



## General Terms and Definitions

This appraisal has been prepared by a Professional Gemologist in conformity with generally accepted professional standards and the rules of professional ethics of the National Association of Jewelry Appraisers. It consists of this clarification sheet, the appraisal report, grading nomenclature and the credentials of the appraiser. All items have been personally examined by the appraiser, unless otherwise noted. The conclusions of dollar value have been reached objectively without bias.

Because nature's gems do not fall precisely in the grading categories man makes for them, and since an appraisal is an opinion backed and supported by training, equipment and experience, it is important to understand that there can be honest variations between competent gemologists. This appraisal does not determine if the gemstone color is natural or artificial or if the gemstone is enhanced. Mounted gemstones are graded only to the extent the mounting permits examination. A provisional color grade (a range of three) means the diamond was color graded while in the mounting. If the stone were to be re-evaluated while loose, the color grade could change one grade in either direction. Valuations are determined using the middle color grade.

The appraiser does not guarantee that the item can be bought now or in the future at the stated approximate retail replacement cost. Certified Jewelry Appraisals and the appraiser assume no responsibility with respect to any action that may be taken on the basis of this appraisal. By accepting this appraisal the customer agrees to its limitations. In view of fluctuating market conditions, This appraisal will expire on the date listed under the picture or two years from the date of issue.

## Types and Purposes of Appraisals

The object of an insurance appraisal is to establish an accurate position and to provide sufficient support in the event a proof or loss or damage becomes necessary.

The valuation shall give the approximate cost of replacing or recreating the gem or jewelry article as closely as possible. In order to accomplish this, the appraisal shall take into consideration today's market prices as well as current costs for labor, materials, creative design, certification and the precious stone and metal markets.

Costs and margins may differ substantially from retailer to retailer based on locality, various services offered and marketing methods. The basis for determination of value is for items of like kind and quality and the type of retail outlet that most commonly carries the item(s). The replacement cost is the average price that would be paid when buying the item(s) in the current market place. Antique and period style jewelry, is unique, and as such, reproduction costs are not applicable. Often, it may be difficult to find an item comparable to the one being appraised. Even if the market does exist, it may not be large enough to yield sufficient data for an accurate evaluation. Therefore, the method used to appraise antique and period style jewelry is replacement cost for comparable items. These values are not for investment purposes, nor are they an endorsement of the price you should pay. The article(s) are appraised based upon final consumption at the retail level. These values are the appraiser's best judgement and opinion and are not a representation or warranty that the article(s) will realize that value if offered for sale at auction.

Estate valuation requires an appraisal of the cash value of any included gemstone or jewelry item. This cash value is based upon what a willing buyer and a willing seller would agreed upon without a forced sale. Since it does not consider today's marketing costs nor current prices for labor, materials or creative design, this type of appraisal is lower than appraisals for insurance purposes.

Treasury regulation 20.2031-1(b) states the fair market value is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts. The fair market value of a particular item of property...is not to be determined by a forced sale price, nor is the fair market value of an item of property to be determined by the sale price of the item in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate.

To be noted is the determination of a market where the used jewelry is "most commonly sold to the public". For example: from retail consumer to jeweler, or retail consumer to retail consumer via public auction, or other public sale where the market is proven to be the common market. These values may be a fraction of what a similar new item may be sold at retail, and would qualify as the fair market value.