

EXHIBIT K

**AREA DEVELOPMENT AGREEMENT
HUHOT MONGOLIAN GRILLS, LLC**

DEVELOPER

DATE OF AGREEMENT: _____

NOTE: In this document, for convenience sake only, pronouns used in referring to Developer are "he," "him," or "his." Franchisor does not in any manner wish to imply that only males are qualified, suitable, or appropriate for the franchise described in this Area Development Agreement. Franchisor does not intend by its use of male pronouns to exclude females from consideration, and it encourages applicants of both genders.

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AREA DEVELOPMENT AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 20_____, by and between HUHOT MONGOLIAN GRILLS, LLC, a Montana limited liability company, with its principal office at 223 East Main Street, Missoula, Montana 59802, (the "Franchisor") and _____ whose principal address is _____ ("Developer").

1. RECITALS

A. Franchisor franchises certain Restaurants known as HuHot Mongolian Grills, devoted primarily to owning and operating sit-down restaurants offering Asian-style cuisine cooked on a grill, using fresh meats, poultry, fish, seafood, vegetables, and sauces, individually selected by the customer. Such Restaurants are operated under certain trademarks, service marks, logos and other commercial symbols, including, without limitation, "HuHot Mongolian Grills" plus design (collectively the "Marks") and pursuant to certain confidential information and trade secrets. Such Restaurants are operated with uniform formats, designs, systems, methods, specifications, standards and procedures, all of which may be improved, further developed or otherwise modified from time to time by Franchisor.

B. Franchisor has decided to grant to persons who meet Franchisor's qualifications and who are willing to undertake the investment and effort, the right to establish and develop a number of HuHot Mongolian Grill Restaurants within a defined geographical area.

C. Developer acknowledges that he has read this Agreement and Franchisor's Uniform Franchise Offering Circular and that he understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's high standards of quality and service and the uniformity of those standards at all HuHot Mongolian Grill Restaurants in order to protect and preserve the goodwill of the Marks.

D. Developer acknowledges that he has conducted an independent investigation of the business contemplated by this Agreement and recognizes that, like any other business, the nature of the business conducted by HuHot Mongolian Grill Restaurants may evolve and change over time, that an investment in a HuHot Mongolian Grill Restaurant involves business risks and that the success of the venture is largely dependent upon the business abilities and efforts of Developer.

E. Franchisor expressly disclaims the making of, and Developer acknowledges that he has not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement. Developer acknowledges that he has not received or relied on any representations, written or oral, about the franchise by Franchisor, or its officers, directors, employees or agents, that are contrary to the statements made in Franchisor's Uniform Franchise Offering Circular or to the terms herein, and further represents to Franchisor, as an inducement to its entry into this Agreement that Developer

has made no misrepresentations, written or oral, to Franchisor in his application for the development rights granted hereunder.

2. DEFINITIONS

A. Exclusive Area. "Exclusive Area" shall mean the geographical area described in Exhibit A, attached hereto and incorporated herein by reference. The Exclusive Area as described in Exhibit A may be, at the request of Developer, replaced with another area deemed available for development by Franchisor in its sole judgment. In such event, Exhibit A shall be amended to describe the substituted area and all development rights and exclusivity granted hereunder for the original area defined on Exhibit A will terminate and shall be extended to the new Exclusive Area.

B. Development Period. "Development Period" shall mean each period of time defined as a Development Period in Section 3 of Exhibit B, attached hereto and incorporated herein by reference.

C. Franchise Agreement. "Franchise Agreement" shall mean the then current form of agreements (including without limitation, franchise agreement and any exhibits, riders, subleases or collateral assignments of leases or subleases, shareholder guarantees and preliminary agreements used in connection therewith) customarily used by Franchisor in the granting of a franchise for the ownership and operation of a HuHot Mongolian Grill Restaurant except the initial franchise fee shall be as set forth in Paragraph 6.B. below. Attached to Franchisor's Uniform Franchise Offering Circular is a copy of the current form of Franchise Agreement. DEVELOPER ACKNOWLEDGES THAT THE AGREEMENT ATTACHED TO FRANCHISOR'S UNIFORM FRANCHISE OFFERING CIRCULAR IS THE CURRENT FORM OF FRANCHISE AGREEMENT AND THAT FRANCHISOR, AT ITS SOLE DISCRETION BUT SUBJECT TO THE EXPRESS PROVISIONS CONTAINED HEREIN, MAY FROM TIME TO TIME MODIFY OR AMEND IN ANY RESPECT THE STANDARD FORM OF FRANCHISE AGREEMENT CUSTOMARILY USED IN GRANTING A "HUHOT MONGOLIAN GRILL RESTAURANT" FRANCHISE.

D. Developer. The term "Developer" as used herein is applicable to one or more persons, a corporation or a partnership, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time Developer hereunder, their obligations and liabilities to Franchisor shall be joint and several. References to "Developer" and "assignee" which are applicable to an individual or individuals shall mean the owner(s) of the equity or operating control of Developer or the assignee, if Developer or the assignee is a corporation or partnership.

3. DEVELOPMENT RIGHTS AND OBLIGATIONS

A. Term of Agreement/Reservation of Rights

(1) Subject to the provisions contained herein, this Agreement shall be for a term commencing on the date hereof and expiring on the last day of the last Development Period.

(2) Franchisor (on behalf of itself and its affiliates) retains the right, in its sole discretion and without granting any rights to Developer: (a) to itself own and operate, or to grant other persons the right to own and operate, HuHot Mongolian Grill Restaurants at such locations outside the Exclusive Area and on such terms and conditions as We deem appropriate in its sole discretion; and (b) to sell outside the Exclusive Area the services and products authorized for HuHot Mongolian Grill Restaurants under the Marks or other trademarks, service marks and commercial symbols through dissimilar channels of distribution and pursuant to such terms and conditions as We deem appropriate.

B. Rights During Development Periods. Provided Developer: (i) is in full compliance with the terms and conditions contained in this Agreement, including without limitation, the development obligations contained in Paragraph C of this Section 3; and (ii) is in full compliance with all obligations under all Franchise Agreements heretofore or hereafter entered into with Franchisor; then during the Development Periods, Franchisor: (1) will grant to Developer, in accordance with the provisions of Section 5 hereof, franchises for the ownership and operation of HuHot Mongolian Grill Restaurants located within the Exclusive Area; and (2) will not operate (directly or through an affiliate), nor grant a franchise for the operation of, any HuHot Mongolian Grill Restaurants to be located within the Exclusive Area, except such franchises as are granted to Developer.

C. Development Obligations. Developer agrees during the term of this Agreement and any extensions thereof that he will at all times faithfully, honestly, and diligently perform his obligations hereunder and that he will continuously exert his best efforts to promote and enhance the development of HuHot Mongolian Grill Restaurants within the Exclusive Area. Without limiting the foregoing obligation, Developer agrees to have signed leases within the Exclusive Area for the cumulative number of Restaurants at the end of each Development Period set forth in Section 3 of Exhibit B hereof ("Minimum Development Quota") and to have each such Restaurant open and operating within four (4) months from the date of possession. If Developer fails at any time to meet any Minimum Development Quota, Franchisor shall have the right to terminate this Agreement by delivering a notice to Developer stating that Franchisor elects to terminate this agreement as a result of such failure. Such termination shall be effective upon delivery of such notice of termination. Franchisor's right to terminate this Agreement shall be the sole and exclusive remedy of Franchisor for Developer's failure to meet a Minimum Development Quota.

4. RESTAURANT CLOSINGS

A HuHot Mongolian Grill Restaurant which is permanently closed with the approval of Franchisor after having been open shall be deemed open and in operation for purposes of the Minimum Development Quota if a substitute HuHot Mongolian Grill Restaurant is open and in operation within six (6) months from the date of such closing. Such replacement Restaurant shall not otherwise count toward such quotas.

5. GRANT OF FRANCHISES TO DEVELOPER

A. Subject to the provisions of Section 3 hereof, we agree to grant franchises to Developer for the operation of HuHot Mongolian Grill Restaurants located within the Exclusive Area, subject to the following:

(1) Developer must execute a franchise agreement and pay the applicable franchise fee before Franchisor will approve a site.

(2) When Developer selects a site under a franchise agreement, he shall submit to Franchisor a complete site report (containing such demographic, commercial, and other information and photographs as Franchisor may reasonably require) for each site at which Developer proposes to establish and operate a HuHot Mongolian Grill Restaurant and which Developer reasonably believes to conform to site selection criteria established by Franchisor from time to time. Such proposed site shall be subject to Franchisor's prior written approval, which will not be unreasonably withheld. In approving or disapproving any proposed site, Franchisor will consider such matters as it deems material, including without limitation, demographic characteristics of the proposed site, traffic patterns, parking, the predominant character of the neighborhood, competition from other Restaurants, the proximity to other businesses (including other HuHot Mongolian Grill Restaurants), and other commercial characteristics (including the purchase price or rental obligations and other lease terms for the proposed site) and the size of premises, appearance, and other physical characteristics; and

(3) Developer acknowledges that in order to preserve and enhance the reputation and goodwill of all Restaurants and the goodwill of the Marks, all HuHot Mongolian Grill Restaurants must be properly developed and operated. Accordingly, Developer agrees that Franchisor may refuse to grant to Developer a franchise for a proposed HuHot Mongolian Grill Restaurant, unless in Franchisor's reasonable judgment demonstrates sufficient financial capabilities to properly develop and operate the HuHot Mongolian Grill Restaurant. To this end, Developer shall furnish to Franchisor such financial statements and development plans and other information regarding Developer in the development and operation of the proposed HuHot Mongolian Grill Restaurants (including, without limitation pro forma statements and investment and financing plans for the proposed HuHot Mongolian Grill Restaurant) as Franchisor may reasonably require.

B. By delivery of written notice to Developer, Franchisor will approve or disapprove sites proposed by Developer for the operation of a HuHot Mongolian Grill Restaurant. Franchisor agrees to exert its best efforts to deliver such notification to Developer within thirty (30) days of receipt by Franchisor of the complete site reports and the financial statements and other materials reasonably required by Franchisor. If Developer shall fail to execute a lease within thirty (30) days after delivery of Franchisor's approval thereof, Franchisor may, at its sole discretion, withdraw approval of such site.

6. DEVELOPMENT FEE AND FRANCHISE FEES

A. Development Fee. Concurrently with the execution of this Agreement, Developer shall pay to Franchisor the sum set forth in Paragraph 1 of Exhibit B hereof as a nonrefundable Development Fee which shall be deemed fully earned by Franchisor upon execution of this Agreement.

B. Franchise Fees.

Developer is required, if he is not already a franchisee, to execute one franchise agreement and pay the \$35,000 franchise fee, simultaneously with the execution of this Agreement.

For each subsequent HuHot Mongolian Grill Restaurant developed pursuant to this Agreement, the franchise fee will be Ten Thousand Dollars (\$10,000).

In the event Developer opens more than the number of Restaurants required to meet his Minimum Development Quota, either within or outside his Exclusive Area, the then-current initial franchise fee for the cumulative number of Restaurants will apply.

7. APPLICABILITY OF FRANCHISE TERMS

A. Developer has, contemporaneously with this agreement, executed a Franchise Agreement for _____ with Franchisor. The parties hereby agree that the following covenants contained in that Franchise Agreement are, to the extent applicable here, in full force and effect and are hereby incorporated as terms of this Area Development Agreement:

- Section 5. Marks.
- Section 6. Proprietary Information.
- Section 7. Relationship with the Parties.
- Section 12. Inspections and Audits.
- Section 14. Transfer.
- Section 15. Termination by Franchisee.
- Section 17. Rights of Franchisor and Obligations of Franchisee upon Termination or Expiration for the Franchise.

Section 18. Enforcement

8. TERMINATION BY FRANCHISOR

A. In addition to Franchisor's right to terminate under Paragraph C of Section 3 hereof, Franchisor shall have the right to terminate this Agreement by delivering a notice to Developer stating that Franchisor elects to terminate this Agreement as a result of any of the breaches set forth below. Such termination shall be effective upon delivery of such notice of termination or, if applicable, upon failure to cure (to Franchisor's satisfaction) any such breach by the expiration of any period of time within which such breach may be cured in accordance with the provisions set forth below. It shall be a material breach of this Agreement if:

(1) Developer (or any shareholder, partner, or member, if Developer is a corporation, partnership, or limited liability company) makes an unauthorized assignment or transfer of this Agreement or an ownership interest in Developer;

(2) a general partnership interest in Developer (if Developer is a limited partnership) is terminated, for whatever reason;

(3) Developer (or any shareholder, partner, or member, if Developer is a corporation, partnership, or limited liability company) has made any material misrepresentation or omission in its application for the development rights conferred by this Agreement or is convicted of or pleads no contest to a felony or other crime or offense that may adversely affect the goodwill associated with the Marks;

(4) Developer (or any shareholder, partner, or member, if Developer is a corporation, partnership, or limited liability company) makes any unauthorized use of the Marks or unauthorized use or disclosure of the Proprietary Information;

(5) Developer fails to comply with any other provision of this Agreement;

(6) Developer fails on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, whether or not such failures to comply are corrected after notice thereof is delivered to Developer;

(7) Franchisor has delivered two or more notices of default of a Franchise Agreement to which Developer or any owner of Developer is a party, whether or not Developer cures the defaults noted in the notices of default, or Developer has terminated a Franchise Agreement without cause, as defined in such agreement;

(8) Developer fails to meet the Minimum Development Quota set forth in Paragraph 3.C.; and

(9) Developer fails to timely pay any lender to whom Franchisor has

guaranteed Developer's obligations, or Franchisor if Developer has entered into a financing arrangement with Franchisor:

- a. more than three (3) times if the defaults are cured, or
- b. one (1) time if the default is not cured during the financing term.

B. Developer shall have the right to cure a breach under Paragraph 8.A.(5) within thirty (30) days after delivery of Franchisor's notice of termination.

9. EFFECTS OF TERMINATION AND EXPIRATION

A. Loss of Rights and Exclusivity. Upon termination or expiration of this Agreement, Developer loses the right to open any additional HuHot Mongolian Grill Restaurants. Developer also loses exclusive rights to the Exclusive Area described in Paragraph 2.A. and Exhibit A, and Franchisor may thereafter grant franchises for any HuHot Mongolian Grill Restaurants anywhere in said Exclusive Area except for protected areas already established per executed franchise agreements with Developer. Developer also loses exclusive rights to any wholesale business in the Exclusive Area. Developer is not entitled a refund or credit of his Development Fee.

B. Continuing Obligations. All obligations of Franchisor and Developer under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement and until they are satisfied in full or by their nature expire.

C. Covenant Not To Compete. Upon termination or expiration of this Agreement, Developer agrees that for a period of two (2) years, commencing on the effective date of expiration or termination of this Agreement, Developer (and its shareholders, partners, or member) will not have any interest as an owner, partner, director, officer, employee, consultant, representative, agent, lender, lessor, or in any other capacity, in any "Competitive Business", as defined in Section 9.f. of the Franchise Agreement executed concurrently with this Agreement, located or operating within the Exclusive Area, except for HuHot Mongolian Grill Restaurants operated under Franchise Agreements granted by Franchisor and the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent three percent (3%) or less of that class of securities. Notwithstanding anything contained in this Agreement to the contrary, or in the event of termination or expiration of this Agreement, the covenants not to compete set forth in each franchise agreement executed by Developer shall continue in full force and effect for the duration of the time periods and for the geographic limits applicable to each such franchise agreement.

10. INDEPENDENT CONTRACTORS/INDEMNIFICATION

Franchisor and Developer are independent contractors. Neither Franchisor nor Developer shall be obligated by or have any liability under any agreements, representations, or warranties made by the other that are not expressly authorized hereunder, nor shall Franchisor be obligated for any damages to any person or property directly or indirectly arising out of the operation of Developer's business conducted pursuant to this Agreement, whether or not caused by Developer's negligent or willful action or failure to act. Franchisor shall have no liability for any sales, use, excise, income, gross receipts, property, or other taxes levied upon Developer or its assets or upon Franchisor in connection with the business conducted by Developer, or any payments made by Developer to Franchisor pursuant to this Agreement or any Franchise Agreement. Developer agrees to indemnify Franchisor and its subsidiaries, affiliates, stockholders, directors, officers, employees, agents and assignees against and to reimburse them for all such obligations, damages, and taxes for which they are held liable and for all costs reasonably incurred by them in the defense of any such claim brought against them or in any action in which they are named as a party, including without limitation reasonable attorneys' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses. Franchisor shall have the right to defend any such claim against it. The indemnities and assumptions of liabilities and obligations herein shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

11. NOTICES AND PAYMENTS

All notices and reports to Franchisor or Developer, if not personally served, shall be deemed so delivered by hand, one (1) business day after transmission by telegraph or other electronic system, one (1) business day after being placed in the hands of a commercial courier service for overnight delivery, or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its more current principal business address of which the notifying party has been notified. All notices shall be sent postage prepaid and addressed to the respective party as follows, or as either party may from time to time designate in writing.

"Franchisor"

"Developer"

HuHot Mongolian Grills, LLC
223 East Main Street
Missoula, MT 59802

IN WITNESS WHEREOF, the parties hereto have executed, sealed and delivered this Agreement in 2 counterparts on the day and year first above written.

Franchisor:
HuHot Mongolian Grills, LLC
A Montana limited liability company

Developer:

By: _____

By: _____

Title: _____

Title: _____

EXHIBIT A

TO THE HUHOT MONGOLIAN GRILLS, LLC AREA DEVELOPMENT
AGREEMENT BY AND BETWEEN HUHOT MONGOLIAN GRILLS, LLC
AND _____

DATED _____

The Exclusive Area referred to in Section 2 of the captioned agreement shall be for
_____ () HuHot Mongolian Grill Restaurants(s) to be located within the following
geographic area:

Franchisor:
HuHot Mongolian Grills, LLC
A Montana limited liability company

Developer:

By: _____

By: _____

Title: _____

Title: _____

EXHIBIT B

TO THE HUHOT MONGOLIAN GRILLS, LLC AREA DEVELOPMENT
AGREEMENT BY AND BETWEEN HUHOT MONGOLIAN GRILLS, LLC
AND _____

DATED _____

1. The Development Fee referred to in Section 6 of the captioned agreement shall be \$10,000 per store for a total of \$_____. Developer will receive a credit of \$10,000 against each of the first _____ initial franchise fees for restaurants developed under this agreement.

2. For Restaurants developed pursuant to this Area Development Agreement, the franchise fee will be Twenty-Five Thousand Dollars (\$25,000) except as modified above.

3. Developer agrees to develop _____ () HuHot Mongolian Grill restaurants in exclusive areas in Exhibit A, in addition to the restaurant being built in_____. Parties agree that the initial franchise fee for each such restaurant shall be the amount stated in Paragraph 2 above and that the monthly royalty fee shall be _____% of sales for each of the _____ () restaurants. Developer shall open the first subsequent restaurant within 12 months from the opening date of the _____ restaurant and shall open an additional restaurant under this agreement each subsequent 12 months thereafter. This agreement commences on the date the restaurant opens for business in_____, and expires _____ () years after the commencement date. Should any of Developer's restaurants be unsatisfactory in Developer's sole judgment, Developer may give written notice to Franchisor of termination of this agreement and all of Developer's rights and obligations hereunder to develop additional restaurants shall cease.

4. Developer agrees that Rider B to franchise agreements executed pursuant to this agreement shall specify a protected radius of _____ miles.

Franchisor:
HuHot Mongolian Grills, LLC
A Montana limited liability company

Developer:

By: _____

By: _____

Title: _____

Title: _____

EXHIBIT C

TO THE HUHOT MONGOLIAN GRILLS, LLC AREA DEVELOPMENT AGREEMENT
GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ____ day of

_____, 20____, by _____

In consideration of, and as an inducement to, the execution of that certain HUHOT MONGOLIAN GRILLS, LLC Area Development Agreement of even date herewith (the "Agreement") by HuHot Mongolian Grills, LLC (the "Franchisor"), each of the undersigned hereby personally and unconditionally (a) guarantees to Franchisor, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Developer") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including without limitation the provisions of Section 7 and Paragraph B of Section 11.

Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of obligations hereby guaranteed; (4) any right he may have to require that an action be brought against Developer or any other person as a condition of liability; (5) all right to payment and claims for reimbursement or subrogation which any of the undersigned may have against Developer arising as a result of the undersigned's execution of and performance under this Guaranty and Assumption of Obligations; and (6) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (1) his direct and immediate liability under this guaranty shall be joint and several; (2) he shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; and (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Developer or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend his guaranty, which shall be continuing and irrevocable during the term of the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S)	PERCENTAGE OF OWNERSHIP OF DEVELOPER
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %