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of Texas**

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Office of General Counsel
Texas Department of Motor Vehicles
4000 Jackson Avenue
Austin, Texas 78731

Via Email: rules@txdmv.gov

Re: PROPOSAL OF REVISIONS TO SUBCHAPTER B. MOTOR VEHICLE
REGISTRATION 43 TAC: §§217.22, 217.26, 217.28, AND 217.29

Dear Counsel,

The following comments are submitted on behalf of the Independent Bankers Association of Texas (“IBAT”), the largest state-based community banking trade association representing Texas community banks, on the notice of proposed revisions to Subchapter B, Motor Vehicle Registration.

The Texas Department of Motor Vehicles (department) proposes amendments to 43 Texas Administrative Code (TAC) Subchapter B, Motor Vehicle Registration, §§217.22, 217.26, 217.28, and 217.29 to limit the types of personal identification documents that an applicant can use to register a vehicle in Texas under Transportation Code, §502.040, which requires that the owner of a vehicle apply for registration in Texas and that the applicant for registration is a resident of Texas. These proposed amendments are necessary to ensure that the applicant’s personal identification document is valid and that the applicant is legally eligible to reside in Texas.

Community banks have been encouraged by regulators to serve the borrowing needs of non-resident aliens for decades. And while the proposed rule is not specific to banks in particular, in nonetheless will result in increased credit risk to lenders potentially penalizing community banks that did work to serve diverse communities in the following ways:

- Borrowers fail to register vehicles out of fear they will not be able to provide the necessary personal identification documents. That could make locating and repossessing collateral more difficult, leading to increased costs on the bank in the event of default.

- Borrowers could try and transfer the vehicle that has a valid lien to another individual – perhaps a family member that does have the personal identification documents – resulting in confusion, sales tax issues and potential title scams.
- Borrowers simply abandoned the vehicle when they cannot provide the necessary personal identification documents. This results in credit losses by banks that inevitably must recover those costs from other borrowers.

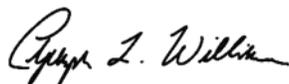
This proposal represents a significant change that will have a chilling effect on banks willing to serve the non-resident aliens. Previously, a borrower did not have to produce identification documents to register a vehicle or obtain insurance on said vehicle. Banks relied upon the Customer Identification Program (“CIP”) requirements outlined in 12 CFR Chapters I through III and VII, and 31 CFR Chapter X for identifying customers.

A bank’s CIP must contain procedures detailing the identifying information to obtain from each customer. At a minimum, a bank must obtain the following identifying information from each customer before opening the account: Name, Date of birth for an individual, Address, and Identification number which consist of (i) for a U.S. person, a taxpayer identification number; or (ii) for a non-U.S. person, one or more of the following: A taxpayer identification number; passport number and country of issuance; alien identification card number; or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.

While Texas community banks are sympathetic with the goal, this proposal, if adopted, would create inconsistencies between a bank’s CIP requirements and the requirements necessary to register a vehicle. That, coupled with the fact that it will penalize banks that served the non-resident alien community at the behest of regulators.

Thank you in advance for your time and thoughtful consideration of IBAT’s concerns.

Very truly yours,



Christopher L. Williston IV
President & CEO
Independent Bankers Association of Texas