TD Canada Trust

Your Home Equity Line of Credit is Approved! Here's What Happens Next.

Now that your TD Canada Trust Home Equity Line of Credit (HELOC) has been approved, it's time to sign the documents. Here are the next steps you can expect:

1. Signing the Credit Agreement

You will need to sign the Line of Credit Agreement (the Agreement). The Agreement outlines the specific terms and conditions of your HELOC. For example, the Agreement will describe your interest rate and payment information. These terms and conditions are the written version of what you agreed to during the application process.

2. Signing the Collateral Charge

Once the Agreement is signed by all the required borrowers, the Collateral Charge will be signed either with your solicitor or, if you have chosen to use our in-house registration program, at your TD Canada Trust branch. The Collateral Charge is the security that the bank has in exchange for lending you the money set out in the Agreement. It is registered against the real estate you are either buying or refinancing.

After discussion with your advisor, you may have decided to have your Collateral Charge registered for more than the amount of money you are actually borrowing at this time. If you are using a solicitor to register your new collateral charge, it is important that you discuss any additional associated costs/fees with him/her that may occur because of the higher registration amount prior to finalizing the Collateral Charge.

You'll notice that the interest rate in the Agreement is different from the interest rate on the Collateral Charge.

The Agreement sets out the specific terms and conditions of your HELOC.

The Collateral Charge secures your HELOC and is registered at TD Prime Rate + 10%. This is the maximum rate of interest for which TD Canada Trust is secured. As you'll see below, this rate can give you greater flexibility and cost savings in the future.

While the interest rate on the Collateral Charge may be different than the interest rate in the Agreement, you can only be charged interest based on the Agreement interest rate. For example, if your Agreement has an interest rate of TD Prime Rate + 1% per annum, then even though the Collateral Charge contains a different rate, you can only be charged interest at TD Prime Rate + 1% per annum, before or even after default.

There are benefits to having two agreements, a Line of Credit Agreement and a Collateral Charge.

Having a Line of Credit Agreement and a Collateral Charge can be useful if you ever want to change your credit facility. For example, if you wanted to switch from a HELOC to a mortgage loan in the future, you could reuse the existing Collateral Charge as security for the mortgage loan without incurring any new registration fees. If you have registered the Collateral Charge for a higher amount than your current Agreement, then if you want to borrow a higher amount in the future, you may be able to reuse the existing Collateral Charge, subject to credit approval. You could also save money at that time by not incurring the cost of registration fees for a new collateral charge on the property. Some conditions may apply when reusing your Collateral Charge, so please discuss this with your TD Canada Trust mortgage representative.

Any Questions?

Please contact your TD Canada Trust mortgage representative if there is anything else we can help you with. We want you to be absolutely comfortable with your Home Equity Line of Credit.

Thank you for choosing TD Canada Trust.