**Membership Interest Pledge Agreement**

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**MEMBERSHIP INTEREST PLEDGE AGREEMENT**

This membership interest pledge agreement (this “**Agreement**”) is [entered into as of [\_\_\_\_\_] (the “**Effective Date**”) and is ]between [\_\_\_\_\_], a [STATE] [corporation/limited liability company] whose address is [\_\_\_\_] (the “**Pledgor**”), and [\_\_\_\_\_], a [STATE] [corporation/limited liability company] whose address is [\_\_\_\_\_] (the “**Secured Party**”).

In connection with the sale of the membership interests in [COMPANY] (the “**Company**”) held by Secured Party (the “**Interests**”), the Pledgor is executing a promissory note in original principal amount of $\_\_\_\_\_ (the “**Note**”).

The Pledgor has agreed to grant the Secured Party a security interest in the Interests to secure the payment of all amounts under the Note and the performance of all of the Pledgor’s other obligations under the Note (such payment and other obligations, the “**Obligations**”).

The Pledgor is executing and delivering this Agreement to the Secured Party to create and evidence that security interest.

The parties, therefore, agree as follows:

# **Pledge and Grant of Security Interest.** The Pledgor hereby grants to the Secured Party a security interest in the Interests, as more specifically described on the attached Schedule A, and all distributions thereon, and all proceeds, substitutions, renewals, and replacements of the foregoing (all of the foregoing are collectively called the “**Collateral**”). Unless there is a default in payment of the Note, the Secured Party will not be entitled to any distributions paid on the Interests or to vote the Interests at any members meeting.

# **Interests Are Securities Governed by UCC Article 8.** The Pledgor acknowledges that the Interests are securities governed by Article 8 of the Uniform Commercial Code. The Pledgor must amend the Company’s operating agreement to include the following language:

“Certificates Qualify As A Security Under UCC Article 8 – All membership interests in the Company are securities governed by Article 8 of the Missouri Uniform Commercial Code, §400.8-101 et seq. Revised Statutes of Missouri (commonly referred to as the Uniform Commercial Code - Investment Securities Article 8), and all membership interests in the Company must be certificated, i.e. they are valid only if represented by a certificate.”

# **Transfer of Collateral to Secured Party.** The Pledgor shall deliver to Secured Party the original instruments representing the Collateral endorsed in blank on such instrument or by separate document. At the request of the Secured Party, the Pledgor shall give written notice to the Secured Party, or any other person designated by the Secured Party, of the Secured Party’s interest in the Collateral.

# **Representations and Warranties.** The Pledgor represents and warrants as follows:

## Schedule A hereto completely and accurately sets forth the membership interests of the Company held by the Pledgor. The Collateral held by the Pledgor constitutes all of the membership interests of the Company set forth on Schedule A hereto as of the Closing Date.

## The delivery of the Collateral to the Pledgee pursuant to this Agreement is effective to create a valid and perfected first priority security interest in the Collateral, free of any adverse claim, securing the payment and performance of the Obligations.

## No consent of any other person and no consent, authorization, approval, or other action by, and no notice to or filing with, any governmental authority is required either (1) for the pledge by the Pledgor of the Collateral pursuant to this Agreement or for the execution, delivery, or performance of this Agreement by the Pledgor or (2) for the exercise by the Secured Party of the voting or other rights provided for in this Agreement or the remedies in respect of the Collateral pursuant to this Agreement (except (A) as has already been obtained or taken, (B) as may be required in connection with any disposition of the Collateral by laws affecting the offering and sale of securities generally, and (C) as to which the failure of which to obtain would not be reasonably likely to result in a material adverse change).

## The Pledgor has the requisite authority to enter into this Agreement, without obtaining the approval of any other person.

# **Pledgor’s Obligations.** The Pledgor agrees that the Pledgor will not (1) encumber, sell, assign (by operation of law or otherwise), or otherwise dispose of, or grant any option with respect to, any of the Collateral or (2) enter into any other contractual obligations (including without limitation any voting or member’s agreement) which could reasonably be expected to restrict or inhibit the Secured Party’s rights or ability to vote or sell or otherwise dispose of the Collateral or any part thereof after the occurrence of an Event of Default.

# **Default.** The Pledgor will be in default under this agreement if any of the following events occur (each an “**Event of Default**”):

## The Pledgor defaults in any of the Pledgor’s obligations under this Agreement;

## The Obligor fails to make any payment when due under the Obligations or otherwise fails to perform any of the Obligations and fails to cure the default within the applicable cure period, if any, set forth in the Note;

## The Obligor fails to comply with or to perform or observe any other term, obligation, or condition contained in any security agreement executed in favor of the Secured Party;

## There is a seizure or attachment of, or a levy on, the Collateral, which is not cured within 30 days; or

## Any warranty, representation, or statement made or furnished to the Secured Party by the Pledgor under this Agreement is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

# **Remedies of the Secured Party**

* 1. Upon the occurrence of an Event of Default, the Secured Party may declare immediately due and payable all or any Obligations secured hereby and Secured Party may, at Secured Party’s discretion, (1) sell the Collateral at public or private sale pursuant to the terms of this agreement or the Missouri Uniform Commercial Code; (2) make all cash distributions and payments with respect to the Collateral directly to Secured Party, and (3) exercise any other rights it may have under this Agreement or under applicable law including the remedies of a secured party under the Uniform Commercial Code. All remedies of the Secured Party under this Agreement are cumulative. No delay on the part of the Secured Party in the exercise of any right or remedy will operate as a waiver of the right or remedy, and no single or partial exercise by the Secured Party of any right or remedy will preclude other or further exercise of the right or remedy.
  2. The Secured Party shall give the Pledgor not less than 10 days’ notice of any public or private sale of the Collateral. The Secured Party will be entitled to bid for and purchase the Collateral at any public sale. At any sale made pursuant to this section 7 (whether public or private sale), the Secured Party may bid for or purchase, free from any right of redemption on the part of the Borrower (all said rights being also waived and released), all or any portion of the Collateral offered for sale and may make payment on account thereof by using any outstanding balance of the Note as a credit against the purchase price, and the Secured Party may, upon compliance with the terms of sale, hold, retain and dispose of such Collateral without further accountability. The Pledgor recognizes that the Secured Party may be unable to effect a public sale of all or part of the Collateral and may be compelled to resort to one or more private sales to a restricted group of purchasers who will be obligated to agree, among other things, to acquire such Collateral for their own account, for investment, and not with a view to the distribution or resale thereof. The Pledgor acknowledges that any such private sales may be at prices and on terms less favorable to the seller than if sold at public sales and agrees that such private sales will be deemed to have been made in a commercially reasonable manner, and that the Secured Party will be under no obligation to delay a sale of any of the Collateral for the period of time necessary to permit the issuing corporation of such securities to register such securities for public sale under the Securities Act of 1933, as from time to time amended, or under any other requirement of law, even if the issuing corporation would agree to do so. To the extent permitted by law, the Pledgor hereby specifically waives all rights of redemption, stay, or appraisal which the Pledgor has or may have under any law now existing or hereafter enacted. All amounts received by the Secured Party with respect to the Collateral will be applied by the Secured Party as follows: first, to the cost of enforcing this Agreement and selling the Collateral, including publication and attorney fees, taxes, transfer fees, and all other costs, then to the reduction of the Obligations, with any remaining amounts to be paid to the Pledgor. If the amounts received by the Secured Party with respect to the Collateral are insufficient to discharge fully the Obligations, the Pledgor will remain liable to the Secured Party for any deficiency.

# **Termination of Pledge.** This Agreement will terminate only upon the full payment of the Obligations. Following the termination of this Agreement, the Secured Party shall promptly release, transfer, and re-assign to Pledgor all of the Collateral then existing.

# **Successors and Assigns.** This Agreement will inure to the benefit of and be binding upon the respective heirs, successors, assigns, executors and/or administrators of the parties to this Agreement.

# **Power of Attorney.** Effective upon the occurrence of an Event of Default, the Pledgor hereby appoints the Secured Party, with full power of substitution, as the Pledgor’s attorney in fact with full right and power to sell, convey, transfer, endorse, and otherwise control or deal with the Collateral and, collect, hold, and reinvest any distributions, or other proceeds of the Collateral, all for the benefit of the Secured Party, or any assignee of the Secured Party, under the terms of this Agreement. The power of attorney is deemed to be coupled with an interest and is irrevocable.

# **Notices.** Any notice required or permitted to be given under this Agreement by one party to another may be given either by delivering the notice to the other party personally or by depositing it in the United States mail, certified mail, return receipt requested. The notice must be sent to the address set forth above or at such other address, notice of which is given in the manner provided in this section 11. The Pledgor shall send to the Secured Party copies of all notices or correspondence given or received by the Pledgor with respect to the Collateral.

# **Governing Law; Jurisdiction.** This Agreement is governed by and will be construed in accordance with the internal laws of the State of Missouri. The parties agree that the state and federal courts in [\_\_\_\_\_] County, [\_\_\_\_\_] have jurisdiction over all matters arising out of this Agreement, its interpretation, and its enforcement. The parties hereby waive any right to assert the defense of forum non conveniens with respect to such venue or to object to such venue.

# **Voting of Interests.** The Pledgor will have the sole right to vote the Interests included in the Collateral unless and until the occurrence of an Event of Default. Upon the occurrence of an Event of Default, the Secured Party will have the sole right to vote the Interests included in the Collateral with respect to all matters.

*[Signature page follows.]*

The parties are signing this Agreement as of the Effective Date.

[PLEDGOR]

By:

[NAME]

[TITLE]

[SECURED PARTY]

By:

[NAME]

[TITLE]

[NAME]

Schedule A

Collateral

\_\_\_ membership interests evidenced by certificate number \_\_\_.