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in the office of the Secretary of State
of the State of California

APR 09 2010

**CERTIFICATE OF DETERMINATION OF
PREFERENCES OF PREFERRED SHARES OF
VILLAGE NEWS, INC
A California Corporation**

The undersigned, JULIE A. REEDER and PHILLIP DELANEY, certify that:

1. They are the duly elected and acting President and Vice President, respectively, of the corporation.
2. Pursuant to authority given by the corporation's Articles of Incorporation, the board of Directors of the corporation has duly adopted the following recitals and resolutions:

WHEREAS, the Articles of Incorporation of this corporation provide for a class of shares known as Preferred Stock, issuable from time to time in one or more series; and

WHEREAS, the Board of Directors of this corporation is authorized to determine or alter the rights, preferences, privileges, and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock, to fix the number of shares constituting any such series, and to determine the designation thereof, or any of them; and

WHEREAS, this corporation has previously issued shares of Preferred Stock and the Board of Directors of this corporation desires, pursuant to its authority, to determine and fix the rights, preferences, privileges, and restrictions relating to a second series of Preferred Stock and the number of shares constituting and the designation of the series;

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors hereby fixes and determines the designation of, the number of shares constituting, and the rights, preferences, privileges, and restrictions relating to, the second series, "Series B" of Preferred Stock as follows:

- (a) The second series of Preferred Stock shall be designated "Preferred shares, Series B."
- (b) The number of shares constituting the Preferred shares, Series B, shall be not more than One Hundred Fifty Thousand (150,000) shares.
- (c) *Dividend rights.* The holders of Preferred shares, Series B shall be entitled to receive, when and as declared by the Board of Directors, out of any assets at the time legally available therefore, dividends in cash at the annual rate of ten cents (\$.10) per Preferred share, and no more. Those dividends shall be payable quarterly on the first day of month in each quarter to holders of

Preferred shares, Series B of record on a date not more than 90 nor fewer than 10 days preceding each respective payment date as specified by the Board of Directors or, if not so specified, as provided by law. Those dividends shall accrue and be cumulative from the date of issuance of the Preferred shares, Series B. Each Preferred share, Series B shall rank with each other Preferred share, Series B. Series B Preferred stock has no accumulation of dividends which bears interest.

Dividends shall be declared and paid in full for all previous annual dividend periods, and declared and paid or set apart for payment in full for the current annual dividend period, before the corporation makes any distribution (as defined below) to the holders of common shares. "Distribution" in this paragraph (a) means the transfer of cash or property without consideration, whether by way of dividend or otherwise (except a dividend in shares of the corporation which are junior to the Preferred shares, Series B as to dividends or assets) or the purchase or redemption of shares of the corporation for cash or property (except such junior shares), including any such transfer, purchase, or redemption by a subsidiary of the corporation. The time of any distribution by way of dividend shall be the date of declaration thereof and the time of any distribution by purchase or redemption of shares or otherwise than by dividend shall be the day cash or property is transferred by the corporation, whether or not pursuant to a contract of an earlier date; provided that when a debt-obligation that is a security is issued in exchange for shares the time of the distribution is the date when the corporation acquires the shares in that exchange. At any time after all dividends on the Preferred shares, Series B for all previous annual dividend periods shall have been declared and paid in full and dividends on the outstanding Preferred shares, Series B for the current annual dividend period have been declared and paid or set apart payment in full, distributions (as defined above) may be made to the holders of Common shares out of any assets at the time legally available therefore.

- (d) **Liquidation Rights** In the event of any voluntary or involuntary liquidation, dissolution, or winding up of the corporation, the holders of Preferred shares, Series B shall be entitled to receive from the assets of the corporation such preferential amount in cash as may be fixed for the series in redemption of those shares and, a further preferential amount in cash equal to all accrued and unpaid dividends thereon to and including the date that payment is made available to the holders of Preferred shares, Series B. Those preferential amounts shall be paid or set apart for payment before the payment of setting apart for payment of any amount for, or the distribution of any assets of the corporation to, the holders of Common shares shall be entitled to receive, ratably, all remaining assets of the corporation. A consolidation or merger of this corporation with or into any other corporation or corporations, or a sale of all or substantially all of the assets of this corporation, shall not be deemed to

be a liquidation, dissolution, or winding up within the meaning of this paragraph.

- (e) **Redemption.** Any or all of the Preferred shares, Series B may be redeemed at the option of the corporation, expressed by resolution of the Board of Directors at any time or from time to time, at a price or prices per share not less than \$1.00 per share, plus an amount equal to all accrued and unpaid dividends thereon to and including the date fixed for redemption, that sum referred to herein as the "redemption price." The redemption price or prices at which the Preferred shares, Series A may be redeemed may vary depending upon the time or circumstances of redemption but not less than the minimum stated above. In case of the redemption of fewer than all Preferred shares, Series B at the time outstanding, the shares of Series B to be redeemed shall be selected by the corporation pro rata or by lot. Fewer than all of the Preferred shares, Series B at any time outstanding may not be redeemed until all dividends accrued and in arrears upon all Preferred shares outstanding shall have been paid for all past dividend periods. Notice of redemption shall be given in accordance with the applicable provisions of California corporate law.

Notice of redemption shall be given by the corporation by causing a notice of redemption to be published in a newspaper of general circulation in the county in which the principal executive office of the corporation is located at least once a week for two successive weeks, in each instance on any day of the week, commencing not earlier than 60 nor later than 20 days before the date fixed for redemption. A notice of redemption shall set forth whether all or the part of Preferred shares, Series B is to be redeemed, the date fixed for redemption, the redemption price, and the place or places at which the shareholders may obtain payment of the redemption price upon surrender of their share certificates. The corporation shall mail a copy of the notice, postage prepaid, to each holder of record of shares to be redeemed as of the date of mailing or as of a record date lawfully fixed, addressed to the holder at the holder's address appearing on the books of the corporation or given to the corporation for the purpose of notice, or if no such address appears or is given, at the place where the principal executive office of the corporation is located, not earlier than 60 nor later than 20 days before the date fixed for redemption. Failure to comply with this paragraph shall not invalidate the redemption of shares.

On or after the date fixed for redemption and stated in the notice of redemption, each holder of Preferred shares, Series B called for redemption shall surrender the certificate evidencing those shares to the corporation at the place designated in the notice and shall thereupon be entitled to receive payment of the redemption price. If less than all shares represented by any such surrendered certificate are redeemed, a new certificate shall be issued representing the unredeemed shares. If the notice of redemption shall have

been duly given, and if on the date fixed for redemption funds necessary for the redemption shall be available, then, notwithstanding that the certificates evidencing any Preferred shares, Series B so called for redemption shall not have been surrendered, the dividends with respect to the shares so called for redemption shall cease to accrue after the date fixed for redemption and all rights with respect to the shares so called for redemption shall after that date cease and determine, except only the right of the holders to receive the redemption price without interest upon surrender of their certificates.

If, on or before any date fixed for redemption of Preferred shares, Series B the corporation deposits with any bank or trust company in California, as a trust fund, (1) a sum sufficient to redeem, on the date fixed for redemption, the shares called for redemption, and (2) irrevocable instructions and authority to the bank or trust company to give notice of redemption thereof (or to complete the giving of the notice if already commenced) and to pay, on and after the date fixed for redemption or prior thereto, the redemption price of the shares to their respective holders upon the surrender of their share certificates in the case of certificated securities, then from and after the date of the deposit (although prior to the date fixed for redemption), the shares so called shall be redeemed and dividends on those shares shall cease to accrue after the date fixed for redemption. The deposit shall constitute full payment of the shares to their holders and from and after the date of the deposit the shares shall no longer be outstanding and the holders shall cease to be shareholders with respect to those shares and shall have no rights with respect thereto except the right to receive from the bank or trust company payment of the redemption price of the shares without interest, upon the surrender of their certificates. Any interest accrued or any funds so deposited shall be property of, and paid to, the corporation. If the holders of Preferred shares, Series B, so called for redemption shall not, at the end of one year from the date fixed for redemption, have claimed any funds so deposited, the bank or trust company shall pay over to the corporation the unclaimed funds, and the bank or trust company shall thereafter be relieved of all responsibility to those holders and those holders shall look only to the corporation for payment of the redemption price.

- (f) Voting Rights. Except as otherwise expressly provided herein or as otherwise provided by law, the holders of Common shares shall have and possess the exclusive right to notice of shareholders' meetings and the exclusive voting rights and powers and the holders of Preferred shares, Series B shall not be entitled to notice of any shareholders' meetings or to vote on the election of directors or on any other matter. If at any time dividends on Preferred shares, Series B shall be in arrears in an amount equal to two years in dividends (whether consecutive or not), then, until all arrears in dividends on the Preferred shares, Series B shall have been paid and the full dividend on the Preferred shares, Series B for the then current annual dividend period shall have been declared and paid or set apart for payment, the holders of Preferred

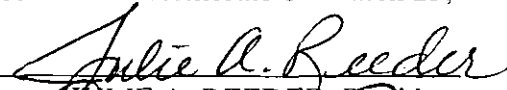
shares, Series B then outstanding shall be entitled, voting as a class, to elect the directors of the corporation. The directors elected by the holders of Preferred shares, Series B voting as a class pursuant to this paragraph (f) shall be subject to removal only by the vote of the holders of Preferred shares, Series B so long as the right of the holders of Preferred shares Series B voting as a class to elect directors shall continue.

- (g) Certain Excepted Transactions. These provisions shall not be deemed to restrict or prohibit (i) the declaration or payment of dividends consisting solely of Common shares or other junior shares, (ii) the purchase, redemption or other acquisition of Common shares or other junior shares which is made by the application of a sum not greater than the net proceeds received from the issuance of Common shares or other junior shares, or (iii) an acquisition of Common shares or other junior shares through the issuance of Common shares or other junior shares in exchange therefor.

RESOLVED FURTHER, that the President or Vice President, and the Secretary of this corporation are each authorized to execute, verify, and file a certificate of determination of preferences in accordance with California law.

3. The authorized number of shares of Preferred Stock of the corporation is 300,000, and the number of shares constituting Series B, none of which has been issued, is 150,000.

IN WITNESS WHEREOF, the undersigned have executed this certificate on March 25, 2010.



JULIE A. REEDER, President


PHIL DELANEY, Vice President

VERIFICATION

The undersigned, JULIE A. REEDER and PHIL DELANEY, President and Vice President, respectively, of VILLAGE NEWS, INC., each declares under penalty of perjury that the matters set out in the foregoing Certificate are true of their own knowledge.

Executed at Fallbrook, California, on March 25, 2010


JULIE A. REEDER, President


PHIL DELANEY, Vice President