Presale:

South Carolina Student Loan Corp. (Senior Series 2020A)

July 24, 2020

PRIMARY CREDIT ANALYST

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Preliminary Rating

Series(i)	Preliminary rating(ii)	Preliminary amount (mil. $)	Interest rate	Expected maturity dates
Senior series 2020A	A (sf)	4.840	Fixed	TBD
Senior series 2020A	A (sf)	8.105	Fixed	TBD
Senior series 2020A	A (sf)	6.600	Fixed	TBD
Senior series 2020A	A (sf)	6.850	Fixed	TBD
Senior series 2020A	A (sf)	7.990	Fixed	TBD
Senior series 2020A	A (sf)	7.700	Fixed	TBD
Senior series 2020A	A (sf)	6.255	Fixed	TBD
Senior series 2020A	A (sf)	7.055	Fixed	TBD
Senior series 2020A	A (sf)	2.700	Fixed	TBD
Senior series 2020A	A (sf)	33.115	Fixed	TBD

Note: This presale report is based on information as of July 24, 2020. The ratings shown are preliminary. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings. Accordingly, the preliminary ratings should not be construed as evidence of final ratings. This report does not constitute a recommendation to buy, hold, or sell securities. (i)The senior series 2020A bonds are expected to consist of taxable serial and term bonds. The actual amounts, interest rates, and maturity dates will be determined on the pricing date. The term bonds may include mandatory sinking fund schedules. (ii)The preliminary ratings do not address the principal payments required by the sinking fund schedule, even though these payments were made in our 'A' stress cash flow scenarios. TBD--To be determined.

Profile

Expected closing date	Aug. 20, 2020.
Issuer	South Carolina Student Loan Corp.
Originator and administrator	South Carolina Student Loan Corp.
Servicer	Nelnet Servicing LLC (doing business as Firstmark Services).
Collateral	A pool of private student loans originated according to South Carolina Student Loan Corp.'s Palmetto Assistance Loan (PAL) private student loan program, including PAL student loans, PAL parent loans, and PAL Refi loans.

Profile (cont.)

Trustee	The Bank of New York Mellon Trust Co. N.A.
Underwriter	RBC Capital Markets LLC.

Rationale

The preliminary 'A (sf)' ratings assigned to South Carolina Student Loan Corp.'s (SCSLC's) taxable student loan revenue bonds senior series 2020A reflect our view of:

- The availability of approximately 33.5%-35.4% credit support for the 2020A bonds, based on our 'A' stressed break-even cash flow scenarios. These credit support levels provide coverage of approximately 2.6x-2.7x of our base case net loss in the 'A' stressed break-even cash flow scenarios (see the S&P Global Ratings' Expected Cumulative Default Rate and Break-Even Cash Flow Results sections below);
- The transaction's approximately 132.3% expected initial senior bond parity at closing. The senior parity percentage is defined as the aggregate value of the trust assets (excluding arbitrage liability amounts, which have not yet been deposited into the rebate fund), divided by the aggregate principal amount of and accrued interest on all outstanding senior bonds, plus any allocable accrued but unpaid servicing, administrative, and indenture fees and expenses;
- A required overall parity of 135.0% and net asset requirement of at least $8.0 million to release funds. The net asset requirement is met when the trust asset value exceeds the amount of outstanding bonds and other accrued but unpaid senior transaction fees by $8.0 million. If the aggregate principal amount of all bonds outstanding is 10% or less of the aggregate original principal amount of all bonds as of the last series issuance under the indenture, the trust will use all excess funds to redeem outstanding term bonds from the trust. This turbo feature locks out releases of excess revenue, which is expected to increase overcollateralization and parity during the transaction's later stages.
- The fully funded debt service reserve fund, which is equal to the greater of 2.0% of the outstanding bond principal balance or 1.0% of the initial bond balance at issuance, and a capitalized interest fund of $350,000;
- The credit quality of the loans to be transferred to the trust at closing, as well as the loans to be originated during the acquisition and recycling periods ending Oct. 31, 2021, which S&P Global Ratings expects will comply with SCSLC's underwriting guidelines.
- Our base-case and stress default rate assumptions for the loan pool, which were moderately increased from what they would otherwise have been in the absence of the COVID-19 pandemic-related factors. We increased the default rate assumptions to reflect the uncertain COVID-19 macroeconomic environment student loan borrowers are exposed to (see the Credit Analysis section below);
- The timely interest and principal payments made under stressed cash flow and sensitivity modelling scenarios that S&P Global Ratings believes are consistent with the assigned ratings;
- Our liquidity analysis, which assesses the effects of a temporary decrease in loan principal and interest payments over the next several months as a result of the COVID-19 pandemic. Based on this analysis, we believe the transaction has sufficient liquidity to cover the bond interest payments and expenses during this time;

- Our expectation that under a moderate ('BBB') stress scenario, the ratings on the series 2020A bonds would remain within two rating categories of our 'A (sf)' rating in the first year. These potential rating movements are consistent with our credit stability criteria (see "Methodology: Credit Stability Criteria," published May 3, 2010).
- The servicing capabilities of Nelnet Servicing LLC (Nelnet; doing business as Firstmark Services). Nelnet is a subsidiary of Nelnet Inc., which has been servicing education loans since 1978.
- The transaction's payment and legal structures.

S&P Global Ratings acknowledges a high degree of uncertainty about the evolution of the coronavirus pandemic. The consensus among health experts is that the pandemic may now be at, or near, its peak in some regions but will remain a threat until a vaccine or effective treatment is widely available, which may not occur until the second half of 2021. We are using this assumption in assessing the economic and credit implications associated with the pandemic (see our research here: www.spglobal.com/ratings). As the situation evolves, we will update our assumptions and estimates accordingly.

Transaction Overview

The series 2020A taxable bonds are the first issuance out of SCSLC's 2020 trust indenture and are expected to comprise fixed-rate serial and term bonds. The series 2020A taxable bonds will constitute senior bonds under the indenture, and they will be on a parity with any future senior bonds and on a senior basis to any future subordinate bonds that may be issued under this master indenture.

The trust expects to use proceeds of the series 2020A bonds to acquire approximately $89.9 million of existing private student loans originated according to SCSLC's Palmetto Assistance Loan (PAL) private student loan program. During the loan acquisition and recycling periods, which will both begin on the closing date and end on Oct. 31, 2021, SCSLC expects to finance approximately $29.0 million additional PAL loans from the series 2020A bonds proceeds. All of the loans to be originated during the acquisition and recycling period will be underwritten according to SCSLC's current loan program guidelines. SCSLC's private student loans are not guaranteed or insured.

The securitization includes the following transaction features:

- The trust is expected to have an initial senior parity of approximately 132.3% after the bonds are issued.
- Excess cash may be released out of the trust as long as the overall parity percentage is at least 135.0% and the trust assets exceeds the trust liabilities by at least $8.0 million immediately following that release.
- A debt service reserve fund with an initial deposit equal to 2.00% of the aggregate outstanding bond principal balance at closing. The reserve fund is required to be maintained at the greater of 2.0% of the outstanding bond balance, or 1.0% of the initial bond balance at issuance. Money on deposit in the reserve fund will generally be available to pay timely interest and principal at maturity. The reserve fund may be replenished on each interest payment date according to the payment priority (described below).
- A capitalized interest fund of $350,000 will further support the bonds. The capitalized interest fund will be available to pay bond principal at maturity and interest shortfalls on any bond

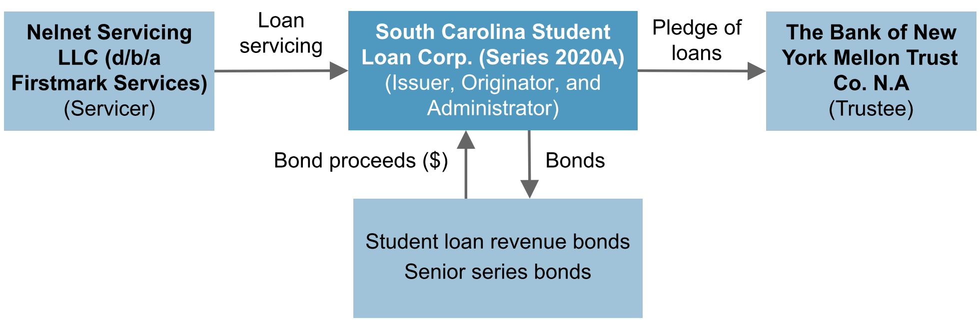
payment date. The capitalized interest fund will also be available to cover servicing and administrative fees, and indenture expenses on the last business day of any calendar month. The balance in the fund will be released fully in December 2021.

- The loan program guidelines, which in conjunction with the transaction documents, limit the loan types and obligor characteristics that can be originated during the acquisition period.
- SCSLC has contracted with Nelnet Servicing, a subsidiary of Nelnet Inc., to service the loans in its private student loan program.

The bonds are SCSLC's limited obligations and are payable solely from the student loan pool and other assets pledged to the trustee for the bondholders' benefit. We will review all of the documentation that the transaction's parties have submitted to us to assess the transaction's consistency with our legal criteria. Chart 1 shows the transaction structure.

Chart 1

Transaction Structure



Loan Characteristics

The bondholders will receive payments primarily from collections on a pool of existing and newly originated private student loans. The student loans to be acquired by the trust on the closing date are summarized in table 1.

Table 1

Student Loan Pool Characteristics At Closing (As Of April 30, 2020)

To be transferred to the trust on the closing date

Aggregate outstanding principal balance ($)	89,888,018
No. of borrowers	4,690
Avg. outstanding principal balance per borrower ($)	19,166
No. of loans	7,994
Avg. outstanding principal balance per loan ($)	11,244
WA borrower interest rate (%)	6.53
WA remaining term (months)	131

Table 1

Student Loan Pool Characteristics At Closing (As Of April 30, 2020) (cont.)

WA seasoning (months)	12
WA FICO score	741
Fixed-rate loans (% of principal balance)	91
Variable rate loans (% of principal balance)	9
Cosigned (% of principal balance)	72
Noncosigned (% of principal balance)	28
Loan type (%)	
PAL student loan	82
PAL parent loan	5
PAL refinance loan	13
Repayment option (% of principal balance)	
Deferred	15
Interest-only	35
Full repayment	15
Fixed payment	36
Loan status (% of principal balance)	
In school	50
In grace	3
Forbearance	8
Repayment	39
School type (% of principal balance)	
Four year/graduate	84
Two year	3
Unknown--consolidation	13
FICO score (% of principal balance)	
670-699	20
700-739	31
740-799	39
800-850	10
Borrower state residence (% of principal balance)	
South Carolina	85
North Carolina	4
Other	11

WA--Weighted average. PAL--Palmetto Assistance Loan.

SCSLC expects to originate approximately $29.0 million new private student loans during the loan acquisition period ending Oct. 31, 2021. Any proceeds not used to originate loans according to the origination schedule will be used to mandatorily redeem the series 2020A bonds (see table 2).

The loans will be originated with bond proceeds subject to a schedule of a cumulative total amount of loans as follows:

Table 2

Loan Origination Schedule

Date	Cumulative amount to be acquired (mil. $)
Dec. 31, 2020	10.0
April 30, 2021	25.0
Oct. 31, 2021	29.0

The new loans are expected to be underwritten according to SCSLC's PAL student loan guidelines, which, in conjunction with the transaction documents, will limit the loan characteristics and loan types that can be originated (see the Program Overview section below for more details).

The transaction documents prescribe eligibility requirements for the prefunded loans backing the trust's bonds that include the following:

- No more than 17% of the principal balance of the eligible loans will be school loans with a student borrower and no cosigner.
- No more than 20% of the principal balance of the eligible loans will have FICO scores less than or equal to 699.
- No more than 49% of the principal balance of the eligible loans will have FICO scores less than or equal to 739.
- At least 44% of the principal balance of the eligible loans will enter full repayment immediately or have an interest-only school repayment plan.
- At least 12% of the principal balance of the eligible loans will be refinance loans.
- No more than 28% of the principal balance of the eligible loans will have fully deferred payments during the in-school period.

Credit Analysis

As part of our default analysis, we evaluated SCSLC's historical portfolio performance data, including the static pool cumulative default rates by repayment year. We also reviewed the existing managed collateral pool information by the obligor credit score distribution, the presence of a cosigner, the loans' payment type, and the school type (no proprietary school loans are eligible). For comparison, we analyzed the performance of other lenders' portfolios that have credit characteristics similar to SCSLC's portfolio.

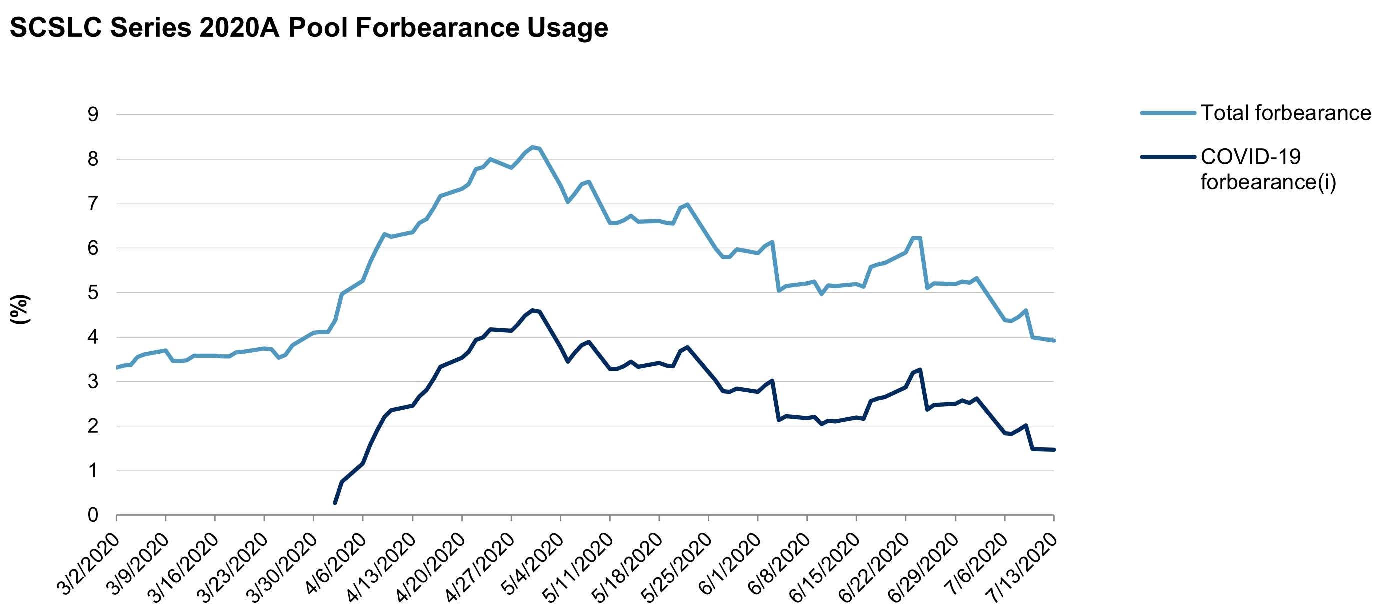
We also considered the current evolving macroeconomic environment that has resulted from the COVID-19 pandemic, which will likely present employment challenges for student loan borrowers, resulting in higher levels of forbearance, delinquencies, and, ultimately, defaults.

In response to the COVID-19 pandemic, SCSLC began offering 60 days of COVID-19 disaster forbearance relief to borrowers who request it and indicate a COVID-19-related need as of March 31, 2020. On June 10, 2020, SCSLC began offering an additional 30 days of COVID-19 disaster forbearance to borrowers who had exhausted their initial 60-day disaster forbearance, bringing the total number of disaster forbearance days allowed per loan to 90. Borrowers requesting assistance for the first time are given an initial period of 60 days and must request the additional 30 days at the end of the initial period.

During the COVID-19 disaster forbearance period, loan interest continues to accrue and is owed at the end of the forbearance period but will not be capitalized. COVID-19 disaster forbearance will not count toward the maximum amount of 36 months of forbearance permitted over the life of the loan.

Prior to the COVID-19 pandemic, forbearance on SCSLC's PAL loan portfolio was approximately 8% of the pool balance while forbearance usage on the pool of loans to be included in the series 2020A transaction was approximately 3%-4%. Since the start of the COVID-19 pandemic, both the series 2020A loan pool and SCSLC's total PAL loan portfolio have experienced an increase in forbearance requests. Disaster forbearance usage peaked on April 30, 2020, at 4.6% for the series 2020A loan pool and 5.6% for the total PAL loan portfolio. However, disaster forbearance levels have been declining since April and are currently less than 2% of the pool balance (see charts 2 and 3).

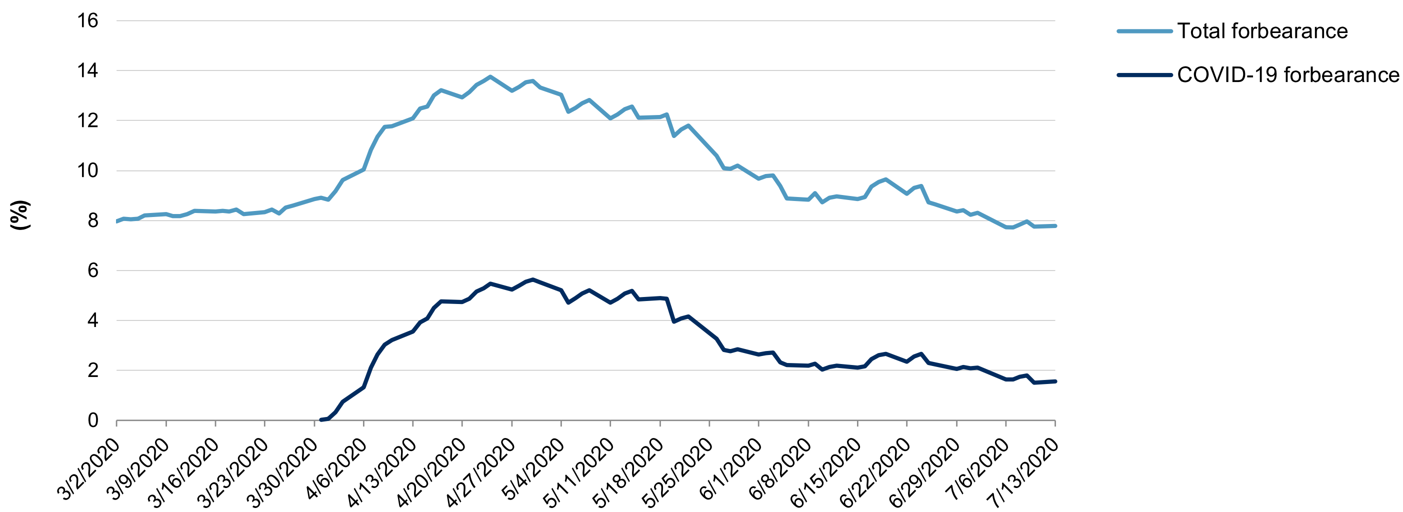
Chart 2



(i)COVID-19 disaster forbearance was first offered on March 31, 2020. SCSLC--South Carolina Student Loan Corp.

Chart 3

SCSLC's PAL Program Forbearance Usage(i)



(i)COVID-19 disaster forbearance was first offered on March 31, 2020. SCSLC--South Carolina Student Loan Corp.

Historically, forbearance has been an effective default prevention tool that allowed student loan borrowers experiencing a temporary economic hardship to avoid default and resume their regular loan payments several months later. We believe that it can still serve this function. However, given the unique economic environment caused by the COVID-19 pandemic, it remains unclear how borrowers in COVID-19 disaster forbearance will ultimately perform. Generally, we expect that more borrowers will use forbearance and remain in forbearance for a longer period of time as they seek more flexibility in managing their financial resources during this uncertain time.

S&P Global Ratings' Expected Cumulative Default Rate: 16.0%-17.0%

Our expected default rate for the loan pool reflects a weighted average of our expected default rates for each pool subsegment and its dollar amount (i.e., weight) in the transaction. We segmented the loan pool by:

- Loan product: PAL Student Loan, PAL Parent Loan, and PAL Refi;
- Loan payment type: Fully deferred, fixed payment, interest only, or full principal and interest payment;
- FICO score range: 670-699, 700-739, and 740 and higher; and
- Cosigner presence: cosigned or noncosigned loans;

Based on the loan data we analyzed, we generally expect loans with comparable loan and obligor characteristics to perform as follows:

- Obligors with higher FICO scores will outperform obligors with lower FICO scores;
- Cosigned loans will outperform noncosigned loans;
- Loans where an obligor makes some payment will outperform loans where no payment is made while the obligor is in school;
- PAL Parent Loan loans will perform similar to cosigned PAL student loans, considering both are subject to similar underwriting standards and generally the student loans are co-signed by parents; and
- PAL Refi loans will perform similar to PAL immediate repay loans, since both loans types have similar underwriting standards and enter into principal and interest repayment immediately after disbursement.

We expect the newly originated loans to experience the same default rates as existing loans, but we applied those default rates to a hypothetical, worst-case pool composition that we created using the transaction's eligibility criteria.

Based on our review of the aforementioned data, we expect the existing and newly originated loan pool to experience an overall cumulative default rate of 16.0%-17.0%. The loan pool's weighted average months in full principal and interest payment is approximately 12 months. Accordingly, we gave no seasoning credit.

Based on the private student loan forbearance and delinquency data currently available, we increased our overall base-case default rate for the loan pool by approximately 10% (to 16.0%-17.0% from 14.0%-15.0%) to reflect the uncertain COVID-19 macroeconomic environment that student loan borrowers will be exposed to. This increase reflects our view of when the obligors will likely enter repayment and the difficult economic environment they are facing. We believe that obligors with multiple years left in school and no repayment obligation may experience somewhat less stress than those who enter repayment in the next few years.

We performed a similar analysis of SCSLC's PAL portfolio historical performance data regarding recoveries and the resulting net losses for static pool data over the past eight years. After our review, we assumed a 20.0% cumulative base-case recovery rate, which implies a cumulative net loss rate of 12.5%-13.5% for the series 2020A bonds.

Payment Structure

SCSLC will issue the series 2020A bonds as serial and term bonds bearing fixed interest rates payable semiannually on June 1 and Dec. 1, beginning Dec. 1, 2020. The bonds are subject to various redemption provisions, including a mandatory redemption that would result from the nonorigination of loans during the origination period. The series 2020A bonds that will mature on Dec. 1, 2039, will be subject to mandatory redemption from excess revenues and may include mandatory sinking fund schedules. Our ratings do not address the principal payments required by the sinking fund schedule, even though these payments were made in our 'A' stress cash flow scenarios. The bonds will also be subject to extraordinary mandatory redemption by SCSLC to avoid an event of default under the trust indenture.

Payments from available funds will be made in a specified priority, which is a function of the SCSLC 2020 indenture and the supplemental indentures (see table 3). The fees and parity ratio thresholds are subject to change at final pricing.

Payment Waterfall

Priority	Payment
1	Deposit to the rebate fund as needed to meet the rebate fund requirement(i).
2	Pay trustee, administration, servicing, rating agency fees, and other program expenses.
3	Pay senior bond interest.
4	Pay senior bond principal due at maturity and mandatory sinking fund payments, and then mandatory cumulative sinking fund payments.
5	Deposit to the debt service reserve fund until replenished to the required level, if necessary.
6	Pay senior-subordinate bond interest.(i)
7	Pay senior-subordinate bond principal due at maturity and mandatory sinking fund payments, and then mandatory cumulative sinking fund payments.(i)
8	Pay subordinate bond interest(i).
9	Pay subordinate bond principal due at maturity and mandatory sinking fund payments, and then mandatory cumulative sinking fund payments(i).
10	During the recycling period, to make a deposit to the student loan fund to originate additional student loans.
11	Semiannually, on the last business day of April and October, to mandatorily redeem bonds from excess revenues in an amount equal to the greater of the least amount required to increase the overall parity percentage to 135.0% and the least amount required to meet the net asset requirement of $8.0 million.
12	Pay subordinate transaction fees.
13	Semiannually, on the last business day of May and November, release to South Carolina Student Loan Corp. any revenues remaining after payments in items 1-12, as long as the overall parity percentage is at least 135.0% and the net assets are at least the net asset requirement of $8.0 million.

(i)Not applicable for this transaction. However, future transactions issued under this master indenture could have these characteristics.

The senior transaction fees and expenses are capped under the transaction documents and were run in the cash flow scenarios accordingly.

To ensure the full payment of the bonds' principal at their stated maturity payment date, the trustee will set aside equal monthly deposits for each of the first 10 of the 12 months preceding each maturity payment date.

Cash Flow Analysis

Modeling assumptions

We modeled the transaction to simulate stress scenarios that we believe are commensurate with the assigned preliminary rating (see table 4).

Table 4

Stressed Cash Flow Modelling Assumptions

	Series 2020A
Rating	A (sf)
Overall cumulative default rate range based on different loan types (%)	40.1

Table 4

Stressed Cash Flow Modelling Assumptions (cont.)

	Series 2020A
Cumulative default timing--fast scenario (approximate %) per year(i)	20/20/20/20/20
Cumulative default timing--slow scenario (approximate %) per year(i)	15/15/15/15/10/10/10/10
Cumulative recovery rate (%)	15.0
Cumulative recovery rate timing (approximate %) per year	1.9/1.9/1.9/1.9/1.9/1.9/1.9/1.9
Voluntary prepayment rate (% CPR) per year	3/4/5/6/7/8 for the transaction's remaining life
In-school/In-grace (new Deferred, Min Pay & IO loans)	35% are in-school for 48 months and then in-grace for six months, 30% are in-school for 36 months and then in-grace for six months, 20% are in-school for 24 months and then in-grace for six months, and 15% are in-school for 12 months and then in-grace for six months.
Forbearance % per year	6% of the loans go into disaster forbearance for three months (interest accrues but does not capitalized); thereafter, 11% of loans go into forbearance for 36 months (interest accrues and capitalized).

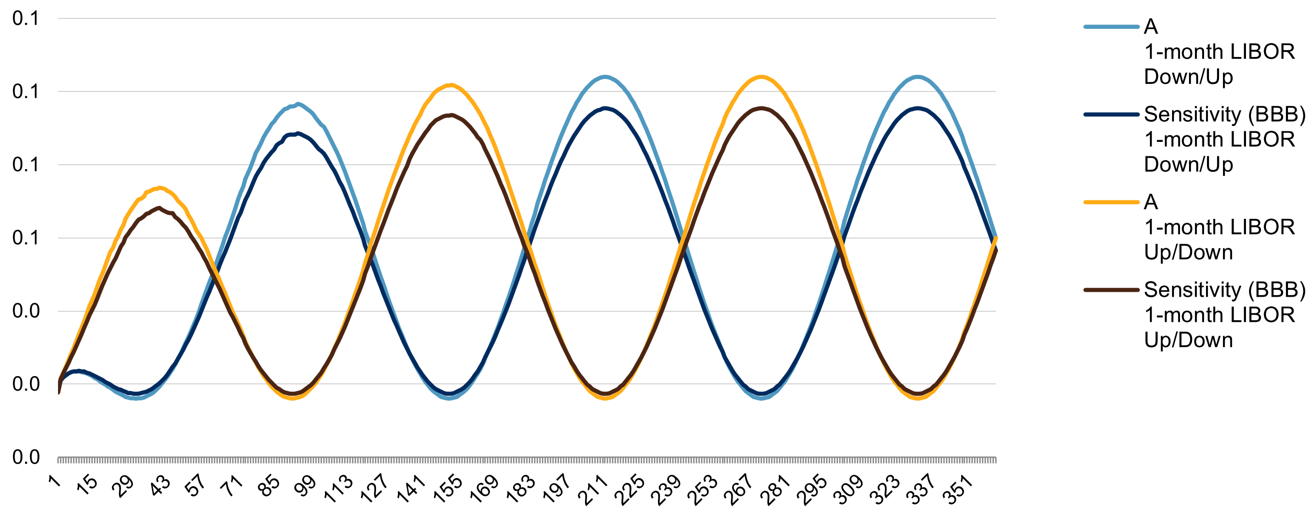
(i)We ran separate fast and slow default scenarios. CPR--Constant prepayment rate.

Approximately 9% of the loans in the series 2020A pool have interest rates indexed to one-month LIBOR, while the remaining loans in the pool have fixed interest rates. All of the notes are expected to have fixed interest rates. In order to assess the basis risk in this transaction we use a credit rating model based on the Cox-Ingersoll-Ross framework (the CIR model) to simulate interest rate scenarios for the various stress levels commensurate to the ratings of the liabilities. Each rating scenario employs two patterns:

- Rising then falling interest rates (up/down curve), and
- Falling then rising interest rates (down/up curve) (see charts 4).

Chart 4

Interest Rate Vectors: One-month LIBOR



Stressed cash flow results

In our 'A' stressed cash flow scenarios, the overall default rates were approximately 40.0%. We believe these default rates are commensurate with the assigned preliminary ratings, based on the expected pool composition.

We also stressed both the recovery lags and the forbearance periods in our cash flow scenarios. Under the 'A' stress scenarios, all timely interest and principal due were paid, and depending on the scenario, the transaction was able to withstand approximately a 33.0%-34.0% cumulative net loss rate. These net loss coverages were approximately 2.6x our base-case expected net loss rate, which are consistent with the preliminary 'A (sf)' ratings.

We also performed supplemental analysis to assess the liquidity of the transaction over the next six months and determined that there is sufficient liquidity to make timely bond interest payments.

In addition, we ran several liquidity cash flow scenarios with zero voluntary prepayments and other stress assumptions specified above to test the assets' ability to repay the bonds by their maturity dates. The first set of the liquidity scenarios assumed a zero default rate. The other set of the liquidity scenarios assumed the base-case default rate with a fast and a slow default curve. Under these liquidity cash flow scenarios, the bonds received interest payments due on every monthly payment date and principal payments by the bonds' maturity dates.

Break-even cash flow results

In addition to the 'A' stressed cash flow scenarios using the 'A' stress default rate assumptions, we ran break-even cash flow scenarios that maximized the default rate while we kept all other assumptions constant. In the 'A' break-even scenarios, the transaction absorbed cumulative defaults of approximately 39.0%-41.5%. Break-even net losses in the 'A' scenarios were approximately 33.5%-35.5%. The break-even results provide coverage of approximately 2.6x-2.7x of our base-case net loss of 13.0%. In each of the break-even scenarios, the transaction paid timely interest and note principal by the legal final maturity date.

Credit Stability Cash Flow Analysis

In addition to the stressed and break-even cash flows, we ran cash flow scenarios to assess the stability of the assigned preliminary ratings under moderate stress conditions (a 'BBB' stress scenario). We believe that in a moderate stress scenario, the timing of voluntary prepayments would be slower, recovery rates would be higher, and forbearance would be lower than those in a 'A' stress scenario (see table 5).

Table 5

Sensitivity Cash Flow Modelling Assumptions

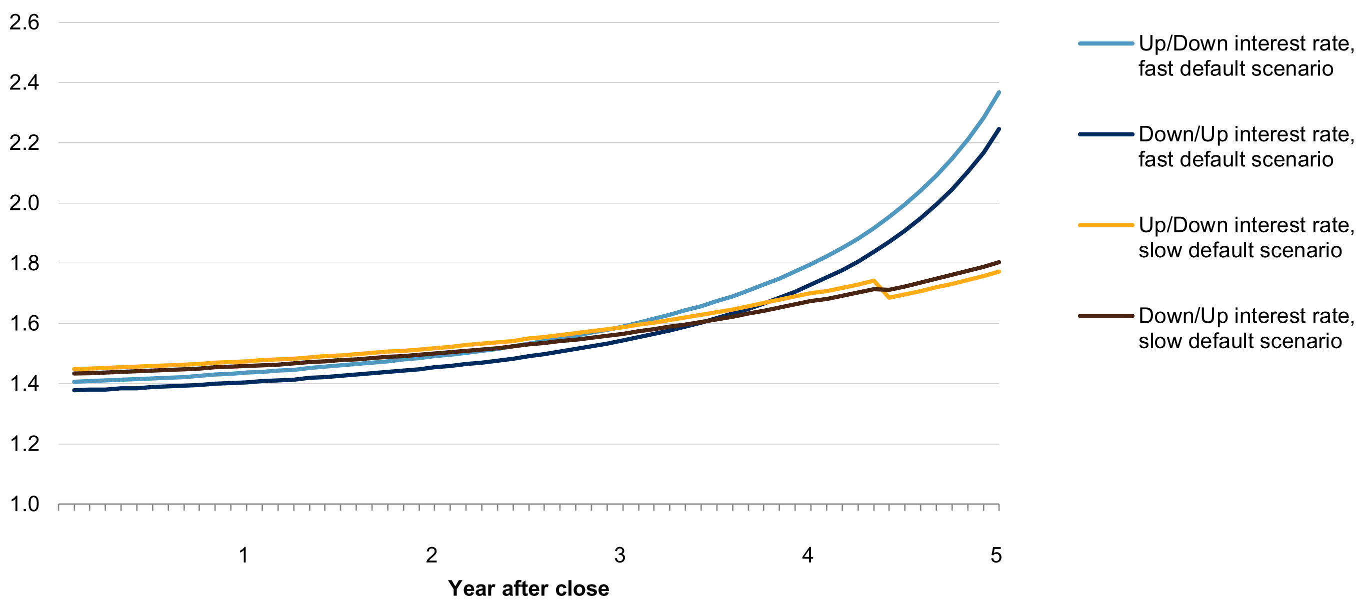
Overall cumulative default rate range based on different loan types (%)	35.7
Cumulative default timing--fast scenario (approximate %) per year(i)	20/20/20/20/20
Cumulative default timing--slow scenario (approximate %) per year(i)	15/15/15/15/10/10/10/10
Cumulative recovery rate (%)	17.5
Cumulative recovery rate timing (approximate %) per year	2.5/2.5/2.5/2.5/2.5/2.5/2.5
Voluntary prepayment rate (% CPR) per year	2/3/4/5/6/7 for the transaction's remaining life
In-school/In-grace (new Deferred, Min Pay & IO loans)	35% are in-school for 48 months and then in-grace for six months, 30% are in-school for 36 months and then in-grace for six months, 20% are in-school for 24 months and then in-grace for six months, and 15% are in-school for 12 months and then in-grace for six months.
Forbearance % per year	6% of the loans go into disaster forbearance for three months (interest accrues but does not capitalized); thereafter, 9% of loans go into forbearance for 36 months (interest accrues and capitalized).

(i)We ran separate fast and slow default scenarios. CPR--Constant prepayment rate.

We ran sensitivity cash flow scenarios using the cash flow assumptions above and utilizing fast and slow default curves. Chart 5 shows the credit enhancement from closing as a multiple of the remaining losses for the series 2020A bonds. In our sensitivity analysis, credit enhancement for the series 2020A bonds begins with approximately 1.4x coverage multiple of our moderately stressed net loss rate, depending on the default curve, and increases slightly to 1.5x one year after the end of the prefunding period. Thereafter, the coverage multiple grows slowly and then more rapidly after four years.

Chart 5

Credit Enhancement As A Multiple Of Remaining Losses In A Moderate ('BBB') Stress Scenario



Based on these scenario results, we expect our ratings on the series 2020A bonds to remain within two rating categories of our 'A (sf)' rating for one and three years, respectively, which is consistent with our credit stability criteria (see "Methodology: Credit Stability Criteria," published May 3, 2010).

SCSLC

SCSLC is a nonprofit, public benefit corporation established in 1973 according to the laws of the State of South Carolina (the State). SCSLC was created for the purpose of administering the federal student loan program for the State, whose activities have been significantly reduced since the termination of the Federal Family Education Loan Program (FFELP) in 2010.

Program Overview

SCSLC introduced the PAL private student loan program in 1996 for the purpose of reducing the cost of financing higher education for South Carolina residents or nonresidents attending eligible schools in South Carolina. In 2009, SCSLC recalibrated eligibility criteria, credit underwriting standards, and repayment terms after briefly suspended loan originations under the PAL program in 2008. In 2015, SCSLC rebranded its PAL Consolidation Loan product to a refinancing product known as "PAL Refi", which provides a means for South Carolina residents to refinance previously incurred federal and private loans into a single loan.

In addition to PAL Refi, currently there are two more loan products offered under the PAL program:

PAL Student Loans, where the student is the primary borrower, and PAL Parents Loans, where the parent is borrowing on behalf of a student. Both in-school loan products offer flexible repayment options while the students are enrolled at least a half-time basis at an eligible school or in grace period: Fixed payment of $25 per month, interest-only payments, fully deferred (PAL Student Loans only), and immediate repayment of principal and interest (PAL Parent Loans only). The loan amount is limited to the education cost minus other financial aid, as certified by the school and subject to a lifetime borrowing limits of $150,000. Eligible schools must be public or nonprofit institutions located in the U.S. and deemed eligible for Title IV programs under the Higher Education Act.

Each loan type requires a minimum FICO score of at least 670. PAL Student Loans and PAL Parent Loans offer repayment terms of 5, 10, or 15 years. The PAL Refi offers repayment terms of 5, 10, 15, or 20 years.

Related Criteria

- Criteria | Structured Finance | General: Methodology To Derive Stressed Interest Rates In Structured Finance, Oct. 18, 2019
- Criteria | Structured Finance | Legal: U.S. Structured Finance Asset Isolation And Special-Purpose Entity Criteria, May 15, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- General Criteria: Methodology And Assumptions For Stressed Reinvestment Rates For Fixed-Rate U.S. Debt Obligations, Dec. 22, 2016
- Criteria | Structured Finance | General: Methodology: Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD, March 2, 2015
- Criteria - Structured Finance - General: Global Framework For Cash Flow Analysis Of Structured Finance Securities, Oct. 9, 2014
- Criteria | Structured Finance | ABS: Methodology And Assumptions For U.S. Private Student Loan ABS Credit Analysis, Feb. 13, 2013
- Criteria | Structured Finance | General: Criteria Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

Related Research

- U.S. Biweekly Economic Roundup: Recent Gains Are Likely To Slip On Rising COVID-19 Cases, July 17, 2020
- U.S. Real-Time Economic Data Suggests Hopeful Signs Of A Recovery Could Be Short-Lived, July 16, 2020

- COVID-19 Activity In Global Structured Finance As Of July 3, 2020, July 13, 2020
- The Global Economy Begins A Slow Mend As COVID-19 Eases Unevenly, July 1, 2020
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In addition to the criteria specific to this type of security (listed above), the following criteria articles, which are generally applicable to all ratings, may have affected this rating action: "Counterparty Risk Framework: Methodology And Assumptions," March 8, 2019; "Post-Default Ratings Methodology: When Does Standard & Poor's Raise A Rating From 'D' Or 'SD'?," March 23, 2015; "Global Framework For Assessing Operational Risk In Structured Finance Transactions," Oct. 9, 2014; "Methodology: Timeliness of Payments: Grace Periods, Guarantees, And Use of 'D' And 'SD' Ratings," Oct. 24, 2013; "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," Oct. 1, 2012; "Methodology: Credit Stability Criteria," May 3, 2010; and "Use of CreditWatch And Outlooks," Sept. 14, 2009.