

# LoanDepot (\$LDI) – The Hidden Gem of Housing Finance

## This WILL be one of Trump's Soldiers in the War On Housing

The Servicing Book Alone is Worth \$5.50 a share and THAT is NOT Citron's opinion.

Go to any AI you want and the answer is the same!

Citron was early on Rocket Mortgage (\$RKT), recommending it in **May at \$11**. Today, it sits at **\$20**. That move wasn't about sudden fundamentals — it was Wall Street finally realizing the true value of **Mr. Cooper's servicing book** and how to build a vertical real estate company.

The same dynamic now sets up **LoanDepot (\$LDI)**.

### The Macro Setup

On September 5, Citron said Trump will win his “war on housing,” sparking a purchase and refinance boom. Since then, mortgage rates have fallen to an **11-month low**, confirming the thesis in real time.

When rates move lower, servicing portfolios become rocket fuel:

- Servicing creates recurring fee income.
- Each refinance cycle turns servicing customers into **new originations**.
- Retention/recapture is the key multiplier.

### LoanDepot's Hidden Gem

The data reference being used is the well-researched BTIG's *Mortgage Finance Roundup* (August 27, 2025) — a report investors will need to access on their own — the **hidden gem** of LoanDepot is its servicing business:

Loan Depot is no second-rate player, they have quality loans and a durable business

- **Servicing UPB:** \$116–117.5B across ~418,000 customers.
- **Strong Credit Quality:** 79% of FICOs above 680 → lowers delinquency risk.
- **Agency/Gov Backing:** 90% of servicing is guaranteed (56% GSE, 34% Ginnie Mae) → very low credit risk exposure.

## Independent Verification Across Every AI

Citron didn't just stop with BTIG. We ran the same servicing math across **four major AI platforms** — ChatGPT, Grok, Gemini, and Perplexity — and asked:

***If LoanDepot's servicing book were valued at the same multiple as Mr. Cooper's, what would it be worth?***

Every single one came back with the **same answer**:

- $\$117.5\text{B UPB} \times 1.56\%$  (Cooper's multiple) = **\$1.83B servicing value**.
- Shares outstanding: ~330M.
- $\$1.83\text{B} \div 330\text{M}$  = **\$5.50/share**.

When four different AIs give you the same math, you know the answer is undeniable.

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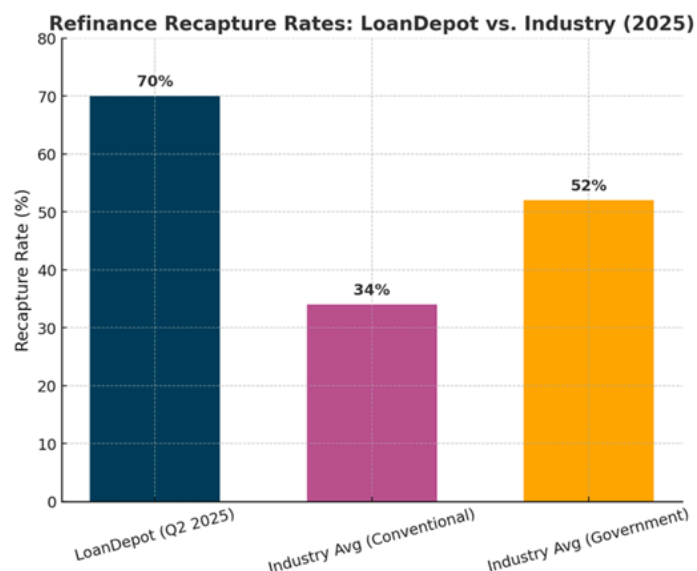
## Retention Advantage

Servicing only works if you can recapture borrowers. LoanDepot outperforms the industry here:

### Refinance Recapture Rates (2025):

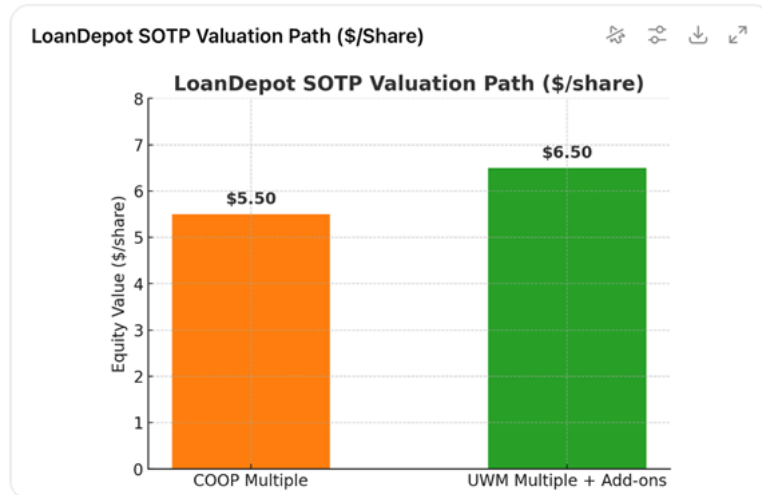
- **LoanDepot (Q2): 70%**
- **Industry Avg (Conventional): 34%**
- **Industry Avg (Government): 52%**

This means LoanDepot converts its servicing book into originations at **double the industry norm**.



## SOTP Valuation Path

- **Mr. Cooper multiple (1.56%):** ~\$1.83B servicing value = **\$5.50/share**.
- **UWM multiple (1.63%):** ~\$1.9B = **\$5.75/share**.
- **Add origination platform, technology, and fee businesses:** +\$0.50–\$0.75/share.



**Path clears \$6–6.75/share.**

## Why Now

While no one should expect a repeat of 2021's historic conditions — with mortgage rates at 3% and LoanDepot posting over \$600M in net income — the setup today is just as compelling for different reasons.

- **Rates at 6.5%+** create pent-up refinance demand.
- Any meaningful move lower will trigger a refi wave.
- With a **70% recapture rate**, LoanDepot is positioned to capture that wave and effectively **print money**.
- The servicing book provides a hard floor. Origination recovery is pure upside.

This is where the company sits **today**. Obviously, if we get a **mortgage boom or a full-scale refinance wave**, we can only imagine the numbers this company could deliver.

## Looking Ahead

Citron will go deeper in our **next note** to show:

1. What normalized earnings for LoanDepot could look like in a healthier rate environment.
2. And more importantly — **who we think will acquire LoanDepot** as consolidation in housing reaches a fever pitch.

## Citron Thesis

- **Servicing is the floor.** At \$5.50–\$5.75/share on peer multiples, LoanDepot’s servicing business alone is worth 2.5x the current stock.
- **Origination recovery is the upside.** Even modest rate moves will spur a refi boom, and LoanDepot’s retention advantage ensures it monetizes that cycle better than most peers.
- **\$6+ is conservative.** With its hybrid tech + branch model, ancillary businesses, and high-quality servicing book, LoanDepot is mispriced.

**Citron view: \$LDI is the next re-rate.**

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