UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1997

Commission File Number 0-25370

RENTERS CHOICE, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	48-1024367
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

13800 Montfort, 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 November 10, 1997:

CLASS	OUTSTANDING
Common stock, $.01 par value per share	24,898,321

RENTERS CHOICE, INC. AND SUBSIDIARIES

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RENTERS CHOICE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	September 30, 1997	December 31, 1996
	Unaudited	
ASSETS		
Cash and cash equivalents	$ 6,280,482	$ 5,919,894
Rental merchandise, net		
On rent	83,824,793	71,619,875
Held for rent	25,871,321	23,490,515
Accounts receivable	2,525,429	3,020,631
Income taxes receivable	--	2,084,244
Prepaid expenses and other assets	1,785,289	2,285,044
Property assets, net	16,647,569	12,715,593
Deferred income taxes	6,138,566	6,138,566
Intangible assets, net	63,311,586	47,192,380
	$206,385,035	$174,466,742
LIABILITIES		
Accounts payable - trade	11,508,781	17,047,592
Accrued liabilities	15,508,957	12,923,664
Income taxes payable	973,147	--
Other debt	2,911,804	4,557,678
Revolving credit agreement	30,740,000	14,435,000
	61,642,689	48,963,934
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; 24,887,821 and 24,791,085 shares issued and outstanding in 1997 and 1996, respectively	248,878	247,911
Additional paid-in capital	98,761,090	98,009,773
Retained earnings	45,732,378	27,245,124
	144,742,346	125,502,808
	$206,385,035	$174,466,742

The accompanying notes are an integral part of these statements.

RENTERS CHOICE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

	Nine months ended September 30, 1997	1996
	Unaudited	
STORE REVENUE		
Rentals and fees	$200,970,180	$ 142,357,856
Merchandise sales	10,774,080	8,030,325
Other	524,499	533,924
FRANCHISE REVENUE		
Franchise merchandise sales	23,971,218	14,027,289
Royalty income and fees	3,013,483	1,833,148
TOTAL REVENUE	239,253,460	166,782,542
OPERATING EXPENSES		
Direct store expenses		
Depreciation of rental merchandise	42,270,950	31,024,771
Cost of merchandise sold	8,354,931	6,266,708
Salaries and other expenses	119,339,415	83,753,192
Franchise operation expenses		
Cost of franchise merchandise sales	22,928,905	13,376,058
	192,894,201	134,420,729
General and administrative expenses	9,596,817	6,957,136
Amortization of intangibles	4,016,337	3,546,037
TOTAL OPERATING EXPENSES	206,507,355	144,923,902
OPERATING PROFIT	32,746,105	21,858,640
INTEREST EXPENSE (INCOME), NET	1,145,770	(82,717)
EARNINGS BEFORE INCOME TAXES	31,600,335	21,941,357
INCOME TAX EXPENSE	13,107,914	9,226,227
NET EARNINGS	18,492,421	$ 12,715,130
WEIGHTED AVERAGE SHARES	$ 25,155,525	25,048,765
EARNINGS PER SHARE	$ 0.74	$ 0.51

The accompanying notes are an integral part of these statements.

RENTERS CHOICE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

	Three months ended September 30, 1997	1996
	Unaudited	
STORE REVENUE		
Rentals and fees	$70,820,307	$ 48,929,122
Merchandise sales	3,317,011	2,266,387
Other	186,050	172,317
FRANCHISE REVENUE		
Franchise merchandise sales	8,509,816	7,528,885
Royalty income and fees	1,031,082	1,127,869
TOTAL REVENUE	83,864,266	60,024,580
OPERATING EXPENSES		
Direct store expenses		
Depreciation of rental merchandise	14,760,652	10,462,160
Cost of merchandise sold	2,747,442	1,882,824
Salaries and other expenses	42,195,836	29,057,753
Franchise operation expenses		
Cost of franchise merchandise sales	8,202,924	7,174,113
	67,906,854	48,576,850
General and administrative expenses	2,824,470	2,232,054
Amortization of intangibles	1,367,164	1,258,937
TOTAL OPERATING EXPENSES	72,098,488	52,067,841
OPERATING PROFIT	11,765,778	7,956,739
INTEREST EXPENSE (INCOME), NET	556,236	(105,531)
EARNINGS BEFORE INCOME TAXES	11,209,542	8,062,270
INCOME TAX EXPENSE	4,485,819	3,333,025
NET EARNINGS	$ 6,723,723	$ 4,729,245
WEIGHTED AVERAGE SHARES	25,283,553	25,203,721
EARNINGS PER SHARE	$ 0.27	$ 0.19

The accompanying notes are an integral part of these statements.

RENTERS CHOICE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30, 1997	Nine months ended September 30, 1996
	Unaudited	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	$18,492,421	$ 12,715,130
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation of rental merchandise	42,270,950	31,024,771
Depreciation of property assets	3,985,204	2,548,495
Amortization of intangibles	4,016,337	3,546,037
Other	(5,167)	225,000
Changes in operating assets and liabilities, net of effects of acquisitions		
Rental merchandise	(47,093,251)	(41,157,165)
Accounts receivable	495,202	312,810
Prepaid expenses and other assets	544,071	1,056,243
Intangible assets	(1,168,940)	--
Accounts payable - trade	(5,538,811)	243,539
Accrued liabilities	2,585,293	(1,506,284)
Income taxes payable	3,057,391	4,660,188
Reserve for loans held with recourse	--	(123,614)
NET CASH PROVIDED BY OPERATING ACTIVITIES	21,640,700	13,545,150
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property assets	(7,636,703)	(5,897,975)
Proceeds from sale of property assets	219,202	216,058
Acquisitions of businesses, net of cash acquired of $2,132,930 in 1996	(29,274,021)	(7,935,643)
NET CASH USED IN INVESTING ACTIVITIES	(36,691,522)	(13,617,560)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of options	752,284	590,937
Proceeds from debt	71,290,213	531,844
Repayments of debt	(56,631,087)	(48,030,976)
Repayment of notes receivable	--	21,338,294
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	15,411,410	(25,569,901)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	360,588	(25,642,311)
Cash and cash equivalents at beginning of period	5,919,894	35,321,338
Cash and cash equivalents at end of period	$ 6,280,482	$ 9,679,027

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, 1996. 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 8 rent-to-own stores in two transactions during the three months ended September 30, 1997 for $3.0 million. During the six months ended June 30, 1997, the Company acquired the assets of 64 rent-to-own stores in 16 transactions for $26.3 million. On May 15, 1996, the Company acquired all of the outstanding common stock of ColorTyme, Inc. for $14.5 million in cash (the "ColorTyme Acquisition"). At the time of acquisition, ColorTyme, Inc. was a franchisor of 313 rent-to-own stores and directly owned 7 rent-to-own stores, 6 of which were subsequently purchased by the Company. Following the ColorTyme Acquisition, and prior to December 31, 1996, the Company acquired the assets of an additional eighty-eight stores in twenty-three transactions for approximately $25.6 million cash and $1.8 million in notes. 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 acquisition. 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 nine and three month periods ending September 30, 1997 and 1996, after including the impact of adjustment for amortization of intangibles and interest expense on acquisition borrowings.

	Nine months ended September 30,		Three months ended September 30,	
	1997	1996	1997	1996
Revenue	$ 247,520,618	$212,769,845	$84,306,987	$70,497,173
Net Earnings	$ 18,480,271	$ 13,378,153	$ 6,713,447	$ 4,933,702
Earnings per common share	$ 0.74	$ 0.53	$ 0.27	$ 0.20

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.

3. The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards No. 128, EARNINGS PER SHARE, which is effective for financial statements issued after December 15, 1997. Early adoption of the new standard is not permitted. The new standard eliminates primary and fully diluted earnings per share and requires presentation of basic and diluted earnings per share together with disclosure of how the per share amounts were computed. The adoption of this new standard will not have a material impact on the disclosure of earnings per share in the Company's financial statements.

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

GENERAL

This report contains certain 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 the Company's ability to acquire additional rent-to-own stores on favorable terms, to enhance the performance of acquired stores and to integrate acquired stores into the Company's operations.

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 of 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 subsequently 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 has acquired 72 stores during the nine months ended September 30, 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 NINE MONTHS ENDED SEPTEMBER 30, 1997 AND 1996

Total revenue increased by $72.5 million, or 43%, to $239.3 million for 1997 from $166.8 million for 1996. The increase in total revenue was primarily attributable to the inclusion of the 1997 Acquisitions, the 1996 Acquisitions, the ColorTyme Acquisition and growth in stores which were in the system for the entirety of the two nine month periods. Same store revenues increased by 9%, from $147 million to $160 million. Same store revenues represents revenues earned in stores that were operated by the Company for the entire nine-month periods ending September 30, 1996 and 1997. This improvement was primarily attributable to an increase in both the number of items on rent and revenue earned per item on rent.

Depreciation of rental merchandise increased by $11.2 million, or 36%, to $42.3 million for 1997 from $31.0 million for 1996. Depreciation of rental merchandise expressed as a percent of rental and fee revenue decreased from 21.8% in 1996 to 21.0% in 1997. The decrease was primarily attributable to higher rental rates earned on rental merchandise purchased in the 1995, 1996 and 1997 Acquisition stores.

Salaries and other expenses expressed as a percentage of total store revenue increased to 56.2% for 1997 from 55.5% for 1996. This increase is attributable to an increase in salaries for employees of acquired stores immediately following the acquisitions while store revenues have increased gradually. Occupancy costs also increased as a percent of total revenue primarily because of the relocation of certain stores acquired in the 1996 and 1997 Acquisitions to stores that are larger in square footage. Revenues from these larger stores increase gradually while the additional occupancy costs are incurred immediately. General and administrative expenses expressed as a percent of total revenue decreased from 4.2% to 4.0% in 1997. The improvement primarily reflects the leveraging of fixed and semi-fixed costs over the 1997 higher revenue volume.

Operating profit increased by $10.9 million, or 50%, to $32.7 million for 1997 from $21.9 million for 1996. This improvement was primarily attributable to an increase in both the number of items on rent and in revenue earned per item on rent, both in stores acquired before 1995 and in stores acquired in the 1995, 1996 and 1997 Acquisitions. Net earnings increased by $5.8 million, or 45%, to $18.5 million in 1997 from $12.7 million in 1996. The improvement was a result of the increase in operating profit described above.

Net interest expense in 1997 was $1.1 million compared to 1996 in which the Company incurred no interest expense. The interest expense in 1997 is a result of increased debt levels incurred in connection with the 1996 and 1997 Acquisitions.

COMPARISON OF THE THREE MONTHS ENDED SEPTEMBER 30, 1997 AND 1996

Total revenue increased by $23.8 million, or 40%, to $83.9 million for 1997 from $60.0 million for 1996. The increase in total revenue was primarily attributable to the inclusion of the 160 stores acquired in the 1997 and 1996 Acquisitions, as well as the 25 new store locations opened by the Company in its new store opening program since 1995. Same store revenues increased by 10%, from $50.6 million to $55.6 million. Same store revenues represents revenues earned in stores that were operated by the Company for the entire three-month periods ending September 30, 1996 and 1997. 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 $4.3 million, or 41%, to $14.8 million for 1997 from $10.5 million for 1996. Depreciation of rental merchandise expressed as a percent of rental and fee revenue decreased from 21.4% in 1996 to 20.8% in 1997. 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 increased to 56.8% for 1997 from 56.6% for 1996 primarily as a result of increases in salaries for employees of the 1996 Acquisition and 1997 Acquisition stores immediately following the acquisitions while store revenues have increased gradually. General and administrative expenses expressed as a percent of total revenue decreased from 3.7% in 1996 to 3.4% in 1997.

Amortization expenses expressed as a percentage of total revenue decreased from 2.1% in 1996 to 1.6% in 1997, reflecting the combination of increasing revenue and the completion of amortization of customer contracts acquired in the Magic Acquisition during the 1997 period.

Operating profit increased by $3.8 million, or 48% to $11.8 million for 1997 from $8.0 million for 1996. This improvement was attributable to an increase in both the number of items on rent and in revenue earned per item. The 1996 and 1997 Acquisitions plus the operating profit contribution from ColorTyme also contributed to this increase.

Net earnings increased by $2.0 million, or 42%, to $6.7 million in 1997 from $4.7 million in 1996. 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 or charged-off or is no longer suitable for rent. During the nine months ended September 30, 1997, the Company acquired 72 stores for an aggregate purchase price of $29.3 million, principally all of which was paid in cash. The Company also opened an additional 8 stores during the first three quarters of 1997.

The Company purchased $62.0 million and $50.2 million of rental merchandise during the nine months ended September 30, 1997 and 1996, respectively.

For the nine months ended September 30, 1997, cash provided by operating activities increased by $8.0 million, from $13.6 million in 1996 to $21.6 million in 1997, primarily due to increased earnings, offset by increased rental merchandise purchases and working capital used in 1997 to reduce the outstanding accounts payable-trade balance. Cash used in investing activities increased by $23.1 million from $13.6 million in 1996 to $36.7 million in 1997, principally related to the 72 stores acquired in 1997. Cash provided by financing activities was $15.4 million for the nine months ended September 30, 1997.

The Company has a $90 million credit facility with a group of banks. Borrowings under the facility bear interest at a rate equal to the designated prime rate (8-1/2% per annum at September 30, 1997) or 1.10% to 1.65% over LIBOR (5.6875 % at September 30, 1997) at the Company's option. At September 30, 1997, the average rate on outstanding borrowings was 6.9%, and for the quarter the weighted average interest rate under this facility was 7.1%. 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 September 30, 1997, the outstanding borrowings under this revolving credit agreement were $30.7 million. The credit facility expires in December, 1999.

In connection with certain stores acquired by the Company in 1993, monthly payments of $33,333 are due under a consulting agreement through April 1, 2001, and monthly payments of $125,000 are due under a non-competition agreement through January 1998. If the settlement described under the caption "Part II. Item 1. Legal Proceedings - In re: DEF INVESTMENTS, INC." is finalized, the Company will be released from its obligation to make payments under such consulting and non-competition agreements, in exchange for a final cash payment of approximately $3.25 million (the "Settlement Amount"). Management expects to pay the Settlement Amount (reduced dollar for dollar by all amounts paid monthly subsequent to the establishment of the Settlement Amount) during 1997, and believes that its borrowing capacity under its credit facility and cash flow from operations will be sufficient to fund the payment.

The Company currently expects to open a total of 11-12 new stores during 1997 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 will be adequate to fund the operations and expansion plans of the Company during 1997. 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.

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 connection with 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 (i) to avoid the transfer of certain assets purchased in 1993 by a predecessor of the Company from DEF and certain of its subsidiaries (the "1993 Acquisition") and to obtain an order that such assets be turned over to the Trustee, (ii) to nullify the Hardestys' consulting and noncompetition agreements, pursuant to the terms of which the Company paid $2.0 million to the Hardestys on the closing date of the 1993 Acquisition, had paid them an additional $900,000 through the date the Complaint was filed and was obligated to pay them an additional approximately $5.3 million in varying amounts between the date the Complaint was filed and April 1, 2001, (iii) to require the Company to make all payments due after the date the Complaint was filed under the consulting and noncompetition agreements to the Trustee for the benefit of the DEF bankruptcy estate, (iv) to set aside all payments made by the Company prior to the filing of the Complaint to the Hardestys under the consulting and noncompetition agreements, and (v) to grant judgment against the Hardestys and the Company for the amount of all such payments.

On March 8, 1996, the Company reached an agreement with the Trustee and the Hardestys to settle the bankruptcy (the "Bankruptcy Settlement"). The terms of the Bankruptcy Settlement provide that the Company will be released from the fraudulent transfer claim and the obligation to pay $5.3 million under the consulting and noncompetition agreements 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 May 28, 1997. The settlement required and the Company made a nonrefundable payment of $50,000 to the Trustee upon execution of the written settlement agreement. On November 18, 1996, the Company interplead approximately $1.53 million into the registry of the Bankruptcy Court, leaving a balance outstanding under the consulting and noncompetition agreements of approximately $3.8 million, and reducing the cash payment due under the proposed settlement agreement to approximately $3.25 million. On December 1, 1996, the Company began monthly payments of approximately $160,000 to the registry of the Bankruptcy Court, due on the first day of each month until the consulting and noncompetition agreements are fully satisfied, or the Bankruptcy Settlement is closed, at which time the balance of the settlement amount will be payable in full. Each such monthly payment reduces on a dollar-for-dollar basis the balance due under the consulting and noncompetition agreements and the Bankruptcy Settlement.

As part of the overall Bankruptcy Settlement, the Company will receive a full release from the fraudulent transfer claim by the Trustee on behalf of (i) DEF, (ii) its subsidiaries, all of which have filed Chapter 7 bankruptcy cases, and (iii) their respective creditors. The Bankruptcy Settlement will also result in the Bankruptcy Court issuing protective orders enjoining the Hardestys from making any claims against the Company or J. E. Talley (Chief Executive Officer, Chairman of the Board and a principal shareholder of the Company) and certain of their affiliates under the noncompetition and consulting agreements.

The Miller lawsuit has also been settled (the "Miller Settlement") and received final state court approval on September 15, 1997. The Miller Settlement will result in a dismissal of all claims which were or could have been asserted in that case against the Company. Any potential obligations the Company or others may have under certain DEF-related loan documents for indemnity will be released as part of the Miller Settlement. The Bankruptcy Settlement and the Miller Settlement (together, the "Settlements") are expected to close in December 1997.

Management believes that implementation of the Settlements will not have a material adverse effect on the Company's results of operations.

GALLAGHER V. CROWN

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. 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 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 Crown's rent-to-own contracts for the period prior to the Crown Acquisition. The Asset Purchase Agreement provides that Crown and 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 has 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, reserving damages for trial. 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 state court for the determination of damages and an entry of final judgment. The Venue Motion was granted by the New Jersey federal court, though the plaintiffs have moved for reconsideration of the court's ruling. 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.

HINTON, SANCHEZ V. COLORTYME

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 allege 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 seeks damages in an unspecified amount.

In light of the Company's purchase of ColorTyme in May 1996 and the Company's later purchase of the assets of four Milwaukee ColorTyme stores, the plaintiffs have included the Company as a defendant to the extent that the

Company assumed the obligations of certain existing ColorTyme contracts through the asset purchase of the Milwaukee stores. Furthermore, the court has defined the class to include, in general, all contracts entered into with ColorTyme in the State of Wisconsin after July 1988 and those in which payments were made after July 1988.

At a mediation on June 20 and 21, 1997, ColorTyme and the Company settled the claims of the class for $2.9 million. Class counsel's fees and all expenses associated with the settlement will be paid from the $2.9 million. The settlement is subject to final court approval. ColorTyme and the Company received preliminary court approval November 10, 1997 and will deposit the $2.9 million settlement proceeds into the registry of the court prior to November 15, 1997. Class members will have an opportunity to opt out of the settlement, thereby retaining their individual claims, if any, against ColorTyme and the Company, but if three percent of the class opts out, ColorTyme and the Company have an absolute, automatic right to void the settlement. Final court approval should occur some time in early 1998. Following final court approval, the settlement proceeds will be distributed to eligible class members. Any residual funds not distributed to eligible class members will be donated to charities chosen by class counsel, ColorTyme and the Company. Definitive settlement documents are now being prepared.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

CURRENT REPORTS ON FORM 8-K

None

LISTING OF EXHIBITS

Exhibits followed by an (*) constitute management contracts or compensatory plans or arrangements.

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

10.16(20)*	-	Employment Agreement, dated March 28, 1997, by and between Renters Choice, Inc. and Danny Z. Wilbanks
10.17(21)*	-	Stock Option Agreement, dated April 1, 1997, by and between Renters Choice, Inc. and Danny Z. Wilbanks
11.1	-	Computation of Earnings per share
27	-	Financial Data Schedule

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(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 10.16 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997.
(21) 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: DANNY Z. WILBANKS
SENIOR VICE PRESIDENT-FINANCE
AND CHIEF FINANCIAL OFFICER

Date of November 11, 1997
Renters Choice, Inc.

EXHIBIT 11.1

COMPUTATION OF EARNINGS PER COMMON SHARE

	For the period ending September 30, 1997	
	Three months	Nine months
PRIMARY EARNINGS PER SHARE		
Net earnings	$ 6,723,723	$18,492,421
Weighted average number of common shares outstanding	24,867,476	24,825,657
Net effect of dilutive stock options based on the treasury stock method of using average market price	416,077	329,868
Weighted average number of common and common equivalent shares outstanding	25,283,553	25,155,525
PRIMARY EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE	$ 0.27	$ 0.74
FULLY DILUTED EARNINGS PER SHARE		
Net earnings	$ 6,723,723	$18,492,421
Weighted average number of common shares outstanding	24,867,476	24,825,657
Net effect of dilutive stock options based on the treasury stock method using the greater of the average or ending market price	474,068	386,796
Weighted average number of common and common equivalents shares outstanding	25,341,544	25,212,452
EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE ASSUMING FULL DILUTION	$ 0.27	$ 0.73

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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 NINE MONTHS ENDED SEPTEMBER 30, 1997.

1,000

9-MOS
DEC-31-1997
SEP-30-1997
6,280
0
2,713
188
25,871
0
28,425
11,778
206,385
0
0
0
0
248
144,724
206,385
34,745
239,253
31,284
192,894
13,613
0
1,145
31,600
13,108
18,492
0
0
0
18,492
.74
.73

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.