

**In re: Taliha R. Porterfield**

**Case No.: 05-23754-BKC-PGH**

Prepetition, Taliha R. Porterfield (“Debtor”) entered into three rental-purchase agreements with Rent-A-Center, Inc., (“Creditor”) obligating herself to pay Creditor initial weekly rental payments of \$118.46 in the aggregate to lease certain rental property owned by Creditor. The rental-purchase agreements were automatically renewed on a weekly basis so long as Debtor continued making the rental payments. Debtor could obtain ownership if she exercised an early purchase option and paid the required consideration, which she failed to do. After making twelve weekly payments, Debtor defaulted. Pursuant to the rental purchase agreements, Creditor had the right to take possession of the rental property and to recover the rental payments due. After filing a voluntary petition under Chapter 7 of the Bankruptcy Code and the case converting to a Chapter 13, Debtor filed a Motion to Value Collateral where she asserted an ownership interest in the rental property and sought to strip the value of the rental property to \$1,000 to suit her Chapter 13 plan. Creditor filed its Objection to the Motion to Value Collateral and also filed a Motion for Relief from Stay, seeking *inter alia* turnover of the rental property. The Court found that the rental-purchase agreements were leases and should be treated as unexpired executory leases, which Debtor must assume or reject in accordance with 11 U.S.C. § 365. As a result, the Court denied Debtor’s Motion to Value Collateral because the rental purchase agreements were unexpired executory leases and not security interests. Additionally, the Court directed Debtor to file a motion to assume or reject the rental purchase agreements within ten days.