

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

FEBRUARY 21, 2007
Date of Report (Date of earliest event reported)

COLONIAL COMMERCIAL CORP.
(Exact name of Registrant as Specified in Charter)

NEW YORK (State or other Jurisdiction of Incorporation)	1-6663 (Commission File Number)	11-2037182 (IRS Employer Identification No.)
275 WAGARAW ROAD, HAWTHORNE, NEW JERSEY (Address of Principal Executive Offices)		07506 (Zip Code)

Registrant's Telephone Number, Including Area Code: 973-427-8224

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 INTO A MATERIAL DEFINITIVE AGREEMENT

Pioneer Realty Holdings, LLC, a New York limited liability company ("Pioneer"), is the owner of the premises located at 836 Route 9, Fishkill, New York, formerly known as 2213 Route 9, Fishkill, New York ("Premises"). The RAL Supply Group, Inc., ("RAL"), a wholly owned subsidiary of Colonial Commercial Corp. (the "Company") is the tenant of the aforementioned property under a Lease Agreement by and between Zanzi Realty, Inc. and The RAL Supply Group Inc., dated September 1, 1998, as amended by the First Modification of Lease Agreement dated September 30, 2003 and as further amended by the Second Modification of Lease Agreement dated April 12, 2005 (the Lease Agreement together with the First Modification of Lease Agreement and the Second Modification of Lease Agreement are referred to herein as the "Lease"). A copy of the Lease is incorporated herein by reference from the Company's Form 8-K filed with the Securities and Exchange Commission ("SEC") on November 2, 2005. Pioneer is the landlord under the Lease pursuant to an assignment and assumption agreement dated April 12, 2005. William Pagano, Chief Executive Officer and a director of the Company, has a 55% interest in Pioneer and Rita Folger and a family member together have a 16% interest in Pioneer Realty Partners I, LLC, which has a 40% interest in Pioneer. Mrs. Folger and Mr. Pagano each beneficially own more than 10% of the outstanding shares of the Company.

On February 21, 2007, the Lease was further amended by the Third Modification of Lease Agreement to provide, among other things, for 25,947 square feet of the leased premises, a net increase of 14,443 square feet, for \$245,844 total annual fixed rent, an increase of \$106,740 per annum. The Third Modification of Lease Agreement commences on the date of issuance of a certificate of occupancy for the Premises that are currently undergoing reconstruction. The term of the lease expires on March 31, 2017, subject to two five-year renewal options. A copy of the Third Modification of Lease Agreement is attached as an exhibit to this Form 8-K.

On February 21, 2007, Pioneer granted the Company an option ("Option") to purchase the Premises for (i) an exercise price equal to Pioneer's total financial investment in the Premises through the date of exercise and (ii) the release of Mr. Pagano (and any other guarantors) from guaranties of mortgage loans secured by the Premises. The Option expires on July 31, 2007. A copy of the Option agreement is attached as an exhibit to this Form 8-K.

The foregoing summary is qualified by reference to the form of the documents that are filed as exhibits to this Report.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit No.	Description
10.01	Lease Agreement by and between Zanzi Realty, Inc. and The RAL Supply Group Inc., dated September 1, 1998, incorporated herein by reference from Exhibit 10.04 to the Company's Form 8-K filed on November 2, 2005.
10.02	First Modification of Lease Agreement dated September 30, 2003 to Lease Agreement by and between Zanzi Realty, Inc. and The RAL Supply Group Inc., dated September 1, 1998, incorporated herein by reference from Exhibit 10.05 to the Company's Form 8-K filed on November 2, 2005.
10.03	Second Modification of Lease Agreement dated April 12, 2005 to Lease Agreement by and between Zanzi Realty, Inc. and The RAL Supply Group Inc., dated September 1, 1998, incorporated herein by reference from Exhibit 10.06 to the Company's Form 8-K filed on November 2, 2005.
10.04	Third Modification of Lease Agreement dated February 21, 2007 to Lease Agreement by and between Zanzi Realty, Inc. and The RAL Supply Group Inc., dated September 1, 1998, filed herewith.
10.05	Option Agreement by and between Pioneer Realty Holdings, LLC and Colonial Commercial Corp., dated as of February 21, 2007, filed herewith.

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.

COLONIAL COMMERCIAL CORP.

(Registrant)

Date: February 23, 2007

/s/ William Salek

William Salek
Chief Financial Officer

INDEX TO EXHIBITS

Exhibit No.	Description
10.01	Lease Agreement by and between Zanzi Realty, Inc. and The RAL Supply Group Inc., dated September 1, 1998, incorporated herein by reference from Exhibit 10.04 to the Company's Form 8-K filed on November 2, 2005.
10.02	First Modification of Lease Agreement dated September 30, 2003 to Lease Agreement by and between Zanzi Realty, Inc. and The RAL Supply Group Inc., dated September 1, 1998, incorporated herein by reference from Exhibit 10.05 to the Company's Form 8-K filed on November 2, 2005.
10.03	Second Modification of Lease Agreement dated April 12, 2005 to Lease Agreement by and between Zanzi Realty, Inc. and The RAL Supply Group Inc., dated September 1, 1998, incorporated herein by reference from Exhibit 10.06 to the Company's Form 8-K filed on November 2, 2005.
10.04	Third Modification of Lease Agreement dated February 21, 2007 to Lease Agreement by and between Zanzi Realty, Inc. and The RAL Supply Group Inc., dated September 1, 1998, filed herewith.
10.05	Option Agreement by and between Pioneer Realty Holdings, LLC and Colonial Commercial Corp., dated as of February 21, 2007, filed herewith.

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PIONEER REALTY HOLDINGS, LLC
41 ANNETT AVENUE
EDGEWATER, NEW JERSEY 07020-1529

February 21, 2007

Charles Milich, President
The RAL Supply Group, Inc.
24 Dunning Road
Middletown, NY 10940

Re: Modification of Lease (the "Third
Modification of Lease Agreement")

Pioneer Realty Holdings, LLC as Landlord,
with RAL Purchasing Corp., as Assignee of
RAL Supply Group, Inc., f/k/a RAL
Purchasing Corp., as Tenant

Premises located at 2213 Route 9, Town of
Fishkill, Dutchess County, NY (the "Fishkill
Store")

Lease dated September 1, 1998 (the "Lease
Agreement")

Modification of Lease dated September 30,
2003 (the "First Modification of Lease
Agreement")

Modification of Lease dated April 12, 2005
(the "Second Modification of Lease
Agreement")

Dear Mr. Milich:

With regard to the above Lease, it is understood that the Lease Agreement as amended by the First Modification of Lease Agreement and Second Modification of Lease Agreement (as so amended, the "Lease") is hereby further modified and amended as of the Effective Date as defined below.

1. Paragraph 1.1 is hereby amended to read as follows:

"1.1 Leases Premises
-----"

Landlord hereby leases to Tenant the premises more particularly described in Schedule A, attached hereto and made part hereof, consisting of approximately 25,947 square feet, hereinafter sometimes called "Leased Premises."

2. Paragraph 1.2 is hereby amended to read as follows:

"1.2 Initial Term of Lease and Effective Date

- a. The "Initial Term" of this Lease for the Leased Premises shall be for a period commencing on the Effective Date, and terminating on March 31, 2017.
- b. The term "Effective Date" means the date of issuance of a certificate of occupancy for the Leased Premises (as defined below) by the Town of Fishkill for the purpose of distribution of heating, ventilating and air conditioning ("HVAC") and plumbing equipment, parts and accessories."

3. Paragraph 1.5 is hereby amended to read as follows:

"1.5 Covenant to Pay Rent

Tenant shall pay to Landlord the Annual Fixed Rental as set forth on Schedule B, annexed hereto, in equal monthly installments, in advance, without setoff or defense, on the first day of each and every calendar month, beginning upon the "Effective Date" as defined herein, until the expiration of the term of this Lease and any Renewal Term."

4. Schedule B, paragraph 1.1, is hereby amended to read as follows:

"1.1 The "Annual Fixed Rent" for the Leased Premises during the initial term shall be the sum of \$245,844 per year, payable \$20,487 per month in advance on the first day of each month."

5. Schedule B, paragraph 1.3, is hereby amended to substitute "May 2006" in place of "May 1998" as the "Base Month," and to substitute May 2007 for May 1999 in such paragraph.

6. Schedule B, paragraph 1.4, is hereby amended to read as follows:

"1.4 The Annual Fixed Rent for the second year of the Initial Term shall be \$245,844 per year, increased by the percentage of the Index of the Comparison Month (May 2007) over the Base Month (May 2006), except that in no event shall the increase be less than a two (2%) percent increase over the previous year or more than an eight (8%) percent increase over the previous year."

7. The examples in Schedule B are hereby modified in accordance with the amendment effectuated by the foregoing Sections.

All other terms and conditions of the Lease shall remain in full force and effect.

If this agrees with your understanding, kindly sign below.

Sincerely,

Pioneer Realty Holdings, LLC

By: /s/ William Pagano

William Pagano, Member

Agreed and Accepted:

The RAL Supply Group, Inc. f/k/a RAL
Purchasing Corp.

By: /s/ Charles Milich

Charles Milich, President

Accepted and Approved:

Colonial Commercial Corp.

By: /s/ William Salek

William Salek, CFO

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OPTION TO PURCHASE

Option Agreement ("Agreement") made as of February 21, 2007, by and between PIONEER REALTY HOLDINGS, LLC, a New York limited liability company ("Pioneer"), having an address at 41 Annett Avenue, Edgewater, New Jersey 07020, and COLONIAL COMMERCIAL CORP., having an address at 275 Wagaraw Road, Hawthorne, New Jersey 07506 ("Colonial"). Pioneer and Colonial are sometimes referred to as the "parties."

Recitals

A. Pioneer is the owner of a improved property located at 2213 Route 9, Town of Fishkill, Dutchess County, NY (the "Premises") which is presently being leased to The RAL Supply Group, Inc. ("RAL"), a wholly-owned subsidiary of Colonial, pursuant to a Lease dated September 1, 1998, as modified under agreements dated as of September 30, 2003 and April 12, 2005, respectively (the "Lease").

B. Pioneer is owned by a group of private investors that includes William Pagano ("Pagano").

C. Pioneer has commenced a renovation and expansion of the Premises. Upon completion, the entire renovated Premises will be leased to RAL under the terms of the Lease.

D. In accordance with resolutions adopted at a Colonial Board of Directors meeting on January 18, 2007, as of the date hereof Colonial will enter into a third modification of the terms of the Lease, including an increase in rent payments due under the Lease, provided that Pioneer grant Colonial an option to purchase the Premises exercisable through July 31, 2007.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration the receipt of which is hereby acknowledged, and intending to be legally bound hereby, Pioneer and Colonial agree as follows:

1. Pioneer hereby grants Colonial the option ("Option") to purchase the Premises for (i) an exercise price equal to Pioneer's total financial investment in the Premises through the date of exercise and (ii) the release of Pagano (and any other guarantors) from all bank guaranties of mortgage loans secured by the Premises. The Option shall expire on July 31, 2007.
2. The Option may be exercised by delivery of a notice of exercise to Pioneer, followed by payment of the exercise price in full and release of all bank guarantors, within thirty (30) days of receipt from Pioneer of a detailed calculation of the exercise price.
3. Any and all notices to be given under this Agreement shall be in writing and shall be deemed to have been duly given immediately when personally delivered, on the next business day when delivered by overnight courier, or three days after being mailed by first class registered or certified mail, return receipt requested, addressed to the parties at the addresses set forth above (or at such other address as any party may specify by notice to all other parties given as aforesaid).

4. This writing constitutes the entire agreement of the parties with respect to the subject matter hereof, supersedes all prior agreements or understandings of the parties relating thereto, and may not be modified, amended or terminated except by a written agreement.

5. This Agreement shall be binding upon and inure to the benefit of each party hereto, its successors and assigns. Neither party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other.

6. Each party hereto shall cooperate, shall take such further action and shall execute and deliver such further documents as may be reasonably requested by any other party in order to carry out the provisions and purposes of this Agreement.

7. This Agreement shall be governed and construed in accordance with the laws of the State of New York, applicable to agreements made and to be performed within such State. Any disputes, controversies or claims ("Disputes") arising out of or relating to the transactions contemplated herein, or the breach thereof, shall be referred to a single arbitrator selected in accordance with the rules of the American Arbitration Association ("AAA") sitting in New York City, New York and enforcement of and/or challenges to any determination made by such arbitrator shall be determined in accordance with the laws of the State of New York. Any award issued by the AAA shall be final and binding, and judgment upon the award rendered may be entered in any court having jurisdiction. Such arbitration shall be the exclusive method of resolving Disputes. Each party shall be liable for its own attorney's fees.

8. No course of dealing between the parties to this Agreement or any failure or delay on the part of either party in exercising any rights or remedies or enforcing any of the provisions of the Agreement shall be construed as a waiver of such provisions or preclude the exercise of any other rights or remedies or the enforcement of any provisions hereunder.

9. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of any party. No failure or delay (in whole or in part) on the part of either party hereto to exercise any right or remedy hereunder will impair any such right or remedy, operate as a waiver thereof, or affect any right or remedy hereunder. All rights and remedies hereunder are cumulative and are not exclusive of any other rights or remedies provided hereunder or by law

10. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by facsimile shall have the same force and effect as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by facsimile shall also deliver an original executed counterpart of this Agreement, but the failure to deliver an original executed counterpart shall not affect the validity, enforceability and binding effect of this Agreement as to such party or any other party.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the day,
month and year first above written.

PIONEER REALTY HOLDINGS, LLC

By: /s/ William Pagano

Name: William Pagano
Title: Managing Member

COLONIAL COMMERCIAL CORP.

By: /s/ William Salek

Name: William Salek
Title: CFO, Secretary

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