

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

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

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): **May 21, 2012**

**TeamStaff, Inc.**

(Exact name of registrant as specified in its charter)

COMMISSION FILE NUMBER: **0-18492**

**New Jersey**  
(State or other jurisdiction of incorporation or  
organization)

**22-1899798**  
(I.R.S. Employer Identification No.)

**1776 Peachtree Street, N.W.**  
**Atlanta, GA 30309**  
(Address and zip code of principal executive offices)

**(866) 952-1647**  
(Registrant's telephone number, including area code)

CHECK THE APPROPRIATE BOX BELOW IF THE FORM 8-K FILING IS INTENDED TO SIMULTANEOUSLY SATISFY THE FILING OBLIGATION OF THE REGISTRANT UNDER ANY OF THE FOLLOWING PROVISIONS:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 1.01 Entry in to a Material Definitive Agreement.**

The description of the fifth amendment to the Secured Promissory Note and Loan and Security Agreement among DLH Solutions, Inc. (f/k/a TeamStaff Government Solutions, Inc.), TeamStaff, Inc. and Presidential Financial Corporation under Item 2.03 of this Current Report on Form 8-K is hereby incorporated into this item by reference.

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

On May 21, 2012, TeamStaff, Inc. ("TeamStaff" or the "Company"), DLH Solutions, Inc. (the "Borrower"), a wholly-owned subsidiary of TeamStaff, and Presidential Financial Corporation (the "Lender") entered into a fifth amendment to the Secured Promissory Note and Loan and Security Agreement (the "Loan Agreement"), which is dated as of May 18, 2012, (the "Fifth Amendment").

Pursuant to the Fifth Amendment, the Lender agreed to increase the line of credit available to the Borrower under the Loan Agreement from \$3,000,000 to a maximum amount of \$6,000,000 and to increase the maximum amount available under the unbilled accounts facility of the Loan Agreement from \$500,000 to \$1,000,000. The Borrower's ability to borrow against the increased available credit, however, is subject to the satisfaction of certain conditions.

The Fifth Amendment provides for an initial sublimit under the maximum loan amount of \$3,000,000 (the "Initial Sublimit") and an adjusted sublimit of \$4,000,000 (the "Adjusted Sublimit"). The Initial Sublimit of \$3,000,000 will remain in effect until the satisfaction of the following conditions: (i) the repayment of the \$500,000 over-advance accommodation agreed to by Lender as of May 9, 2012, (ii) Borrower demonstrates a need for the increase, (iii) Borrower remains in compliance with the Loan Agreement, and (iv) Lender, in its sole discretion, agrees to increase the Initial Sublimit. In the event that the foregoing conditions are satisfied, the credit available to Borrower shall remain subject to the Adjusted Sublimit until the parties receive any required waivers or consents from the holders of the Company's subordinated Convertible Debentures issued as of July 28, 2011 and Lender, in its sole discretion, agrees to such further increase. In addition, the increased availability under the unbilled accounts facility of the Loan Agreement is subject to the satisfaction of the same conditions that are applicable to Initial Sublimit. Accordingly, until these conditions are satisfied, the current borrowing limits remain in effect. The Lender also agreed to amend the Loan Agreement to eliminate the tangible net worth covenant.

In consideration of the foregoing amendments, the Borrower and Company agreed to pay a monthly collateral monitoring fee, a documentation fee and at the time that Borrower may borrow amounts in excess of the Initial Sublimit, an origination fee of 1% of the increased availability. The foregoing summary of the Fifth Amendment does not purport to be complete and is subject to, and is qualified in its entirety by, the full text of the Fifth Amendment, which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

**Item 8.01 Other Events.**

On May 22, 2012, the Company issued a press release announcing that it had entered into the Fifth Amendment to the Loan Agreement. The full text of this press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

**Item 9.01 Financial Statements and Exhibits.**

**(d) Exhibits**

The following exhibits are attached to this Form 8-K:

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<u>Exhibit No.</u>	<u>Description</u>
10.1	Amendment to Secured Promissory Note and Loan Agreement
99.1	Press Release of TeamStaff, Inc.

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**SIGNATURE**

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, hereunto duly authorized.

TeamStaff, Inc.

By: /s/ Zachary C. Parker  
Name: Zachary C. Parker  
Title: Chief Executive Officer

Date: May 24, 2012

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**EXHIBIT INDEX**

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**AMENDMENT TO SECURED PROMISSORY NOTE  
AND LOAN AND SECURITY AGREEMENT**

THIS FIFTH AMENDMENT TO SECURED PROMISSORY NOTE AND LOAN AND SECURITY AGREEMENT (the "Agreement") is made as of this eighteenth day of May, 2012, by and among DLH Solutions, Inc., a Georgia corporation, d/b/a TeamStaff Government Solutions; d/b/a TeamStaff Govt Solutions, formerly known as TeamStaff Government Solutions, Inc. (the "Borrower"), and TeamStaff Inc. (the "Guarantor") and Presidential Financial Corporation, a Georgia corporation (the "Lender").

**RECITALS**

Pursuant to the Loan and Security Agreement dated July 29, 2010 ("Loan Agreement"), as amended by the First Amendment to Secured Promissory Note and Loan and Security Agreement ("First Amendment") dated August 17, 2010, the Second Amendment to Secured Promissory Note and Loan and Security Agreement ("Second Amendment") dated November 18, 2010, the Third Amendment to Secured Promissory Note and Loan and Security Agreement dated February 9, 2011 ("Third Amendment"), and the Fourth Amendment to Secured Promissory Note and Loan and Security Agreement dated November 30, 2011 ("Fourth Amendment") ("Loan Agreement") between the Borrower and the Lender, the Lender agreed to make available to the Borrower a line of credit in accordance with, and subject to, the provisions of the Loan Agreement. The Borrower's obligation to repay the line of credit, with interest and other fees and charges, is evidenced by the Secured Promissory Note dated July 29, 2010, in the principal amount of One Million Five Hundred Thousand and No/100 Dollars (\$1,500,000.00) (the "Promissory Note") as amended by the First Amendment, as further amended by the Second Amendment, in the principal amount of Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00), as further amended by the Third Amendment in the principal amount of Three Million and No/100 Dollars (\$3,000,000.00), and as further amended by the Fourth Amendment (the "Promissory Note"). The indebtedness, obligations and liabilities of the Borrower under and in connection with the line of credit are guaranteed by the Guarantor pursuant to the terms of the Corporate Guaranty Agreement dated July 29, 2010, and affirmed on August 17, 2010, November 18, 2010 and February 9, 2011, and November 30, 2011 executed by the Guarantor (the "Guaranty Agreement"). The Loan Agreement, Promissory Note, the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, the Guaranty Agreement, and all documents now and hereafter executed by the Borrower, the Guarantor or any other party, to evidence, secure, or guaranty, in connection with the Borrower's indebtedness and obligation to Lender, are hereinafter referred to as the "Loan Documents."

The parties wish to increase the available line of credit to Six Million and No/100 Dollars (\$6,000,000.00), with an initial sublimit (the "Initial Sublimit") of Three Million and No/100 Dollars (\$3,000,000.00) and an adjusted sublimit (the "Adjusted Sublimit") of Four Million and No/100 Dollars (\$4,000,000) from Three Million and No/100 Dollars (\$3,000,000.00), and increase the Unbilled Accounts Loan Amount to One Million and No/100 Dollars (\$1,000,000.00) from Five Hundred Thousand and No/100 Dollars (\$500,000.00) subject to the terms and conditions of this Agreement.

**AGREEMENTS**

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements of the parties hereinafter set forth, it is hereby mutually agreed as follows:

1. **Acknowledgment of Recitals.** Each of the parties hereto acknowledges that the above recitals are true and correct and incorporated herein by reference.

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2. **Increase in the Line of Credit.** Subject to the terms and conditions stated herein, the parties agree to increase the line of credit available to the Borrower under the Loan Documents to Six Million and No/100 Dollars (\$6,000,000.00), subject to the Initial Sublimit of Three Million and No/100 Dollars (\$3,000,000.00) and the Adjusted Sublimit of Four Million and No/100 Dollars (\$4,000,000.00) from the current loan amount of Three Million and No/100 Dollars (\$3,000,000.00) and hereby amend the Promissory Note, and the following provision of the Loan Agreement:

**"Maximum Loan Amount"** means Six Million and No/100 Dollars (\$6,000,000.00); provided however, Borrower acknowledges that the foregoing amount is subject to an Initial Sublimit (the "Initial Sublimit") of Three Million and No/100 Dollars (\$3,000,000.00) which shall remain in effect until the satisfaction of the following conditions: (i) the Overadvance accommodation, in the amount of Five Hundred Thousand and No/100 Dollars (\$500,000.00) as evidenced by the Letter Agreement dated May 9, 2012, has been repaid by June 30, 2012, (ii) Borrower demonstrates a need for an increase, (iii) Borrower remains in compliance with the Loan Agreement, and (iv) Lender in its sole and absolute discretion agrees to increase the Initial Sublimit. In the event that the Borrower and Lender agree to increase the line of credit to an amount in excess of the Initial Sublimit, the credit available to Borrower shall remain subject to an adjusted sublimit (the "Adjusted Sublimit") of Four Million and No/100 Dollars (\$4,000,000) until the parties receive any required waivers or consents from the holders of the subordinated Convertible Debentures issued by the Guarantor pursuant to that certain Debenture Purchase Agreement dated as of June 1, 2011, in a form acceptable to the Borrower and Lender, and Lender in its sole and absolute discretion agrees to further increase the line of credit available to Borrower.

3. **Unbilled Accounts.** The parties agree to amend the maximum amount available to Borrower under the Unbilled Accounts facility, and hereby amend the following provision of Schedule A of the Loan Agreement:

**"Maximum Unbilled Accounts Loan Amount"** means an amount not to exceed One Million and No/100 Dollars (\$1,000,000.00); provided however, Borrower acknowledges that a sublimit of Five Hundred Thousand and No/100 Dollars (\$500,000.00) which shall remain in effect until the satisfaction of the following conditions: (i) the Overadvance accommodation, in the amount of Five Hundred Thousand and No/100 Dollars (\$500,000.00) as evidenced by the Letter Agreement dated May 9, 2012, has been repaid by June 30, 2012, (ii) Borrower demonstrates a need for an increase, (iii) Borrower remains in compliance with the Loan Agreement, and (iv) Lender in its sole and absolute discretion agrees to increase the sublimit.

4. **Validity Agreement.** The Validity Agreement of John E. Kahn, Chief Financial Officer of Borrower, shall be accepted by Lender.

5. **Collateral Monitoring Fee.** Effective June 1, 2012, the parties agree to amend Schedule B in the Loan Agreement to include the following provision:

**Collateral Monitoring Fee.** A monthly Collateral Monitoring Fee of \$5,000.00, less interest and service charges charged to the loan account for the current month, will be charged to the Borrower's loan account on the last day of the month.

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6. **Financial Covenants.** The parties agree, pursuant to Schedule E of the Loan Agreement, to reset the Tangible Net Worth covenant and hereby amend Schedule E to read as follows:  
None
7. **Origination Fee.** A one percent (1%) Origination Fee will be considered earned and due on the increased amount when and to the extent that the Borrower is eligible to borrow amounts in excess of the Initial Sublimit.
8. **Documentation Fee.** A loan documentation fee of \$17,500.00 ("Loan Documentation Fee"), for the negotiation and preparation of this Agreement, will be charged to the Borrower's loan account upon receipt of a fully executed copy of this Agreement.
9. **Termination Fee.** The parties agree that the Termination Fee, as stated in the Loan Agreement, if any, shall be calculated on the Maximum Loan Amount sublimit in effect as of the date of termination.
10. **Representations and Warranties.** In order to induce the Lender to enter into this Agreement, the Borrower and each of the Guarantor (collectively the "Obligors") represent and warrant to the Lender that consistent with the Obligor's practices under the Loan Agreement as of the date hereof (a) no event of default exists under the provisions of the Loan Agreement, Promissory Note or the Guaranty Agreements or other Loan Documents, (b) all of the representations and warranties of the Obligors in the Loan Documents are true and correct on the date hereof as if the same were made on the date hereof, (c) the Collateral, as defined in the Loan Agreement, is free and clear of all assignments, security interest, liens and other encumbrances of any kind and nature whatsoever, except for those granted or permitted under the provisions of the Loan Documents, (d) the execution and performance by the Borrower under the Loan Agreement, as amended, will not (i) violate any provision of law, any order of any court or other agency of government, or the organizational documents and/or bylaws of Borrower, or (ii) violate any indenture, contract, agreement or other instrument to which the Borrower is party, or by which its property is bound, or be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under, any such indenture, or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, and (e) this Agreement constitutes the legal, valid and binding obligations of the Obligors enforceable in accordance with its terms, except its enforceability may be limited by bankruptcy, insolvency or some other laws affecting the enforcement of creditors rights generally.
11. **Ratification and No Novation; Validity of Loan Documents.** The Obligors hereby ratify and confirm all of their obligations, liabilities and indebtedness under the provisions of the Loan Agreement, the Promissory Note, the Guaranty Agreements and the other Loan Documents, as the same may be amended and modified by this Agreement, and agree to pay the indebtedness in accordance with the terms of the Loan Agreement, as amended and modified by this Agreement. The Lender and the Obligors each agrees that it is their intention that nothing in this Agreement shall be construed to extinguish, release or discharge or constitute, create or affect a novation of, or an agreement to extinguish (a) any of the obligations, indebtedness and liabilities of the Obligors, or any other party under the provisions of the Loan Agreement, the Promissory Note, and such other Loan Documents, or (b) any assignment or pledge to the Lender of, or any security interest or lien granted to the Lender in, or on, any Collateral and security for such obligations, indebtedness, and liabilities. The Lender and the Obligors each agrees that the Lender shall have the absolute and unconditional right to demand payment of the Promissory Note in Lender's discretion at any time, subject to the provisions of the Loan Documents. The Obligors agree that all of the provisions of the Loan Agreement, the Promissory Note, and the other Loan Documents shall remain and continue in full force and effect, as

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the same may be modified and amended by this Agreement. In the event of any conflict between the provisions of this Agreement and the provisions of such other Loan Documents, the provisions of this Agreement shall control. Obligors have no existing claims, defenses (personal or otherwise) or rights of setoff whatsoever with respect to the Obligations of the Obligors under the Loan Documents. Each of the Obligors furthermore agrees that each of them has no defense, counterclaim, offset, cross-complaint, claim or demand of any nature whatsoever that can be asserted as a basis to seek affirmative relief and/or damages of any kind from the Lender.

12. **Release.** Borrower hereby releases Lender and its affiliates and their respective directors, officers, employees, attorneys and agents and any other Person affiliated with or representing Lender (the "**Released Parties**") from any and all liability arising from acts or omissions under or pursuant to this Agreement, whether based on errors of judgment or mistake of law or fact, except for those arising from willful misconduct. In no circumstance will any of the Released Parties be liable for lost profits or other special or consequential damages. Such release is made on the date hereof and remade upon each request for an Advance by Borrower.
13. **Applicable Law, Binding Effect, etc.** This Agreement shall be governed by the laws of the State of Georgia and may be executed in any number of duplicate originals and counterparts, each of which, and all taken together, shall constitute one and the same instrument. This Agreement shall be binding upon, and inure to the benefit of, the Lender, the Borrower, the Guarantor and their respective successors, heirs and assigns.
14. **Expenses.** Borrower hereby agrees to pay all out-of-pocket expense incurred by Lender in connection with the preparation, negotiation and consummation of this Agreement, and all other documents related thereto (whether or not any borrowing under the Loan Agreement as amended shall be consummated), including, without limitation, the fees and expenses of Lender's counsel.
15. **Effectiveness of this Agreement.** This Agreement shall not be effective until the same is executed and accepted by Lender.

**IN WITNESS WHEREOF**, the Lender, the Borrower, and the Guarantor have caused this Agreement to be duly executed, under seal, as of the day and year first above written.

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STATE OF  
COUNTY OF

**Zachary C. Parker** personally appeared and acknowledged before me this 19  
day of May, 2012

/s/  
\_\_\_\_\_  
Notary Seal  
My commission expires

**BORROWER:**

**DLH SOLUTIONS, INC. D/B/A TEAMSTAFF GOVERNMENT  
SOLUTIONS; D/B/A TEAMSTAFF GOVT SOLUTIONS,  
FORMERLY KNOWN AS TEAMSTAFF GOVERNMENT  
SOLUTIONS, INC.**

By: /s/ Zachary C. Parker  
\_\_\_\_\_  
Zachary C. Parker, CEO

**GUARANTOR:**

**TEAMSTAFF INC.**

By: /s/ Zachary C. Parker  
\_\_\_\_\_  
Zachary C. Parker, CEO

**LENDER:**

**PRESIDENTIAL FINANCIAL CORPORATION**

By: /s/  
\_\_\_\_\_  
Vice President

# TEAMSTAFF INC.

**FOR IMMEDIATE RELEASE**

**CONTACTS:**

Zachary C. Parker, President and Chief Executive Officer  
 John E. Kahn, Chief Financial Officer  
**TeamStaff, Inc.**  
 1776 Peachtree Street, NW  
 Atlanta, GA 30309  
 866-952-1647

(Investor Relations)  
 Donald C. Weinberger/Adam Lowensteiner  
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 212-370-4500  
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Christy N. Buechler, Marketing & Communications Manager (Media)  
**TeamStaff, Inc.**  
 404-985-8818  
 christy.buechler@teamstaff.com

**TEAMSTAFF ANNOUNCES AMENDED CREDIT FACILITY WITH LENDER**

**- New Amendment Has Potential of a 100% Credit Limit Increase to Total of \$6 Million -**

**Atlanta, Georgia — May 22, 2012 — TeamStaff, Inc. (NASDAQ: TSTF)**, a leading healthcare and logistics services provider to the Federal Government, including the Departments of Defense and Veterans Affairs, announced today that its subsidiary, DLH Solutions, Inc., has signed an amendment with its primary lending institution, Presidential Financial Corporation. Under this amendment, it will now have the borrowing potential of up to \$6 million, an increase of up to 100% from the existing \$3 million limit. The increase above the current credit limit is subject to the lender's discretion and the Company receiving certain approvals.

Tom Matthesen, Chief Executive Officer of Presidential Financial stated, "We are pleased to be able to further support DLH Solutions, which has been an excellent partner to work with during our nearly two year relationship. We understand its corporate vision for growth and focus as a leading healthcare, logistics and staff augmentation service provider to the U.S. government. We are glad we can assist in supporting DLH's strategic initiatives with these additional capital opportunities."

DLH's President and Chief Executive Officer Zachary Parker stated, "We appreciate our relationship with Presidential Financial and are pleased with this line of credit expansion, which helps in better positioning us to be able to compete for and start-up larger government contracts that are within our strategic lines of business."

**About TeamStaff, Inc.**

TeamStaff Inc. (Nasdaq: TSTF) serves clients throughout the United States as a full-service provider of healthcare, logistics, and technical support services to DoD and Federal agencies. The company recently gained approval from shareholders to change TeamStaff, Inc.'s corporate name to DLH Holdings Corp., which the company intends to implement subsequent to the conclusion of the rights offering that it is currently conducting. For more information, visit the corporate web site at [www.dlhcorp.com](http://www.dlhcorp.com).

**"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995:**

*This press release may contain forward-looking statements. These statements relate to future events or TeamStaff's future financial performance. Any statements that are not statements of historical fact (including without limitation statements to the effect that the Company or its management "believes", "expects", "anticipates", "plans" (and similar expressions) should be considered forward looking statements. There are a number of important factors that could cause TeamStaff's actual results to differ materially from those indicated by the forward looking statements, including those factors described under "Risk Factors" in the Company's prospectus included as part of the Registration Statement on Form S-1 filed by the Company in connection with the Rights Offering and in its periodic reports filed with the Securities and Exchange Commission from time to time. Given these risks and uncertainties, you are cautioned not to place undue reliance on forward-looking statements. TeamStaff undertakes no obligation to publicly update or revise any forward-looking statement as a result of new information, future events, changes in expectation or otherwise, except as required by law.*

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