

I. The moneys arising from the Clergy Reserves in Upper Canada shall continue to form a separate Fund which shall be called The Upper Canada Municipalities Fund, and the moneys arising from the Clergy Reserves in Lower Canada shall continue to form a separate Fund which shall be called The Lower Canada Municipalities Fund:

2. The Municipalities Fund for each section of the Province respectively shall consist of all moneys arising from the sale of Clergy Reserves in that section of the Province, whether now funded or invested either in the United Kingdom or in this Province, or remaining uninvested, or hereafter to arise from such sales, the Interest and Dividends of moneys forming part of such Fund, the interest upon sales of Clergy Reserves in that section of the Province, on credit, and rents, issues and profits arising from Clergy Reserves therein demised or to be demised for any term of years, and other casual and periodical incoming arising from Clergy Reserves therein, after deducting therefrom the actual and necessary expenses attending the sales of the said Clergy Reserves, and of managing the same and the Funds aforesaid; and the moneys forming the said Funds shall be paid into the hands of the Receiver General, and shall be by him applied to the purposes hereinafter mentioned, under the authority of this Act, or any General or Special Order or Orders to be made by the Governor in Council.

II. The annual stipends or allowances which had been before the passing of the Act of the Parliament of the United Kingdom passed in the sixteenth year of Her Majesty's Reign, and cited in the Preamble to this Act, assigned or given to the Clergy of the Churches of England and Scotland, or to any other Religious Bodies or denominations of Christians in either Section of the Province, and chargeable under the Act of the said Parliament on the Clergy Reserves in such Section, (and to which the faith of the Crown is pledged) shall, during the natural lives or incumbencies of the parties receiving the same at the time of the passing of the said Act, be the first charge on the Municipalities Fund for that Section of the Province, and shall be paid out of the same in preference to all other charges or expenses whatever: Provided always, that the annual allowances heretofore payable to the Roman Catholic Church in Upper Canada, and to the British Wesleyan Methodist Church for Indian Missions, shall continue to be payable during the twenty years next after the passing of this Act, and no longer.

III. And whereas it is desirable to remove all semblance of connection between the Church and State, and to effect an entire and final disposition of all matters, claims and interests arising out of the Clergy Reserves, by as speedy a distribution of their proceeds as may be: Be it therefore enacted, that the Governor in Council may, whenever he may deem it expedient, with the consent of the parties and Bodies severally interested, commute with the said parties such annual stipend or allowance for the value thereof, to be calculated, at the rate of six per cent. per annum, upon the probable life of each individual; and in the case of the bodies above particularly specified in the second section of this Act, at the actual value of the said allowance at the time of commutation to be calculated at the rate aforesaid: and such commutation shall be paid accordingly out of that one of the Municipalities Funds upon which such stipend or allowance is made chargeable by this Act: Provided always, that no commutation shall take place but within one year next after the passing of this Act: Provided also, that in case of commutation with either of the said Bodies or Denominations, it shall not be lawful for them or either of them to invest the moneys paid for such commutation, or any part thereof, in Real property of any kind whatsoever, under penalty of forfeiting the same to Her Majesty; and that the said Bodies or Denominations shall lay before the Legislature, whenever called on so to do, a statement of the manner in which said moneys shall have been invested or appropriated.

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