

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

April 17, 2006  
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

See items 5.01 and 5.02 for information on (i) the sale on April 17, 2006 by Bernard Korn and certain other directors of shares of common stock to two directors and certain other investors, (ii) the concurrent resignation of Mr. Korn and certain of these other directors concurrently with this sale, and (iii) the concurrent resignation by Mr. Korn as director, chairman and CEO concurrently with this sale.

Concurrently with these sales and these resignations, the Company entered into an employment agreement with Bernard Korn that cancelled and superseded a prior employment agreement.

Mr. Korn's employment under the new agreement is to end on December 31, 2010. Mr. Korn is required to perform duties that are reasonably assigned to him with his approval that he may not unreasonably withhold. Until December 31, 2008, he is required to devote his best efforts and significant time to his duties. During the balance of the term, Mr. Korn is required to devote reasonable efforts, consistent with his personal and business commitments, to the performance of his duties. The agreement provides for a salary of \$200,000 per year and designated fringe benefits. If a change of control (as defined) occurs during the last two years of the term, Mr. Korn need perform no further services for the Company and is to receive the balance of his compensation immediately in a lump sum. The agreement contains confidentiality and non-compete provisions.

The agreement provides that until May 31, 2008, Mr. Korn may not without the prior written consent of the Company (i) knowingly sell any of the Company's securities to a 5% shareholder (as defined), or to a person who as a result of such sale would become a 5% shareholder, unless such person first enters into a standstill agreement in favor of the Company, (ii) acquire, agree to acquire or make any proposal to acquire any voting securities or assets of the Company or any of its affiliates, (iii) propose to enter into any merger, consolidation, recapitalization, business combination or other similar transaction involving the Company or any of its affiliates, (iv) make, or in any way participate in any solicitation of proxies to vote or seek to advise or influence any person with respect to the voting of any voting securities of the Company or any of its affiliates, (v) form, join or in any way participate in a group (as defined) in connection with any of the foregoing or (vi) advise, assist or encourage any other persons in connection with the foregoing.

Item 5.01 CHANGES IN CONTROL OF REGISTRANT

The following sales of common stock of the Company were made by directors of the Company on April 17, 2006 at \$3.00 per share:

William Koon and members of his family sold a total of 41,413 shares of common stock to private investors. Mr. Koon retained no shares.

Bernard Korn sold 100,000 shares to William Pagano, 100,000 shares to Rita Folger, and 226,743 shares to Goldman Associates. Mr. Korn retained 150,512 shares and 52,000 stock options.

Ronald Miller sold 11,000 shares to private investors. Mr. Miller retained 1,054 shares.

Jack Rose and his wife sold a total of 50,000 shares to Goldman Associates and 50,099 additional shares to other investors. Mr. Rose retained 122,668 shares.

Carl Sussman sold 50,000 shares to private investors. Mr. Sussman retained 49,607 shares.

Michael Goldman is a principal of Goldman Associates and beneficially owns the shares purchased by Goldman Associates.

Goldman Associates and William Pagano used their personal funds to make their stock purchases mentioned above.

After giving effect to these sales and purchases, Michael Goldman beneficially owns 1,227,255 shares of common stock of the Company (25.96% of the total outstanding), William Pagano beneficially owns 767,973 shares of common stock (16.66% of the total outstanding), and Rita Folger beneficially owns 578,719 shares of common stock (12.55% of the total outstanding).

Concurrently with these transactions, Messrs. Korn, Koon, Rose and Sussman resigned as directors of the Company, and Mr. Korn also resigned as Chief Executive Officer and Chairman of the Board. Michael Goldman, who continues as a director of the Company, was elected as Chairman of the Board, and William Pagano also continues as a director and was appointed CEO. Mr. Pagano had previously served as President. E. Bruce Fredrikson, Melissa Goldman-Williams, and Ronald Miller also continued as directors. Melissa Goldman-Williams is the daughter of Michael Goldman. Accordingly, Michael Goldman, Melissa Goldman-Williams and William Pagano constitute a majority of the board of directors.

By reason of their stock ownership and board positions and the family relationship between Michael Goldman and Melissa Goldman-Williams, Michael Goldman and William Pagano may be deemed to control the Company.

Each of Messrs. Goldman and Pagano and Mrs. Folger has agreed that until May 31, 2008 he or she will not purchase any stock of the Company without written consent from the Company and that he or she will not sell any stock to any person if the sale would create a new 5% shareholder (as defined) unless the buyer first enters into a similar standstill agreement.

Goldman Associates has agreed that it and its affiliates will not until May 31, 2008 without the prior written consent of the Board of Directors of the Company (i) acquire, agree to acquire or make any proposal to acquire any voting securities or assets of the Company or any of its affiliates, (ii) propose to enter into any merger, consolidation, recapitalization, business combination, or other similar transaction involving the Company or any of its affiliates, (iii) make, or in any way participate in any solicitation of proxies to vote or seek to advise or influence any person with respect to the voting of any voting securities of the Company or any of its affiliates or (iv) form, join or in any way participate in a "group" (as defined) in connection with any of the foregoing or (v) advise, assist or encourage any other persons in connection with the foregoing.

#### ITEM 5.02 DEPARTURE OF DIRECTORS OR PRINCIPAL OFFICER; ELECTIONS OF DIRECTORS;

##### APPOINTMENT OF PRINCIPAL OFFICERS

See Items 1.01 and 5.01. for information on (i) the resignations on April 17, 2006 of Messrs. Koon, Korn, Rose and Sussman as directors of the Company, (ii) the resignation on that date of Mr. Korn as Chief Executive Officer and Chairman of the Board, (iii) on the election of Michael Goldman, who was previously a director, as Chairman of the Board, and (iv) on the appointment of William Pagano as CEO. Mr. Pagano had previously served as president. Mr. Sussman also resigned as a member of the Audit Committee of the Board of Directors.

Mr. Pagano has been the President of Universal Supply Group, Inc., ("Universal"), a wholly owned subsidiary of the Company, since November, 1998 and was appointed as a Director of the Company in February, 2002.

Mr. Pagano is employed by Universal under an employment agreement that terminates on December 31, 2010. The agreement provides for an annual salary of \$200,000, for incentive compensation based on a percentage of earnings, and for designated fringe benefits. The agreement also contains confidentiality and non-compete provisions.

See Item 5.01 for information on an agreement by Mr. Pagano that until May 31, 2008 he will not purchase any stock of the Company without written consent from the Company and that he will not sell any stock to any person if the sale would create a new 5% shareholder (as defined) unless the buyer first enters into a similar standstill agreement.

Mr. Pagano has a 35% interest in an entity that owns premises in Fishkill, New York that is leased to a subsidiary of the Company. The lease expires September 2008, subject to renewal options, and provides for a current aggregate annual rent of \$133,500.

If Mr. Pagano is no longer chief executive officer of the Company's wholly owned subsidiaries, by reason other than disability or death, the Company will be in default of its credit agreement with Wells Fargo Business Credit, Inc., unless a waiver is obtained. A copy of the credit agreement is incorporated by reference herein from the Company's Form 10-Q filed SEC on August 16, 2004.

Mr. Pagano holds a convertible unsecured note in the amount of \$100,000 that was issued under a private placement agreement made on July 29, 2004. A copy of this private placement agreement is incorporated by reference herein from the Company's Form 10-Q filed with the SEC on August 16, 2004.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit No.	Description
4.01	Form of Purchase Agreement dated April 17, 2006, filed herewith.
4.02	Standstill Agreement dated June 21, 2004, by and between Colonial Commercial Corp. and Mr. Pagano, incorporated herein by reference from Exhibit 4.02 to the Company's Form 8-K filed on November 2, 2005.
10.01	Employment Agreement dated April 17, 2006 between the Colonial Commercial Corp. and Bernard Korn, filed herewith.
10.02	Employment Agreement dated June 25, 1999 between Universal Supply Group, Inc. and William Pagano, incorporated herein by reference from Exhibit 10(a)(iii) to the Company's Form 8-K filed on July 9, 1999.
10.03	Amendment No. 1 dated as of October 29, 2002 to Employment Agreement dated as of June 25, 1999, incorporated herein by reference from Exhibit 10.02 to the Company's Form 8-K filed on November 2, 2005.
10.04	Amendment No. 2 dated as of June 15, 2005 to Employment Agreement dated as of June 25, 1999, incorporated herein by reference from Exhibit 99.1 to the Company's Form 8-K filed on June 20, 2005.
99.01	Press Release dated April 18, 2006, 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.

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(Registrant)

Date: April 21, 2006

/s/ William Pagano

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William Pagano, CEO

INDEX TO EXHIBITS

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Number of shares:  
Total Purchase Price:  
Seller: person or persons who sign this Agreement as Seller

Investor:

AGREEMENT dated as of April 17, 2006 by and between the Seller and Investor.

For good and valuable consideration, the parties agree as follows:

1. Seller has deposited with Oscar D. Folger as escrow agent, certificates ("Certificates") for the number of shares set forth above (the "shares") of common stock of Colonial Common Commercial Corp., together with a stock power for the Certificates endorsed in blank (the "Stock Power"). Investor has deposited the purchase price with the escrow agent, to be held by him in a non-interest bearing account.
2. Seller hereby sells and assigns the shares to Investor, at \$3 per share, for the total purchase price set forth above. To effectuate this sale, Investor is hereby directing the escrow agent to release to the purchase price to Seller Share sold by him, and Seller is hereby directing escrow agent to release the Certificates and the Stock Powers to Investor to the extent of the number of shares sold hereunder. The sale shall be completed when both releases have been made. The escrow agent will return to Seller a replacement certificate for any shares represented by the Certificate that are in excess of the number of shares sold hereunder.
3. Seller represents that he owns the shares free and clear of all liens, claims, encumbrances and rights of first refusal and other rights. He makes no other representations or warranties whatsoever to Investors or any other person in respect of the Company, the shares or any other matter. Seller has made his own decision to sell his shares, and he will not complain if the price of the shares should hereafter increase. Neither the Company nor any of its directors or officers or other representative has made any representation or warranty whatsoever to Seller.
4. Investor represents to the Company (i) that he is an accredited investor under the securities laws and that his personal net worth (not including his home and furnishings) is not less than \$1,000,000, (ii) that he understands that the shares are legended and restricted with a standard 1933 Securities Act legend, and the certificates to be issued to him for the shares will be similarly legended and restricted, (iii) that he is taking the shares for investment and not with a view to the distribution thereof, (iv) and that he or it will not be able to sell or otherwise dispose of the shares except if registered or if in the opinion of counsel an exemption exists from the obligation to register such shares.
5. Investor has made his own decision to purchase the shares, and neither the Company nor any of its directors or officers or other representative has made any representation or warranty whatsoever to Investor. Investor has conducted his own due diligence investigations, and has carefully reviewed and understands all filings by the Company with the Securities and Exchange Commission from and after June 1, 2004, all of which filings are available on the SEC web site at [www.sec.gov](http://www.sec.gov).  
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6. The parties and he Company make no representations or warranties that are not set forth herein.
7. Seller (except Ronald Miller) is concurrently herewith resigning as a director and an officer of the Company and as a member of any committee of the board of directors of the Company. Seller hereby generally releases the Company from any and all claims, liabilities, debts and obligations, except for any agreements signed on this date and except for the right to indemnification under the Company's certificate of incorporation and by-laws. By countersigning below the Company agrees that Seller will continue to be insured under the Company's D & O insurance policies for not less than three years.

8. The Company is a third party beneficiary of the representations made in this letter and may rely on them. This Agreement sets forth in full all understandings of the parties. It may not be amended or terminated orally. This Agreement shall be enforceable by decrees of specific performance without posting bond or other security, as well as by other available remedies. This Agreement may be signed in one or more counterparts each of which shall constitute an original. This Agreement may be signed by facsimile, and a facsimile copy shall also constitute an original.
9. At the request of the parties Oscar Folger assisted the parties in drafting this agreement, but he did not act as counsel to any of the parties. HE ADVISED EACH PARTY THAT IT WAS ESSENTIAL THAT THEY HAVE THEIR OWN COUNSEL TO PROTECT THEIR INTERESTS, that he was not protecting their interests, that he has acted as counsel to the Company and has had prior significant relationships with each party, and that in no way can he be considered a neutral party. The parties absolutely release him from any liability for any matter whatsoever, known and unknown.

Seller: \_\_\_\_\_

Investor: \_\_\_\_\_

Investor's Address: \_\_\_\_\_

Social Security Number \_\_\_\_\_

Shares to be registered of record in the name of \_\_\_\_\_ :

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## EMPLOYMENT AGREEMENT

AGREEMENT, dated April 17, 2006 by and between COLONIAL COMMERCIAL CORP., a New York corporation (the "Company"), and BERNARD KORN, residing at 7564 Regency Lake Drive, Boca Raton Florida 33433 (the "Employee").

## 1. Employment; Terms and Duties

- a) Employment. Upon the terms and conditions hereinafter set forth, the Company hereby employs the Employee, and the Employee hereby accepts such employment.
- b) Term. The Employee's employment hereunder shall be for a term (the "Term") commencing as of this date (the "Commencement date") and terminating at the close of business on December 31 2010.
- c) Duties. During the Term, the Employee shall perform such duties hereunder, as may be reasonably assigned to him from time to time by the Chairman of the Board of Directors of the Company or its CEO with the approval of the Employee, which approval shall not be unreasonably withheld. Until December 31, 2008, Employee shall from whatever location he deems convenient devote his best efforts and significant time, attention and energies, during regular working hours, to the performance of his duties hereunder and to the furtherance of the business and interests of the Company, its subsidiary and affiliate companies. From January 1, 2009 until December 31, 2010 Employee shall from whatever location he deems convenient devote reasonable efforts, consistent with his personal and business commitments, to the performance of his duties hereunder and to the furtherance of the business and interests of the Company, its subsidiary and affiliate companies. Employee's inability to perform his assignments shall not constitute cause for termination. Employee shall not be required to travel without his consent.

## 2. Compensation

- a) Compensation. For all services rendered by the Employee hereunder and all covenants and conditions undertaken by him pursuant to this Agreement, the Company shall pay, and the Employee shall accept, a salary at the rate of \$200,000 per annum. Compensation shall be payable not less frequently than in bi-weekly installments.
- b) Deductions. The Company shall deduct from the compensation described in Section 2(a) any federal, state or local withholding taxes, social security contributions and any other amounts which may be required to be deducted or withheld by the Company pursuant to any federal, state or city laws, rules or regulations.
- c) Disability Adjustments. Any compensation otherwise payable to the Employee pursuant to Section 2(a) during any Disability Period (as that term is hereinafter defined) shall be reduced by any amounts payable to the Employee for loss of earnings or the like under any insurance plan or policy the premiums for which are paid for in their entirety by the Company.
- d) The Company acknowledges that Employee continues to own 52,000 options that were heretofore granted to him and that remain in effect in accordance with their terms.



3. BENEFITS; EXPENSES

- a) Fringe Benefits. During the Term, the Employee shall continue to be entitled to participate in such group life, health, accident, disability or hospitalization insurance plans as the Company may make available to its executive employees, and the continuation of his reimbursement for Medicare and AARP supplemental costs and for continuation of his prescription drug benefits.
- b) Automobile. The Company shall furnish the Employee with an automobile (including the replacement thereof), of such make, model and year similar to Employee's current automobile, for use by the Employee in connection with the performance of his duties hereunder. Upon presentation of an itemized account thereof, with such substantiation as the Company shall reasonably require, the Company shall pay or reimburse the Employee for the reasonable and necessary expenses of the maintenance (including fuel) and operation of such automobile in connection with the performance of his duties hereunder. The Company will from time to time during the Term replace Employee's automobile with a new automobile consistent with prior practice.
- c) Expenses. Upon presentation of an itemized account thereof, with such substantiation as the Company shall reasonably require, the Company shall pay or reimburse the Employee for the reasonable and necessary expenses directly and properly incurred by the Employee with the Company's prior approval in connection with the performance of his duties hereunder.
- d) Vacations. During the Term, the Employee shall be entitled to paid holidays and paid vacations, in accordance with the policy of the Company as determined by the Chairman or the CEO, provided, however, that the Employee shall be entitled to not less than four weeks paid vacation during each year of the Term, to be taken at times determined by the Employee.

4. Termination.

- a) The employment of the Employee, and the obligations of the Employee and the Company hereunder, shall cease and terminate (except as otherwise specifically provided in this Agreement) upon the first to occur on the following dates (the "Termination Date") described in this Section 4:
  - i) The date of expiration by its terms of the Term;
  - ii) The date of death of the Employee; provided, however, notwithstanding the foregoing:
    - (1) the lump sum of Five Thousand (\$5,000) Dollars shall be paid to the Employee's widow as tax-free death benefit (as provided by the Internal Revenue Code); and
    - (2) the Employee's compensation, as determined in accordance with Section 2, shall be paid for a period of one (1) year (irrespective of whether such one-year period exceeds the expiration date of the Term) to the Employee's widow.

5. Disability. In the event that the Employee shall have been unable, by reason of illness or incapacity, to perform the duties required of him pursuant to this Agreement, for a period of twelve (12) consecutive months (the "Disability Period"), the Company may give notice (the "Disability Notice") to the Employee of the discontinuance of his services hereunder, provided, however, notwithstanding the foregoing, this Agreement shall continue in full force and effect except as follows:

- a) The duties under Section 1(c) shall become inoperative on the date on which the Disability Notice is given. In lieu of his duties as set forth above, the duties of the Employee shall be, to the extent permitted by his illness or incapacity, to advise and counsel the officers and directors of the Company with respect to the affairs and business of the Company; and
- b) The Company shall continue to pay and the Employee shall accept, compensation in an amount determined in accordance with Section 2(a) for the remainder of the Term, irrespective of the amount or nature of the services rendered by the Employee pursuant to Section 5(a).

- c) Notwithstanding anything herein contained to the contrary, in the event that, prior to the delivery of the notice specified in this Section 5, the Employee shall resume the full-time performance of his duties hereunder for a period of not less than ten (10) consecutive working days, the Company may not give the Employee the Disability Notice.

6. Restrictive Covenants

- a) Non-Disclosure. Subject to the Company fully performing all of the terms and obligations required of it under this Agreement, including, without limitation, the payment of compensation, the Employee shall not disclose or furnish to any other person, firm or corporation (the "Entity") during his employment and for three years thereafter, except in the course of the performance of his duties hereunder, the following:
  - i) any information relating to any process, technique or procedure used by the Company, including, without limitation, computer programs and methods of evaluation and pricing and marketing techniques which is not specifically a matter of public record; or
  - ii) any information relating to the operations or financial status of the Company, including, without limitation, all financial data and sources of financing, which is not specifically a matter of public record; or
  - iii) any information of a confidential nature obtained as a result of his prior, present or future relationship with the Company, which is not specifically a matter of public record; or
  - iv) any trade secrets of the Company; or
  - v) the name, address or other information relating to any customer or debtor of the Company which is not specifically a matter of public record.
- b) Non-Competition. Subject to the Company fully performing all of the terms and obligations required of it under this Agreement, including, without limitation, the payment of compensation, the Employee shall not, from the date hereof and until one year after the termination of his employment with the Company (the "Restriction Period"):
  - i) in any manner, directly or indirectly, be interested in, employed by, engaged in or participate in the ownership, management, operation or control of or act in any advisory or other capacity for any Entity which, directly or indirectly, competes with the Company throughout the Territory (as that term is hereinafter defined); provided, however, that Employee may invest in any Entity which may be deemed to be in competition with the Company hereunder, the Common Stock of which Entity is "publicly held", provided that the Employee shall not own or control securities which constitute more than one (1) percent of the voting rights or equity ownership of such Entity, or five (5) percent of the outstanding principal balance of any class of debt securities of such Entity. The Employee or any Entity shall be deemed to compete with the Company if at any time during the Restriction Period the Employee or such Entity engages in any aspect of the heating, ventilation or air conditioning business.
  - ii) In any manner, directly or indirectly, attempt to seek to cause any Entity to refrain from dealing or doing business with the Company or assist any Entity in doing so or attempting to do so.

- c) Definitions. As used in this Section 6: the term "Company" shall include any parent, subsidiary or affiliate of, or successor to, the Company and the term "Territory" shall mean any state (including the District of Columbia), territory or possession of the United States within which the Company presently or hereafter does business.
- d) Breach of Provisions. In the event that the Employee shall breach any of the provisions of this Section 6, or in the event that any such breach is threatened by the Employee, in addition to and without limiting or waiving any other remedies available to the Company at law or in equity, the Company shall be entitled to immediate injunctive relief in any court, domestic or foreign, having the capacity to grant such relief, to restrain any such breach or threatened breach and to enforce the provisions of this Section VI. The Employee agrees and acknowledges that there is no adequate remedy at law for any such breach or threatened breach and, in the event that any action or proceeding is brought seeking injunctive relief, the Employee shall not use a defense thereto that there is an adequate remedy at law.
- e) Reasonable Restrictions. The parties acknowledge that the foregoing restrictions, the duration and territorial scope thereof as set forth in this Section 6, are under all of the circumstances reasonable and necessary for the protection of the Company and its business.

7. Certain Restrictions.

- a) Until May 31, 2008, Employee will not knowingly sell any of the Company's securities to a 5% shareholder (as hereinafter defined), or to a person who as a result of such sale would become a 5% shareholder, unless such person first enters into an agreement in favor of the Company with the same tenor as a standstill agreement heretofore signed by Employee (which standstill agreement by Employee is superseded by this Agreement) and in form and substance reasonably satisfactory to the Company. The term "5% shareholder" has the meaning attributed thereto in Internal Revenue Code Section 382.
- b) Until May 31, 2008 without the prior written consent of the Company, Employee will not (i) acquire, agree to acquire or make any proposal to acquire any voting securities or assets of the Company or any of its affiliates, (ii) propose to enter into any merger, consolidation, recapitalization, business combination or other similar transaction involving the Company or any of its affiliates, (iii) make, or in any way participate in any "solicitation" of "proxies" (as such terms are used in the proxy rules of the Securities and Exchange Commission) other than in casual conversation with acquaintances and relatives to vote or seek to advise or influence any person with respect to the voting of any voting securities of the Company or any of its affiliates or (iv) form, join or in any way participate in a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, in connection with any of the foregoing or (v) advise, assist or encourage any other persons in connection with the foregoing.

8. Certain Remedies

- a) Lump Sum Payment. From and after any breach by the Company of its obligations under this Agreement which is not cured within 10 days after the Employee gives notice thereof to the Company, the Employee shall be entitled at any time by notice to the Company to terminate his obligations to the Company hereunder and forthwith to receive from the Company in a lump sum, and without present value discount, the entire aggregate amount which would have been payable by the Company to Employee under Section 2(a) had Employee been employed hereunder for the entire Term. Commencing 30 days after demand therefor, interest shall accrue on such lump sum obligation at the annual rate of 10% per annum, and shall be payable on demand.

- b) Litigation Costs. Should Employee prevail in any litigation relating to his employment or this Agreement, the Company shall forthwith reimburse Employee for all of his legal fees and costs. Should Employee prevail only in part in any such litigation, the Company shall forthwith reimburse him for a pro rata portion of his legal fees and costs.

9. Effect of Change Of Control.

- a) If a change of control (as hereinafter defined) shall occur at any time from and after January 1, 2009, then
  - i) Employee shall not obligated to perform any additional services under Section 1(c),
  - ii) The Company shall forthwith pay to Employee in a lump sum, and without present value discount, the entire aggregate amount which would have been payable by the Company to Employee under Section 2(a) had Employee been employed hereunder for the entire Term. Commencing 30 days after demand therefor, interest shall accrue on such lump sum obligation at the annual rate of 10% per annum, and shall be payable on demand.
- b) A "change of control" shall be deemed to have occurred if the stockholders of the Company approve a merger of the Company, or a plan of complete liquidation of the Company, or an agreement for the sale or disposition by the Company of all or substantially all of its assets, or any other business combination of the Company with any other corporation, other than any such merger or business combination which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50% of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or business combination.

10. Miscellaneous

- a) Assignment. This Agreement shall not be assigned by either party, except that the Company shall have the right to assign its rights hereunder to any parent, subsidiary and affiliate of, or successor to, the Company.
- b) Binding Effect. This Agreement shall extend to and be binding upon the Employee, his legal representatives, heirs and distributees, and upon the Company, its successors and assigns. This Agreement was approved by the Board of Directors of the Company.
- c) Notices. Any notice required or permitted to be given under this Agreement to either party shall be sufficient if in writing and if sent by registered or certified mail, return receipt requested, to the address of Employee at his address set forth above and to the Company at its then headquarters office, or to such other address as such party may hereafter designate by a notice given to the other party in the manner provided in this Section 10(c).
- d) Waiver. A waiver by a party hereto of a breach of any term, covenant or condition of this Agreement by the other party hereto shall not operate or be construed as waiver of any other or subsequent breach by such party of the same or any other term, covenant or condition hereof.
- e) Prior Agreements. Any and all prior Agreements between the Company and the Employee, whether written or oral, relating to any and all matters covered by, and contained or otherwise dealt with in this Agreement (including without limitation the Employment Agreement dated January 1, 1998 as amended to date) are hereby canceled and terminated.

- f) Entire Agreement. This Agreement sets forth the entire Agreement between the parties with respect to the subject matter hereof and no waiver, modification, change or amendment of any of its provisions shall be valid unless in writing and signed by the party against whom such claimed waiver, modification, change or amendment is sought to be enforced.
- g) Authority. The parties severally represent and warrant that they have the power, authority and right to enter into this Agreement and to carry out and perform the terms; covenants and conditions hereof.
- h) Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey. The federal and state courts in Passaic County, New Jersey shall have exclusive jurisdiction on all matters relating to this Agreement.
- i) Severability. In the event that any of the provisions of this Agreement, or any portion thereof, shall be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions shall not be affected or impaired, but shall remain in full force and effect.
- j) Saving Clause. To the extent that any provision herein that is to Employee's benefit and not to the benefit of the Company is determined to constitute a violation of Internal Revenue Code Section 409A, such provision shall be invalid.
- k) Titles. The titles of the Sections and Sections of this Agreement are inserted merely for convenience and ease of reference and shall not affect or modify the meaning of any of the terms, covenants or conditions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and date first about written.

COLONIAL COMMERCIAL CORP.

BY:/s/ William Pagano

-----  
President

/s/Bernard Korn

-----  
Bernard Korn

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COLONIAL COMMERCIAL CORP. ANNOUNCES RESIGNATIONS AND

-----  
 STOCK SALES BY FOUR DIRECTORS  
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HAWTHORNE, New Jersey (April 18, 2006) - Colonial Commercial Corp. ("Colonial") (OTC Bulletin Board: "CCOM," "CCOMP") today announced that Bernard Korn has resigned as Chairman of the Board and Chief Executive Officer of the Company after 42 years with the Company. Mr. Korn founded the Company in 1964 and acted as Chairman and Chief Executive Officer since its inception. The Company expressed its appreciation to Mr. Korn for having been the driving force of the Company for many years. Mr. Korn will continue to serve the Company as an employee.

William Koon, Jack Rose and Carl Sussman also resigned from the Board. William Koon and Jack Rose had served as Directors since 1983. Carl Sussman was a co-founder of the Company and served as a Director since the Company's inception in 1964. The Company thanked Messrs. Koon, Rose and Sussman for their distinguished service.

The Company's continuing directors are E. Bruce Fredrikson, Melissa Goldman-Williams, Michael Goldman, Ronald Miller and William Pagano. Michael Goldman replaced Mr. Korn as Chairman of the Board. Mr. Pagano, who has served as the Company's President, was named Chief Executive Officer.

The Company also announced that Messrs. Goldman, Pagano and other investors had privately purchased from the resigning directors and Ronald Miller 629,255 shares of common stock of Colonial at \$3.00 per share. Of these shares, 426,743 were sold by Mr. Korn, 100,099 shares were sold by Mr. Rose and his wife, 41,413 shares were sold by Mr. Koon and his family, 50,000 shares were sold by Mr. Sussman, and 11,000 shares were sold by Mr. Miller. Mr. Korn retained 150,512 shares and 52,000 options, Mr. Rose and his wife retained 122,668 shares, Mr. Sussman and his wife retained 49,607 shares, and Mr. Miller retained 1,054 shares.

Colonial distributes heating, ventilating and air conditioning, ("HVAC"), equipment, parts and accessories, climate control systems, and plumbing supplies to HVAC contractors, primarily in the New York metropolitan area through its Universal Supply Group, Inc. ("Universal"), American/Universal Supply Inc. ("American") and The RAL Supply Group, Inc. ("RAL") subsidiaries. These contractors purchase and install equipment and systems for residential, commercial and industrial users. Universal also provides control system design, custom control panel fabrication, technical field support, in-house training and climate control consultation for engineers and installers. It is a leader in the design of direct digital control systems and systems that control multi-location facilities through the Internet. Universal is headquartered in New Jersey, and, with its affiliates, operates out of seven locations in New Jersey; nine in New York and one in Pennsylvania. For more information on Colonial Commercial Corp.'s operations, products and/or services, please visit [www.colonialcomm.com](http://www.colonialcomm.com).

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 Safe Harbor Statement: The foregoing press release contains statements

concerning Colonial Commercial Corp.'s financial performance, markets and business operations that may be considered "forward-looking" under applicable securities laws. Colonial wishes to caution readers of this press release that actual results might differ materially from those projected in any forward-looking statements. Factors which might cause actual results to differ materially from those projected in the forward-looking statements contained herein include the following: continued acceptance of the Company's products in the marketplace, competitive factors, dependence upon third-party vendors, and other risks detailed in the Company's periodic report filings with the Securities and Exchange Commission. These and certain other factors which might cause actual results to differ materially from those projected are detailed from time to time in Colonial's periodic reports and registration statements filed with the Securities and Exchange Commission, which important factors are incorporated herein by reference. Colonial undertakes no obligation to update forward looking statements to reflect changed assumptions, the occurrence of unanticipated events, or changes in future operating results, financial condition or business over time.

FOR FURTHER INFORMATION, PLEASE CONTACT:  
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