

PLEDGE AGREEMENT

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This Pledge Agreement (this "**Agreement**") is entered into as of [EFFECTIVE DATE] (the "**Effective Date**") by and between:

[PLEDGOR LEGAL NAME], a [STATE] [ENTITY TYPE / individual] with its principal place of business or residence at [PLEDGOR ADDRESS] (the "**Pledgor**"); and

[SECURED PARTY LEGAL NAME], a [STATE] [ENTITY TYPE] with its principal place of business at [SECURED PARTY ADDRESS] (the "**Secured Party**").

The Pledgor and the Secured Party are each a "**Party**" and together the "**Parties**."

Recitals. The Pledgor owes, or is otherwise obligated to, the Secured Party under [DESCRIBE THE UNDERLYING OBLIGATION, e.g. a promissory note, loan agreement, or guaranty dated [DATE]] (the "**Obligation**"). To secure the Obligation, the Pledgor is willing to pledge and grant a security interest in the assets described below. In consideration of the Secured Party's extension of credit or forbearance and the mutual promises below, the Parties agree as follows.

1. Pledge and Grant of Security Interest

1.1 Grant. The Pledgor pledges, assigns, and grants to the Secured Party a continuing security interest in the Pledged Collateral (defined below) to secure the prompt payment and performance of the Secured Obligations.

1.2 Pledged Collateral. "**Pledged Collateral**" means the assets described on **Schedule A**, which may include [e.g. shares of stock, membership interests, deposit accounts, equipment, inventory, or other specified personal property], together with all proceeds, substitutions, dividends, distributions, and additions to those assets.

1.3 Secured Obligations. "**Secured Obligations**" means all present and future obligations of the Pledgor to the Secured Party under the Obligation, including principal, interest, fees, costs of collection, and reasonable attorneys' fees, and the Pledgor's obligations under this Agreement.

2. Delivery, Perfection, and Possession

2.1 Delivery. Where the Pledged Collateral consists of certificated securities or instruments, the Pledgor will deliver the certificates or instruments to the Secured Party, endorsed in blank or accompanied by duly executed transfer powers, on or before the Effective Date.

2.2 Filings. The Pledgor authorizes the Secured Party to file financing statements and take other actions reasonably necessary to perfect and maintain the security interest, and will cooperate in completing them. The Pledgor will pay the reasonable costs of perfection.

2.3 **Control.** For Pledged Collateral as to which a control arrangement is available (such as deposit accounts or investment property), the Pledgor will take the steps the Secured Party reasonably requests to give the Secured Party control.

3. Representations and Warranties of the Pledgor

3.1 **Ownership.** The Pledgor owns the Pledged Collateral free and clear of all liens and encumbrances except those disclosed on **Schedule B**, and has the right to pledge it.

3.2 **Authority.** The Pledgor has full power and authority to enter into and perform this Agreement, and this Agreement is a valid and binding obligation of the Pledgor.

3.3 **No conflict.** The pledge does not violate any agreement, order, or law binding on the Pledgor, and no consent of any third party is required except as disclosed on Schedule B.

3.4 **First priority.** Upon perfection, the Secured Party will have a first priority security interest in the Pledged Collateral, subject only to the permitted liens on Schedule B.

4. Covenants of the Pledgor

4.1 **Preservation of collateral.** The Pledgor will keep the Pledged Collateral free of liens (other than permitted liens), will not Transfer or further encumber it without the Secured Party's prior written consent, and will defend the Secured Party's interest against adverse claims.

4.2 **Maintenance and insurance.** The Pledgor will maintain tangible Pledged Collateral in good condition and, where applicable, will keep it insured against customary risks with the Secured Party named as loss payee or additional insured.

4.3 **Taxes and assessments.** The Pledgor will pay when due all taxes and assessments on the Pledged Collateral, except amounts contested in good faith with adequate reserves.

4.4 **Notice of events.** The Pledgor will promptly notify the Secured Party of any loss, damage, levy, or adverse claim affecting the Pledged Collateral.

5. Rights Before Default

5.1 **Use and income.** Unless an Event of Default has occurred and is continuing, the Pledgor may use the Pledged Collateral in the ordinary course and, where the Pledged Collateral is investment property, may exercise voting rights and receive ordinary cash distributions consistent with this Agreement.

5.2 **Secured Party's care.** The Secured Party will use reasonable care in the custody of Pledged Collateral in its possession but is not responsible for taking steps to preserve rights against prior parties or for ordinary diminution in value.

6. Events of Default

6.1 **Events of Default.** Each of the following is an "Event of Default": (a) the Pledgor fails to pay or perform any Secured Obligation when due and does not cure within any applicable grace period; (b) any representation in this Agreement proves materially false when made; (c) the Pledgor breaches a covenant in this Agreement and fails to cure within **[NUMBER]** days after written notice; or (d) the Pledgor becomes insolvent, makes an assignment for the benefit of creditors, or becomes the subject of a bankruptcy or similar proceeding.

7. Remedies on Default

7.1 Acceleration and rights. On an Event of Default, the Secured Party may declare the Secured Obligations immediately due and may exercise all rights and remedies of a secured party under the applicable commercial code of the governing jurisdiction and under this Agreement.

7.2 Disposition of collateral. The Secured Party may sell, lease, or otherwise dispose of the Pledged Collateral at public or private sale in a commercially reasonable manner. The Secured Party will give the Pledgor any notice of sale required by applicable law, and **[NUMBER]** days' notice is deemed reasonable where the law permits the Parties to agree on a standard.

7.3 Application of proceeds. Proceeds of any disposition will be applied first to the reasonable costs of collection and sale, then to the Secured Obligations in the order the Secured Party elects, with any surplus paid to the Pledgor and any deficiency remaining the Pledgor's responsibility, in each case as permitted by applicable law.

7.4 Voting and distributions on default. On an Event of Default, the Secured Party may exercise voting rights and receive distributions on Pledged Collateral that is investment property, to the extent permitted by applicable law.

8. General Provisions

8.1 No waiver; cumulative remedies. No delay or omission by the Secured Party in exercising a right is a waiver, and all remedies are cumulative and in addition to those provided by law.

8.2 Further assurances. The Pledgor will execute and deliver such further documents and take such further actions as the Secured Party reasonably requests to carry out this Agreement and perfect its security interest.

8.3 Termination and release. When the Secured Obligations are fully paid and performed and no commitment to extend further credit remains, the security interest terminates and the Secured Party will return the Pledged Collateral in its possession and authorize release of filings.

8.4 Governing law and venue. This Agreement is governed by the laws of the State of **[STATE]**, without regard to its conflict-of-laws rules, except that perfection and priority may be governed by the law of another jurisdiction as the applicable commercial code provides. The Parties submit to the exclusive jurisdiction of the state and federal courts located in **[COUNTY, STATE]**.

8.5 Notices. Notices must be in writing and sent to the addresses above (or as updated in writing) and are effective on receipt.

8.6 Assignment. The Secured Party may assign its rights under this Agreement in connection with an assignment of the Obligation. The Pledgor may not assign its obligations without the Secured Party's prior written consent.

8.7 Entire agreement; amendment. This Agreement, together with its Schedules and the documents evidencing the Obligation, is the entire agreement between the Parties on its subject. It may be amended only by a writing signed by both Parties.

8.8 Severability and waiver. If any provision is unenforceable, the rest remains in effect. A waiver is effective only if in writing and signed by the waiving Party.

8.9 Counterparts and electronic signature. This Agreement may be signed in counterparts and by electronic signature, each of which is an original and all of which together form one agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

PLEDGOR**SECURED PARTY**

Signature: _____

Signature: _____

Printed name: **[NAME]**Printed name: **[NAME]**Title: **[TITLE / N/A]**Title: **[TITLE]**

Date: _____

Date: _____

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