29-Oct-2026

Rocket Cos., Inc. (RKT)

Q3 2026 Earnings Call

Copyright © 2001-2026 FactSet CallStreet, LLC

CORPORATE PARTICIPANTS

Sharon Ng
Head-Investor Relations, Rocket Cos., Inc.

Varun Krishna
Chief Executive Officer & Director, Rocket Cos., Inc.

Brian Nicholas Brown
President, Chief Financial Officer & Treasurer, Rocket Cos., Inc.

OTHER PARTICIPANTS

Ryan McKeveny
Analyst, Zelman & Associates

Ryan M. Nash
Analyst, Goldman Sachs & Co. LLC

Jeffrey Adelson
Analyst, Morgan Stanley & Co. LLC

Douglas Harter
Analyst, BTIG LLC

Dan L. Kurnos
Analyst, StoneX Group Inc.

Donald Fandetti
Analyst, Wells Fargo Securities LLC

Bose George
Analyst, Keefe, Bruyette & Woods, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Hello everyone, thank you for joining us and welcome to the Rocket Companies, Inc. Third Quarter 2026 Earnings Call. After today's prepared remarks, we will host a question-and-answer session. If you would like to ask a question, please press star 1 to raise your hand. To withdraw your question, press star 1 again.

I will now hand the conference over to Sharon Ng, Head of Investor Relations. Sharon, please go ahead.

Sharon Ng

Head-Investor Relations, Rocket Cos., Inc.

Good afternoon, everyone, and thank you for joining us for Rocket Companies earnings call covering the third quarter 2026. With us this afternoon are Rocket Companies CEO, Varun Krishna; and our President and CFO, Brian Brown.

Earlier today, we issued our third quarter earnings release, which is available on our website at rocketcompanies.com under Investor Info. Also available on our website is an Investor Presentation. Before I turn things over to Varun, let me quickly go over our disclaimers.

On today's call, we provide you with information regarding our third quarter performance, as well as our financial outlook. This conference call includes forward-looking statements. These statements are subject to risks and uncertainties that could cause actual results to differ materially from the expectations and the assumptions we mentioned today.

Copyright © 2001-2026 FactSet CallStreet, LLC

We encourage you to consider the risk factors contained in our SEC filings for a detailed discussion of these risks and uncertainties. We undertake no obligation to update these statements as a result of new information or further events, except as required by law. This call is being broadcast online and is accessible on our Investor Relations website. A recording of the call will be posted later today.

Our commentary today will also include non-GAAP financial measures. Reconciliations between GAAP and non-GAAP metrics for our reported results can be found in our earnings release issued earlier today, as well as in our filings with the SEC.

And with that, I'll turn things over to Varun Krishna to get us started. Varun?

Varun Krishna

Chief Executive Officer & Director, Rocket Cos., Inc.

Good afternoon, and thank you for joining our third quarter earnings call. On today's call, I'll do three things: walk you through the market; share our results; and show you what three years of rebuilding Rocket has brought us.

Here's the truth about tough markets. They don't lie. They strip everything down to what's real. Who has the capital to keep investing? Whose model works in any cycle? Who can win their clients back? And who can move fast when it counts? This quarter did all of this.

From June to September, the 10-year Treasury rose 80 basis points to 5.3%, the highest in 24 years. The 30-year mortgage rate rose more than 80 basis points to 7.3%. On an annualized basis, existing home sales fell below 4 million. Refinance applications fell more than 50% from a year ago. Total applications declined four straight weeks to close the quarter. For American families trying to buy a home, the math went from hard to punishing. Well, in that exact market, we delivered.

Adjusted revenue of $2.6 billion near the midpoint of our guidance, share gains in purchase and refinance, quarter-over-quarter and year-over-year. Adjusted EBITDA of $748 million, with margins expanding to 29%. This was our highest margin in nearly five years and our fourth straight quarter of expansion since we closed the Mr. Cooper transaction. Adjusted net income of $419 million, $0.15 of adjusted EPS.

Let me say that differently. In one of the hardest mortgage markets in a generation, we grew share expanded margins, and earned $0.15 of adjusted EPS. So why does Rocket win? It's no accident. Three years ago, we made a decision: rebuild this company at every single level. An ecosystem that serves clients from home search through servicing, a technology platform built for scale, speed and efficiency, distribution that reaches home buyers and home owners everywhere. And a fortress balance sheet, now over $11 billion in liquidity. So we can keep investing while others pull back. That combination puts Rocket squarely in a category of one. Number one in purchase, refinance, home equity and servicing.

Now, let me take you back to late 2023, the last time rates were this high. Back then, we were unprofitable. Today, in a market just as brutal, we earned $0.15 of adjusted EPS and grew market share. Same environment, different Rocket, durable through cycles.

So the question is, where does this durability come from? It comes from two things. First, a business model built for any cycle. Second, technology that drives better, faster, and a more affordable experience for our clients.

Let me talk about the model first. More than 70% of our revenue this year comes from recurring or less rate-sensitive sources. Servicing fees, subscriptions, purchase, cash-out refinance, home equity. Let me take you

Copyright © 2001-2026 FactSet CallStreet, LLC

inside two of them; purchase and servicing. Purchase starts with Redfin, and every home search begins there. Now, inside every listing, there's a path to Rocket Mortgage. Buyers meet us before they ever make an offer. The results? Visitors who click through to start a purchase mortgage transaction are up 50% year-over-year. Redfin's contribution to our refinance leads also more than doubled this quarter from a year ago.

Compass simply extends that same playbook and delivers what buyers want most: homes and the agents who sell them. Cumulative unique listings are now nearly 40,000, up from roughly 25,000 last quarter, homes you cannot find anywhere else.

Rocket Pro net rate lock volume through Compass has passed $3 billion since February, up 50% from last quarter. Then their servicing, our ballast, more than $1 billion a quarter in servicing fees, more than $4 billion a year. That's triple where we were three years ago. That's recurring cash flow in any rate environment revenue that shows up, whether rates are 4% or 8%.

And here's what makes it compound, because we know these clients, we're first in line when they're ready for their next loan. In Q3, recapture across the combined portfolio hit the highest level in our history. We recapture at a rate multiple times higher than the industry. On our platform, servicing isn't just an annuity, it is a growth engine. Home equity extends the advantage. There is a record $12 trillion in tappable home equity in this country, and home equity loans let owners unlock cash without giving up their first-lien rate. That's resonating with our existing client base. Year-to-date, about two-thirds of our home equity clients also have their first mortgage serviced by Rocket.

Our second advantage is technology. And I'll be very direct with this. This is where the industry's future gets decided. For most of this industry's history, a mortgage moved at the speed of paperwork and business hours. AI removes both limits. How does technology win? Four proof points from this quarter. First is credit pulls, we reimagined how credit gets pulled across every digital lead, purchase and refinance, with AI agents guiding the client all the way through. On nearly 20% of our direct-to-consumer volume, AI completed that step before the client ever spoke to a loan officer. A year ago, that number was zero. Think about what that means. Our loan officers now spend their time with clients who are ready to move forward.

Second, the fully digital refinance. We threw out the form entirely and rebuilt the experience around agents. Clients can choose to pull their credit, see their loan options, and lock their rate without ever speaking to a loan officer. In Q3, digital was more than 40% of all direct-to-consumer refinance applications and digital leads converted at four times the rate of every other channel. Same demand more growth.

Third is voice. Our AI voice agents are now integral to how we serve every client. The platform handles 65% of inbound servicing calls and resolves more than half of them on its own. It's natural, personal, and always on. Clients get answers in seconds, and our people spend their time where humans excel.

Fourth is the agentic future. Consumers are starting to shop with their own AI agents like Meta's Muse that compare price, speed, and ratings across lenders, giving people more transparency and control. We saw that coming. Over the past 18 months, we built the APIs and protocols those agents need to complete the mortgage process with Rocket end-to-end. And here's the thing about agents. They don't care about your brand. They care about two things: the best price; and the easiest close. And we show up well as Rocket in both. Put it all together, Rocket is faster, simpler, and more affordable. Open 24/7 across every channel from AI agents to in-person, our structural cost advantage flows straight back to clients through better rates and offers like our preferred pricing bundle.

Copyright © 2001-2026 FactSet CallStreet, LLC

So where do we go from here? I'll close where I started. Tough markets don't lie. They reveal what's real. And this quarter revealed a company that delivered revenue near the midpoint of guidance expanded margins for the fourth straight quarter and took share in purchase and refinance in one of the hardest markets this industry has ever seen. Three years ago, at these rates, we lost money. Today we make it. The rates didn't change. We did. We built Rocket to be the strongest ship in rough water. We're built to grow in any rate environment. We are not waiting for the market, we're taking the reins.

And with that, let me hand it over to Brian.

Brian Nicholas Brown

President, Chief Financial Officer & Treasurer, Rocket Cos., Inc.

Thank you, Varun. And good afternoon, everyone. Today, I'll walk through our third quarter results, the expense discipline behind our margin expansion and the strength of our balance sheet. I'll close with our outlook for the fourth quarter.

Let's start with the results. Q3 was a tough quarter for the mortgage industry. The 30-year fixed rate started the quarter at 6.4% and rose to 7.3% by the end of September. The MBA's Mortgage Application Index fell in 10 of the 13 weeks during the quarter. Applications were down 23% from the second quarter average. Those headwinds have carried into the fourth quarter, which I'll cover more in our outlook.

Against that backdrop, Rocket grew share in both purchase and refinance. We expanded adjusted EBITDA margin to its highest level in nearly five years, and we ended the quarter with record liquidity.

Adjusted revenue was $2.6 billion, near the midpoint of our guidance range. Adjusted EBITDA was $748 million, a 29% margin, up from 28% last quarter. This is our fourth consecutive quarter of margin expansion and our highest since the fourth quarter of 2021. Adjusted net income was $419 million and adjusted diluted EPS was $0.15.

On a GAAP basis, total revenue was $3.3 billion and net income was $709 million, or $0.25 per diluted share. We generated $40.4 billion in net rate lock volume and $43.6 billion in closed loan volume. In what was a smaller market, we grew both purchase and refinance share. Based on our estimates, purchase market share approached 6.5% and refinance market share was 15.5%. That's compared to the 6.2% and 14.3% reported in the second quarter.

In purchase, our investments in distribution are paying off. Rocket Local is our team of in-market loan officers who work directly with real estate agents in their communities. Rocket Local grew volume more than 30% year-over-year, and we've built the team to more than 400 loan officers across major metro areas.

Our partnership with Redfin and Compass extend that reach, and today, one in five of our purchase clients is represented by a Redfin or Compass agent. We're also growing in wholesale. Over the last few months, we've added roughly 200 new Rocket Pro partners to our platform, representing $12 billion in potential annual volume. Our loan officers and Pro broker partners have the full weight of the Rocket platform behind them. They focus on relationships, and the platform handles the routine work, that makes them more productive and gives clients a better, faster, and more affordable experience.

In refinance, home equity loans were the standout. Volume set a record as homeowners tapped into their home's values without giving up the rate on their first-lien. Cash-out refinance volume remained healthy, supported by another step-up in recapture. Recapture rates on the combined portfolio reached an all-time high. The fourth consecutive quarter of improvement. Gain on sale margin, excluding correspondent, was 333 basis points, up

Copyright © 2001-2026 FactSet CallStreet, LLC

from 311 basis points last quarter. The increase was driven by higher direct-to-consumer margins, which rose to 431 basis points from 413 basis points in the second quarter. That improvement reflects a growing mix of home equity volume, which carries higher gain on sale margins.

As Varun shared, Rocket is a fundamentally different company than it was three years ago. Servicing is our foundation. We are the largest servicer in the country with $2 trillion of unpaid principal balance across 9.1 million clients. Servicing generated $1 billion of fee income for the third quarter. As rates rose, the fair market value of our MSRs net of hedges increased to $710 million in the quarter, because our recapture engine acts as a natural hedge, we don't need to hedge away all the upside, and when rates fall, recapture offsets the decline in value.

Now, let me walk you through what drove our profitability expansion. There are two parts to the story; disciplined expense management and ongoing investments in technology that give us optionality on our fixed cost structure.

Starting with expenses. Total expenses were $2.3 billion, down $175 million from the second quarter. A portion of this decrease reflects synergies and the rest reflects variable costs that move with volume. Through the quarter, we have realized $300 million in Mr. Cooper expense synergies.

We expect to deliver the remaining $100 million of annualized savings in the fourth quarter, reaching the full $400 million a year ahead of the original timeline. As we shared last quarter, beyond the $400 million of Mr. Cooper expense synergies, we have line of sight into an additional $100 million in annual savings, which we expect to realize in the first half of 2027.

The second driver of our profitability expansion is our technology platform. Most lenders rent their technology. We have built ours across origination and servicing, and we pair it with the richest client datasets in the industry.

When you control the system and the data, you don't wait on a vendor's roadmap. We build AI, deploy it, and scale it across the business faster than others running on a rented system. The result is an industry-leading cost to originate and service.

On the top line, the AI capabilities Varun described lift conversion, turning more of the leads we already generate into closed loans and lifetime client relationships without adding acquisition cost. On the bottom line, AI handles more of the routine work across origination and servicing and keeps lowering our cost per loan. Those savings are structural. That's where the optionality comes in.

The traditional mortgage model adds capacity by adding head count. We don't run the business that way. We've built more than $300 billion of origination capacity, without needing to add fixed costs. If the market remains soft, we can align our cost structure with demand and keep the capacity we need. When the markets turns, others will be hiring to catch up. We'll already have the capacity in place. We're not dependent on a rate recovery, but we're positioned to capture the upside when it comes. Underpinning all of this is the strongest balance sheet in the industry. We ended the quarter with a record $11.4 billion of liquidity, including $2.7 billion of cash.

Net corporate leverage is below one turn, and we're the only independent mortgage company with an investment-grade rating. This matters more now than at any point in the last few years. Many lenders came into this market with less capital and more leverage, and higher rates are testing their balance sheets along with their business models.

In a market like this, capital isn't just defense, it's offense. We have the capital to keep investing and take advantage when opportunities arise. Investing through the cycle is how we build on the advantages we have

Copyright © 2001-2026 FactSet CallStreet, LLC

today: our technology platform; our servicing portfolio; our ecosystem; our distribution; our brand; and our talent. We're going to keep investing and keep widening that gap.

Now turning to our outlook for the fourth quarter. As I mentioned earlier, the market remains challenged. The MBA Purchase Application Index is down nearly 20% year-over-year, and refinance applications are down more than 50%. The fourth quarter is seasonally low for our industry, and this year that slowdown comes at a time where mortgage rates are reaching highs we haven't seen in two decades.

Last quarter, we told you our real-time data pointed to a third quarter mortgage market that would be smaller than Q2, something the industry had not seen since 2022. That is exactly how the third quarter played out. Today, based on our estimates, the same data points to a fourth quarter market well below what industry forecasts indicate.

More specifically, we expect the refinance market to decline by almost half from the third quarter, which would leave the overall mortgage activity near multi-decade lows. With that context, in the fourth quarter, we expect adjusted revenue to be between $2.1 billion and $2.3 billion. Our guidance reflects continued share gains.

And turning to expenses, at the midpoint of the revenue range, we expect total expenses of $2.050 billion, including $110 million of intangible amortization, $80 million of stock-based compensation, and $10 million of one-time integration costs. Excluding these items, we expect expenses of $1.850 billion, a decline of $165 million from the third quarter. As always, our guidance reflects the latest market data and our current visibility.

Let me close with this. Tough markets drive separation. This quarter, rates rose, volumes fell, and the industry felt it. Rocket grew share, expanded margin, delivered synergies ahead of plan, and ended the quarter with record liquidity. The fourth quarter will be harder still. We're ready for it.

With that operator, we're ready for questions.

Copyright © 2001-2026 FactSet CallStreet, LLC

QUESTION AND ANSWER SECTION

Operator: We will now begin the question-and-answer session. Please limit yourself to one question and one follow-up. If you would like to ask a question, please press star 1 to raise your hand. To withdraw your question, press star 1 again. We ask that you pick up your hand set when asking a question to allow for optimum sound quality. If you are muted locally, please remember to unmute your device. Please stand by while we compile the Q&A roster. Your first question from the line of Ryan McKeveny with Zelman. Your line is open. Please go ahead.

Ryan McKeveny
Analyst, Zelman & Associates

Q

Great. Thank you for taking the questions and congrats on the execution in the tough environment. So obviously, the mortgage rate backdrop has moved meaningfully higher the last couple of months. And, you know, certainly for us and Fannie Mae and kind of everybody who's forecasting the origination market, obviously outlooks have come down quite a bit both for 4Q and 2027.

So I was hoping you could maybe elaborate a bit more on the backdrop that you're looking at, kind of what's embedded from a market perspective, within that 4Q guide, how you're thinking about market share?

And to the extent you're willing to talk a little about 2027, I guess, I'd be curious, any thoughts on, how you're thinking about the ability to continue driving profits even if we do enter a period where the industry backdrop is even more challenging? That would be great. Thank you so much.

Varun Krishna
Chief Executive Officer & Director, Rocket Cos., Inc.

A

Hey, Ryan, thank you so much for the question. You know, why don't I start by just unpacking a little bit on the 2027 market outlook. And then I'll tag team with Brian to unpack a little more on the Q4 guide.

I think, look, the reality is this may be the toughest mortgage market in more than 30 years. But let me just tell you, like, I like tough markets because, like, when you're playing in this nosebleed territory, no one can really hide, right?

So, yes, mortgage applications at their lowest level since January of 2025. And Redfin reports that homebuyer demand is actually at its lowest level since 2013. But Rocket has a pretty unique view into this market, right? We are the largest mortgage lender. We operate in every channel, every state, and we see a lot.

And the other thing is that Redfin gives us a pretty unique visibility into the demand before buyers even apply. So we've been calling for a smaller market than the industry forecast, and that's pretty much exactly what we've seen quarter after quarter after quarter.

So when you look at 2027, you know, the forecasts are below $2 trillion. We think it could actually be even smaller still. But I think here's like the key thing. I think that's exactly what we've been planning for. I think in a good market, like everyone looks good, but in a tough market, the truth comes out a little bit.

We've spent the last three years building for this exact environment. That's why 70% of our revenue is recurring. It's less sensitive to rates. We have more than $300 billion in origination capacity. That's a pure result of our investment in technology.

Copyright © 2001-2026 FactSet CallStreet, LLC

And I think just a great compare is, again, when you just think back to 2023, that's like the last time that rates were around this level, they were this high and Rocket was actually losing money. And today, perhaps in an even tougher environment, we're taking share, we're expanding margins, even with rates back up over 7%. And I think that just shows incredible resilience of our business model.

So when you compare these two time periods, you have two very different versions of Rocket. And I think that should tell us something. So that's kind of the context on Q4 and a little bit of a perspective into 2027. And with that, maybe, Brian, you could unpack a little more on the 4Q guide.

Brian Nicholas Brown
President, Chief Financial Officer & Treasurer, Rocket Companies, Inc.

A

Sure. Yeah, happy to do it. Good to hear from you, Ryan. Let me actually start with Q3, because I just think that would be a good jumping off point for Q4. And Q3 results were very good to your point and I'm really proud of the team. Purchase continues to be a bright spot, and if I just double-click into there.

In the prepared remarks, you heard me talk a little bit about Rocket Local. That's starting to contribute to the purchase growth in a meaningful way. That's 400 loan officers working in communities around the US, and their volume, if I just compare it on a year-over-year basis, is up over 30%.

You know, we know that realtors like working with loan officers in their local communities and that's starting to prove out in Rocket Local. On the wholesale side, I touched on this, but that continues, our strategy to provide the best tech and capabilities to brokers is working, and we've onboarded a record number of brokers over the last quarter, over 200 of them. And that volume I expect to continue into next year.

On the refinance side, it's no surprise that rate and term is a bit challenged, but cash-out and home equity continue to perform above even our expectations. And as a reminder, that home equity business really helps boost the gain on sale margins in the quarter that you saw come through.

And of course, I'd be remiss if I didn't talk about recapture as it relates to both refinance and purchase, but we are now at record levels of recapture on the legacy Cooper book. Well ahead of our original synergy targets, which we said we wouldn't hit for two years from now.

On to Q4, look, Varun said it well. I expect Q4 to be tough. You have the normal seasonality. We usually measure that at about 15% to 18% down on a historical basis when you compare Q4 to Q3. But given the sharp increases in rates, I expect there to be a lot of pressure on rate and term refinance in Q4. We measure, you know, almost a 50% decrease on the refinance side going into Q4.

So if all these conditions hold, it could be one of our lowest origination quarters in three decades, or lowest market quarters, I should say, in three decades. And all that's reflected in our guide, which we think is very strong against this backdrop. We still expect cash-out and second-liens to be productive, and we expect to take share in a purchase market, which remains challenged, but much less so than refinance.

Ryan McKeveny
Analyst, Zelman & Associates

Q

Very helpful. Thank you.

Copyright © 2001-2026 FactSet CallStreet, LLC

Operator: Your next question comes from the line of Ryan Nash with Goldman Sachs. Your line is open. Please go ahead.

Ryan M. Nash
Analyst, Goldman Sachs & Co. LLC

Q

Thank you. Hey, Varun. Hey, Brian. So, maybe a few-part question on expenses. First, in the 4Q guide, Brian, I think you noted $165 million quarter-over-quarter decline. Maybe just talk a little bit about how much that is volume-based versus other savings.

And then more broadly, Brian, I think you talked about – you made a comment about aligning your cost structure with demand. I know you mentioned another $100 million of cost savings in 1Q, the first half of 2027, but can you expand on the realigning the cost structure comment? And are there more levers for you to pull beyond that $100 million? Thank you.

Brian Nicholas Brown
President, Chief Financial Officer & Treasurer, Rocket Cos., Inc.

A

Yeah. Thanks, Ryan. Appreciate it. Let me – yeah, let me – I will hit on your questions. And just to zoom out, because I'd like to give an update on the synergy goals first. The Mr. Cooper goal was $400 million.

Through the end of the third quarter, we have realized about $300 million of the $400 million. And I expect to realize that final $100 million in the fourth quarter. That's about $25 million of impact in the fourth quarter, but $100 million on an annualized basis. So that'll put us one year ahead of our synergy goal. And I'm really proud of the team, and of course that's on a tough backdrop of the market while we're continuing to take shares.

You said it, but in Q4, after intangibles, stock comp, one-time costs, I expect it to be down – I expect expenses to be down about $165 million versus Q3. And, you know, since Q4 represents fully realized Cooper synergies, I think that's a good starting point for our fixed cost base into 2027.

But I do want to call out, because you mentioned the other $100 million, that we're not stopping there. Last call, we told you we have line of sight into an additional $100 million. That's on top of the $400 million Cooper synergies. And we expect that to be realized in the first half of 2027.

But secondly, we're leaving no stones unturned on vendor and third-party costs. And we're also fine-tuning our marketing efforts. That's all on top of the $100 million. And then you touched on capacity a bit, which is a good point. You know, we've driven a lot of excess capacity in the system, and we're taking a hard look at that in light of the current rate environment. We have north of $300 billion of capacity. So listen, that option value is very high, and we will continue to evaluate that based on demand, and we'll have more to report on that in the next earnings call.

Ryan M. Nash
Analyst, Goldman Sachs & Co. LLC

Q

Thanks for the color, Brian.

Operator: Your next question comes from the line of Jeff Adelson of Morgan Stanley. Your line is open. Please go ahead.

Copyright © 2001-2026 FactSet CallStreet, LLC

Jeffrey Adelson
Analyst, Morgan Stanley & Co. LLC

Q

Hey, thanks. Good to hear from Varun and Brian. Maybe just, could you talk about, you know, we talked about competition last quarter. And obviously, it continues to be a pretty tough environment out there. Can you just talk about how you guys are faring, what you're seeing out there from your competitors, how you're able to take advantage in this tougher backdrop?

And, you know, you've had a couple of quarters now of continued market share gains here. Maybe just highlight where you're seeing that come from other than just the channel – high level channel numbers, purchase and refi. You know, anything specific under the hood that you think is driving that? Is it more the recapture increases, is it the focus on Rocket Pro? And, you know, do you think that environment is continuing quarter-to-date?

Varun Krishna
Chief Executive Officer & Director, Rocket Cos., Inc.

A

Jeff, thanks so much for the question. Look, this is a great topic. I think the reality is the market is literally testing every single lender, and that's like a good news, bad news story.

I think the good news is if you have a strong business model, guess what? It's going to shine through. But the bad news is if you have a flaw in your business model, it's going to get exposed. So when we think about what it takes to actually win in this environment, I think there's a couple of different things that matter.

I think the first thing is you have to have a brand, you have to have a brand that stands for something that brings clients directly to you. The second thing is you have to reach buyers before they're shopping for a mortgage and you have to have good signals of intent, good models. The third thing, which is perhaps, you know, super critical, is that you need things like origination, servicing, and recapture, working together as a unit, as a system. Then you need technology that you can control so that you can innovate faster and cheaper across that entire stack. And then lastly, you also need capital to keep investing when those markets get inevitably harder.

And that's a lot to have to be able to survive and thrive, right? And I think most lenders today have like one piece of this equation, right? Some originate, but they don't service. Some service, but they have no origination or recapture. Some own, you know, home search portals, but they don't have the mortgage transaction. And I would argue that none of them are bringing it all together into like an AI-powered platform.

So if I were to put that even more simply, like, hope is like not a strategy when it comes to competition. But if you contrast that with Rocket, you start to see all of these ingredients, right? Redfin brings 50 million monthly active users directly into our funnel, high intent, high quality homebuyers. We are the largest lender and the largest servicer. We have 9.1 million clients. We own our technology. It's highly proprietary. We own it end-to-end with AI making that even more impactful and productive.

And then we ended the quarter, as Brian shared with record liquidity, we have $11.4 billion and we have a leverage ratio below 1x. So simply put, you know, the market is putting pressure on everyone, but we're not all going to come out of that in the same position. So every quarter, we think these are the core ingredients. We think we're putting more distance between Rocket and our competitors.

Jeffrey Adelson
Analyst, Morgan Stanley & Co. LLC

Q

Copyright © 2001-2026 FactSet CallStreet, LLC

Okay, great. And just as a quick follow-up maybe for Brian, you mentioned the improving gain on sale margin this quarter. You talked about home equity, the mix increasing and driving the bulk of that. Maybe just talk about the outlook in the fourth quarter and from here, as you think about that as a component of your revenue guidance and with the weaker volumes specifically in refi next quarter, is that something that could maybe reverse the trend if you have less refi next quarter? Thanks.

Brian Nicholas Brown
President, Chief Financial Officer & Treasurer, Rocket Companies, Inc.

A

Yeah, thanks. I think, look, a couple of things. If I look at where we're printing margins right now on a channel level, they're very similar to the Q3 margins. So the only thing then, Jeff, you have to think about is mix shift. And as I said, I do expect rate and term to probably be even less in Q4, and those second liens and cash-out do come with higher margins. So that is something I view as a positive.

I think the other thing that's worth pointing out when you think about gain on sale margins is traditionally when rates have risen and we've seen lenders out there maybe try to use pricing as a lever to still drive volume, you're not seeing that as much anymore. You know, I think the position that Varun mentioned, some of our other competitors are in that lever is not available for them anymore. You could see a little bit of that helping gain on sale margins in the third quarter. And I could see some of that helping gain on sale margin stay steady in the fourth quarter.

Jeffrey Adelson
Analyst, Morgan Stanley & Co. LLC

Q

Okay, great. Thank you, Varun and Brian.

Operator: Your next question comes from the line of Doug Harter with BTIG. Your line is open. Please go ahead.

Douglas Harter
Analyst, BTIG LLC

Q

Thanks and good afternoon. Hoping we could talk a little bit more about the market share gains that you've been experiencing, Brian. You know, you mentioned Rocket Local, but just hoping we could just talk a little more broadly like how DTC is doing in terms of market share both in purchase and refi?

Varun Krishna
Chief Executive Officer & Director, Rocket Companies, Inc.

A

Thanks for the question, Doug. Yeah, I mean, look, I'd start by saying three years ago, we set two bold goals; 8% purchase share, 20% refi share. And we're very much on track, right? Purchase right now is approaching 6.5%, refi hits 15.5%. So both are up and to the right. And we're looking to accelerate that. And it's worth pointing out that we're actually doing this with rates back up above 7%.

And I would just highlight, you know, a couple of the key drivers behind the gains, and I'm going to highlight four. I think the first one is recapture. And essentially, you know, we're first in line when our servicing clients need their next mortgage, and it's great to see that recapture across the combined portfolio is at record levels.

The second one is Redfin. Redfin is the doorway to Rocket, right? Clicks to start a purchase mortgage are up 50% year-over-year. And what's also cool is that refinance leads have more than doubled. And so Redfin is really providing a valuable booster as the front door to Rocket.

Copyright © 2001-2026 FactSet CallStreet, LLC

The third thing, as Brian talked about, is home equity. Home equity is a product that is perfectly built for this market. We have become the nation's largest home equity lender and Rocket already services the first mortgage for two-thirds of these clients.

And then the last one, as you asked about, is sort of our distribution and our ecosystem. You know, Rocket Local connects loan officers with agents and buyers in their local communities. It's how we reach a very fragmented purchase market by just focusing on one relationship at a time. Volume there grew more than 30% year-over-year.

And then you also have Redfin and Compass, key ingredients that have driven more than 20% of our purchase closings. And then also, Brian talked a little bit about our broker partners. Over 200 brokers have now activated with Rocket, that represents almost $12 billion in potential annualized volume. So four consecutive quarters of expanding margins, taking share, more share and better economics. That's kind of the combination that we're solving for.

Douglas Harter
Analyst, BTIG LLC

Q

I appreciate that. And can you just, as a follow-up, can you talk about your appetite to continue to grow Rocket Local?

Varun Krishna
Chief Executive Officer & Director, Rocket Cos., Inc.

A

Yeah, I would just say that, look, I think at the end of the day, you know, maybe what I can do is just step back and just reframe our local strategy in general, right? Like 78% of buyers rely on their agent's input when they're choosing a lender. We're seeing that through Redfin. We're seeing that through Compass. People want to work with people that they know, someone who picks up the phone on nights, on weekends. It's really all about trust. But a big part of this is just our local strategy in general.

Like Rocket Local is one component of that strategy. We have local loan officers that are working in every community, but it's also about Compass, it's also about Redfin. It's putting the entire power of the Rocket platform behind all of those relationships. So it's about pricing. It's about underwriting, it's about fulfillment. It's the same platform that's providing our agents, loan officers and brokers success and scale. It's also about our centralized platform. All of these things working together as a unit. And so we just want Rocket to be there however they choose.

Some people will focus on a local relationship, some people will use digital, some people will use their own AI assistant. And what we're doing is just simply expanding the strength and the reach of all of these components to meet our clients where they are.

Douglas Harter
Analyst, BTIG LLC

Q

Thank you.

Operator: Your next question comes from the line of Dan Kurnos with StoneX. Your line is open. Please go ahead.

Copyright © 2001-2026 FactSet CallStreet, LLC

Dan L. Kurnos
Analyst, StoneX Group Inc.

Q

Great. Thanks. Good afternoon. Varun, I mean, you're clearly in the enviable position of having the best balance sheet in order to decide how aggressive you guys want to be in this market.

And to your point, you've spent a lot of time talking about purchase being a bright spot right now. So you extended the Compass pricing credit through year-end after more than $3 billion of locks, orbit adds some pricing credit flexibility. How are you deciding where to discount and how deep? What kind of payback are you underwriting there? And how should we think about that as a permanent part of 2027 pricing or as a share acquisition tool that rolls off once the volume sticks?

Brian Nicholas Brown
President, Chief Financial Officer & Treasurer, Rocket Cos., Inc.

A

Yeah. Thanks, Dan. Maybe I'll take that, and Varun, you might have something to add too. But I think, look, the – I'm glad you brought it up because the pricing strategy is simple. It is based on an ROI strategy. So the unit economics have to work. Going back to my earlier comments on the gain on sale margin, I don't think that we have to be, pricing completely through or rock-bottom prices on every single loan that we do.

But we do have the flexibility and option to use price as a lever, and you're seeing that show up in the Compass relationship right now. And part of that was to get it jump-started and drive some volume and have agents have something to offer to their consumers that they wouldn't be able to get otherwise. And that worked out really well.

And then to your point, we extended it because we are seeing healthy ROIs there. What I like about what you're suggesting is it's simple. It gives us the option value as a lever to pull when no one else really has that lever to pull. So it's something that we focus on in terms of our brand messaging. It's something that we focus on internally a lot, but it does all come back to an ROI-driven equation.

Dan L. Kurnos
Analyst, StoneX Group Inc.

Q

Got it. That's helpful. And then maybe a more fun one. So Rocket was an original partner on Meta and Sierra's personal agent protocol. And I think at Sierra Summit, Muse is connected with Rocket's agent and you got preapproval letter within minutes.

We know that there are others out there that are blocking Muse outright and you guys are still building Rowan with Anthropic. So I guess when a third-party agent owns the front end, how do you guys make sure you own the client relationship and recapture? And does that traffic reach you guys at cheaper than a paid lead or route buyers through Redfin Search?

Varun Krishna
Chief Executive Officer & Director, Rocket Cos., Inc.

A

I think the way I would frame it is that we're building technology that meets the client where they are. I mean, some clients are going to use an agentic interface in order to shop for rates or contain more of the experience. Some clients are going to focus on local relationships and trust their agent or a broker partner. Some clients are going to come directly to Rocket and work directly within our channels.

You know, our goal is to meet the client exactly where they are. We want to have low rates. We want to have fast turn times. We want to deliver absolute certainty. That's what our brand stands for. So from our perspective, you

Copyright © 2001-2026 FactSet CallStreet, LLC

know, the experience doesn't start and end in any one particular place. It starts where the consumer defines it and it ends with a successful closing. And that's kind of the fundamental of our strategy.

Dan L. Kurnos
Analyst, StoneX Group Inc.

Q

Got it. Thank you both very much.

Operator: Your next question from the line of Don Fandetti of Wells Fargo. Your line is open. Please go ahead.

Donald Fandetti
Analyst, Wells Fargo Securities LLC

Q

Yeah. Varun, you know, it seems like the servicing portfolio is driving a lot of home equity, cross-sell. Seems like it's driving cash-out, refi recapture. Can you just dig in a little bit more on that? And do you see that continuing to grow in terms of impact?

Brian Nicholas Brown
President, Chief Financial Officer & Treasurer, Rocket Cos., Inc.

A

Yeah, Don, let me start that one off. Yeah, I do. I think, you know, you saw those results come through in Q3 in a big way, and that's a big part of our Q4 guide, is those products continuing to be a very productive part of our origination business.

To your point, the large majority of that comes from our servicing book at a very low cost of acquisition, and that continues to be really exciting. You know, one thing we haven't been asked about a lot is our recapture capabilities.

And we know we're the biggest servicer, we've combined and fully integrated with Mr. Cooper, that results in the richest data set of client service information out there. That's helpful in a number of ways. We know proprietary data is a huge advantage in building propensity models. And we're seeing those models perform even better with the combination of these two companies coming together.

We talked about, you know, the recapture being above our expectations. It actually in Q3 hit 60% on the legacy Cooper portfolio. And remember, the goal is 65%, but we said it's 65% by the end of 2027. When we look at these client equity levels in their home and we match that up to some of the debt and debt consolidation work we can do for them and get them in a lower net rate product there is still a ton of room to run, in my personal opinion.

You know, one of the things we talked about on a previous call was how will the liquidity behave and how will the securitization market behave? And it's been extremely productive, and that hasn't been a challenge at all. There's appetite for that yield, and there's definitely a consumer need and demand in the servicing portfolio as we look, you know, over a longer horizon.

Varun Krishna
Chief Executive Officer & Director, Rocket Cos., Inc.

A

I think one thing I would just add here is just Brian talked a little bit about the scale and breadth of our data. And if you just think about how much data Rocket generates in even one day to power our recapture platform. Yesterday, we sent 37,000 chats, we processed 170,000 documents, we sent 214,000 text messages, we did 404,000 calls, and that's almost 0.5 million minutes of talk time.

Copyright © 2001-2026 FactSet CallStreet, LLC

So when Brian talks about the strength of our data platform and the power of our recapture capability, it just gives you a sense of how we score and rescore our pipeline based on technology. And so that's AI power at scale at a platform that's really designed to power recapture.

Donald Fandetti
Analyst, Wells Fargo Securities LLC

Q

Thank you.

Operator: Your next question comes from the line of Bose George of KBW. Your line is open. Please go ahead.

Bose George
Analyst, Keefe, Bruyette & Woods, Inc.

Q

Yeah, good afternoon. Actually, can you discuss how you're viewing opportunities in the MSR market? Could we still see MSR acquisitions or just, you know, with the growing correspondent business, is bulk acquisition, you know, become less of a focus?

Brian Nicholas Brown
President, Chief Financial Officer & Treasurer, Rocket Cos., Inc.

A

Yeah. Thanks, Bose. I'll take that one. Yeah, I do think you can continue to see acquisitions. It's ultimately just a best execution equation. You mentioned the correspondent business, that's been very productive for us. You know, we have a platform that scales very well there, but most importantly, we have the lowest cost to service and best recapture rate.

So if you have those two ingredients, you can build yourself a really nice meal, whether that's acquiring through correspondent or whether that is, of course, doing bulk acquisitions. So we continue to be active over all the MSR acquisition channels, and it continues to be a really good use of capital for us.

You may have noticed, you know, we did sell a few low-WACC portfolios that the recapture ability has got to be lower given where those are sitting at three and four note rate per, you know, WACCs. However, we retain the vast majority of those. We retain the subservicing and the recapture abilities on those portfolios.

Again, that's something I don't think anyone else in the industry can claim, that they can do subservicing and recapture for these investment funds. So it continues to be, I would say, a good use of cash capital for us, and we'll continue to evaluate all the different channels, including co-issue of acquiring MSRs.

Bose George
Analyst, Keefe, Bruyette & Woods, Inc.

Q

Okay, great. Actually, let me just throw in one last one. You've obviously had a lot of success with M&A. You know, what are your thoughts about future M&A and just specifically in terms of distributed retail? I mean, Rocket Local is doing very well. You're growing there. Is that something where M&A could sort of supplement that?

Varun Krishna
Chief Executive Officer & Director, Rocket Cos., Inc.

A

Yeah. I would just say we're always opportunistic in terms of things that can expand our core strategy and drive market share gains. And so we'll continue to evaluate opportunities as they come up. And that's kind of our primary focus.

Copyright © 2001-2026 FactSet CallStreet, LLC

Bose George

Analyst, Keefe, Bruyette & Woods, Inc.

Q

So. Okay, great. Thanks a lot.

Operator: There are no further questions at this time. I will now turn the call back to Varun for closing remarks.

Varun Krishna

Chief Executive Officer & Director, Rocket Cos., Inc.

All right. Thank you, everyone, for joining. And we look forward to seeing you next quarter.

Operator: This concludes today's call. Thank you for attending. You may now disconnect.

Disclaimer
The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2026 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.