



10/31/2022

The Honorable Sandra Thompson  
Director  
Federal Housing Finance Agency  
Constitution Center  
400 7th Street, SW  
Washington, D.C. 20219

RE: FHFA Review of the Federal Home Loan Bank System

Dear Director Thompson

Thank you for your commitment to review the mission, purpose, and organization of the Federal Home Loan Bank System.

The Federal Home Loan Bank's mission to serve as a reliable source of liquidity and funding for the housing finance and community investment has been essential part of Florida Capital Bank, N.A. (FLCB) success.

FLCB is an OCC regulated National Bank headquartered in Jacksonville, FL with assets totaling \$431MM as of Sept 30, 2022. FLCB has strategic focuses in Commercial Banking, Electronic Payments, Mortgage Banking, and Mortgage Warehouse Lending.

During the Financial Crisis, the profitability of our Mortgage Banking operations helped minimize FLCB's operating losses and helped FLCB maintain regulatory capital in an environment of increasing credit losses. The counter-cyclical returns from Mortgage Banking relative to Commercial Banking are a key component of the FLCB's overall success.

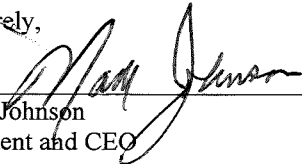
The Federal Home Loan Banking System has assisted FLCB in managing our daily liquidity, fund mortgages originated for sale in the secondary market, fund loans and investments held in portfolio; improve our asset liability management; meet community credit needs and reduce the funding cost of asset growth. FLCB's liquidity needs change on a day-by-day basis, the ability of FLCB to participate in the Federal Home Loan Bank's Residential Available For Sale (RAFS) program has allowed FLCB to pledge mortgage loans that are held for sale as collateral. This program has not only assisted FLCB to in our daily liquidity management, but it has also helped reduce our Interest Rate Risk by matching a short-term asset with a short-term liability. FLCB is also enrolled in the Federal Home Loan Bank's Affordable Housing Program (AHP), which has helped low- and moderate-income families with closing cost and down payment for first-time homebuyers. The AHP has assisted FLCB in building stronger relationships within our communities.

FLCB would like the Federal Home Loan Bank System to explore the ability to pledge Mortgage Warehouse loans in a similar manner as Mortgage Loans HFS in the RAFS program. This would further help many banks to increase their liquidity and decrease interest rate risk.

FLCB strongly relies on the experience and understanding of our regional Federal Home Loan Bank executive and their understanding of our regions benefits and challenges.

Thank you for the opportunity for FLCB to comment on the review of the Federal Home Loan Banking System.

Sincerely,

  
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Mark Johnson  
President and CEO