Stock Pledge

\_\_\_\_\_\_\_\_\_\_\_\_\_, referred to as OWNER, and \_\_\_\_\_\_\_\_\_\_\_\_\_, referred to as CREDITOR, agree:

OWNER is indebted to CREDITOR in the sum of $\_\_\_\_\_\_\_(\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_&\_\_\_/100 dollars) for unpaid balance for purchase of the stock;

to secure repayment of the debt, OWNER pledges to CREDITOR \_\_\_\_\_\_ shares of \_\_\_\_\_\_ stock of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

OWNER agrees to execute all necessary documents to perfect the pledge.

So long as OWNER is indebted to CREDITOR, the CREDITOR shall have the right to vote the shares.

CREDITOR shall be entitled to any dividends, and CREDITOR shall credit the debt with the amount of the dividends collected. CREDITOR may optionally reinvest the dividends, and any shares so purchased shall be subject to the pledge.

If OWNER is current in the obligation underlying this pledge, CREDITOR will release portions of the pledged stock as follows:

$\_\_\_\_\_\_(\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_&\_\_\_\_/100 dollars) per share.

Dated: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Creditor

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Owner

Stock Pledge

Review List

This review list is provided to inform you about this document in question and assist you in its preparation. Stock pledges are customary vehicles to provide lenders with liquidity should a loan go bad, should your stock be publicly traded. It provides some comfort, in any event, even with private stock. There is substantial risk in making a stock pledge because, if the loan goes bad, the stock can be sold at an inopportune time for a publicly traded stock and at a severely discounted price if it is in a private company. For the lender, stock pledges are a very valuable commodity for the same reasons they are problematic for the prospective debtor.

1. Make multiple copies. Give one to each party. Keep the paperwork in the related files.