

Item 1.02 Termination of a Material Definitive Agreement.

On April 29, 2008, Asta Funding, Inc. (the “Company,” “we” or “us”) entered into a subordinated loan agreement with Asta Group, Inc. (the “Family Entity”) in the original principal amount of approximately \$8.2 million (the “Subordinated Loan”). The Family Entity beneficially owns 5.8% of our outstanding common stock and is beneficially owned and controlled by Arthur Stern, a member of our board of directors, Gary Stern, our President and Chief Executive Officer, and members of their respective families. The proceeds of the Subordinated Loan were used to pay certain fees and court costs to the servicer under our Bank of Montreal portfolios. The Subordinated Loan accrued interest at the rate of 10% per annum, and was payable interest only each quarter until its maturity date of December 31, 2010. On December 30, 2010, we re-paid the remaining outstanding balance of the Subordinated Loan, which consisted of \$2,415,753 of principal and \$48,469 of accrued and unpaid interest.

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ASTA FUNDING, INC.

Date: January 4, 2011

By: /s/ Robert J. Michel

Robert J. Michel

Chief Financial Officer