

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QQUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1998

Commission File Number 0-25370

RENTERS CHOICE, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)48-1024367
(I.R.S. Employer
Identification No.)13800 Montfort Drive, Suite 300
Dallas, Texas 75240
(972) 701-0489
(Address, including zip code, and telephone
number, including area code, of registrant's
principal executive offices)

NONE

(Former name, former address and former
fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO
--- ---

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of May 11, 1998:

Class -----	Outstanding -----
Common stock, \$.01 par value per share	24,969,858

RENTERS CHOICE, INC. AND SUBSIDIARIES

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RENTERS CHOICE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	March 31 1998 ----- Unaudited	December 31, 1997 -----
(In Thousands Of Dollars)		
ASSETS		
Cash and cash equivalents	\$ 5,896	\$ 4,744
Rental merchandise, net		
On rent	94,228	89,007
Held for rent	22,909	23,752
Accounts receivable; trade	2,576	2,839
Prepaid expenses and other assets	2,509	3,164
Property assets, net	18,368	17,700
Deferred income taxes	6,479	6,479
Intangible assets, net	60,408	61,183
	-----	-----
	\$213,373	\$208,868
	=====	=====
LIABILITIES		
Revolving credit agreement	\$ 14,020	\$ 26,280
Accounts payable - trade	16,182	11,935
Accrued liabilities	21,064	17,008
Other debt	889	892
	-----	-----
	52,155	56,115
COMMITMENTS AND CONTINGENCIES		
	--	--
STOCKHOLDERS' EQUITY		
Preferred stock, \$.01 par value; 5,000,000 shares authorized; none issued	--	--
Common stock, \$.01 par value; 50,000,000 shares authorized; 24,957,883 and 24,904,721 shares issued and outstanding in 1998 and 1997, respectively	250	249
Additional paid-in capital	99,989	99,381
Retained earnings	60,979	53,123
	-----	-----
	161,218	152,753
	-----	-----
	\$213,373	\$208,868
	=====	=====

The accompanying notes are an integral part of these statements.

RENTERS CHOICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS

	Three months ended March 31,	
	1998	1997
	Unaudited	
(In Thousands Of Dollars, except for per share data)		
STORE REVENUE		
Rentals and fees	\$ 75,426	\$ 61,801
Merchandise sales	5,962	4,260
Other	118	170
FRANCHISE REVENUE		
Franchise merchandise sales	7,621	7,390
Royalty income and fees	1,106	966
	-----	-----
TOTAL REVENUE	90,233	74,587
OPERATING EXPENSES		
Direct store expenses		
Depreciation of rental merchandise	15,505	13,110
Cost of merchandise sold	4,554	3,077
Salaries and other expenses	44,497	37,122
Franchise operation expenses		
Cost of franchise merchandise sales	7,343	7,080
	-----	-----
	71,899	60,389
General and administrative expenses	3,225	3,128
Amortization of intangibles	1,388	1,431
	-----	-----
TOTAL OPERATING EXPENSES	76,512	64,948
	-----	-----
OPERATING PROFIT	13,721	9,639
INTEREST INCOME	(114)	(210)
INTEREST EXPENSE	450	504
	-----	-----
EARNINGS BEFORE INCOME TAXES	13,385	9,345
INCOME TAX EXPENSE	5,529	3,933
	-----	-----
NET EARNINGS	\$ 7,856	\$ 5,412
	=====	=====
BASIC EARNINGS PER SHARE	0.32	0.22
	=====	=====
DILUTED EARNINGS PER SHARE	\$ 0.31	\$ 0.22
	=====	=====

The accompanying notes are an integral part of these statements.

RENTERS CHOICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands Of Dollars)

	Three months ended March 31,	
	1998	1997
	Unaudited	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	\$ 7,856	\$ 5,412
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation of rental merchandise	15,505	13,110
Depreciation of property assets	1,542	1,180
Amortization of intangibles	1,388	1,431
Other	--	(5)
Changes in operating assets and liabilities, net of effects of acquisitions		
Rental merchandise	(19,669)	(15,812)
Accounts receivable	263	275
Prepaid expenses and other assets	655	(803)
Accounts payable - trade	4,247	(4,253)
Accrued liabilities	4,056	5,937
	15,843	6,472
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property assets	(2,514)	(2,263)
Proceeds from sale of property assets	309	81
Acquisitions of businesses	(832)	(11,387)
	(3,037)	(13,569)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of options	608	17
Proceeds from debt	13,135	20,981
Repayments of debt	(25,397)	(14,417)
	(11,654)	6,581
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	1,152	(516)
Cash and cash equivalents at beginning of period	4,744	5,920
	\$ 5,896	\$ 5,404
	=====	=====

The accompanying notes are an integral part of these statements.

RENTERS CHOICE, INC. AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

1. The interim financial statements of Renters Choice, Inc. (the "Company") included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these financial statements be read in conjunction with the financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 1997. In the opinion of management, the accompanying unaudited interim financial statements contain all adjustments, consisting only of those of a normal recurring nature, necessary to present fairly the Company's results of operations and cash flows for the periods presented. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.
2. The Company acquired the assets of 5 rent-to-own stores in 3 separate transactions during the three months ended March 31, 1998 for approximately \$832,000. During 1997, the Company acquired the assets of 71 stores in eighteen separate transactions for approximately \$30.5 million in cash. All acquisitions have been accounted for as purchases and the operating results of the acquired stores have been included in the financial statements of the Company since the acquisitions. The following pro forma information combines the results of operations as if the acquisitions had been consummated as of the beginning of each of the three month periods ending March 31, 1998 and 1997, after including the impact of adjustment for amortization of intangibles and interest expense on acquisition borrowings.

(In Thousands of Dollars, except per share data)	Three months ended March 31,	
	1998	1997
Revenue	\$ 90,233	\$ 79,687
Net Earnings	\$ 7,856	\$ 5,412
Basic earnings per common share	\$ 0.32	\$ 0.22
Diluted earnings per common share	\$ 0.31	\$ 0.22

The pro forma financial information is presented for informational purposes only and is not necessarily indicative of operating results that would have occurred had the acquisitions been consummated as of the above dates, nor are they necessarily indicative of future operating results.

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 3. EARNINGS PER SHARE

Basic and diluted earnings per common share is computed based on the following information:

(In Thousands Of Dollars, except for per share data)

	Three Months Ended March 31, 1998		
	Net earnings	Shares	Per share
	-----	-----	-----
Basic earnings per common share	\$7,856	24,921	\$ 0.32
Effect of dilutive stock options		250	
	-----	-----	-----
Diluted earnings per share	\$7,856	25,171	\$ 0.31
	=====	=====	=====

	Three Months Ended March 31, 1997		
	Net earnings	Shares	Per share
	-----	-----	-----
Basic earnings per common share	\$5,412	24,792	\$ 0.22
Effect of dilutive stock options		249	
	-----	-----	-----
Diluted earnings per share	\$5,412	25,041	\$ 0.22
	=====	=====	=====

RENTERS CHOICE, INC. AND SUBSIDIARIES

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

GENERAL

This report contains forward-looking statements that involve risks and uncertainties. The actual future results of the Company could differ materially from those statements. Factors that could cause or contribute to such differences include, but are not limited to, uncertainties regarding (i) the Company's ability to open new stores, (ii) the ability to acquire additional rent-to-own stores on favorable terms, (iii) the ability to enhance the performance of acquired stores and to integrate acquired stores into the Company's operations, (iv) the passage of legislation adversely affecting the rent-to-own industry, (v) interest rates, and (vi) the ability of the Company to collect on its rental purchase agreements at the current rate.

In April 1995, the Company acquired 72 stores located in 18 states, including nine states in which the Company previously had no operations, from Crown Leasing Corporation and certain of its affiliates (the "Crown Acquisition"), and in September 1995, the Company completed the acquisition of an additional 135 stores located in 10 states, including one state in which the Company previously had no operations, from the shareholders of the parent company of a chain of rent-to-own stores doing business as Magic Rent-to-Own and Kelway Rent-to-Own (the "Magic Acquisition", and together with the Crown Acquisition, the "1995 Acquisitions"). In May 1996, the Company acquired all the issued and outstanding stock of ColorTyme, Inc. ("ColorTyme"), a franchisor of, at the time of closing, 313 rent-to-own stores in 40 states and 7 directly owned rent-to-own stores (the "ColorTyme Acquisition"), one of which was sold after the ColorTyme Acquisition to a third party and the remainder of which were purchased by the Company. The Company acquired 88 stores between May 1 and December 31, 1996 (exclusive of the 6 stores purchased from ColorTyme) in 23 separate transactions (together with the ColorTyme Acquisition, the "1996 Acquisitions"). The Company acquired 71 stores in 18 separate transactions during the twelve months ended December 31, 1997 (the "1997 Acquisitions"). All of the aforementioned acquisitions were accounted for as purchases and, accordingly, the operating results of the acquired stores and ColorTyme franchisor operations have been included in the operating results of the Company since their respective dates of acquisition. Because of the significant growth of the Company since its formation, the Company's historical results of operations, its period-to-period comparisons of such results and certain financial data may not be comparable, meaningful or indicative of future results.

RESULTS OF OPERATIONS

COMPARISON OF THE THREE MONTHS ENDED MARCH 31, 1998 AND 1997

Total revenue increased by \$15.6 million, or 21.0%, to \$90.2 million for 1998 from \$74.6 million for 1997. The increase in total revenue was primarily attributable to the inclusion of the 158 stores either acquired or opened since October 1, 1996. Same store revenues increased by 10.0%, from \$64.4 million to \$70.9 million. Same store revenues represents those revenues earned in stores that were operated by the Company for the entire three-month periods ending March 31, 1997 and 1998. This improvement was primarily attributable to an increase in both the number of items on rent and in revenue earned per item on rent.

Depreciation of rental merchandise increased by \$2.4 million, or 18.3%, to \$15.5 million for 1998 from \$13.1 million for 1997. Depreciation of rental merchandise expressed as a percent of total store revenue decreased from 19.8% in 1997 to 19.0% in 1998. The decrease was primarily attributable to higher rental rates on rental merchandise and operational emphasis on increasing the rental life of inventory items.

Salaries and other expenses expressed as a percentage of total store revenue decreased to 54.6% for 1998 from 56.0% for 1997 primarily as a result of increased revenues in our 1996 Acquisitions and 1997 Acquisitions, as

well as the leveraging of our fixed and semi-fixed costs in these stores. General and administrative expenses expressed as a percent of total revenue decreased from 4.2% in 1997 to 3.6% in 1998.

Operating profit increased by \$4.1 million, or 42.4% to \$13.7 million for 1998 from \$9.6 million for 1997. This improvement was attributable to the efficiencies discussed above and the profit contribution from ColorTyme.

Net earnings increased by \$2.5 million, or 45.2%, to \$7.9 million in 1998 from \$5.4 million in 1997. The improvement was a result of the increase in operating profit described above.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary requirements for capital are the acquisition of existing stores, the opening of new stores, the purchase of additional rental merchandise and the replacement of rental merchandise which has been sold, charged-off or is no longer suitable for rent. During the three months ended March 31, 1998, the Company acquired 5 stores for an aggregate purchase price of \$832,000, all of which was paid in cash.

The Company purchased \$26.5 million and \$24.1 million of rental merchandise during the three months ended March 31, 1998 and 1997, respectively.

For the three months ended March 31, 1998, cash provided by operating activities increased by \$9.3 million, from \$6.5 million in 1997 to \$15.8 million in 1998, primarily due to increased net earnings and the timing of the payment of various operating expenses. Cash used in investing activities decreased by \$10.5 million from \$13.5 million in 1997 to \$3.0 million in 1998, principally related to the fewer number of stores acquired in 1998 as compared to the number of stores acquired during the same period for 1997. Cash used in financing activities was \$11.7 million for the three months ended March 31, 1998.

The Company has a \$90 million credit facility (the "Credit Facility") with a group of banks. Borrowings under the Credit Facility bear interest at a rate equal to the designated prime rate (8-1/2% per annum at March 31, 1998) or 1.10% to 1.65% over LIBOR (5.6875% at March 31, 1998) at the Company's option. At March 31, 1998, the average rate on outstanding borrowings was 6.96%, and for the quarter the weighted average interest rate under the Credit Facility was 7.03%. Borrowings are collateralized by a lien on substantially all of the assets of the Company. A commitment fee equal to .30% to .50% of the unused portion of the term loan facility is payable quarterly. The Credit Facility includes certain net worth and fixed charge coverage requirements, as well as covenants which restrict additional indebtedness and the disposition of assets not in the ordinary course of business. On March 31, 1998, the outstanding borrowings under this revolving credit agreement were \$14.0 million. The Credit Facility expires in December 1999.

On May 1, 1998, the Company agreed to acquire substantially all of the assets of Central Rents, Inc. for an aggregate purchase price of approximately \$103 million in cash. In connection with such acquisition, the Company obtained commitments from a group of banks increasing the borrowings available under the Credit Facility to \$140 million and intends to increase the amount of funds available under the Credit Facility to \$175 million. The Company believes that this increase, along with its cash flows from operations, will adequately fund the Company's operations and expansion plans during 1998.

The Company currently expects to open a total of 12 new stores during 1998 and a comparable number of stores in each of the next few years. Currently, the Company estimates that the average investment with respect to new stores is approximately \$350,000 per store, of which rental merchandise comprises approximately 75% to 80% of the investment. The remaining investment consists of leasehold improvements, delivery trucks, store signs, computer equipment and start-up costs. There can be no assurance the Company will open any new stores in the future, or as to the number, location or profitability thereof.

In addition to its intention to open new stores annually, the Company intends to increase the number of stores it operates through acquisitions. In particular, the Company's goal is to increase the number of stores it operates by approximately 15-20% of the beginning store base during each of the next few years, primarily through acquisitions. Management believes there are a number of possible future acquisition opportunities in the rent-to-

own industry, and it is possible that any acquisition could be material to the Company. There can be no assurance that the Company will be able to acquire any additional stores, or that any stores that are acquired will be or will become profitable.

Management believes that cash flow from operations and its Credit Facility (to the extent it is able to increase the borrowings under the Credit Facility to \$175 million) will be adequate to fund the operations and expansion plans of the Company during 1998. In addition, to provide any additional funds necessary for the continued pursuit of the Company's growth strategies, the Company may incur from time to time additional short-or long-term bank indebtedness and may issue, in public or private transactions, its equity and debt securities. The availability and attractiveness of any outside sources of financing will depend on a number of factors, some of which will relate to the financial condition and performance of the Company, and some of which will be beyond the Company's control such as prevailing interest rates and general economic conditions. There can be no assurance such additional financing will be available, or if available, will be on terms acceptable to the Company.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, the Company and ColorTyme are party to various legal proceedings arising in the ordinary course of business. Except as described below, neither the Company nor ColorTyme is currently a party to any material litigation. Although the ultimate outcome of any litigation matter can never be predicted with certainty, management of the Company believes that the Company has established sufficient reserves to cover its reasonable exposure with respect to its outstanding litigation.

IN RE: DEF INVESTMENTS, INC.

On September 5, 1995, a complaint (the "Complaint") was filed in the United States Bankruptcy Court for the District of Minnesota (the "Bankruptcy Court") against Mr. and Mrs. Robert A. Hardesty (the "Hardestys") and the Company, among others (collectively, the "Defendants"). The Complaint was filed by the trustee (the "Trustee") for DEF Investments, Inc. ("DEF"), in an involuntary chapter 7 bankruptcy case against DEF (the "DEF Bankruptcy Case") commenced on April 20, 1995 by the plaintiffs in a pending class action suit against DEF and other companies including the Company (the "Miller Lawsuit"). The Complaint sought, among other things, to void as a fraudulent transfer the conveyance of certain assets purchased in 1993 by a predecessor of the Company from DEF and certain of its subsidiaries, to obtain an order that such assets be turned over to the Trustee, and to require the Company to make all future payments due to the Hardesty's under consulting and noncompetition agreements entered into at the time of the purchase, to the Trustee for the benefit of the DEF bankruptcy estate.

On March 8, 1996, the Company and the Hardestys reached an agreement with the Trustee to settle the claim in bankruptcy (the "Bankruptcy Settlement"). The terms of the Bankruptcy Settlement provided for the Company to be released from the fraudulent transfer claim and the future obligation to pay the \$5.3 million outstanding at March 8, 1996, under the consulting and noncompetition agreements with the Hardestys in exchange for a cash payment of \$4.75 million to the Trustee. The Bankruptcy Settlement was reduced to writing and received approval by the Bankruptcy Court on June 18, 1997. The parties consummated the Bankruptcy Settlement on January 13, 1998, at which time the Company paid the remaining amount due under the Bankruptcy Settlement into the registry of the Bankruptcy Court and the Trustee dismissed the Complaint against the Company and the Hardestys with prejudice. As a part of the Bankruptcy Settlement, the Bankruptcy Court also issued a protective order enjoining the Hardestys from making any claims against the Company or J. E. Talley and certain of their affiliates under the noncompetition and consulting agreements.

In connection with the consummation of the Bankruptcy Settlement, the Miller Lawsuit was also settled. This resulted in a dismissal of all claims which were or could have been asserted in that case against the Company. The settlement of the Miller Lawsuit also received court approval and it is now finalized. The Company made no payments in connection with the settlement of the Miller Lawsuit.

GALLAGHER V. CROWN LEASING CORPORATION

On January 3, 1996, the Company was served with a class action complaint adding it as a defendant in this action originally filed in April 1994 against Crown Leasing Corporation ("Crown") and certain of its affiliates in state court in New Jersey. The class consists of all New Jersey residents who entered into rent-to-own contracts with Crown between April 25, 1988 and April 20, 1995.

The lawsuit alleges, among other things, that under certain rent-to-own contracts entered into between the Plaintiff class and Crown, some of which were purportedly acquired by the Company pursuant to the Company's acquisition in April 1995 of the rent-to-own assets of Crown (the "Crown Acquisition"), the defendants failed to make the necessary disclosures and charged the plaintiffs fees and expenses that violated the New Jersey Consumer Fraud Act and the New Jersey Retail Installment Sales Act. The plaintiffs seek damages including, among other things, a refund of all excessive fees and/or interest charged or collected by the defendants in violation of such acts, state usury laws and other related statutes and treble damages, as applicable. The amount of such excessive fees and/or interest is unspecified.

Pursuant to the Asset Purchase Agreement entered into between Crown, its controlling shareholder and the Company in connection with the Crown Acquisition, the Company assumed no liabilities pertaining to the Crown's rent-to-own contracts for the period prior to the Crown Acquisition. The Asset Purchase Agreement provides that Crown and Robert White, its controlling shareholder, will indemnify and hold harmless the Company against damages, including reasonable attorneys' fees, due to any claim pertaining to the operation of Crown's rent-to-own business prior to the Crown Acquisition, except as set forth below. This indemnification is applicable regardless of whether the circumstances giving rise to any such claim continued after the Crown Acquisition. Claims covered include claims of customers, other than claims relating to rent-to-own contracts entered into by Crown prior to the Crown Acquisition which remained in full force and effect on October 20, 1995. The Company has provided Crown and its controlling shareholder with a notice of indemnification and tender of defense. Crown then assumed responsibility for defending the Company in this matter pursuant to the Asset Purchase Agreement.

The plaintiffs have obtained summary judgment against Crown on the liability issues. Although the plaintiffs were unsuccessful in their attempt to certify a class against the Company, the plaintiffs have attempted to assert a theory of successor liability against the Company. Management believes there is no basis for a claim of successor liability against the Company, and if Crown is unable to settle the case, the Company will take appropriate steps to defend and preserve for appeal the successor liability issues at trial. The case was scheduled for trial on September 15, 1997. Prior to the trial setting, the plaintiffs filed a motion for summary judgment on damages against Crown. The motion was to be decided at a hearing on August 22, 1997.

On August 15, 1997, Crown filed a voluntary petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division (the "Bankruptcy Filing"). Contemporaneously with the Bankruptcy Filing, Crown removed the state court case in New Jersey to the New Jersey federal court and filed a Motion to Transfer Venue (the "Venue Motion") of the case to the United States District Court for the Eastern District of Texas, Sherman Division, so that it could then be assigned to the Texas bankruptcy court for further proceedings. Plaintiffs moved to remand the action to New Jersey state court for the determination of damages and an entry of final judgment. The Venue Motion was granted by the New Jersey federal court, and the Plaintiff's motion for reconsideration of the court's ruling has now been denied. In the meantime, the Bankruptcy Filing has been transferred to the Bankruptcy Court in El Paso, where other litigation against Crown and its owner is pending. Crown filed a motion with the Eastern District requesting the Gallagher case be transferred to the Western District where its bankruptcy is now pending. That motion was granted. The Gallagher plaintiffs moved the El Paso Bankruptcy Court to lift the automatic stay and send the case back to New Jersey state court. That motion was denied on February 9, 1998, without prejudice.

The Gallagher plaintiffs have filed a motion to dismiss the Bankruptcy Filing and a motion to remand the Gallagher case to New Jersey state court. In addition, the Gallagher plaintiffs filed a \$22 million proof of claim. Crown has filed an objection to the Gallagher plaintiffs' \$22 million proof of claim. The Company and Crown have agreed to the purchase by the Company of one of Crown's remaining assets, a limited partnership interest, for the sum of \$300,000, subject to Bankruptcy Court approval. The Company has agreed not to pursue any indemnification claims against Mr. White in exchange for Mr. White's agreement to provide consulting services to the Company and to assist in the defense of the Gallagher plaintiffs' claims. No trial setting or scheduling order has been issued in the Gallagher case now pending before the El Paso Bankruptcy Court. Hearings on the pending motions in the Bankruptcy Filing are expected to occur within thirty to sixty days.

Due to the uncertainties associated with any litigation, the ultimate outcome of this matter cannot presently be determined.

HINTON, SANCHEZ V. COLORTYME, INC.

On May 25, 1994, a class action complaint was filed in Milwaukee County, Wisconsin against ColorTyme alleging that ColorTyme had entered into contracts with residents of Wisconsin that were violative of the Wisconsin Consumer Act (the "Wisconsin Act"). Specifically, the plaintiffs alleged that the ColorTyme contracts were consumer credit transactions under the Wisconsin Act, and that ColorTyme failed to provide required disclosures and violated the Wisconsin Act's collection practice restrictions. The plaintiffs' complaint sought damages in excess of \$2.0 million. Following the Company's purchase of ColorTyme in May 1996, the plaintiffs added the Company as a defendant in the case.

At a mediation on June 20 and 21, 1997, ColorTyme and the Company settled the claims of the class, including the cost of class counsel's fees and related settlement expenses, for \$2.9 million, subject to final court approval. The fairness hearing on the settlement occurred on January 26, 1998 at which time the court entered its final order approving the settlement. The settlement proceeds will now be distributed to eligible class members, with any residual funds not distributed to such class members to be donated to charities chosen by class counsel, ColorTyme and the Company.

MICHELLE NEWHOUSE V. RENTERS CHOICE, INC./HANDY BOYKIN V. RENTERS CHOICE, INC.

On November 26, 1997 a class action complaint was filed against the Company by Michelle Newhouse in New Jersey state court alleging, among other things, that under certain rent-to-own contracts entered into between the plaintiffs and the Company, the Company failed to make the necessary disclosures and charged the plaintiffs fees and expenses that violated the New Jersey Consumer Fraud Act and the New Jersey Installment Sales Act. The proposed class consists of all residents of New Jersey who are or have been parties to contracts to rent-to-own merchandise from the Company within the past six years.

The Company removed the case to federal court on January 21, 1998, and was then advised by the plaintiffs' attorney that Michelle Newhouse no longer wished to serve as class representative. A motion to voluntarily dismiss the Newhouse case was filed by the plaintiffs' attorney and is now pending. Management anticipates the ultimate dismissal of the Newhouse complaint.

However, on May 1, 1998, subsequent to the plaintiffs' attorney filing the motion to voluntarily dismiss the Newhouse complaint, a new class action complaint against the Company made by Handy Boykin was filed by the plaintiffs' attorney in the Newhouse matter in New Jersey state court alleging the same causes of action with the same proposed class as that of the Newhouse matter. This new filing essentially constitutes a replacement of the named plaintiff in the Newhouse matter (Michelle Newhouse) with a new named plaintiff, Handy Boykin. Management anticipated such a replacement and intends to defend this matter vigorously. However, due to the uncertainties associated with any litigation, the ultimate outcome of this matter cannot presently be determined.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

Current Reports on Form 8-K

None.

LISTING OF EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
2.1(1)	- Asset Purchase Agreement dated April 20, 1995 among Renters Choice, Inc., Crown Leasing Corporation, Robert White, individually and Robert White Company, a sole proprietorship owned by Robert White
2.2(2)	- Stock Purchase Agreement dated as of August 27, 1995 among Renters Choice, Inc., Starla J. Flake, Rance D. Richter, Bruce S. Johnson and Pro Rental, Inc.
2.3(3)	- Stock Purchase Agreement dated September 29, 1995 between the Company and Terry N. Worrell
2.4(4)	- Partnership Interest Purchase Agreement dated September 29, 1995 among the Company, Worrell Investors, Inc., The Christy Ann Worrell Trust and The Michael Neal Worrell Trust
2.5(5)	- Agreement and Plan of Merger by and among Renters Choice, Inc., Pro Rental, Inc., MRTO Holdings, Inc. and Pro Rental II, Inc.
2.6(6)	- Agreement and Plan of Reorganization dated May 15, 1996, among Renters Choice, Inc., ColorTyme, Inc., and CT Acquisition Corporation
3.1(7)	- Amended and Restated Certificate of Incorporation of the Company
3.2(8)	- Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company
3.3(9)	- Amended and Restated Bylaws of the Company
4.1(10)	- Form of Certificate evidencing Common Stock
10.1(11)	- Amended and Restated 1994 Renters Choice, Inc. Long-Term Incentive Plan
10.2(12)	- Revolving Credit Agreement dated as of November 27, 1996 between Comerica Bank, as agent, Renters Choice, Inc. and certain other lenders
10.3(13)	- Consulting Agreement dated April 1, 1993, by and between Bob A. Hardesty and Brenda K. Hardesty and Renters Choice, L.P.
10.4(14)	- Non-Competition Agreement dated April 1, 1993, by and between Bob A. Hardesty and Brenda K. Hardesty and Renters Choice, L.P.
10.5(15)	- Noncompetition Agreement dated as of April 20, 1995, between Renters Choice, Inc. and Patrick S. White
10.6(16)	- Consulting Agreement dated as of April 20, 1995 between Renters Choice, Inc. and Jeffrey W. Smith
10.7(17)	- Noncompetition Agreement dated as of August 27, 1995 between Renters Choice, Inc. and Starla J. Flake
10.8(18)	- Noncompetition Agreement dated as of August 27, 1995 between Renters Choice, Inc. and Bruce S. Johnson

15 EXHIBIT NUMBER	DESCRIPTION
10.9 (19)	- Noncompetition Agreement dated as of August 27, 1995 between Renters Choice, Inc. and Rance D. Richter
10.10(20)	- Option Agreement dated August 27, 1995 between the Company and Terry N. Worrell
10.11(21)	- Option Agreement dated August 27, 1995 among the Company, Worrell Investors, Inc., The Christy Ann Worrell Trust and The Michael Neal Worrell Trust
10.15(22)	- Portfolio Acquisition Agreement dated May 15, 1996, by and among Renters Choice, Inc., ColorTyme Financial Services, Inc., and STI Credit Corporation
10.16(23)	- Employment Agreement, dated March 28, 1997, by and between Renters Choice, Inc. and Danny Z. Wilbanks
10.17(24)	- Stock Option Agreement, dated April 1, 1997, by and between Renters Choice, Inc. and Danny Z. Wilbanks
27	- Financial Data Schedule

- (1) Incorporated herein by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K dated May 4, 1995
- (2) Incorporated herein by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K dated August 27, 1995
- (3) Incorporated herein by reference to Exhibit 10.19 to the registrant's Registration Statement on Form S-1 (File No. 33-97012)
- (4) Incorporated herein by reference to Exhibit 10.20 to the registrant's Registration Statement on Form S-1 (File No. 33-97012)
- (5) Incorporated herein by reference to Exhibit 2.7 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1995
- (6) Incorporated herein by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K dated May 15, 1996
- (7) Incorporated herein by reference to Exhibit 3.2 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1994
- (8) Incorporated herein by reference to Exhibit 3.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996
- (9) Incorporated herein by reference to Exhibit 3.4 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1994
- (10) Incorporated herein by reference to Exhibit 4.1 to the registrant's Registration Statement on Form S-1 (File No. 33-86504)
- (11) Incorporated herein by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996
- (12) Incorporated herein by reference to Exhibit 10.2 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1996
- (13) Incorporated herein by reference to Exhibit 10.5 to the registrant's Registration Statement on Form S-1 (File No. 33-86504)
- (14) Incorporated herein by reference to Exhibit 10.6 to the registrant's Registration Statement on Form S-1 (File No. 33-86504)

- (15) Incorporated herein by reference to Exhibit 10.7 to the registrant's Registration Statement on Form S-1 (File No. 33-97012)
- (16) Incorporated herein by reference to Exhibit 10.8 to the registrant's Registration Statement on Form S-1 (File No. 33-97012)
- (17) Incorporated herein by reference to Exhibit 10.10 to the registrant's Registration Statement on Form S-1 (File No. 33-97012)
- (18) Incorporated herein by reference to Exhibit 10.11 to the registrant's Registration Statement on Form S-1 (File No. 33-97012)
- (19) Incorporated herein by reference to Exhibit 10.12 to the registrant's Registration Statement on Form S-1 (File No. 33-97012)
- (20) Incorporated herein by reference to Exhibit 2.2 to the registrant's Current Report on Form 8-K dated August 27, 1995
- (21) Incorporated herein by reference to Exhibit 2.3 to the registrant's Current Report on Form 8-K dated August 27, 1995
- (22) Incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K dated May 15, 1996
- (23) Incorporated herein by reference to Exhibit 10.16 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997
- (24) Incorporated herein by reference to Exhibit 10.16 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned duly authorized.

RENTERS CHOICE, INC.

By: /s/ DANNY Z. WILBANKS

Danny Z. Wilbanks
Senior Vice President-Finance
and Chief Financial Officer

Date: May 11, 1998
Renters Choice, Inc.

EXHIBIT NUMBER	DESCRIPTION
2.1(1)	- Asset Purchase Agreement dated April 20, 1995 among Renters Choice, Inc., Crown Leasing Corporation, Robert White, individually and Robert White Company, a sole proprietorship owned by Robert White
2.2(2)	- Stock Purchase Agreement dated as of August 27, 1995 among Renters Choice, Inc., Starla J. Flake, Rance D. Richter, Bruce S. Johnson and Pro Rental, Inc.
2.3(3)	- Stock Purchase Agreement dated September 29, 1995 between the Company and Terry N. Worrell
2.4(4)	- Partnership Interest Purchase Agreement dated September 29, 1995 among the Company, Worrell Investors, Inc., The Christy Ann Worrell Trust and The Michael Neal Worrell Trust
2.5(5)	- Agreement and Plan of Merger by and among Renters Choice, Inc., Pro Rental, Inc., MRTO Holdings, Inc. and Pro Rental II, Inc.
2.6(6)	- Agreement and Plan of Reorganization dated May 15, 1996, among Renters Choice, Inc., ColorTyme, Inc., and CT Acquisition Corporation
3.1(7)	- Amended and Restated Certificate of Incorporation of the Company
3.2(8)	- Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company
3.3(9)	- Amended and Restated Bylaws of the Company
4.1(10)	- Form of Certificate evidencing Common Stock
10.1(11)	- Amended and Restated 1994 Renters Choice, Inc. Long-Term Incentive Plan
10.2(12)	- Revolving Credit Agreement dated as of November 27, 1996 between Comerica Bank, as agent, Renters Choice, Inc. and certain other lenders
10.3(13)	- Consulting Agreement dated April 1, 1993, by and between Bob A. Hardesty and Brenda K. Hardesty and Renters Choice, L.P.
10.4(14)	- Non-Competition Agreement dated April 1, 1993, by and between Bob A. Hardesty and Brenda K. Hardesty and Renters Choice, L.P.
10.5(15)	- Noncompetition Agreement dated as of April 20, 1995, between Renters Choice, Inc. and Patrick S. White
10.6(16)	- Consulting Agreement dated as of April 20, 1995 between Renters Choice, Inc. and Jeffrey W. Smith
10.7(17)	- Noncompetition Agreement dated as of August 27, 1995 between Renters Choice, Inc. and Starla J. Flake
10.8(18)	- Noncompetition Agreement dated as of August 27, 1995 between Renters Choice, Inc. and Bruce S. Johnson
10.9(19)	- Noncompetition Agreement dated as of August 27, 1995 between Renters Choice, Inc. and Rance D. Richter
10.10(20)	- Option Agreement dated August 27, 1995 between the Company and Terry N. Worrell

EXHIBIT NUMBER	DESCRIPTION
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27	- Financial Data Schedule
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THE FINANCIAL DATA SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF EARNINGS FOUND ON PAGES 1 AND 2 OF THE COMPANY'S FORM 10-Q FOR THE THREE MONTHS ENDED MARCH 31, 1998.

1,000

3-MOS	DEC-31-1998	
	MAR-31-1998	
		5,896
		0
		2,705
		129
		22,909
		0
		32,736
		15,505
		213,373
		0
		0
		0
		250
		160,968
213,373		
		13,583
		90,233
		11,897
		71,899
		4,613
		0
		336
		13,385
		5,529
7,856		
		0
		0
		0
		7,856
		.32
		.31

RENTAL MERCHANDISE, HELD FOR RENT.
 BALANCE SHEET IS UNCLASSIFIED.
 ADDITIONAL PAID IN CAPITAL AND RETAINED EARNINGS.
 STORE AND FRANCHISE MERCHANDISE SALES.
 STORE AND FRANCHISE COST OF MERCHANDISE SOLD.
 GENERAL AND ADMINISTRATIVE EXPENSE AND AMORTIZATION OF INTANGIBLES.