

Exhibit 10.1

May 10, 2006

Palisades Collection, L.L.C.  
210 Sylvan Avenue  
Englewood Cliffs, NJ 07632  
Attention: Gary Stern

Re: Third Amended and Restated Loan and Security Agreement dated as of May 11, 2004 (as amended, modified, supplemented or restated from time to time, the "Credit Agreement")

Dear Mr. Stern:

Reference is made to the Credit Agreement dated as of May 11, 2004, as amended, by and among (a) Asta Funding Acquisition I, LLC, a Delaware limited liability company, Asta Funding Acquisition II, LLC, a Delaware limited liability company, Palisades Acquisition I, LLC, a Delaware limited liability company, Palisades Acquisition II, LLC, a Delaware limited liability company, Palisades Acquisition IV, LLC, a Delaware limited liability company, Palisades Collection, L.L.C., a Delaware limited liability company, and Cliffs Portfolio Acquisition I, LLC, a Delaware limited liability company, (sometimes collectively referred to herein as "Borrowers" and individually as a "Borrower"); (b) Asta Funding, Inc., a Delaware corporation, Computer Finance, LLC, a Delaware limited liability company and AstaFunding.com, LLC, a Delaware limited liability company, Asta Commercial, LLC, a Delaware limited liability company (collectively, "Guarantors"); and, (c) Palisades Acquisition V, LLC, a Delaware limited liability company, Palisades Acquisition VI, LLC, a Delaware limited liability company, Palisades Acquisition VII, LLC, a Delaware limited liability company, Palisades Acquisition VIII, LLC, a Delaware limited liability company, Palisades Acquisition IX, LLC, a Delaware limited liability company, Palisades Acquisition X, LLC, a Delaware limited liability company, Option Card, LLC, a Colorado limited liability company, Sylvan Acquisition I, LLC, a Delaware limited liability company, and Vativ Recovery Solutions, LLC, a Texas limited liability company (collectively, the "Additional Credit Parties"), as additional Guarantors, and (d) Israel Discount Bank of New York, a New York banking corporation (individually, "Agent") for itself, as a lender, and as agent for the other lenders signatory hereto (collectively referred to herein as "Lenders") from time to time. Capitalized terms used but not specifically defined herein shall have the meaning provided for such terms in the Loan Agreement.

The purpose of this letter is to confirm that the Lenders have reviewed the request of the Credit Parties for a temporary extension of the Commitment Termination Date from May 11, 2006 until July 11, 2006 and have agreed to amend the Credit Agreement as set forth herein. As of the date of this letter, the definition of Commitment Termination Date, as set forth on Annex A to the Credit Agreement is amended and restated in its entirety to read as follows:

"Commitment Termination Date" means the earliest of (a) July 11, 2006, (b) the date of termination of Lenders' obligations to make Advances or permit the existing Revolving Loan to remain outstanding pursuant to Section 8.2(b), and (c) the date of indefeasible prepayment in full by Borrowers of the Revolving Loan, and the permanent reduction of all Commitments to zero dollars (\$0).

Except as otherwise specifically modified by this letter, all terms, conditions,

covenants, rights, duties, obligations and liabilities of the Borrower Parties under the Credit Agreement remain in full force and effect and unmodified.

Kindly indicate your agreement with the terms of this letter by signing in the space provided below. By signing in the space provided below, Guarantors and Additional Credit Parties hereby confirm and agree that the terms, conditions, covenants, guaranties, assurances, promises and provisions contained in the Guaranties and the other Loan Documents to which each is a party remain in full force and effect without amendment or modification as a result of this Amendment and that the obligations, liabilities and duties of Guarantors and Additional Credit Parties remain unimpaired as a result of this Amendment and are in full force and effect.

This letter will become effective upon execution by each of the parties listed below and delivery of an executed copy by each such party to Agent. This letter may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document. Signature pages may be detached from the counterparts and attached to a single copy of this letter to physically form one document. Signatures may be exchanged by facsimile, with the original signature to follow. Each party to this letter agrees to be bound by its own faxed signature and to accept the faxed signature of the other parties to this letter.

Very truly yours,

ISRAEL DISCOUNT BANK OF NEW YORK,  
as Agent

By: /s/ James Jordon

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Print Name: James Jordon

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Print Title: Vice President

By: /s/ Roy Grossman

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Print Name: Roy Grossman

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Print Title: Senior Vice President

BORROWERS:

ASTA FUNDING ACQUISITION I, LLC

By: /s/ Gary Stern

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Name: Gary Stern  
Title: Manager

ASTA FUNDING ACQUISITION II, LLC

By: /s/ Gary Stern

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Name: Gary Stern  
Title: Manager

PALISADES COLLECTION, L.L.C.

By: /s/ Gary Stern

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Name: Gary Stern  
Title: Manager

PALISADES ACQUISITION I, LLC

By: /s/ Gary Stern

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Name: Gary Stern  
Title: Manager

PALISADES ACQUISITION II, LLC

By: /s/ Gary Stern

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Name: Gary Stern  
Title: Manager

PALISADES ACQUISITION IV, LLC

By: /s/ Gary Stern

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Name: Gary Stern  
Title: Manager

CLIFFS PORTFOLIO ACQUISITION I, LLC

By: /s/ Gary Stern

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Name: Gary Stern  
Title: Manager

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GUARANTORS:

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ASTA FUNDING, INC.

By: /s/ Gary Stern

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Name: Gary Stern  
Title: President & CEO

COMPUTER FINANCE, LLC

By: /s/ Gary Stern

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Name: Gary Stern  
Title: Manager

ASTAFUNDING.COM, LLC

By: /s/ Gary Stern

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Name: Gary Stern  
Title: Manager

ASTA COMMERCIAL, LLC

By: /s/ Gary Stern

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Name: Gary Stern  
Title: Manager

ADDITIONAL  
CREDIT PARTIES:  
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PALISADES ACQUISITION V, LLC

By: /s/ Gary Stern

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Name: Gary Stern  
Title: Manager

PALISADES ACQUISITION VI, LLC

By: /s/ Gary Stern

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Name: Gary Stern  
Title: Manager

PALISADES ACQUISITION VII, LLC

By: /s/ Gary Stern

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Name: Gary Stern  
Title: Manager

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PALISADES ACQUISITION VIII, LLC

By: /s/ Gary Stern

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Name: Gary Stern  
Title: Manager

PALISADES ACQUISITION IX, LLC

By: /s/ Gary Stern

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Name: Gary Stern  
Title: Manager

PALISADES ACQUISITION X, LLC

By: /s/ Gary Stern

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Name: Gary Stern  
Title: Manager

OPTION CARD, LLC

By: /s/ Gary Stern

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Name: Gary Stern  
Title: Manager

SYLVAN ACQUISITION I, LLC

By: /s/ Gary Stern

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Name: Gary Stern  
Title: Manager

VATIV RECOVERY SOLUTIONS LLC

By: /s/ Gary Stern

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Name: Gary Stern  
Title: Manager

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ISRAEL DISCOUNT BANK OF NEW YORK,  
as a Lender

By: /s/ James Jordon

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Print Name: James Jordon

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Print Title: Vice President  
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By:/s/ Roy Grossman

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Print Name: Roy Grossman

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Print Title: Senior Vice President  
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MERRILL LYNCH BUSINESS FINANCIAL SERVICES INC.

By: /s/ Patrick McCarthy

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Print Name: Patrick McCarthy

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Print Title: Vice President  
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HARRIS N.A.

By: /s/ Robert G. Bomben

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Print Name: Robert G. Bomben

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Print Title: Vice President  
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BANK LEUMI USA

By: /s/ Mary Ellen Bianco

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Print Name: Mary Ellen Bianco

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Print Title: Vice President  
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THE BERKSHIRE BANK

By: /s/ Ira A. Mermelstein

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Print Name: Ira A. Mermelstein

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Print Title: Vice President  
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