

# Here's what you need to know about TD paying your property taxes

Combining your property tax payment with your mortgage payment can save you time and effort by enjoying the convenience of having only one payment!

Here's how it works.

In order for TD to pay your property taxes, we collect a portion of your annual estimated property taxes with each regular mortgage payment. The tax portion collected is placed in a property tax account which is separate from your mortgage loan. Essentially, we help you save enough money so that we can pay your property taxes in full when they are due with money you have accumulated in your property tax account.

How do you determine how much money will be collected for the tax portion of my mortgage payment?

The property tax portion is based on an average of annual estimated tax amounts for years 1 and 2, divided equally throughout the tax year. This will build a balance in the property tax account to pay your tax bill when it's due (example 1). Each municipality has a unique schedule for when taxes are due and TD will pay the annual property

tax in full upon receipt of the bill from your municipality. The majority of municipalities issue tax bills once or twice a year.

## Example 1

Home possession date:	March 1
1 <sup>st</sup> regular mortgage payment with tax portion:	April 1
Estimated annual property taxes year 1:	\$1,500
Estimated annual property taxes year 2:	<u>+\$1,500</u>
Total estimated annual property taxes year 1 & 2:	\$3,000
Final property tax bill due	June 30
Number of months to collect taxes in year 1:	3 (April-June)
Number of months to collect taxes in year 2:	<u>+12 (July-June)</u>
Total months for tax years 1 & 2:	<b>15 (April-June)</b>
<b>Monthly tax portion:</b>	<b>\$3,000 ÷ 15 months=\$200</b>

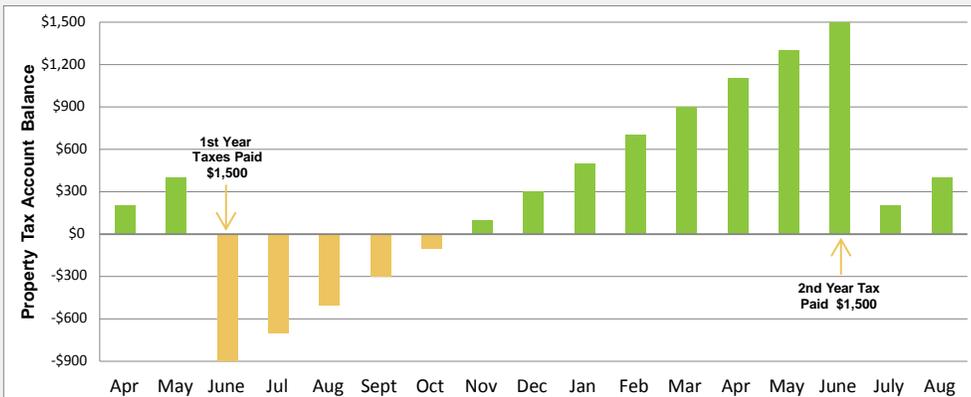
After your mortgage has been set up, you will receive a [Repayment Letter](#) from us explaining how your specific tax portion is calculated and how much will be added to your mortgage payment.

## What happens if my property tax account cannot cover my tax bill?

Sometimes tax bill payments are due to your municipality in the early months of your mortgage loan or you are notified of an increase to the amount of property taxes due before you've had time to accumulate enough in your property tax account to cover the payment. If this happens, to ensure your tax bill is paid in full and on time, we lend you the difference at your current annual mortgage interest rate as outlined in the Mortgage Loan Agreement you signed. We call this difference a shortage in your property tax account.

To make up the shortage, we use a catch-up period, during which we adjust your property tax payments to cover future tax payments and repay the shortage including interest owing.

**Note:** For newly constructed homes, if the tax bill only covered the land and not the building, the catch up period may be extended as there will be supplemental tax bills issued by the municipality for each year until the reassessment is completed.



This example does not take into account any interest associated with the property tax account balance.

## How will I be notified if the property tax portion with my regular mortgage payment is changing?

You receive a [Property Tax Payment Notice](#) from us after we've paid your final property tax installment for the year. The notice outlines how much we paid in property taxes on your behalf, the balance in your property tax account after payment of property taxes, and any changes to the tax portion of your regular mortgage payment. We give you approximately two months' notice if we have to adjust your tax payment. Upon receipt of this notice, please contact us without delay if you have any questions or wish to discuss repayment arrangements.

## How do I prevent a shortage in my property tax account?

You can deposit money in to your property tax account at any time to avoid paying interest costs associated with a shortage in your property tax account.

**Note:** If you purchase an existing property, you may see a credit for taxes not paid by the previous owner in the [Statement of Adjustment](#) you receive from your lawyer on closing. By depositing this amount in your property tax account, you could reduce or eliminate any potential shortage.

## What happens if I receive a property tax bill directly when I've arranged for TD to pay it on my behalf?

If you happen to receive a tax bill directly, simply bring it into your TD Canada Trust branch as soon as possible. It may mean that your municipality has not yet updated its records to show that TD is making your property tax payments on your behalf.

## Why do I have a surplus in my property tax account?

Each municipality has different due dates for when final tax bills must be paid. Seeing a surplus in your property tax account is often the result of us building a balance in your tax account to cover a future tax bill.

We do not pay you interest on the money you pay into the property tax account.

## Do I need to be aware of any provincial differences?

**British Columbia:** A Provincial Home Owner Grant Program (PHOG) is available to all eligible homeowners. The homeowner must apply for it each year. You can obtain details on the program from your taxing authority. We will make remittances based on the assumption that you apply and qualify annually for the basic grant. Please advise your branch if you do not or no longer qualify for the grant, or if you qualify for any additional grant.

**Quebec:** A real estate transfer tax (commonly called *taxe de Bienvenue*, or *welcome tax*) will be assessed when you first purchase your property. You must pay this one time amount yourself, as the bank does not factor it into the tax portion of your regular mortgage payment. In addition, some municipalities will not mail property tax bills directly to TD; therefore, upon receipt of any tax related bill (i.e. property, school tax, initial property tax bill assessment, duplicate tax bills and revised tax bills) it needs to be brought into TD Canada Trust as soon as possible.

Contact your local TD Canada Trust branch  
or call 1-800-577-6103 for more information

