
**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**

May 17, 2012

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 (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 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On May 17, 2012, Keybank National Association, the Company's bank lender ("KeyBank"), loaned to the Company \$500,000 in additional funds. The loan is repayable on August 11, 2012 with interest accruing at the rate provided in the Company's Credit Agreement with KeyBank. On May 16, 2012, the Company repaid with interest a \$350,000 loan that Goldman Associates of New York, Inc. ("Goldman Associates") had made to the Company on March 1, 2012, and on May 17, 2012 Goldman Associates loaned to the Company \$500,000 repayable on August 12, 2012 with interest accruing at 4% per annum. In connection with these transactions, the Company entered into a First Amendment to its Credit Agreement with KeyBank, and executed a promissory note to Goldman Associates. Michael Goldman is the president and majority shareholder of Goldman Associates and is the Chairman of the Board of the Company.

References in this report to the First Amendment and the promissory note are qualified in their entirety by the full text of the First Amendment and the promissory note, copies of which are attached as exhibits to this report. The exhibits are incorporated into this Item 1.01 by reference.

ITEM 2.03 CREATION OF A DIRECT FINANCIAL OBLIGATION OR AN OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT OF A REGISTRANT

The information set forth in Item 1.01 is incorporated herein by reference.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit No.	Description
10.01	Credit and Security Agreement dated October 18, 2011 by and among Colonial Commercial Corp., Universal Supply Group, Inc., The RAL Supply Group, Inc. S&A Supply, Inc. and KeyBank National Association ("Credit and Security Agreement"), incorporated herein by reference from Exhibit 10.01 to the Company's Form 8-K filed on October 19, 2011.
10.02	First Amendment to the Credit Security Agreement, filed herewith.
10.03	Promissory Note dated May 17, 2012 between Colonial Commercial Corp. and Goldman Associates of New York, Inc., 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: May 23, 2012

/s/ William Salek
William Salek
Chief Financial Officer

INDEX TO EXHIBITS

Exhibit No.	Description
10.01	Credit and Security Agreement dated October 18, 2011 by and among Colonial Commercial Corp., Universal Supply Group, Inc., The RAL Supply Group, Inc. S&A Supply, Inc. and KeyBank National Association (“Credit and Security Agreement”), incorporated herein by reference from Exhibit 10.01 to the Company's Form 8-K filed on October 19, 2011.
10.02	First Amendment to the Credit Security Agreement, filed herewith.
10.03	Promissory Note dated May 17, 2012 between Colonial Commercial Corp. and Goldman Associates of New York, Inc., filed herewith.

FIRST AMENDMENT AGREEMENT

This FIRST AMENDMENT AGREEMENT (this "Amendment") is made as of the 17th day of May, 2012 among:

- (a) COLONIAL COMMERCIAL CORP., a New York corporation ("Colonial");
- (b) UNIVERSAL SUPPLY GROUP, INC., a New York corporation ("Universal");
- (c) THE RAL SUPPLY GROUP, INC., a New York corporation ("RAL");
- (d) S&A SUPPLY, INC., a New York corporation ("S&A" and, together with Colonial, Universal and RAL, collectively, "Borrowers" and, individually, each a "Borrower"); and
- (e) KEYBANK NATIONAL ASSOCIATION, a national banking association ("Lender").

WHEREAS, Borrowers and Lender are parties to that certain Credit and Security Agreement, dated as of October 18, 2011, that provides, among other things, for loans and letters of credit aggregating Fifteen Million Dollars (\$15,000,000), all upon certain terms and conditions (as the same may from time to time be amended, restated or otherwise modified, the "Credit Agreement");

WHEREAS, Borrowers and Lender desire to amend the Credit Agreement to modify certain provisions thereof and add certain provisions thereto;

WHEREAS, each capitalized term used herein and defined in the Credit Agreement, but not otherwise defined herein, shall have the meaning given such term in the Credit Agreement; and

WHEREAS, unless otherwise specifically provided herein, the provisions of the Credit Agreement revised herein are amended effective as of the date of this Amendment.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrowers and Lender agree as follows:

1. Amendment to Definitions in the Credit Agreement. Section 1.1 of the Credit Agreement is hereby amended to delete the definitions of "Borrowing Base" and "Goldman Associates Short-Term Subordinated Indebtedness" therefrom and to insert in place thereof, respectively, the following:

"Borrowing Base" means an amount equal to the total of the following:

- (a) up to eighty-five percent (85%) of the aggregate amount due and owing on Eligible Accounts Receivable of Borrowers; plus

- (b) the lesser of (i) up to fifty-five percent (55%) of the aggregate of the cost or market value (whichever is lower), as determined on a first-in first-out basis in accordance with GAAP, of the Eligible Inventory of Borrowers, or (ii) Six Million Five Hundred Thousand Dollars (\$6,500,000); plus
- (c) during the Temporary Increase Period, the Temporary Increase Amount; minus
- (d) Reserves, if any;

provided that, anything herein to the contrary notwithstanding, Lender shall at all times have the right to modify or reduce such percentages or dollar amount caps or other components of the Borrowing Base from time to time, in its reasonable credit judgment.

“Goldman Associates Short-Term Subordinated Indebtedness” means unsecured Subordinated Indebtedness from time to time owing by one or more Borrowers to Goldman Associates (other than Indebtedness permitted pursuant to Section 5.8(h)(ii) hereof) and/or Michael Goldman, so long as (a) the aggregate principal amount of all such Subordinated Indebtedness, for all Borrowers, does not exceed (i) from the First Amendment Effective Date through the date that is two days after the last day of the Temporary Increase Period, Five Hundred Thousand Dollars (\$500,000) at any time outstanding, and (ii) at all times thereafter, Three Hundred Fifty Thousand Dollars (\$350,000) at any time outstanding, (b) each advance made with respect thereto has a maturity date of no more than eighty-nine (89) days after the date of such advance, (c) such Subordinated Indebtedness is subject to a Subordination Agreement acceptable to Lender, (d) Administrative Borrower shall have provided notice to Lender prior to, or contemporaneously with, the incurrence of all such Goldman Associates Short-Term Subordinated Indebtedness, and (e) such Subordinated Indebtedness is created pursuant to documentation in form and substance satisfactory to Lender.

2. Additions to Definitions in the Credit Agreement. Section 1.1 of the Credit Agreement is hereby amended to add the following new definitions thereto:

“First Amendment Effective Date” means May 17, 2012.

“S&A Lee Bank Account” means that certain Deposit Account numbered 23458 maintained by S&A with Lee Bank.

“Temporary Increase Amount” means Five Hundred Thousand Dollars (\$500,000).

“Temporary Increase Period” means the period from the First Amendment Effective Date through August 12, 2012.

3. Amendment to Commitment and Other Fees Provisions. Section 2.8 of the Credit Agreement is hereby amended to add the following new subsection (h) at the end thereof:

(h) Temporary Increase Fee. Borrowers shall pay to Lender, as consideration for the Temporary Increase Amount, a temporary increase fee from the First Amendment Effective Date to and including the last day of the Temporary Increase Period, payable monthly, at a rate per annum equal to fifty (50) basis points multiplied by the Temporary Increase Amount. The temporary increase fee shall be payable in arrears, on June 1, 2012 and continuing on each Regularly Scheduled Payment Date thereafter during the Temporary Increase Period and on the last day of the Temporary Increase Period.

4. Amendment to Post-Closing Conditions. Section 4.3 of the Credit Agreement is hereby retroactively amended, effective as of the Closing Date, to delete Section 4.3 therefrom.

5. Retroactive Amendment to Permitted Borrowing Covenant Provisions. Section 5.8 of the Credit Agreement is hereby retroactively amended, effective as of the Closing Date, to delete subsection (h) therefrom and to insert in place thereof the following:

(h) (i) unsecured Subordinated Indebtedness owing to the Investor Subordinated Creditors (other than Goldman Associates), in an aggregate principal amount not to exceed Two Hundred Seventy Thousand Dollars (\$270,000), (ii) unsecured Subordinated Indebtedness owing to Goldman Associates, in an aggregate principal amount (excluding any Goldman Associates Short-Term Subordinated Indebtedness) not to exceed One Hundred Seventy-One Thousand Thirty-Three Dollars (\$171,033), and (iii) secured Subordinated Indebtedness owing to Goldman Associates (excluding any Goldman Associates Short-Term Subordinated Indebtedness) not to exceed Seven Hundred Fifty Thousand Dollars (\$750,000); so long as, in each case, such Subordinated Indebtedness is subject to a Subordination Agreement acceptable to Lender; and

6. Retroactive Amendment to Permitted Lien Covenant Provisions. Section 5.9 of the Credit Agreement is hereby retroactively amended, effective as of the Closing Date, to delete subsection (i) therefrom and insert in place thereof the following new subsection (i):

(i) Liens securing the Subordinated Indebtedness owing to Goldman Associates permitted pursuant to Section 5.8(h)(iii) hereof.

7. Amendment to Restricted Payments Covenant Provisions. Section 5.15 of the Credit Agreement is hereby amended to delete subsection (a) therefrom and insert in place thereof the following:

(a) so long as no Default or Event of Default shall then exist or, after giving pro forma effect to such payment, thereafter shall begin to exist, Borrowers may make regularly scheduled payments of principal and interest with respect to the Subordinated Indebtedness (including, without limitation, the Goldman Associates Short-Term Subordinated Indebtedness) owing to the Investor Subordinated Creditors; provided that no such payments shall be made with respect to the Goldman Associates Short-Term Subordinated Indebtedness until two days after the termination of the Temporary Increase Period.

8. Retroactive Amendment to Collateral Covenant Provisions. Section 5.22 of the Credit Agreement is hereby retroactively amended, as of the Closing Date, to delete subsections (e) and (g) therefrom and insert in place thereof, respectively, the following:

(e) with respect to each Deposit Account that is not maintained with Lender (other than the Colonial Wells Fargo Account and the S&A Lee Bank Account), transfer all monies in excess of Twenty-Five Thousand Dollars (\$25,000) in such Deposit Account to the Cash Collateral Account no less frequently than two times per week;

(g) (i) with respect to the Wells Fargo Account, transfer all monies in excess of One Hundred Thousand Dollars (\$100,000) in the Wells Fargo Account to the Cash Collateral Account no less frequently than two times per week, (ii) with respect to the S&A Lee Bank Account, transfer all monies in excess of Twenty-Five Thousand Dollars (\$25,000) in the S&A Lee Bank Account to the Cash Collateral Account no less frequently than two times per week, and (iii) with respect to both the Wells Fargo Account and the S&A Lee Bank Account, no later than thirty (30) days after the receipt of written notice from Lender, deliver to Lender a Control Agreement for each account, in form and substance satisfactory to Lender if (A) the Revolving Credit Availability shall be less than Five Hundred Thousand Dollars (\$500,000) for a period of five days in any period of ten (10) consecutive Business Days, or (B) any Default or Event of Default shall occur;

9. Closing Deliveries. Concurrently with the execution of this Amendment, Borrowers shall:

(a) deliver to Lender an officer's certificate certifying that, as of the First Amendment Effective Date, the aggregate principal amount of the Goldman Associates Short-Term Subordinated Indebtedness is equal to the Temporary Increase Amount;

(b) if the Goldman Associates Short-Term Subordinated Indebtedness, as of the First Amendment Effective Date, is owing to Michael Goldman, deliver to Lender a Subordination Agreement for Michael Goldman, in form and substance satisfactory to Lender; and

(c) pay all legal fees and expenses of Lender in connection with this Amendment.

10. Representations and Warranties. Borrowers hereby represent and warrant to Lender that (a) Borrowers have the legal power and authority to execute and deliver this Amendment; (b) the officers executing this Amendment have been duly authorized to execute and deliver the same and bind Borrowers with respect to the provisions hereof; (c) the execution and delivery hereof by Borrowers and the performance and observance by Borrowers of the provisions hereof do not violate or conflict with the Organizational Documents of Borrowers or any law applicable to Borrowers or result in a breach of any provision of or constitute a default under any other agreement, instrument or document binding upon or enforceable against Borrowers; (d) after giving effect to this Amendment, no Default or Event of Default exists, nor will any occur immediately after the execution and delivery of this Amendment or by the performance or observance of any provision hereof; (e) each of the representations and warranties contained in the Loan Documents is true and correct in all material respects as of the First Amendment Effective Date as if made on the First Amendment Effective Date, except to the extent that any such representation or warranty expressly states that it relates to an earlier date (in which case such representation or warranty is true and correct in all material respects as of such earlier date); (f) Borrowers are not aware of any claim or offset against, or defense or counterclaim to, Borrowers' obligations or liabilities under the Credit Agreement or any other Related Writing; and (g) this Amendment constitutes a valid and binding obligation of Borrowers in every respect, enforceable in accordance with its terms.

11. No Course of Dealing. Borrowers acknowledge and agree that this Amendment is not intended to, nor shall it, establish any course of dealing with respect to the various provisions amended herein, or otherwise, among Borrowers and Lender that is inconsistent with the express terms of the Loan Documents.

12. Waiver and Release. Borrowers, by signing below, hereby waive and release Lender, and its directors, officers, employees, attorneys, affiliates and subsidiaries, from any and all claims, offsets, defenses and counterclaims, such waiver and release being with full knowledge and understanding of the circumstances and effect thereof and after having consulted legal counsel with respect thereto.

13. References to Credit Agreement and Ratification. Each reference to the Credit Agreement that is made in the Credit Agreement or any other Related Writing shall hereafter be construed as a reference to the Credit Agreement as amended hereby. Except as otherwise specifically provided herein, all terms and provisions of the Credit Agreement are confirmed and ratified and shall remain in full force and effect and be unaffected hereby. This Amendment is a Loan Document.

14. Counterparts. This Amendment may be executed in any number of counterparts, by different parties hereto in separate counterparts and by facsimile or other electronic signature, each of which, when so executed and delivered, shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

15. Headings. The headings, captions and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

16. Severability. Any provision of this Amendment that shall be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

17. Governing Law. The rights and obligations of all parties hereto shall be governed by the laws of the State of New York, without regard to principles of conflicts of laws.

[Remainder of page intentionally left blank.]

JURY TRIAL WAIVER . BORROWERS AND LENDER, TO THE EXTENT PERMITTED BY LAW, EACH HEREBY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG BORROWERS AND LENDER, OR ANY THEREOF, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AMENDMENT OR ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED THERETO.

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the date first set forth above.

COLONIAL COMMERCIAL CORP.

By: /s/ William Pagano
Name: William Pagano
Title: Chief Executive Officer

UNIVERSAL SUPPLY GROUP, INC.

By: /s/ William Pagano
Name: William Pagano
Title: President

THE RAL SUPPLY GROUP, INC.

By: /s/ William Pagano
Name: William Pagano
Title: Executive Vice President

S&A SUPPLY, INC.

By: /s/ William Pagano
Name: William Pagano
Title: President

KEYBANK NATIONAL ASSOCIATION

By: /s/Nadine M. Eames
Nadine M. Eames
Vice President

Signature Page to
First Amendment Agreement

Principal Sum: \$500,000

Investor: Goldman Associates of NY, Inc.

Maturity Date: August 12, 2012

Dated: May 17, 2012

PROMISSORY NOTE

COLONIAL COMMERCIAL CORP., a New York corporation (hereinafter called the "Company"), hereby promises to pay to the order of Holder the Principal Sum on the Maturity Date.

1. This Promissory Note shall accrue interest at the annual rate of 4%.
2. This Promissory Note may be pre-paid in full or part without penalty at the sole option of the Company.
3. Subordination.
 - a. The Company's indebtedness to Holder under this Promissory Note shall be subordinate to indebtedness to Senior Lenders (as hereinafter defined) to the fullest extent from time to time requested by the Senior Lenders. "Senior Lenders" means (i) Keybank National Association ("KeyBank") or any lender that at time refinances any indebtedness of the Company to KeyBank or any Senior Lender and (ii) Goodman Company, L.P., Goodman Manufacturing Company, L.P. and Goodman Sales Company.
 - b. Holder hereby accepts the terms of any subordination agreement and inter-creditor and other agreements that are at any time or times proposed by the Senior Lenders as to such subordination, with the same force and effect as if Holder had directly signed such subordination and inter-creditor and other agreements. Without limiting the generality of the foregoing, Holder hereby irrevocably appoints William Pagano as Holder's attorney in fact to execute and deliver such agreements in the name of Holder and on its behalf.
4. Events of Default, Change of Control, and Acceleration of the Promissory Note.
 - a. A default with respect to this Promissory Note shall exist if any of the following shall occur:
 - i. The Company shall fail to make any payment of principal or interest when due, or the Company shall otherwise breach any other provision of this Promissory Note, and such failure to make payment or such other breach shall continue for 20 business days after written notice by Holder to the Company.

- ii. A receiver, liquidator or trustee of the Company or of a substantial part of its properties shall be appointed by court order and such order shall remain in effect for more than 45 calendar days; or the Company shall be adjudicated bankrupt or insolvent; or a substantial part of the property of the Company shall be sequestered by court order and such order shall remain in effect for more than 45 calendar days; or a petition to reorganize the Company under any bankruptcy, reorganization or insolvency law shall be filed against the Company and shall not be dismissed within 45 calendar days after such filing.
 - iii. The Company shall file a petition in voluntary bankruptcy or request reorganization under any provision of any bankruptcy, reorganization or insolvency law, or shall consent to the filing of any petition against it under any such law.
 - iv. The Company shall have defaulted in respect of any obligation for borrowed money and the lender in respect thereof shall have accelerated or shall have purported to accelerate the maturity thereof; or
 - v. The Company shall make an assignment for the benefit of its creditors or consent to the making of any such assignment, or admit in writing its inability to pay its debts generally as they become due, or consent to the appointment of a receiver, trustee or liquidator of the Company, or of all or any substantial part of its properties.
- b. If a default shall occur and be continuing, the Holder may, in addition to such Holder's other remedies, by written notice to the Company (an "Acceleration Notice"), declare the principal amount of this Promissory Note to be due and payable immediately. Upon any such declaration, such amount shall become immediately due and payable.

5. MISCELLANEOUS.

- a. All notices and other communications required or permitted to be given hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by telegram, by facsimile, recognized overnight mail carrier, telex or other standard form of telecommunications, or by registered or certified mail, postage prepaid, return receipt requested, addressed as follows: (a) if to the Holder, to such address as such Holder shall furnish to the Company in accordance with this Section, or (b) if to the Company, to it at its headquarters office, or to such other address as the Company shall furnish to the Holder in accordance with this Section.
-

- b. This Promissory Note shall be governed and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed entirely within such state, without regard to choice or conflict of laws principles that would defer to the substantive laws of any other jurisdiction.
- c. All disputes hereunder shall be resolved exclusively by the Federal and State courts in Passaic County, New Jersey.
- d. The Holder of this Promissory Note shall be entitled to recover its reasonable legal and actual costs of collecting on this Promissory Note, and such costs shall be deemed added to the principal amount this Promissory Note.
- e. The Company waives protest, notice of protest, presentment, dishonor, notice of dishonor and demand.
- f. This Promissory Note may not be changed or terminated orally.
- g. This Promissory Note may be executed and delivered by facsimile or portable document format and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- h. The Section headings in this Promissory Note are for convenience only.

IN WITNESS WHEREOF, the Company has caused this Promissory Note to be duly executed on the date set forth above.

COLONIAL COMMERCIAL CORP.

By: /s/ William Pagano
Name: William Pagano
Title: Chief Executive Officer

Confirmed as to appointment of attorney in fact:

Goldman Associates of NY, Inc.

By: /s/ Melissa
Goldman-Williams
Name: Melissa Goldman-Williams
Title: VP of Operations

Created by Morningstar[®] Document ResearchSM
<http://documentresearch.morningstar.com>