

Limited-dividend projects are subject to proven end costs. If final costs are less than originally established, the loan is reduced proportionately. The loan is also reduced by the net revenue earned prior to the completion of construction. The borrower enters into an operating agreement with the Corporation fixing the rentals, income ranges of eligible tenants, the establishment and use of reserves and the submission of annual financial statements. Those considered eligible for accommodation are persons with incomes in the lower third of the income level of the municipality. The gross family income of incoming tenants must not exceed the level established by the Corporation for the municipality concerned. Leases terminate automatically when income exceeds the continued occupancy limit set by the Corporation.

Projects may be designed especially for the elderly. These projects have usually been sponsored by non-profit organizations requiring no return on equity. The Corporation requires that the limited-dividend company contribute at least half of the required 10 p.c. equity. The remainder may be provided by provincial or other grants; in some provinces, provincial grants are available to non-profit organizations. The income for entry must be at least twice the shelter rent and leases terminate automatically when income exceeds five times the shelter rent that would apply with a 90-p.c. loan.

New legislation, enacted in 1960, broadened the facilities of the National Housing Act to include financial assistance to municipalities for the elimination or prevention of water and soil pollution. CMHC is authorized to make a loan to a municipality or a municipal sewerage corporation for the construction or expansion of a sewage treatment project; under the Act, a sewage treatment project consists of a trunk sewage collector system, a central treatment plant, or both, for the collection and treatment of sewage from one or more municipalities. Also included is the expansion of an existing plant or existing trunk collector sewer. The loan may not exceed two-thirds of the cost of the project and the maximum repayment term is 50 years from date of completion. The interest rate is prescribed by the Governor in Council. The agreement also contains a condition whereby 25 p.c. of the loan principal and 25 p.c. of the accrued or paid interest will be forgiven, provided the project is completed to the satisfaction of the Corporation on or before Mar. 31, 1963.

Other 1960 legislation authorizes long-term loans to universities for the construction of student residences or the acquisition of existing buildings and their conversion into a university housing project. CMHC may lend up to 90 p.c. of the project cost as agreed between the university and the Corporation, with the maximum amount limited by regulation to \$7,000 per student accommodated. Term of the loan may not exceed 50 years from date of the project's completion. The interest rate, prescribed by the Governor in Council, depends on the Government's borrowing rate which changes from time to time.

Guarantees.—Since 1955, loans to assist in financing the improvement of existing houses have been available under Sect. 24 of the National Housing Act. This Section authorizes CMHC to give a limited guarantee to banks or approved instalment credit agencies in return for an insurance fee paid by the borrower on loans made for additions, repairs and alterations to his own home. A home improvement loan and the balance owing on any existing NHA home improvement loan on the property may not exceed \$4,000 for a one-family dwelling or \$4,000 for the first unit of a duplex, semi-detached, or multiple-family dwelling, plus \$1,500 for each additional unit. Loans are repayable in monthly instalments together with interest, in not more than 10 years.

Investments.—Under Sect. 36 of the National Housing Act and complementary provincial legislation, the Federal Government and the government of a province may enter