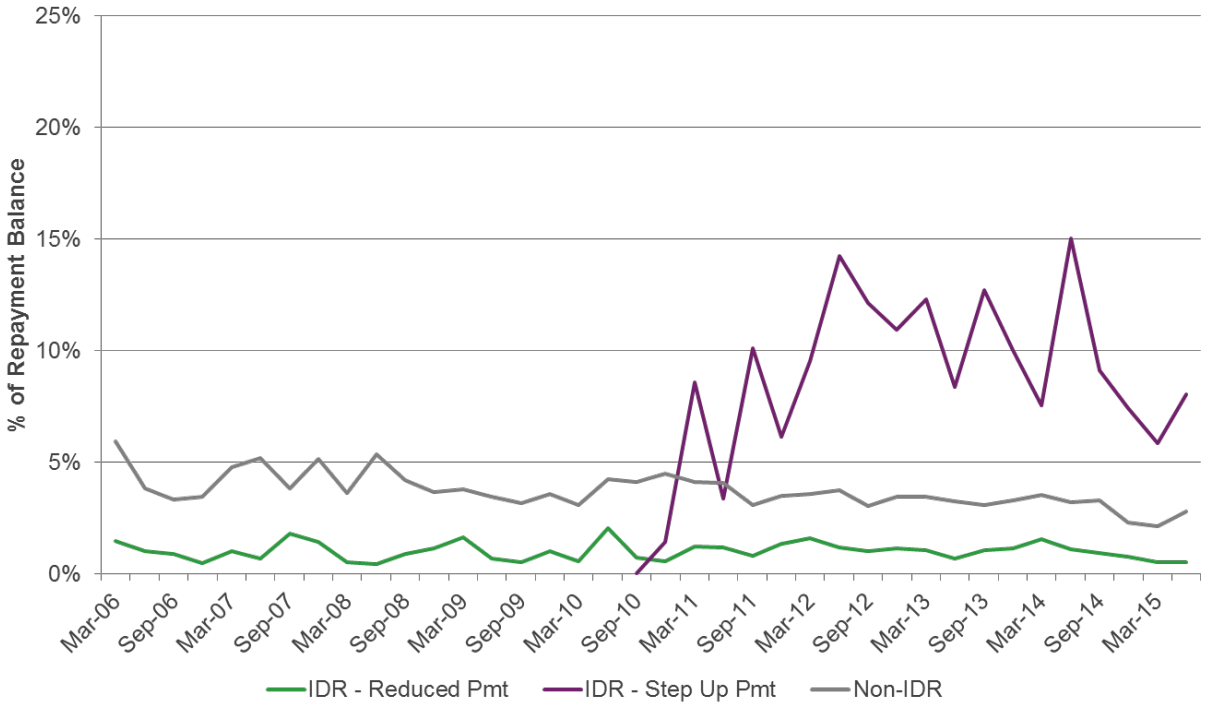
Calendar Time	Payments Made																					
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	>20
0	0%																					
1	1%	0%																				
2	1%	0%	0%																			
3	2%	0%	0%	0%																		
4	2%	1%	0%	0%	0%																	
5	3%	1%	0%	0%	0%	0%																
6	4%	2%	1%	0%	0%	0%	0%															
7	4%	3%	1%	1%	0%	0%	0%	0%														
8	5%	4%	2%	1%	1%	1%	0%	0%	0%													
9	6%	5%	2%	1%	1%	1%	1%	0%	0%	0%												
10	3%	3%	1%	1%	1%	1%	1%	0%	0%	0%	0%											
11	2%	2%	1%	1%	1%	1%	0%	0%	0%	0%	0%	0%										
12	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%									
13	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%								
14	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%							
15	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%						
16	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%					
17	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%				
18	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%			
19	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		
20	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
>20	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

The population of loans in forbearance are more likely to have never made a payment. Only 1% have made the same number of payments as they have months since entering repayment. 37% have made 0 payments.

Multiplying the portfolio distribution in Tables 2 through 4 by the risk expectations in Table 1 results in different weighted average implied annualized default rates for the portfolio by loan status. The weighted average annualized default rate for loans in a repayment status is 2.2%. The weighted average annualized default rate for the loans in deferment status is 3.7% and for loans in forbearance status is 3.8%.

For the oldest FFELP loans in the IDR program, the delinquency and default rates for FFELP loans that have exited the reduced payment phase are higher than the delinquency and default rates for FFELP loans that are making reduced payments or otherwise are not in an IDR plan (Chart 1).

Chart 1
Annualized Default Rate
IDR Statuses vs. Rest of Vintage
2004 Repayment Vintage

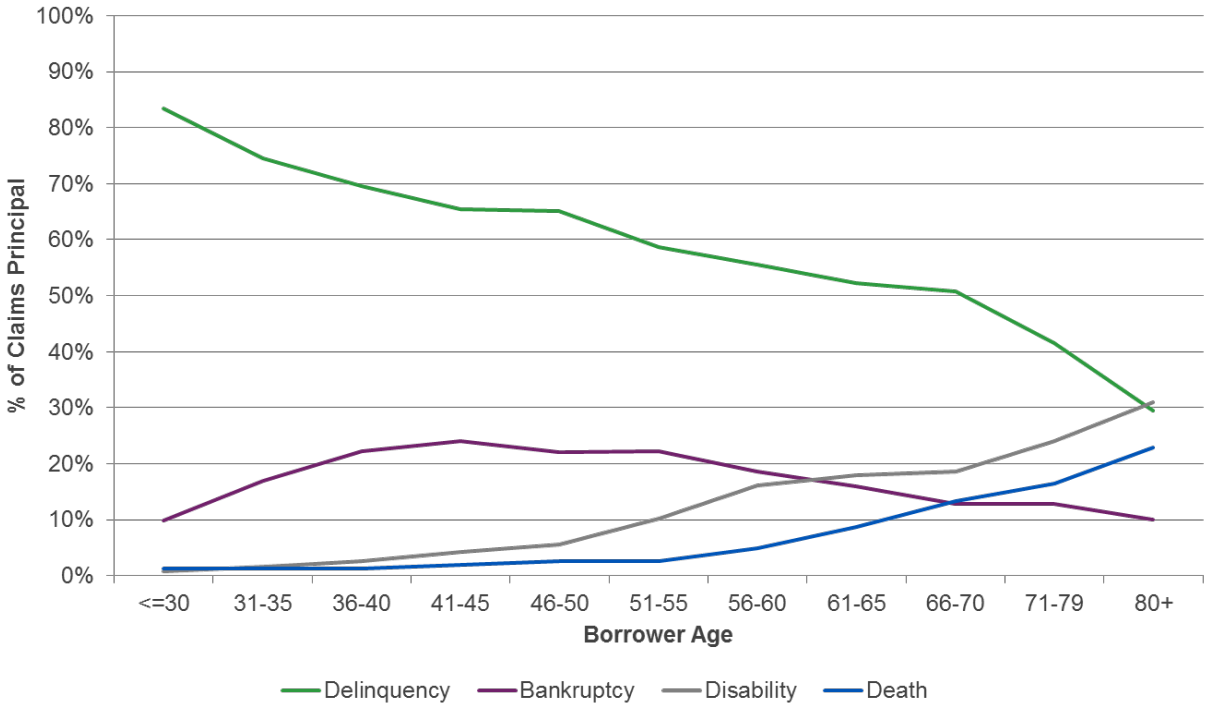


In contrast, borrowers that are newer to repayment show fewer defaults upon transition out of the reduced payment phase of the IDR program (Chart 2). One reason to explain this is that borrowers are typically enrolled in the IDR program to provide relief during the transition between school and employment.

Chart 2
Annualized Default Rate
IDR Statuses vs. Rest of Vintage
2010 Repayment Vintage

As borrowers age, death and disability claims will increase as a proportion of total claims (Chart 3).

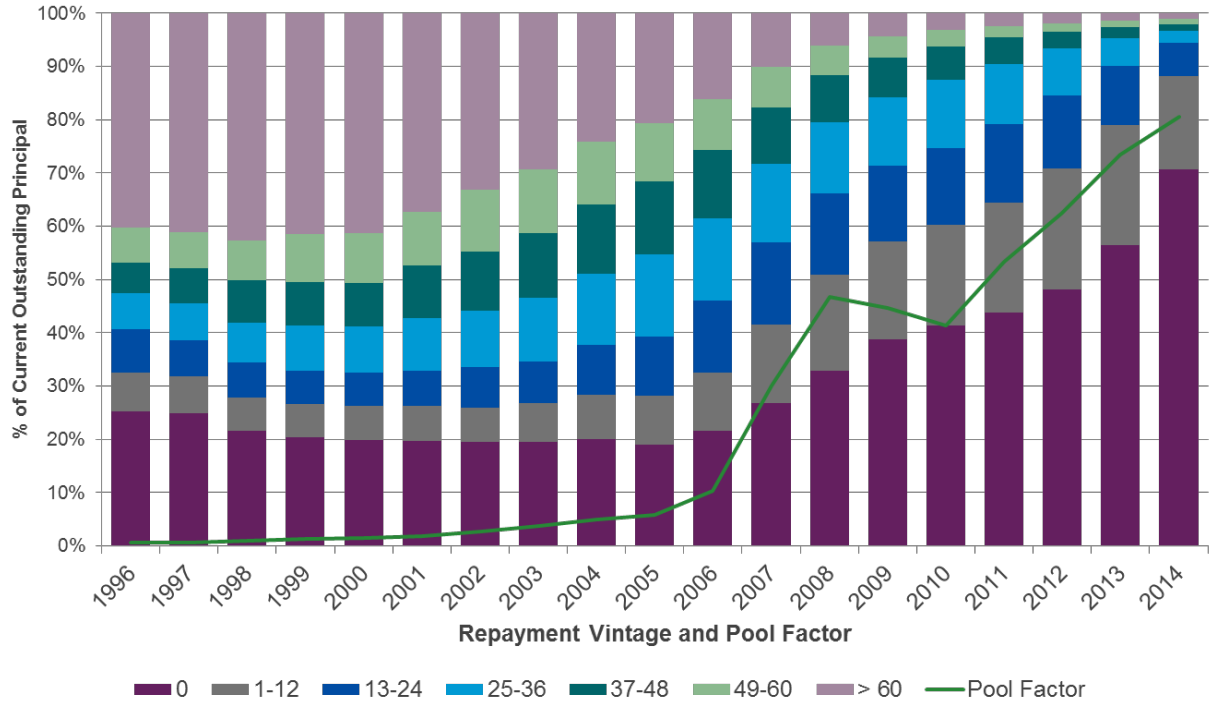
Chart 3
Claims Filed by Claim Type and Borrower Age



DEFERMENT AND FORBEARANCE DATA

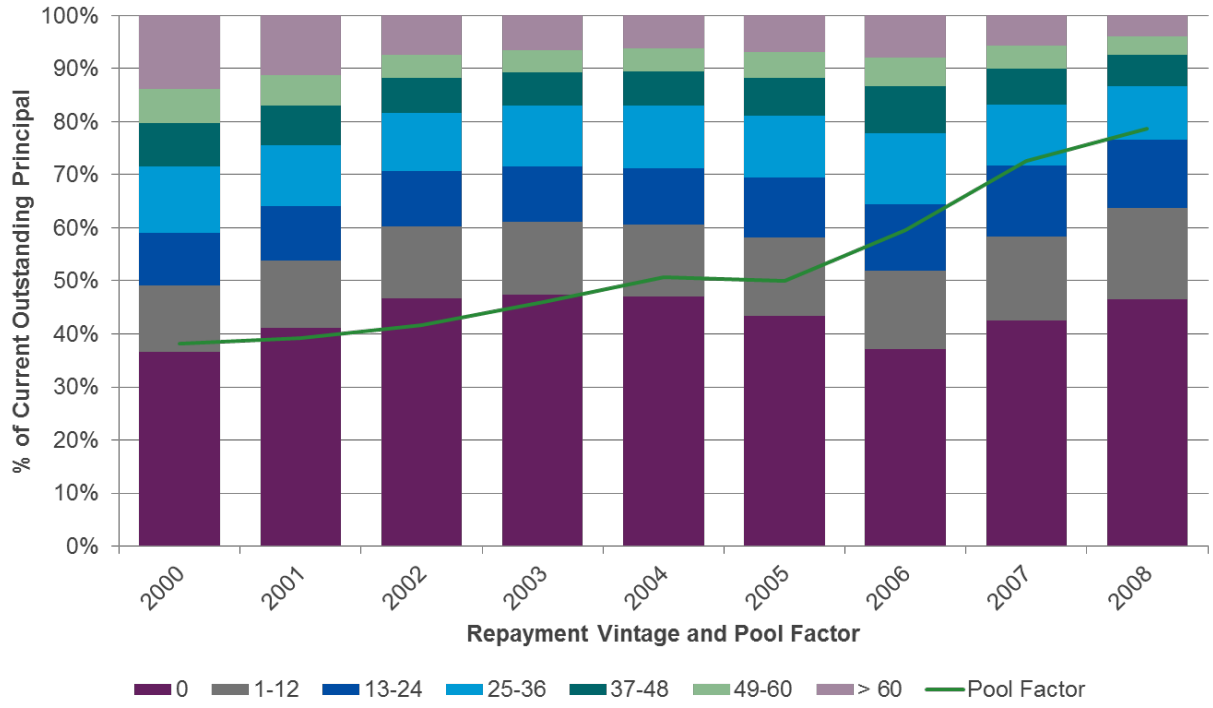
Charts 4 and 5 below demonstrate the distribution of deferment used by repayment vintage for Stafford and Consolidation loans, respectively. Among the remaining Stafford loans that entered repayment prior to 2006, approximately 20% of those loans have never used deferment. While 30% of remaining Stafford loans that entered repayment prior to 2006 have used more than 60 months of deferment, the average pool factor of these vintages is 3% and these loans are likely to have reached or be near the limit on future hardship deferment usage.[30]

Chart 4
Outstanding Stafford Loans by Vintage
Loans Remaining in Portfolio (Not Paid Off)
Distribution of Cumulative Deferment Months Used



[30] The pool factor is defined as the aggregate remaining outstanding principal balance of the FFELP loans in a repayment vintage, expressed as a percentage of the aggregate principal balance of the FFELP in that repayment vintage at the beginning of repayment.

Chart 5
Outstanding Consolidation Loans by Vintage
Loans Remaining in Portfolio (Not Paid Off)
Distribution of Cumulative Deferment Months Used



Consolidation loans are less likely than Stafford loans to have used deferment and usage is more consistent across vintages of Consolidation loans. Across all Consolidation loan vintages, 43% of loans remaining have never used deferment and 7% have used more than 60 months of deferment. However, the older Consolidation loans are still progressing towards the cumulative use limit for hardship deferment.

Charts 6 and 7 below demonstrate the distribution of forbearance usage by repayment vintage for Stafford and Consolidation loans, respectively. Similar to deferment, loans remaining in older vintages are more likely to have used forbearance than newer vintages. Remaining Consolidation loans are less likely to have used forbearance than remaining Stafford loans.

Chart 6
Outstanding Stafford Loans by Vintage
Loans Remaining in Portfolio (Not Paid Off)
Distribution of Cumulative Hardship Forbearance Months Used

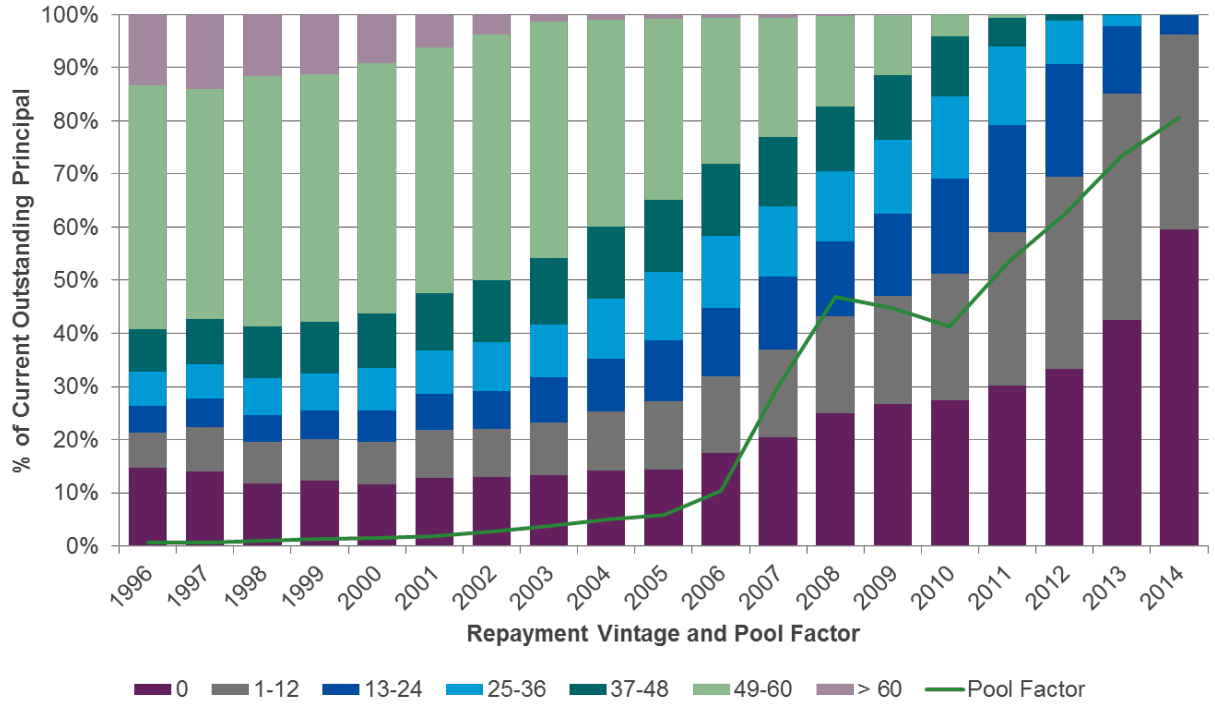
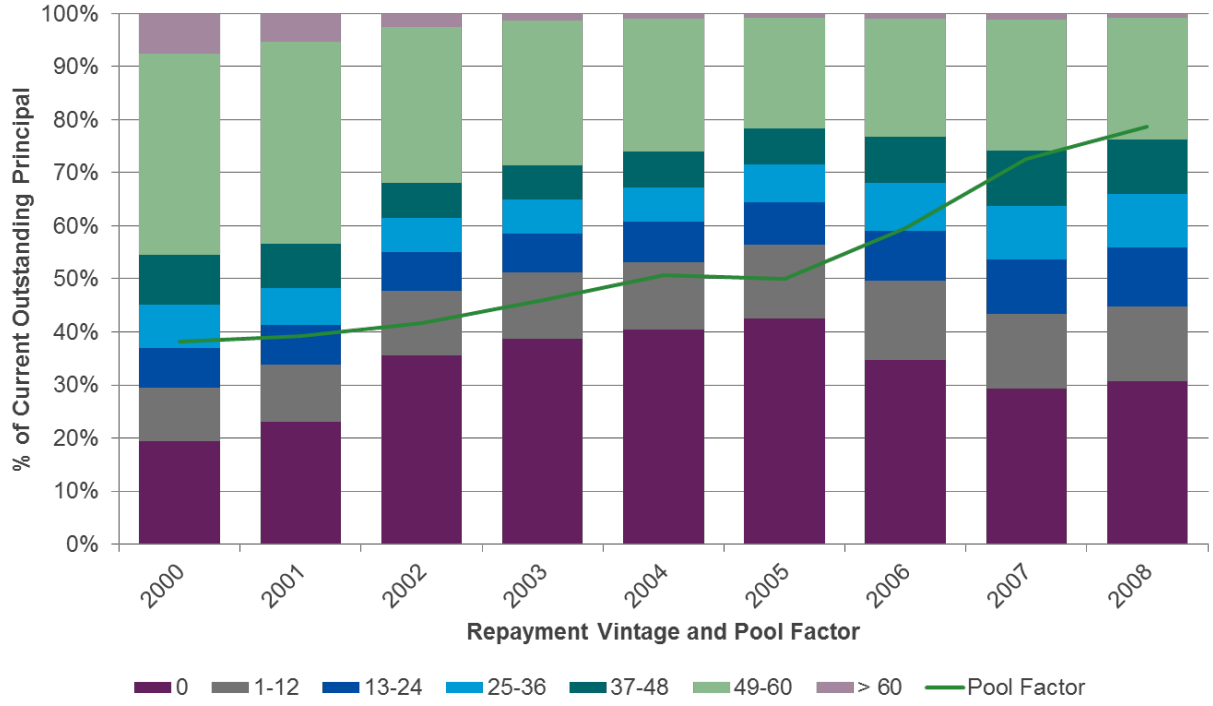


Chart 7
Outstanding Consolidation Loans by Vintage
Loans Remaining in Portfolio (Not Paid Off)
Distribution of Cumulative Discretionary Forbearance Months Used



Navient's servicing policy is to limit one type of forbearance - discretionary forbearance - to no more than 60 months on a cumulative basis.[31] Exceptions are limited and are applied on a case by case basis. Charts 19 and 20 above demonstrate that approximately 1.2% of the loans remaining in the Stafford and Consolidation loan portfolios have used more than 60 months of discretionary forbearance. Of that 1.2% of loans, nearly 60% had a cumulative discretionary forbearance usage of 61 months and 97% had a cumulative discretionary forbearance usage of 72 or fewer months.

[31] A more detailed description of the various types of forbearance statuses available under the FFELP is provided in Appendix A to this comment letter.

The tables below reflect the performance of a population of FFELP loans based on their cumulative prior deferment usage or forbearance usage, as applicable, as of June 2010. The percentages in each table reflect the percentage of FFELP loans that used, or did not use, deferment or forbearance, as applicable, between July 2010 and June 2015 (the "*review period*").

(i) Deferment

Table 5 demonstrates that, of the Stafford loans that had never used a deferment prior to the review period, approximately 40% used a first deferment by June 2015 and 60% did not use deferment at all during the review period. Conversely, 68-72% of Stafford loans that had used deferment prior to the review period used additional deferment during the review period, suggesting high repeat usage of deferment. The cumulative amount of deferment used by these Stafford loans prior to the review period did not have a significant impact on the likelihood of those Stafford loans to use additional deferment during the review period. Rather, mere usage of deferment in the past was a significant indicator of future usage.

Table 5
Propensity of Stafford Loans to Use Additional Deferment

Cumulative Deferment Used As of June 2010	% of Loans Using Additional Deferment through June 2015	% of Loans That Did Not Use Additional Deferment through June 2015
Never Used	40%	60%
1-12 Months	68%	32%
13-24 Months	68%	32%
25-36 Months	68%	32%
37-48 Months	70%	30%
49-60 Months	72%	28%

Table 6 demonstrates the trends in repeat deferment usage for Consolidation loans. At all levels of prior deferment usage, Consolidation loans are less likely to use additional deferment than are Stafford loans. In particular, 84% of Consolidation loans that never used deferment prior to the review period did not use deferment within the review period. Once again, the usage of deferment in the past seems is a significant indicator of future usage.

Table 6
Propensity of Consolidation Loans to Use Additional Deferment

Cumulative Deferment Used As of June 2010	% of Loans Using Additional Deferment through June 2015	% of Loans That Did Not Use Additional Deferment through June 2015
Never Used	16%	84%
1-12 Months	44%	56%
13-24 Months	48%	52%
25-36 Months	42%	58%
37-48 Months	49%	51%
49-60 Months	54%	46%

(ii) Forbearance

Tables 7 and 8 demonstrate the likelihood that a Stafford or Consolidation loan would use additional forbearance during the review period. Stafford loans have the lowest likelihood of using additional forbearance where they have never used forbearance in the past (*i.e.*, where 47% of loans used forbearance within the review period) and as they approach Navient's 60-month servicing policy limit (*i.e.*, where only 40% of the loans used forbearance during the review period). As with deferment, Consolidation loans have a lower likelihood of using forbearance across all categories of previous usage and, like for Stafford loans, they have the lowest likelihood of using forbearance if they have never used it before and as they approach the servicing policy limit.

Table 7
Propensity of Stafford Loans to Use Additional Forbearance

Cumulative Forbearance Used As of June 2010	% of Loans Using Additional Forbearance through June 2015	% of Loans That Did Not Use Additional Forbearance through June 2015
Never Used	47%	53%
1-12 Months	81%	19%
13-24 Months	89%	11%
25-36 Months	89%	11%
37-48 Months	81%	19%
49-60 Months	40%	60%

Table 8
Propensity of Consolidation Loans to Use Additional Forbearance

Cumulative Forbearance Use As of June 2010	% of Loans Using Additional Forbearance through June 2015	% of Loans That Did Not Use Additional Forbearance through June 2015
Never Used	15%	85%
1-12 Months	57%	43%
13-24 Months	75%	25%
25-36 Months	82%	18%
37-48 Months	71%	29%
49-60 Months	32%	68%

The propensity and ability of FFELP borrowers to use additional forbearance create a mathematical limit on the amount of extension that can occur.

Table 9 demonstrates how the usage to date and usage expectations combine to generate an overall limit on future use of the forbearance status. To best explore the ability of forbearance to persist as FFELP loans age, we conducted the analysis on vintages that already have a significant performance history; that is, Stafford loans that entered repayment prior to 2006.

Table 9
Distribution of Cumulative Forbearance Used Among Remaining Stafford Loans That Entered Repayment Before 2006 and Propensity to Use Additional Forbearance

Cumulative Forb Used	(A) Portfolio Distribution	(B) % Use Additional Forbearance in Next 5 Years	(C) Number of Additional Forb Months Available
Never Used	14%	35%	60
1-12 Months	10%	64%	54
13-24 Months	9%	68%	41
25-36 Months	10%	66%	29
37-48 Months	12%	70%	18
49-60 Months	41%	72%	3
> 60 Months	4%	n/a	0

Based on the distribution of prior forbearance usage in column (A) of Table 9, multiplied by the likelihood that Stafford loans in each category use additional forbearance in column (B) of Table 9, 62% of the overall portfolio would be expected to use additional forbearance. Within this portion of the portfolio, Stafford borrowers may use variable amounts up to a total of 60 months of discretionary forbearance. The product of columns (A) and (C) of Table 9 suggests that the weighted average remaining duration of discretionary forbearance that can be used in the portfolio would only be approximately 24 months.

If the remaining expected forbearance assumption is that 10% of the FFELP loans in the portfolio remain in forbearance status, the facts above can be used to determine how long 10% of the seasoned portfolio can remain in forbearance status without exceeding the cumulative use servicing policy limit on discretionary forbearance. Table 10 demonstrates the calculation for Stafford loans that entered repayment before 2006.

Table 10
Derivation of Maximum Expected Duration of Forbearance Use
For Remaining Stafford Loans that Entered Repayment Prior to 2006

(A) Assumed Forbearance Rate	10%
(B) Proportion of Portfolio Expected to Use Forbearance in the Future	62%
(C) Percentage of Portfolio Expected to Eventually Use Forbearance that is in Forbearance at Any Given Time (C = A / B)	16%
(D) Number of Remaining Months Eligible for Forbearance	24
(E) Number of Remaining Years Eligible for Forbearance (E = D / 12)	2
(F) Remaining Possible Years of Forbearance Usage (F = E / C)	12

Given that only approximately 62% of the population is likely to use additional forbearance in the future, to keep the portfolio forbearance rate at 10% of the population, at any given time approximately 16% of those likely to use forbearance must be in forbearance status (or 10% divided by the 62% who are likely to use forbearance). This 16% can only remain in forbearance status for approximately 24 months before they exceed the servicing policy limit. Most simply, assume that 16% of those likely to use forbearance remain in forbearance status for 24 months and then the next 16% take their place. In that case, the total duration that forbearance can logically persist is for an additional two years for each 16% of the portfolio, or approximately 12 years.

Table 11 demonstrates the population distribution and likelihood that Consolidation loans will use additional forbearance. As demonstrated in Chart 7 and Table 8, Consolidation loans are less likely to have used forbearance than Stafford loans, and are less likely to begin to use forbearance if they have not done so before. On a net basis, the lower expected usage of forbearance, even for longer periods of time, leads to a logical limit of an additional 10 years of forbearance for the most seasoned Consolidation loans.

Table 11
Distribution of Cumulative Forbearance Among Remaining Consolidation Loans that Entered Repayment Before 2006 and Propensity to Use Additional Forbearance

Cumulative Forb Used	(A) Portfolio Distribution	(B) % Use Additional Forbearance in Next 5 Years	(C) Number of Additional Forb Months Available
Never Used	38%	11%	60
1-12 Months	13%	47%	53
13-24 Months	8%	64%	41
25-36 Months	7%	74%	29
37-48 Months	7%	66%	17
49-60 Months	26%	32%	2
> 60 Months	2%	n/a	0

Table 12 demonstrates the forbearance limit calculation for Consolidation loans. Consolidation loans have lower repeat usage of forbearance, but they also have used less forbearance to date, meaning those Consolidation loan borrowers who use additional forbearance in the future can remain in such status for longer. On a net basis, the lower expected usage of forbearance, even for longer periods of time, leads to a logical limit of an additional 10 years of forbearance for the most seasoned Consolidation loans, assuming a forbearance usage rate of 10%.

Table 12
Derivation of Maximum Expected Duration of Forbearance Use for Remaining Consolidation Loans That Entered Repayment Prior to 2006

(A) Assumed Forbearance Rate	10%
(B) Proportion of Portfolio Expected to Use Forbearance in the Future	33%
(C) Percentage of Portfolio Expected to Eventually Use Forbearance that is in Forbearance at Any Given Time (C = A / B)	30%
(D) Number of Remaining Months Eligible for Forbearance	36
(E) Number of Remaining Years Eligible for Forbearance (E = D / 12)	3
(F) Remaining Possible Years of Forbearance Usage (F = E / C)	10

INCOME DRIVEN REPAYMENT DATA

Given the distribution of the current IBR loan portfolio by current aggregate outstanding principal balance, we project that between 22% and 76% of FFELP loans that are currently in the PFH period of an IBR plan will become eligible for loan forgiveness. If borrowers' incomes rise to their potential levels based on their educational attainment, we would expect 22% of loans currently in PFH will become eligible for forgiveness. If borrowers' incomes do not improve from current levels, we would expect 76% of loans currently in PFH will become eligible for forgiveness.

Table 13
Expected Loan Forgiveness Amount Sensitivity Based on Borrowers' Potential vs. Current Incomes

Distribution of Stafford Loans in PFH by Loan Balance and Potential Income

22% Eligible for Forgiveness

Balances \ Income	10,000	20,000	30,000	40,000	50,000	60,000	70,000	80,000	90,000	100,000	More
10,000	0.8%	1.2%	1.3%	1.4%	1.5%	1.3%	1.3%	1.3%	1.1%	0.9%	6.5%
20,000	0.9%	1.4%	1.5%	1.6%	1.7%	1.5%	1.4%	1.5%	1.2%	1.0%	7.3%
30,000	0.7%	1.1%	1.1%	1.3%	1.3%	1.2%	1.1%	1.2%	1.0%	0.8%	5.7%
40,000	0.5%	0.7%	0.8%	0.9%	0.9%	0.8%	0.8%	0.8%	0.7%	0.5%	3.9%
50,000	0.4%	0.6%	0.6%	0.7%	0.7%	0.6%	0.6%	0.6%	0.5%	0.4%	2.9%
60,000	0.3%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.4%	0.3%	2.3%
70,000	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.2%	0.2%	1.3%
80,000	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.9%
90,000	0.1%	0.1%	0.1%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.7%
100,000	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.6%
110,000	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.4%
120,000	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.4%
130,000	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.3%
140,000	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.3%
150,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
160,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
170,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
180,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
190,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
200,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
More	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.4%

* Income amounts based on 2013 Census data by education level for college graduates and those with some college but no degree

Distribution of Stafford Loans in PFH by Loan Balance and Current Income

76% Eligible for Forgiveness

Balances \ Income	10,000	20,000	30,000	40,000	50,000	60,000	70,000	80,000	90,000	100,000	More
10,000	7.9%	3.3%	3.3%	2.1%	1.0%	0.5%	0.2%	0.1%	0.1%	0.0%	0.1%
20,000	8.9%	3.4%	3.8%	2.5%	1.3%	0.6%	0.3%	0.1%	0.1%	0.0%	0.1%
30,000	6.7%	2.4%	2.9%	2.2%	1.1%	0.5%	0.2%	0.1%	0.0%	0.0%	0.0%
40,000	4.5%	1.5%	1.9%	1.6%	0.9%	0.4%	0.2%	0.1%	0.1%	0.0%	0.0%
50,000	3.3%	1.1%	1.4%	1.2%	0.7%	0.3%	0.2%	0.1%	0.0%	0.0%	0.0%
60,000	2.6%	0.8%	1.1%	1.0%	0.6%	0.3%	0.1%	0.1%	0.0%	0.0%	0.0%
70,000	1.5%	0.4%	0.5%	0.5%	0.4%	0.2%	0.1%	0.1%	0.0%	0.0%	0.0%
80,000	1.1%	0.3%	0.3%	0.3%	0.2%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%
90,000	0.8%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%
100,000	0.7%	0.1%	0.2%	0.2%	0.2%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
110,000	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
120,000	0.4%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
130,000	0.4%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
140,000	0.3%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
150,000	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
160,000	0.2%	0.0%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
170,000	0.2%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
180,000	0.2%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
190,000	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
200,000	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
More	0.4%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%

When considering the pool factors of Stafford loans from the time of IBR entry, Stafford loans pay down 30-40% of the initial loan balance over approximately five years (Chart 8). Consolidation loans also amortize between 10% and 20% over the same period (Chart 9).

Chart 8
Stafford Pool Factors Since PFH Enrollment by Month Enrolled

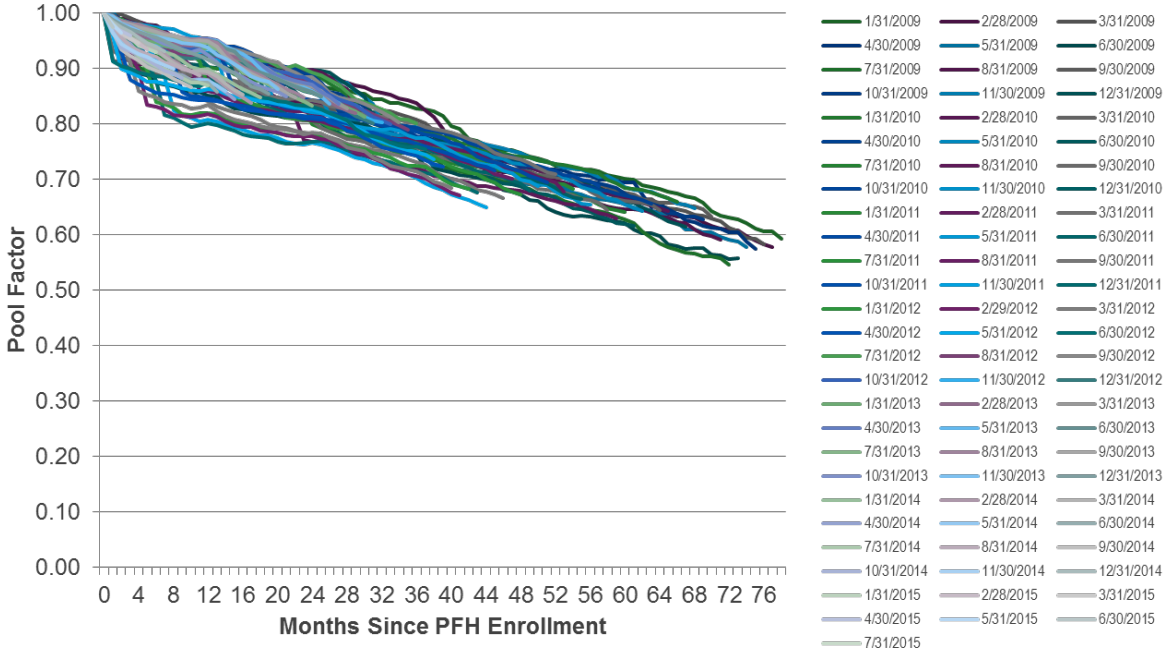
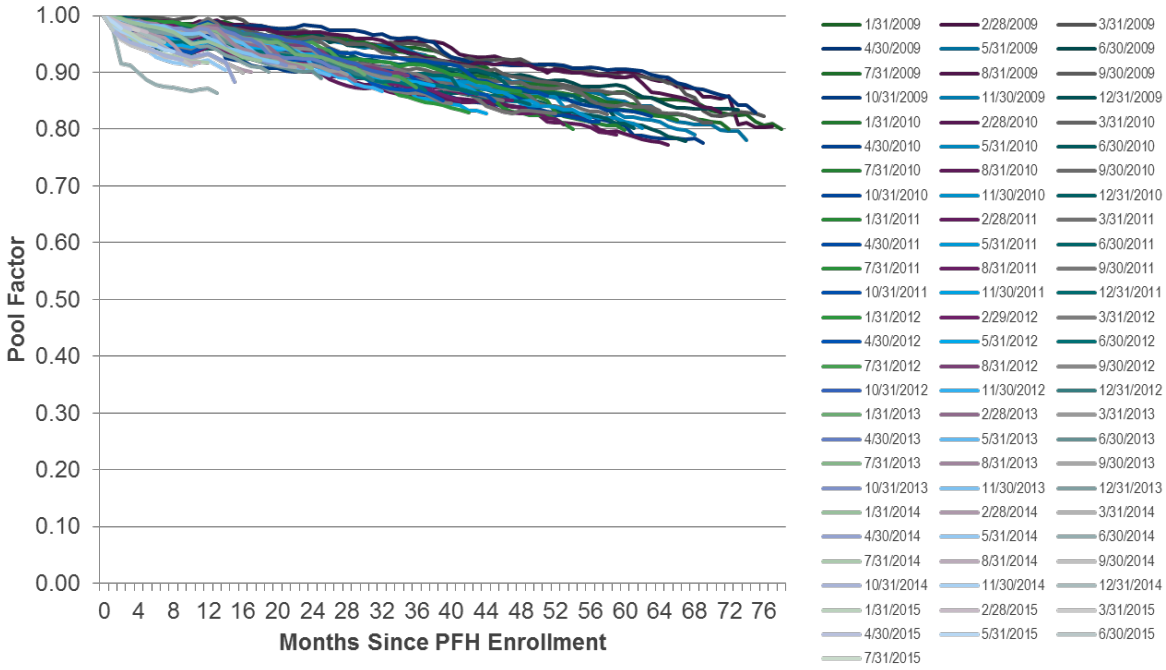


Chart 9
Consolidation Pool Factors Since PFH Enrollment by Month Enrolled



Appendix D

ADDRESSING REPAYMENT ACTIVITY CONCERNS

As the largest issuer of FFELP ABS with the longest history of issuing such securities, we take our leadership role seriously and we are working with rating agencies, trustees and investors to create and deploy means of addressing concerns relating to repayment activity. Examples include:

(1) Exercise Optional Servicer Clean-Up Calls: In 2015, we have exercised our 10% optional servicer clean-up call with respect to eight Navient-sponsored FFELP ABS trusts.

(2) Exercise Optional Servicer Purchases: We amended the servicing agreements for 33 Navient-sponsored FFELP ABS trusts to incorporate a servicer right to purchase trust student loans aggregating up to 10% of the trust's initial pool balance. As demonstrated in our trust reports, we have been exercising our optional servicer purchase rights.

(3) Amend to Add Revolving Credit Agreements: We amended the administration agreements and indentures for 84 Navient-sponsored FFELP ABS trusts to incorporate a subordinated revolving credit agreement pursuant to which Navient Corporation can provide liquidity financing to the trust.

(4) Extend Legal Final Maturity Dates. With the consent of the noteholders, we amended the transaction documents to extend the legal final maturity dates of bonds issued by six Navient-sponsored FFELP ABS trusts.

(5) Disclosure of Loan Performance Data: In response to requests for information from investors, rating agencies and other market participants, we: (a) enhanced our quarterly reporting spreadsheets for Navient-sponsored FFELP ABS trusts to provide additional information on (i) the level of enrollment in the IDR program, (ii) the payments owed by FFELP loans enrolled in the IDR program, (iii) the distribution of FFELP loans in deferment status between school deferment and hardship deferment, and (iv) the distribution of FFELP loans in a forbearance status between discretionary forbearance and other types of forbearance; and (b) released a FFELP loan repayment data package disclosing performance trends in deferment, forbearance, defaults, prepayments and income-driven repayment.

(6) Enhanced Means for Investor Communication: We launched a new online investor forum designed to facilitate communication with investors in Navient-sponsored FFELP ABS. Through this online forum, investors can register to receive notifications regarding their FFELP ABS and can also communicate with Navient and directly with other investors through identity-protected messages.

Through these activities, Navient has already taken actions that counteract some of Fitch's concerns. For example, in October 2015, we released performance reports with respect to 81 FFELP ABS trusts disclosing new performance and cash flow data. This data shows the observable effects of exercising additional optional servicer loan purchases and additional optional servicer clean-up calls. We believe that data over the coming months will further demonstrate the beneficial impact of sponsor support. Fitch should review the impact of these and similar actions by sponsors and other market participants before finalizing the methodology.