



*Insight beyond the rating*

# Q3 2009 Private Student Loan Performance Report

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## EXECUTIVE SUMMARY

The weak job market and slow economic recovery continue to plague the private student loan ABS market. In the third quarter of 2009, performance of the private student loan collateral backing the 39 trusts that comprise the DBRS Private Student Loan Indices continued to deteriorate at a steady pace. Quarterly defaults spiked to record highs, while cumulative defaults continued to rise towards unexpected levels. Forbearance rates remained historically low and delinquencies remained elevated.

The most significant third quarter observation is the jump in loan defaults by 66 basis points, or 48%, over the second quarter. For the period of July through September, quarterly gross defaults represented 2.01% of loans in repayment, up from the second quarter mark of 1.36%. Some trusts experienced quarterly default rates as high as 4.0% for the quarter, which has some trusts pushing gross cumulative defaults into the mid-teens.

The graph illustrating cumulative defaults by trust vintage (on page 5 below) displays a notable trend in which every vintage is rising at a steady rate, with no signs of slowing. In the current economic environment, this trend is not surprising. However, presently the concern for ABS investors are answers to the questions of if and when does the slope of these default curves begin to decrease and how high will the levels of defaults ultimately reach vis-à-vis initial assumptions at which the ABS bonds were structured.

Most of the vintages in the indices are substantially seasoned. However, each of the 2004, 2005, 2006 and 2007 vintages are performing roughly worse than their predecessors at the present time. Further, the 2007 vintage especially contains some trusts with defaults tracking at or above the worst performance for all vintages. The graph on the next page shows the seasoning trend since the first quarter of 2008.

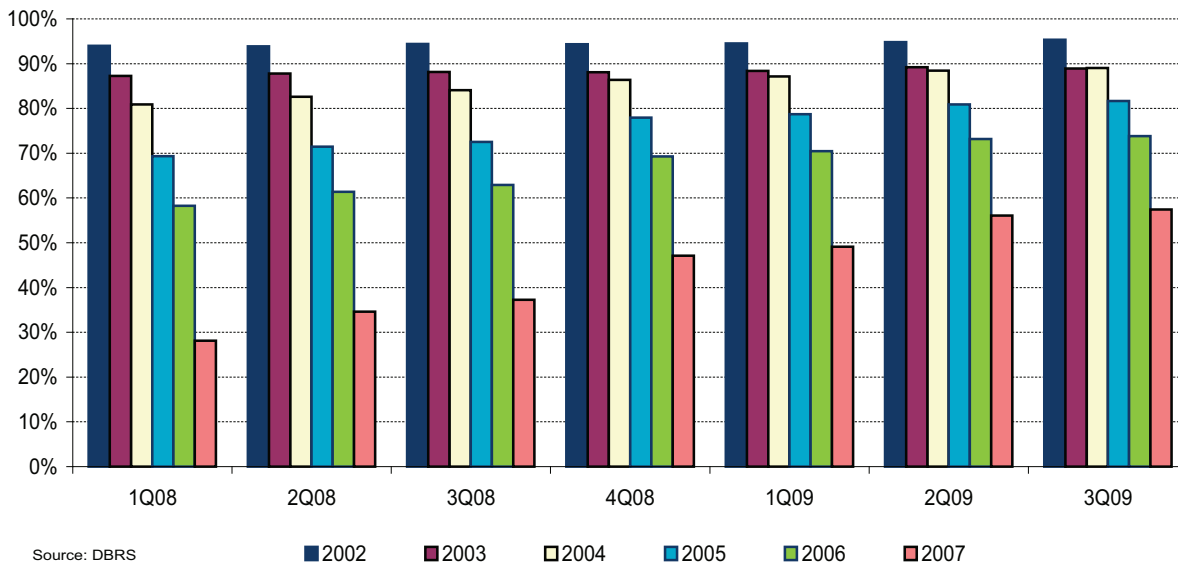
Given the relatively significant seasoning of the majority of the trusts in the index universe, defaults should continue to track closely to the performance of the U.S. economy, with an emphasis on employment conditions. Despite recent positive signs, in the event the recovery is slow and protracted, defaults will continue to climb as borrowers continue to struggle with employment and issues related to other debt burdens and real estate. Should the recovery be rapid and strong, defaults should abate. However, in either scenario, much damage has been done in terms of loan pools experiencing higher and faster defaults than most market participants expected. At this point in time, the question for many has shifted from whether performance will be worse than expected to how much worse it will get.

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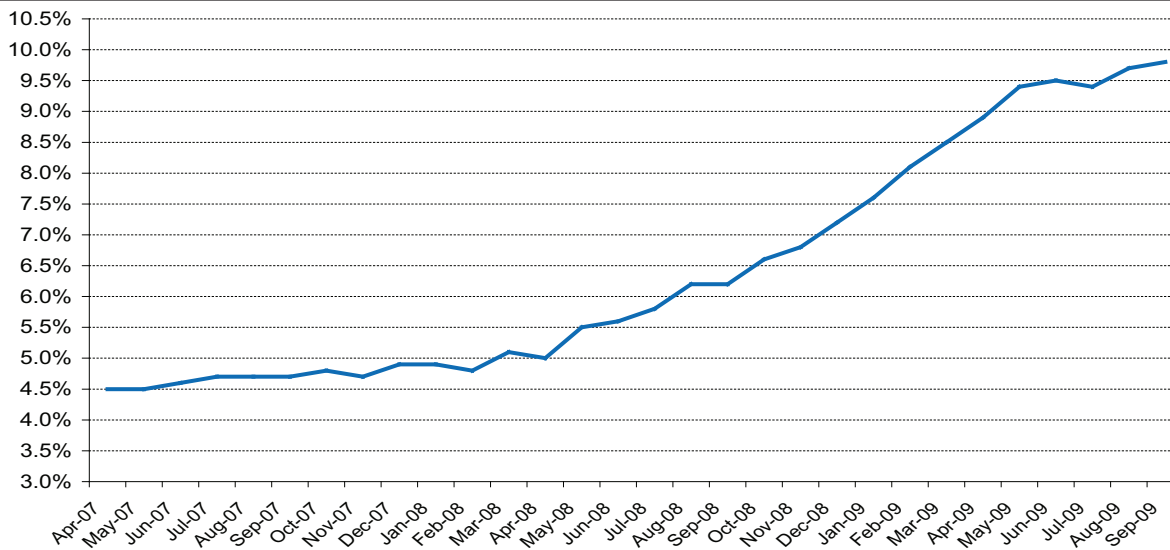
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**Percent of Loans in Repayment (by Vintage)**

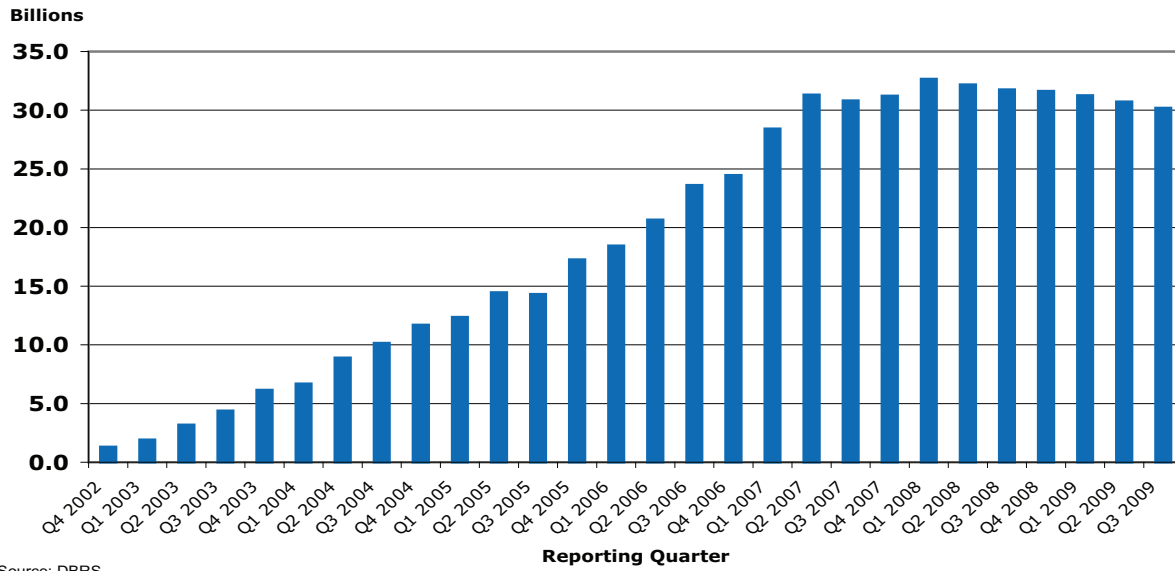


**U.S. Unemployment Rate**





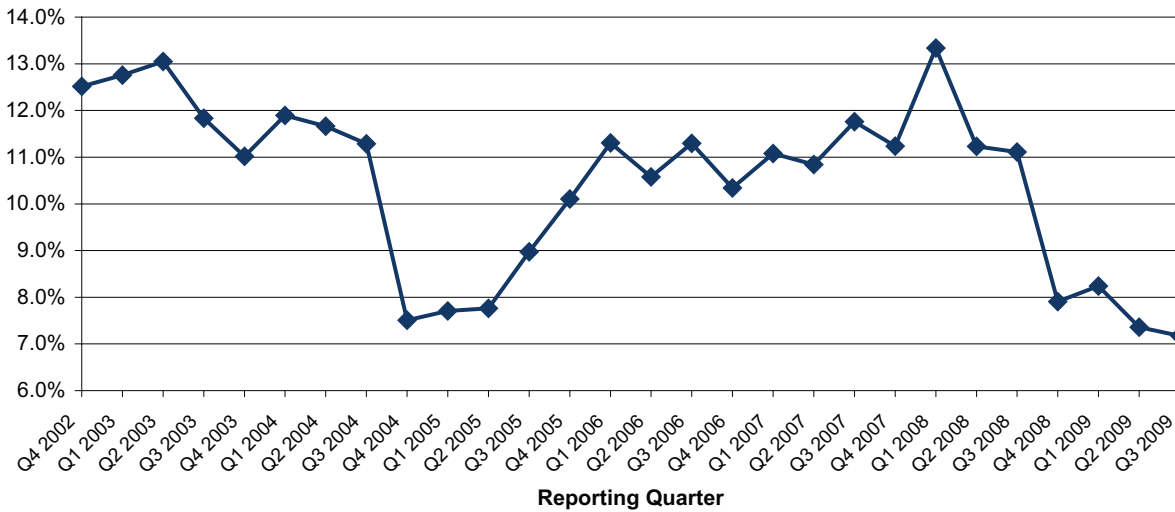
**Total Index Pool Balance**



Source: DBRS

**QUARTERLY PERFORMANCE GRAPHS**

**DBRS Private Student Loan Forbearance Index**

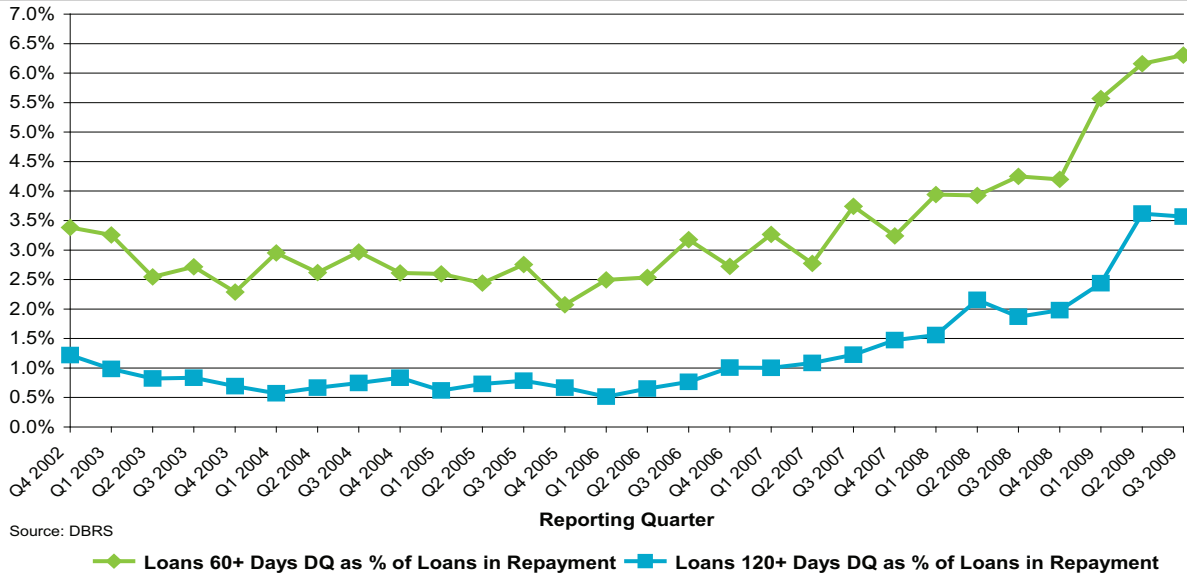


Source: DBRS

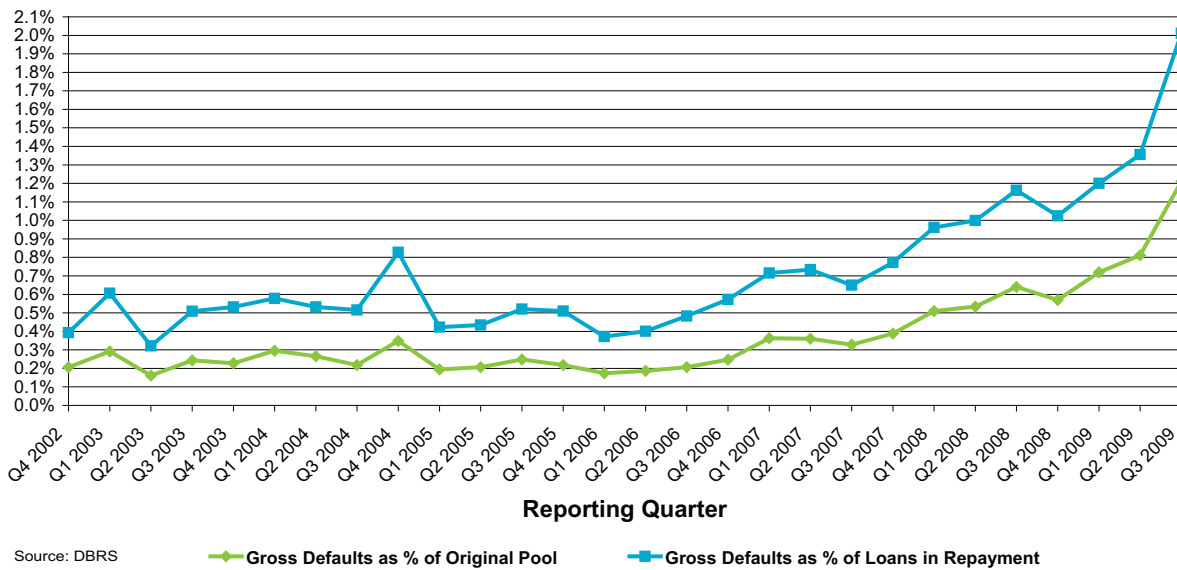
◆ Loans in Forbearance as % of Loans in Repayment



### DBRS Private Student Loan Delinquency Index

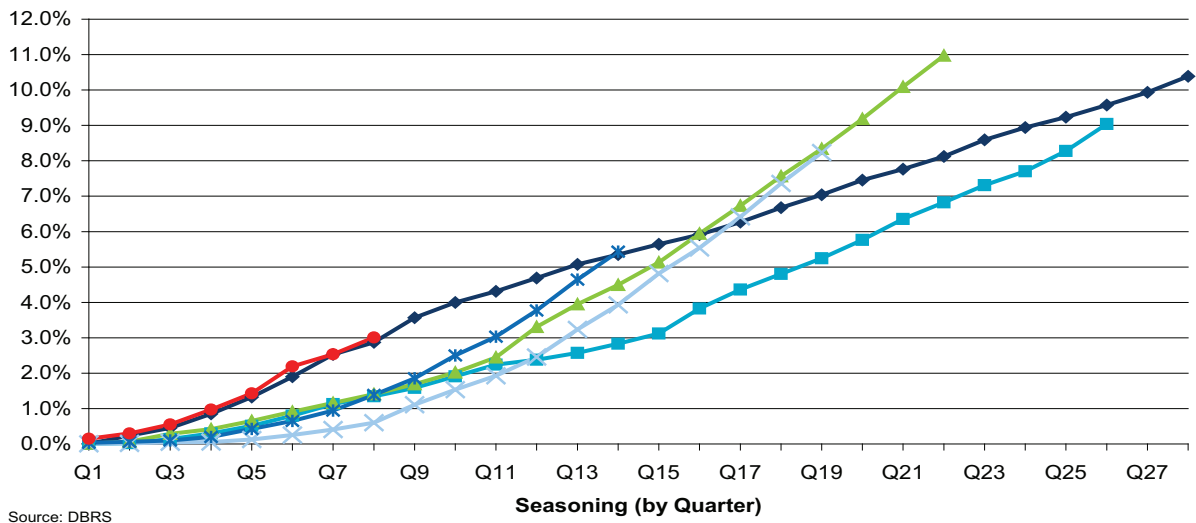


### DBRS Private Student Loan Quarterly Gross Default Index





**DBRS Private Student Loan Cumulative Defaults by Trust Vintage**



Source: DBRS

◆ 2002 Vintage 
 ■ 2003 Vintage 
 ▲ 2004 Vintage 
 × 2005 Vintage 
 ✱ 2006 Vintage 
 ● 2007 Vintage



## VINTAGE PERFORMANCE

### Vintage Performance Second Quarter 2009

Vintage	Original Collateral Amt. (\$)	Total Current O/S	Total in Repayment	Forbearance %	≥ 60 days DQ %	≥ 120 days DQ %	Quarterly Default Rate (% of Original Pool)	Quarterly Default Rate (% of Loans in Repay)	Cumulative Default %
2002	1,597,962,314	890,317,155	844,135,954	3.24%	3.17%	1.41%	0.36%	0.66%	9.94%
2003	4,526,448,415	2,812,838,016	2,508,721,339	3.69%	5.38%	2.77%	0.57%	1.02%	8.28%
2004	5,347,557,337	3,929,894,435	3,475,645,385	5.97%	5.93%	3.15%	0.91%	1.38%	10.09%
2005	6,779,471,422	5,616,344,792	4,544,155,118	7.21%	6.50%	3.56%	0.95%	1.42%	7.36%
2006	12,900,676,798	11,092,639,372	8,115,719,256	7.72%	6.16%	4.38%	0.87%	1.44%	4.64%
2007	6,346,532,680	6,208,474,745	3,479,757,823	11.88%	7.53%	4.20%	0.79%	1.54%	2.58%

### Vintage Performance Third Quarter 2009

Vintage	Original Collateral Amt. (\$)	Total Current O/S	Total in Repayment	Forbearance %	≥ 60 days DQ %	≥ 120 days DQ %	Quarterly Default Rate (% of Original Pool)	Quarterly Default Rate (% of Loans in Repay)	Cumulative Default %
2002	1,597,962,314	863,488,820	823,268,651	3.09%	3.18%	1.45%	0.45%	0.85%	10.38%
2003	4,526,448,415	2,754,939,050	2,450,351,714	3.43%	5.19%	2.66%	0.51%	1.42%	9.04%
2004	5,347,557,337	3,825,391,555	3,406,023,478	5.58%	5.79%	2.96%	1.14%	1.76%	10.97%
2005	6,779,471,422	5,501,922,832	4,494,371,804	6.87%	6.66%	3.50%	1.37%	2.06%	8.23%
2006	12,900,676,798	10,905,925,260	8,049,266,991	7.57%	6.44%	4.29%	1.25%	2.01%	5.43%
2007	6,346,532,680	6,164,080,788	3,539,612,878	11.88%	7.72%	3.99%	1.61%	2.76%	3.05%



## APPENDIX A: TRANSACTIONS INCLUDED IN DBRS PRIVATE STUDENT LOAN PERFORMANCE REPORT

Trust	% of Index based on Original Pool Balance	% of Index based on Outstanding Pool Balance
Access Group Private Student Loan Trust 2002-A	0.68%	0.60%
Access Group Private Student Loan Trust 2003-A	0.99%	0.85%
Access Group Private Student Loan Trust 2004-A	1.65%	1.51%
Access Group Private Student Loan Trust 2005-A	0.92%	0.87%
Access Group Private Student Loan Trust 2005-B	0.91%	0.77%
Access Group Private Student Loan Trust 2007-A	2.05%	2.27%
KevCorp Student Loan Trust 2001-A*	1.10%	0.58%
KevCorp Student Loan Trust 2002-A	1.72%	1.07%
KevCorp Student Loan Trust 2003-A	1.72%	1.07%
KevCorp Student Loan Trust 2004-A	2.02%	1.55%
KevCorp Student Loan Trust 2005-A	1.69%	1.57%
KevCorp Student Loan Trust 2006-A	2.10%	2.08%
National Collegiate Student Loan Trust 2004-1	1.64%	1.46%
National Collegiate Student Loan Trust 2004-2	2.14%	2.24%
National Collegiate Student Loan Trust 2005-1	1.89%	1.89%
National Collegiate Student Loan Trust 2005-2	1.22%	1.29%
National Collegiate Student Loan Trust 2005-3	3.35%	3.80%
National Collegiate Student Loan Trust 2006-1	1.96%	2.25%
National Collegiate Student Loan Trust 2006-2	1.34%	1.60%
National Collegiate Student Loan Trust 2006-3	3.67%	4.50%
National Collegiate Student Loan Trust 2006-4	1.92%	2.41%
National Collegiate Student Loan Trust 2007-1	2.06%	2.57%
National Collegiate Student Loan Trust 2007-2	1.65%	2.58%
National Collegiate Student Loan Trust 2007-3	2.69%	3.47%
National Collegiate Student Loan Trust 2007-4	2.68%	3.46%
NorthStar Education Finace Series 2006-A	1.61%	1.56%
SLC Private Student Loan Trust 2006-A	8.09%	7.09%
SLM Private Student Loan Trust 2002-A	1.83%	1.20%
SLM Private Student Loan Trust 2003-A	2.66%	1.85%
SLM Private Student Loan Trust 2003-B	3.30%	2.67%
SLM Private Student Loan Trust 2003-C	3.31%	2.69%
SLM Private Student Loan Trust 2004-A	3.32%	2.73%
SLM Private Student Loan Trust 2004-B	3.40%	3.19%
SLM Private Student Loan Trust 2005-A	3.98%	3.90%
SLM Private Student Loan Trust 2005-B	3.97%	4.14%
SLM Private Student Loan Trust 2006-A	5.30%	5.79%
SLM Private Student Loan Trust 2006-B	5.29%	5.71%
SLM Private Student Loan Trust 2006-C	2.88%	3.13%
SLM Private Student Loan Trust 2007-A	5.30%	6.07%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

\* Note: Key 2001-A is not included in any of the vintage analyses.



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Note: All figures are in U.S. dollars unless otherwise noted.

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