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Last Seat in the House: American Signature Closes

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American Signature Inc. (American Signature Furniture and Value City Furniture) filed for Chapter 11 protection in the District of Delaware on November 22. The company launched a court-supervised sale process anchored by a stalking-horse bid. Under the approved bidding procedures, bids were due January 5 and an auction was scheduled for January 8; however, no qualified competing bids for the aggregate assets were submitted. The auction was canceled, the stalking-horse bidder was deemed the successful bidder, and a sale hearing is scheduled for February 4.

Although no qualified bids emerged for the full asset package, the company received bids for certain real estate interests under the stalking-horse asset purchase agreement, including a fee-simple property and individual leases. The retailer and the stalking-horse buyer are discussing terms under which those interests could be released, allowing the company to pursue separate transactions with the relevant bidders. On January 9, the company announced plans to wind down operations and close all stores.

KBRA Credit Profile (KCP) reviewed its commercial mortgage-backed securities (CMBS) coverage and identified 15 properties securing 15 loans—\$743.6 million by allocated loan amount—across 24 transactions that have exposure to American Signature or Value City Furniture tenancies. KCP subscribers can access that list [here](#).

At filing, the chain operated over 120 stores across 17 states, supported by four distribution centers. American Signature's deterioration reflects the post-pandemic reversal in furniture demand and a housing-driven slowdown that hit big-ticket discretionary categories. As mortgage rates climbed and housing turnover fell, demand softened, while inflation and cost pressures compressed margins and strained liquidity.

KCP will continue to monitor ongoing developments and report on potential consequences for CMBS collateral.



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