

Item 8.01 OTHER EVENTS

On October 9, 2009, TeamStaff, Inc. (the “Registrant”) and its operating subsidiaries were granted a waiver by Business Alliance Capital Corp. (now Sovereign Business Capital, a division of Sovereign Bank (the “Lender”)) of the Registrant’s non-compliance with the debt service coverage ratio covenant for the period ended June 30, 2009 under the Amended and Restated Loan and Security Agreement, dated as of March 28, 2008 by and among the Registrant, its subsidiaries and the Lender (the “Loan Agreement”). Pursuant to the waiver, the Lender agreed to waive the Registrant’s non-compliance with the debt service coverage ratio for the test date of June 30, 2009. The Lender, however, reserved its rights under the Loan Agreement with respect to any future non-compliance with the debt service coverage ratio for any future period or any other provision of the Loan Agreement.

The Registrant initially disclosed its non-compliance with the debt service coverage ratio of the Loan Agreement in its Quarterly Report on Form 10-Q for the quarter ended June 30, 2009. The material terms and conditions of the Loan Agreement are described in the Registrant’s Current Report on Form 8-K filed with the SEC on April 3, 2008 and in subsequently filed Quarterly Reports on Form 10-Q and Annual Report on Form 10-K.

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/ Rick Filippelli
Name: Rick Filippelli
Title: President and Chief Executive Officer
Date: October 14, 2009