

EXHIBIT "J": INITIAL RULES AND REGULATIONS

THE CHARLES HORIZONTAL PROPERTY REGIME RULES AND REGULATIONS

In order to create a congenial, pleasant, safe and dignified living and working atmosphere that is respectful of the concerns of Co-Owners of Units, these Rules and Regulations have been adopted. These Rules and Regulations supplement the Master Deed of the Regime and the Bylaws of the Association. They apply to Co-Owners and Occupants (that is, any individual lawfully occupying a Unit, including, without limitation, any Co-Owner or tenant, their resident family members, and their guests, invitees, employees and licensees).

1. Usage of Units.

A. Units: Units shall be used for residential purposes. Private business activities may be conducted in a Unit as long as such use is incidental to the primary residential use of the Unit and does not violate any applicable law or covenant, involve any exterior signage or advertising of the Unit as a place of business, require frequent visits by clients, customers or business associates to the Property, or unduly contribute to parking, traffic, telecommunications or security problems for the Property, all in the sole opinion of the Board of Directors.

B. Other Permitted Uses of Units: The provisions above shall not preclude (i) such business activity of the Association or any Management Agent as is reasonably required for the effective operation of the Property or any Unit, (ii) showing of any Unit for sale or permitted leasing or rental purposes during normal business hours in accordance with any procedures established by the Board of Directors to preserve a congenial, pleasant, safe and dignified living and work atmosphere, or (iii) business operations of the Declarant, its agents, successors or assigns during the period of constructing and marketing the Property.

C. Timesharing and Rentals of Units: Pursuant to Section 10.3 of the Master Deed, Units shall not be divided into or operated as "timeshares" or interval ownership segments. Units shall not be rented for a period of less than one year; provided, however, if a Unit requires renovation, maintenance or repairs that reasonably preclude a rental term of at least one year, the Board of Directors, in its sole discretion, may authorize a rental period of less than one year, with such additional conditions as the Board of Directors shall determine.

2. Prohibited Uses.

The Owner and Occupants of a Unit shall not permit or allow anything to be done on the Property that will, in the sole reasonable opinion of the Board of Directors or Management Agent, (i) materially increase the insurance rates on the Unit or the Common Elements over those rates that would reasonably be anticipated from use of the Unit for its normal purposes, (ii) obstruct or interfere with the rights of other Co-Owners or the Association, or (iii) violate any law, permit or regulation of a governmental body.

3. Owner Responsible for Conduct of Others in Unit.

Each Co-Owner shall be responsible to the Association for the results of the actions or omissions of Occupants of the Unit and their pets while on the Property, but the responsibility of the Co-Owner shall not relieve any Occupant of the Unit from any liability to the Association or any other Person for their acts.

4. Access to Units and Residential Limited Common Elements.

Access for personal guests or invitees to the Unit may be authorized by Co-Owners and Occupants (including tenants) who are not less than sixteen (16) years old. Personal guests and invitees may not authorize access for others unless authorized to do so by the Board of Directors or the Management Agent. Only persons with proper authorization may remain on the Property. The Board of Directors and Management Agent may establish additional check-in or sign-in procedures and time limits for vendors, suppliers, repair and service personnel, etc. Upon request of the Management Agent or its employee, an Association employee, a law enforcement official, security personnel retained by the Association, or any Co-Owner or Occupant who is sixteen (16) years of age or older, a person on the Property shall provide proper identification and, if purportedly an authorized guest or invitee of a Co-Owner or Occupant, shall provide the name, Unit number and telephone number of the person who authorized access for the person.

5. Pets.

A. In Units: No animals, livestock, reptiles, fowl or poultry shall be raised, bred or kept in Units or Limited Common Elements, except that no more than two (2) dogs, cats or other non-exotic household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose and are housed within the Unit. Such household pets must not constitute a nuisance or cause unsanitary conditions. Frequent or continuing barking or howling of a dog or any other frequent or continuing noise caused by a pet that is clearly audible in another Unit shall be a nuisance.

B. Use of Common Elements: Pets shall not be allowed on Common Elements (other than Limited Common Elements serving only the Unit in which the pet is kept) unless the pet acts in a non-threatening way to other persons and is under leash or is carried by a responsible person. Any pet excrement left on Common Elements shall be immediately removed.

C. Determination of Compliance: The Board of Directors shall have the right to determine, in its sole discretion, whether a particular pet meets the criteria set forth in this Section 5, and, if not, it may require the owner or keeper of the pet to remove such pet from the Property.

6. Offensive Activities.

Noxious, offensive or illegal activities shall not be carried out on the Property, and nothing shall be done thereon that reasonably is an annoyance or nuisance to the Occupants of other Units or persons properly using the Common Elements. Without limiting the generality of this provision, the following shall not be permitted on the Property: (a) speakers, horns, whistles, bells or other devices that emit sounds that are clearly audible in another Units or the Common Elements (other than

Limited Common Elements serving only the Unit), except security and fire alarm devices or other devices expressly approved by the Board of Directors or Management Agent, or (b) unusually bright, flashing or pulsating lights that are visible from another Unit or the Common Elements (other than Limited Common Elements serving only the Unit).

7. Signs and Mail Receptacles.

A. Signs: No signs, advertisements, notices posters, circulars or billboards (together "Signs") shall be posted on Common Elements or any portion of a Unit that is visible from another Unit without the permission of the Board of Directors or Management Agent. Until all Units have been conveyed by Declarant, the preceding sentence shall not apply to Declarant or its agents. The Board of Directors or Management Agent may identify Common Elements reserved for Signs, and may establish restrictions regarding size, coloring, lettering, time of display, location, and quality of construction for Signs. This provision shall not apply to any Sign that is part of the original construction of the Property or any replacement therefor that is substantially the same as the original Sign. The Board of Directors may establish restrictions regarding size, coloring, lettering, time of display, location, and quality of construction for signs. Clearly offensive, lewd or pornographic wording, graphics or symbols shall not be permitted.

B. Mail Receptacles; Name Signs. The Board of Directors may issue specifications for and/or approve as the location, color, size, design, lettering and all other particulars of receptacles for the receipt of mail, newspapers or similar delivered materials; property identification markers; and name signs.

8. Visible Attachments and Telecommunications Equipment.

A. Visible Attachments. Attachments to a Unit or a Limited Common Element that would be visible from any other Unit or any portion of the Common Elements, including Limited Common Elements, (such as, without limitation, balcony or deck fans, benches, awnings, light fixtures, shutters, shades, speaker systems, flags, etc.) must be approved, and, if approved, must be reasonably uniform in appearance and location in order to preserve the visual harmony of The Charles.

B. Telecommunications Equipment. Unless otherwise expressly permitted in writing by the Board of Directors or the Management Agent, no television, radio or other telecommunications antenna, aerial, component or dish shall be erected on a Unit or the Common Elements, including Limited Common Elements, in a manner that causes it to be visible from another Unit or the Common Elements (other than Limited Common Elements serving only the Unit in which it is located). No telecommunications equipment installed on the Property shall unreasonably interfere with the operation of normal telephone, television, internet or other telecommunications systems for other Units, as determined by the Board of Directors.

9. Approval of Modifications.

A. General Rule. Unless otherwise expressly permitted in writing by the Association, no painting, decoration, attachment to, or modification of a Unit or Common Element (including any Limited Common Element) that would be visible from any other Unit or any portion of the Common Elements (other than Limited Common Elements serving only the Unit), and no modification of the structural, mechanical, electrical or plumbing systems of a Unit shall be permitted until plans showing the nature, shape, dimensions, materials, color and location thereof have been submitted to and approved by the Association. Approval by the Association shall not be required for (a) replacement or repair of a mechanical, electrical or plumbing component within a Unit or a Limited Common Element serving only the Unit by a component of equal or better quality that is compatible with other systems in the Unit and the Building and complies with applicable codes, or (b) remodeling, painting or redecorating a Unit in a manner that was previously approved by the Board.

B. Review Procedure. The Association shall have fifteen (15) business days from receipt of all required information to review the submitted information. It may approve, reject or modify the proposed plans based on its perception of the consistency and harmony of the plans with the Master Deed, applicable codes, the original structure and Plans, and other practical and aesthetic factors deemed appropriate by the Association. If notice of approval, disapproval, proposed modification or a request for additional information is not received by the submitting Owner within such fifteen (15) business days period, the plans submitted shall be deemed approved.

C. Review Fees and Deposits. The Board of Directors may establish and charge reasonable fees (i) for review of applications for proposed modifications, and (ii) to provide reasonable funds to offset possible costs to the Association for failure of an applicant or its agent to perform in accordance with the Governing Documents or the approved application (such as, without limitation, fees for cleanup of debris created by the work). Such fees may include costs incurred by the Association in causing an application to be reviewed by architects, engineers, builders, interior designers, or other consultants selected by the Association. The Board of Directors may require such fees to be paid in full prior to review of any application. Any deposits remaining after the completion of the approved work shall be promptly refunded to the applicant or the applicant's designee.

D. Trash Caused by Modifications. Any trash generated by construction, remodeling, decorating, repair or renovation of a Unit shall be handled in accordance with a written plan approved by the Board of Directors or Management Agent and as required by applicable laws. Any cost of cleanup and removal of such trash shall be the obligation of the Co-Owner unless otherwise expressly approved by the Board of Directors.

E. Modifications Committee. The Board may, in its sole discretion, by written resolution, appoint a "Modifications Committee" (or delegate to the Managing Agent) to implement and coordinate provisions of this Section. If there is a Modifications Committee, it shall consist of at least three persons who shall be appointed and serve at the discretion of

the Board. The persons appointed may be, but need not be, Co-Owners or Directors, and may include such individuals as the Board shall determine from time-to-time, such as, without limitation, architects, engineers, builders, interior designers, or other consultants.

F. Codes and Ordinances. Compliance with the above procedures is not a substitute for compliance with other applicable building, zoning, subdivision and development standards ordinances and codes, or other covenants that may apply to the work. The Association, the Management Agent, and their respective officers, employees and agents shall not be responsible for any defects in any plans or specifications approved by the Association, nor for any defects in any work done according to such plans and specifications.

10. Trash.

Trash, garbage or other waste shall be placed in areas designated by the Board of Directors or the Management Agent. Trash, garbage or waste shall be separated as required by applicable laws and covenants. Except when moving trash, garbage or waste to designated disposal or pickup areas, it shall be kept in closed, sanitary containers inside the Unit. Household trash, garbage or waste deposited at designated disposal or pickup areas shall be stored in sealed plastic bags. Unless otherwise expressly approved in writing by the Board of Directors or Management Agent, trash, garbage or other waste shall not be left on open decks, patios or terraces or in Common Elements, such as corridors, lobbies, steps, elevators, steps, parking areas, driveways or pathways, not expressly intended for such storage.

11. Obstruction of Corridors, Lobbies, Steps, Elevators, etc.

Unless otherwise expressly approved in writing by the Board of Directors or Management Agent, corridors, lobbies, steps, elevators, steps and driveways or pathways for ingress and egress shall be used for no other purpose other than normal transit through them. Corridors, lobbies, steps, elevators, parking areas, driveways or pathways shall not be used as play areas.

12. Parking.

A. Parking Spaces and Storage Areas Generally. Parking spaces and parking floor storage areas are Common Elements. Subject to any obligation in the Master Deed to provide a defined number of parking spaces or storage areas in the Building to Co-Owners, the Board of Directors may (i) assign (and re-assign from time to time) parking spaces or parking floor storage areas for the exclusive use of a specified Unit or Units and (ii) impose restrictions on the use of any parking spaces.

B. Use of Parking Spaces. Unit Occupants and agents, guests or invitees of Unit Occupants shall not (a) park any vehicle except in the parking floor parking space(s) reserved for that Unit, as determined by the Board of Directors, unless expressly permitted by the Owner or tenant of the Unit having the right to park in such parking space, or (b) park in such a manner as to unreasonably impede ready access to a parking floor parking space assigned to another Unit.

C. Registration of Vehicles with Association. All parked vehicles shall be operable and properly licensed. The Board of Directors may require that vehicles parked in a parking

space (a) be registered with the Management Agent, (b) display a sticker or permit specified by the Management Agent, and (c) comply with such other procedures as may be approved by the Board of Directors.

D. Use Only by Occupants: Rental of Parking Spaces.

1. Use Only by Occupants. Parking spaces shall only be rented or assigned for use to persons who are Occupants of Units. Parking spaces assigned to Units shall not be rented or assigned for use for periods that exceed the period during which the renter or assignee is an Occupant. All parking space use by Occupants shall terminate upon conveyance of the Unit to which the parking space is assigned unless otherwise expressly approved in writing by the Board of Directors or the Management Agent.

2. Rental of Parking Spaces. If the Occupants of a Unit do not require use of a parking space assigned to the Unit, and the Co-Owner of the Unit wishes to rent or assign use of the parking space to Occupants of other Units, the Co-Owner of such Unit shall notify the Board of Directors or the Management Agent of the period during which such rental or assignment is available and the rental amount, if any, that the Co-Owner will accept. The Board of Directors or the Management Agent shall maintain a list of such available parking spaces for review by Occupants and Co-Owners. The Board of Directors may establish reasonable procedures for documenting the rental or assignment of a parking space. Nothing shall preclude the Association from using or renting an available parking space for visitor parking or other uses.

E. Use by Non-Automotive Vehicles. Motorcycles, motor scooters, golf carts or other authorized motorized non-automotive vehicles shall be parked or stored only in parking spaces assigned to the Owner or Occupant having control of such vehicle.

F. One Vehicle Per Parking Space. Unless otherwise expressly approved by the Management Agent, only one vehicle shall be parked in a parking space.

G. Bicycles. Bicycles shall only be parked in areas specifically designated for such use by the Board of Directors or the Management Agent.

H. Loss. The Association and the Management Agent shall not be responsible for any loss of, or damage to, vehicles, non-automotive vehicles, articles within parked vehicles, or bicycles.

13. Unauthorized Vehicles and Uses; Towing.

A. Unauthorized Vehicles. Unless otherwise expressly approved by the Board of Directors or the Management Agent, no unlicensed or inoperable vehicle, mobile home, boat or boat trailer, "U-Haul"-type trailer or other trailer, camper, motor vehicle with sleeping facilities, bus, or truck or commercial vehicle over one (1) ton capacity shall be parked or stored on the Property; provided that trucks and other commercial vehicles that will reasonably fit into a designated parking space or other space approved by the

Board of Directors or Management Agent shall be permitted on the Property for loading, unloading or maintenance services during normal business hours. Emergency vehicles shall be permitted on the Property at any time when reasonably required.

B. Vehicle Repairs. Vehicle repairs on the Property shall be limited to minor emergency repairs requiring a short period for completion, such as replacement or charging of a dead battery or repair of a flat tire.

C. Towing. Vehicles violating these Rules and Regulations may be towed at the sole cost and risk of the violator and without notice to the violator.

14. No Liability for Stored Goods.

The Association and Management Agent shall not be responsible for any loss of or damage to goods stored by Co-Owners or Occupants in any Common Element or Limited Common Element approved by the Board of Directors for such purpose.

15. Storage; Protection of Elevators and Stairs.

Co-Owners or Occupants and their agents shall (a) use appropriate pads to protect elevators and stairs when moving furniture or equipment, and (b) be responsible for damage to elevators or stairs caused in such moving.

16. Responsibility for Damage to Common Elements.

If any maintenance, repair, or replacement of any portion of another Unit or the Common Elements is required because of the negligent or willful act or omission of a Co-Owner or Occupant of a Unit, then such Co-Owners and Occupant shall be responsible for such maintenance, repair, or replacement. (For further provisions, see Article 4 of the Master Deed.)

17. Keys, Locks and Emergency Access to Units.

In order to respond to emergency situations or deal with problems in adjacent areas, each Co-Owner shall provide to the Management Agent a passkey for the Unit of the Owner. The key shall be kept in a locked space under the control of the Management Agent. Except in situations reasonably believed to be emergencies or situations in which access is reasonably believed to be needed to prevent damage to the Unit or other areas, access to a Unit shall occur only during normal business hours and then, whenever practicable, only upon advance notice to the Co-Owner of the Unit. If a Unit lock is modified so as to require a different key, within one (1) business day thereafter, the Co-Owner shall notify the Management Agent and provide a replacement key to the Management Agent.

18. Solicitations.

Persons soliciting contributions or the purchase of goods or services, and persons seeking to distribute materials, brochures or information to Unit Occupants or may be denied access to the Property unless (a) expressly required by law or (b) expressly invited, by name, as a guest of a specific Co-Owner or Occupant, in which event the person invited shall limit the solicitation to the person(s) expressly inviting them.

19. Grills and Outside Cooking.

Because of safety and insurance concerns or applicable ordinances and regulations, only electric grills are permitted for use in Units or on balconies. Grills burning charcoal, gas, wood, paper or other flammable materials are prohibited. Use of permitted grills shall follow proper procedures for fire prevention, cleanup, and smoke and odor control.

20. Penalties for Violations.

A. In the event of failure to comply with these Rules and Regulations, the Board of Directors shall take such action as it determines is appropriate to enforce the Rules and Regulations or to remedy the problem caused by the failure to comply. Without waiver of any other enforcement rights that the Board of Directors, the Association or any Co-Owner may have under the Governing Documents or applicable law, the Board of Directors may also impose a Special Assessment on the applicable Unit of up to \$250 for each violation of these Rules and Regulations.

B. For an initial violation, the Board of Directors shall give the non-complying Co-Owner or occupant of the applicable Unit written notice of the violation and, if desired, the action that is required in order to cure the violation. Unless otherwise provided in the Master Deed or these Rules and Regulations, or unless the Board of Directors or Management Agent determines that the violation may constitute a safety hazard, violation of law or an emergency situation, the Co-Owner or occupant shall have 24 hours from receipt of notice, or such additional time as may be authorized in writing by the Board of Directors or Management Agent, to cure the violation or to provide reasonable evidence that no violation exists. No further notice shall be required prior to enforcement after notice of the initial violation is given.

21. Waivers of Rules and Regulations.

The Board of Directors or the Management Agent may, for good cause, as determined in its sole discretion, waive violations of these Rules and Regulations. Such waiver shall be in writing and a copy of such waiver shall be either maintained for a reasonable period in the offices of the Association or recorded in the Register of Deeds for Beaufort County, South Carolina.

22. Amendment of Rules and Regulations.

The foregoing Rules and Regulations are subject to amendment by the Board of Directors and may be supplemented by other rules and regulations promulgated by the Board of Directors.