

THIRD PARTY DEBT RELIEF AND DOCUMENT PREPRATION COMPANIES (TPDRs)



Webinar Presented by:

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MOHELA

BORROWER PROTECTION

What is a TPDR?

■ What Role is Played by these Entities:

- Commonly referred to as Third-Party Debt Relief (“Debt Relief”) and Document Preparation (“Doc Prep”) Companies;
- Typically, these types of entities offer the following:
 - **Debt Relief Companies:** *Offer debt relief, by way of balance and/or payment reduction, often in the form of a strategic default; although, more common for FFELP and private loans*
 - **Doc Prep Companies:** *Offer to prepare various types of documentation for borrower, to ease burden of borrower completing on his/her own, e.g., IDR Plan Request*
- However, in the world of federal student loans, the entities at play are often a hybrid of these two types of entities, which we’ll refer to as a “**TPDR**” or “**TPDRs**”; but,
- There are often many entities involved in the process.

What Does a TPDR Do?

Newer Types of Offerings:

- Data Storage
- Advisory/Consultancy Services

■ What Are TPDRs Offering Borrowers:

- Often use misleading methods to offer a mixture of services, such as:
 - Loan Consolidation
 - Loan Forgiveness
 - Balance Reduction
 - Lower Monthly Payments

■ Charge Borrowers Fees for Services Available for Free, Such As Preparing:

- Income-Driven Repayment (“IDR”) Plan Requests
- Forbearance/Deferment Requests
- Loan Consolidation Applications
- Borrower Defense Discharge Applications
- Closed School and Disability Discharge Applications
- Public Service Loan Forgiveness (“PSLF”)

INCOME-DRIVEN REPAYMENT (IDR) PLAN REQUEST
For the Revised Pay As You Earn (REPAYE), Pay As You Earn (PAYE),
Income-Based Repayment (IBR), and Income-Contingent Repayment (ICR)
plans under the William D. Ford Federal Direct Loan (Direct Loan) Program
and Federal Family Education Loan (FFEL) Programs
WARNING: Any person who knowingly makes a false statement or misrepresentation on this form or on
any accompanying document is subject to penalties that may include fines, imprisonment, or both, under
the U.S. Criminal Code and 20 U.S.C. 1097.

SECTION 1: BORROWER INFORMATION

Please enter or correct the following information.
☐ Check this box if any of your information has changed.

Name _____
Address _____
City _____ State _____ Zip Code _____
Telephone - Primary _____
Telephone - Alternate _____
Email (Optional) _____

SECTION 2: REPAYMENT PLAN OR CERTIFICATION REQUEST

It's faster and easier to complete this form online at StudentAid.gov. You can learn more at StudentAid.gov/IDR and by
reading Sections 9 and 10. It's simple to get repayment estimates at StudentAid.gov/repayment-estimator. If you need help
with this form, contact your loan holder or servicer for free assistance. You can find out who your loan holder or servicer is at
StudentAid.gov/begin. You may have to pay income tax on any loan amount forgiven under an income-driven plan.

How Does a TPDR Operate?

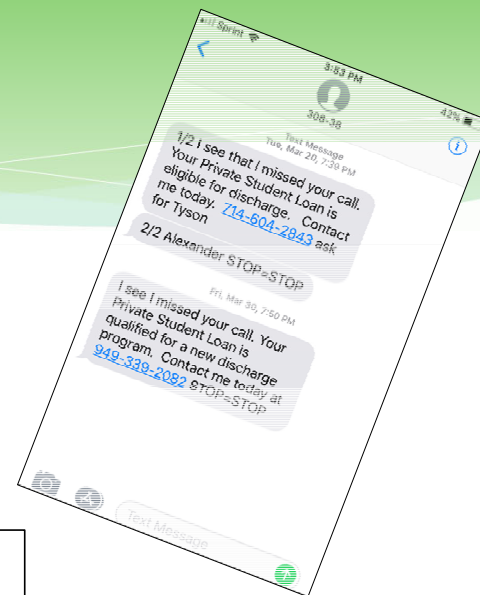
■ How Do TPDRs Know Who to Contact?

- Lead Generation or Lead Aggregator firms
- May obtain information through other TPDRs reselling information
- Possibly, via credit reports, See, *CFPB v. Chou Team Realty*

■ How Are TPDRs Reaching Student Loan Borrowers?

- Telephone calls
- Texting
- Sending direct mail to borrowers
- Advertising on radio, television, internet, social media applications, etc.

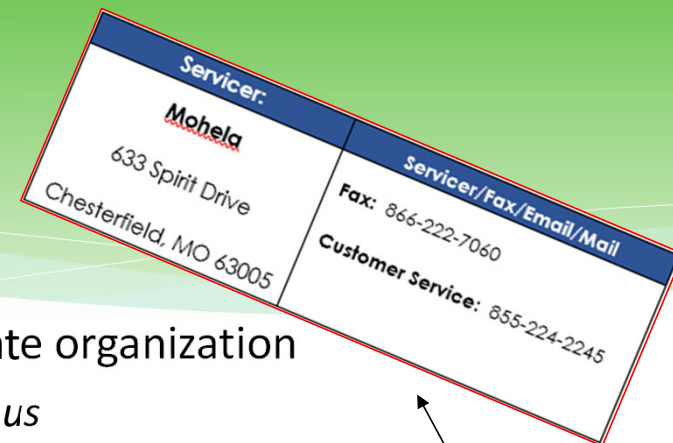
NOTE: Callers from TPDRs becoming more and more welcoming and persuasive.



How Does a TPDR Operate?

■ TPDRs May Misrepresent Who They Are:

- Use name, logo, or web domain similar to that of a legitimate organization
 - *American Counseling Center Corp.*
 - *gofsa.us*
 - *Federal Document Assistance Center*
 - *my.doe-nsls.com*
- Use similar toll-free phone telephone number to that of a student loan servicer(s)
 - *One TPDR uses the telephone number: 800-866-4352; but,*
 - *MOHELA's telephone number: 888-866-4352*
- Imply a connection to the U.S. Department of Education
 - *This implied connection could be based on a TPDR Representative's words; or,*
 - *By language or a logo used by a TPDR on: websites, mailings, forms, etc.*



See: E-mail from TPDR to borrower containing MOHELA's mailing address and fax no., but TPDR's tel. no.

How Does a TPDR Operate?

▪ **TPDRs May Misrepresent What They Do:**

- Claim Federal student loan programs as their own or falsify names for the programs:
 - *William D. Ford Act of 2012*
 - *Joe Biden Student Loan Forgiveness*
- Use high-pressure sales tactics and portray servicers negatively:
 - *Claim that their repayment plan/forgiveness program eligibility will soon run out*
 - *Claim that their servicer will not, or does not want to, help them*
- Claim to consolidate and/or take over the borrower's student loans:
 - *Causes borrowers to think loans are elsewhere and ignore calls from current servicer*
- Make promises using inaccurate information:
 - *Offer a zero dollar IDR repayment payment plan for 20 years*
 - *Offer forgiveness with shorter than accurate duration*

How Does a TPDR Operate?

■ TPDRs Bind Borrowers With Written Agreements:

- A Contract with the TPDR and/or Third-Party Financing Company
 - *Often executed via digital signature, while on telephone with the TPDR*
 - *Large upfront fee, as well as monthly maintenance or subscription fees*
 - *Limited cancellation rights (e.g., must cancel within 10 days of execution)*
- A Power of Attorney (“POA”) form, often:
 - *It is not properly, or validly, executed by law*
 - *It is not provided to the servicer*
- Disclosure of Personal Information, such as:
 - *Non-Public Information (“NPI”)*
 - *Log-In Information (e.g., FSA ID)*

NOTE: Sometimes this info. is obtained without signing a contract, and provided over the telephone

Tactics of TPDRs

■ What TPDRs Do With NPI and Log-in Information:

- TPDRs Impersonate Borrowers:
 - *On Paper (including forging the borrower's signature)*
 - *By Telephone (calling the servicer and impersonating the borrower)*
 - *By logging-in to either studentaid.gov or the servicer's website as the borrower*

■ What Actions Do TPDRs Perform on Borrower Accounts:

- Change contact information, e.g., *telephone numbers, mailing addresses*
- Remove borrowers from auto-debit program, enroll in paperless, etc.
- Mail, fax, and/or e-Sign applications, e.g., *IDR Plan Request, Forbearance*
- Consolidate federal student loans of borrowers (*often not in borrower's best interest*)

Tactics of TPDRs

■ How Do TPDRs Impersonate the Borrower?

- *When calling, TPDRs may obscure their telephone number:*
 - TPDRs use a *blocked* telephone number, so it appears as blocked
 - TPDRs use a *restricted* telephone number, so it appears as restricted
- *TPDRs will call from business telephone numbers:*
 - Business telephone numbers, typically an 800 number, such as: **800, 888, 877, or 844**
- *Also, TPDRs spoof, or alter, their telephone number:*
 - TPDRs can spoof a telephone #, making it appear exactly like, or close to, the borrower's tel. #:

Borrower's #

Impersonator's #

.7551
Alternate Phone

Number
-7550

When TPDRs spoof telephone #'s, sometimes only the **Line Number**, i.e., the last 4 digits, may be different.

Tactics of TPDRs

■ What Other Ways Do TPDRs Impersonate Borrowers?

- *May be certain indicators on items sent by TPDRs:*
 - May be indicators on the mail, i.e., *envelopes used by TPDRs*
 - May be indicators on the specific applications/requests sent by TPDRs →
- *TPDRs impersonate borrowers through the web:*
 - TPDRs will obtain log-in credentials for web access, such as:
 - FSA's website: studentaid.gov
 - Servicer website: www.mohela.com
 - TPDRs will often try to disguise these efforts by:
 - Frequently changing IP addresses
 - Using a proxy server/VPN service

See: Contact info.
linked to TPDR, on
the IDR Application

☐ Check this box if any of your information has changed.

SSN	
Name	
Address	3857 Birch St. #456
City	Newport Beach
Telephone - Primary	State CA
Telephone - Alternate	Zip Code 92660
Email (Optional)	@talkbackmail.com

Tactics of TPDRs

■ TPDRs Change Borrower Contact Information:

- TPDRs may change one or more of the following, on the borrower's account:
 - mailing address, e-mail address(es), telephone number(s)
- The updated contact info. may or may not be clearly linked with the TPDR...
 - For e-mail addresses, TPDRs may change it to that:
 - Linked directly with the TPDR, e.g., e-mail address of: emails@sdrq.us
 - Specific to each borrower, e.g., e-mail address of: @ravenmails.com
 - For mailing addresses, TPDRs may change it to a USPS or UPS PO Box:
 - 3857 Birch St. # 456, Newport Beach, CA 92660
 - For telephone #'s, TPDRs may:
 - Change one or two digits in the telephone #
 - So the servicer calls the wrong telephone #

TPDRs will purchase obscure webmail domains, like: **@ravenmails.com**; but, also use those like **@gmail.com**

()	-4323
Home Phone	
()	-4322
Alternate Phone	

One digit variation, and will often invalidate real telephone #

How TPDRs Harm the Borrower?

▪ TPDR Actions and Effect of These Actions on Borrowers:

- *By Changing Demographics:*
 - Re-routes all communications to the TPDR
 - Borrower is unaware of account status – *Often causes delinquency/credit reporting*
 - Borrower doesn't receive info., (e.g., *tax information, IDR renewal, delinquency notices*)
- *Removal of Auto-Debit (or, EFT):*
 - Borrower loses 0.25% interest rate reduction
 - Payments may not be made to the servicer
- *Enroll in Paperless:*
 - Communications sent to TPDR's e-mail and/or secure mail
 - Often meaning the borrower is unaware communication is transmitted

How TPDRs Harm the Borrower?

■ TPDR Actions and Effect of These Actions on Borrowers: (Cont'd.)

- *Submission of Forbearance/Deferment:*
 - Often done without the borrower's knowledge/consent
 - May result in unnecessary interest capitalization
 - May have qualified for a non-capping administrative forbearance
- *Submission of IDR Plan Requests:*
 - Often falsified information, e.g., *Family Size, AGI, Access to Spouse's Income*
 - Goal is to achieve a lower, and/or \$0.00, monthly payment amount
- *Submission of Consolidation Application and Promissory Note:*
 - May lose qualifying payments, as it re-starts forgiveness counter
 - Borrower may be unaware of the identity of the new servicer

SECTION 4A: MARITAL STATUS INFORMATION

7. What is your marital status?

☐ Single - Skip to Item 11.

☐ Married - Continue to Item 8.

☐ Married, but separated - You will be treated as single. Skip to Item 11.

☒ Married, but cannot reasonably access my spouse's income information - You will be treated as single. Skip to Item 11.

How Can We Provide Borrower Protection?

- **How Can We Help?**

- **Creating a strategy to achieve Three (of the) Keys:**

- Identify
 - Educate
 - Protect

- **Achieving this strategy involves engaging a variety of areas/resources:**

- *Contact Center*
 - *Processing Department*
 - *Information Technology*
 - *Business Development/Marketing*

How Can We Provide Borrower Protection?

▪ Steps to Identify:

- There are a number of ways to identify suspicious activity:
 - *Start to think like a TPDR*
 - *Identify trends and be prepared to adjust*
 - *Anticipate their next move (e.g., COVID-19 Relief)*
- Gather and compile information about known TPDRs, such as:
 - *Company Names*
 - *Company Contact Info.*
 - *Offerings of the TPDR*
 - *Payments required by the TPDR*
- Regularly monitor and query for contact info., etc., as well as patterns with:
 - *Auto-Debit Cancellations*
 - *IDR Plan Requests*
 - *Consolidation Requests*
 - *Forbearance Requests*

How Can We Provide Borrower Protection?

Knowing is half the battle...

■ Steps to Educate:

- Before borrowers can be educated, others must be too:
 - *Schools*
 - *Servicers*
- Ensure customer service staff is trained to:
 - *Advise that all options/repayment plans on federal student loans are available for free!*
 - *Advise of warning signs and the potential impact of TPDRs*
- Use the same methods as TPDRs use to spread awareness:
 - *Websites and social media*
 - *Mail, e-mail, and telephone calls, etc.*

How Can We Provide Borrower Protection?

▪ Steps to Educate: (Cont'd.)

- Advise of various warning signs, such as:
 - *Asked for initial and monthly maintenance fees to sign up for services*
 - *Asked to provide your FSAID and Password*
 - *Asked to provide your User ID and Password for servicer's website*
 - *Asked to provide your credit card or debit card information*
 - *Urged to act quickly because loan forgiveness programs are ending*
 - *Urged to act or forfeit rights to your student loan benefits*
 - *Advised that your student loan servicer will not help you*
 - *Advised not to contact or accept calls from your student loan servicer*

How Can We Provide Borrower Protection?

■ Steps to Protect:

- Upon identifying suspicious activity, we will perform outreach via:
 - Telephone
 - E-mail
 - Mail
- Advise borrower to create, or update the password to, their:
 - Federal Student Aid ID (FSAID); and,
 - Web log-in on www.mohela.com
- Advise borrowers of additional layers of security for their account, such as:
 - Personal ID #
 - Other access restrictions, etc.

NOTE: Creating one makes it harder for someone else to do so on the borrower's behalf.

How Can We Provide Borrower Protection?

■ Steps to Protect: (Cont'd.)

- *If a borrower feels misled, it may be helpful to provide complaint resources:*
 - Federal, state and local regulatory/law enforcement agencies, etc.
 - *Helpful in catching the eye of these agencies*
 - *Helpful in spreading awareness on public facing complaint portals*
- May spur investigations into those that are causing harm

Complaint Resources:
-FSA Feedback System
-ED OIG
-FTC
-CFPB
-State's AG
-Better Business Bureau

Among other things, the Office of Federal Student Aid ("FSA"), provides:

- Detailed information on website about warning signs: studentaid.gov/resources/scams
- Detailed complaint intake portal, for borrowers to submit complaints about TPDRs

COMMENTS OR QUESTIONS?

THANK YOU FOR YOUR TIME!

