

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) OCTOBER 18, 2005

PIZZA INN, INC.
(Exact name of registrant as specified in its charter)

MISSOURI 0-12919 47-0654575
(State or other jurisdiction of incorporation) (Commission File Number) (IRS
Employer Identification No.)

3551 PLANO PARKWAY, THE COLONY, TEXAS 75056
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (469) 384-5000

NOT APPLICABLE
(Former name or former address, if changed since last report)

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 (see General Instruction A.2. below):

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 2.04 TRIGGERING EVENTS THAT ACCELERATE OR INCREASE A DIRECT FINANCIAL OBLIGATION OR AN OBLIGATION UNDER AND OFF-BALANCE SHEET ARRANGEMENT

On October 18, 2005, Pizza Inn, Inc. ("Company") provided written notice to Wells Fargo Bank, N.A. ("Wells Fargo") that the Company believes it has failed to comply with certain financial ratio covenants contained in the Third Amended and Restated Loan Agreement between the Company and the Bank dated January 22, 2003 (as amended, the "Loan Agreement") as of the close of the Company's fiscal quarter on September 25, 2005. As a result, the Company believes an Event of Default (as defined in the Loan Agreement) exists.

Upon the occurrence of an Event of Default Wells Fargo may elect, among other remedies, to terminate the Revolving Credit Commitment under the Loan Agreement, or to declare all outstanding principal of and accrued and unpaid interest on the Company's obligations under the Loan Agreement immediately due and payable. The Company has requested that Wells Fargo agree to waive the Event of Default. However, Wells Fargo is not obligated under the Loan Agreement to grant such a waiver. As of October 24, 2005 Wells Fargo has not exercised any of the rights or remedies available to it under the Loan Agreement in these circumstances.

SIGNATURES

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.

Pizza Inn, Inc.

Date: October 24, 2005

By: /s/ Shawn M. Preator
Shawn M. Preator, Chief Financial Officer