

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

JUNE 23, 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

The Company's subsidiaries are party to a Credit and Security Agreement dated as of July 28, 2004 ("Agreement") with Wells Fargo Bank, National Association, acting through its Wells Fargo Business Credit operating division, as successor to Wells Fargo Business Credit, Inc.

Effective June 23, 2006, the Agreement was amended to extend the "Original Maturity Date" (as defined) from August 1, 2009 to August 1, 2010.

The description of the amendment is qualified by reference to Exhibit 10.02 attached as an exhibit hereto.

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

Reference is made to Item 1.01 for information relating to an amendment to a Credit and Security Agreement. This information is incorporated herein.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit No. Description

10.01 Credit Security Agreement dated July 28, 2004 between American/Universal Supply, Inc., The RAL Supply Group, Inc. and Universal Supply Group, Inc. to Wells Fargo Business Credit, Inc. ("Credit Security Agreement"). Incorporated herein by reference from Exhibit 10.1 to the Company's Form 10-Q filed on August 16, 2004.

10.02 First Amendment to the Credit Security Agreement, 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: June 27, 2006

/s/ William Salek

William Salek
Chief Financial Officer

INDEX TO EXHIBITS

Exhibit No.	Description
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10.02	First Amendment to the Credit Security Agreement, filed herewith.

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FIRST AMENDMENT, dated as of May 11, 2006 ("Amendment"), to and under CREDIT AND SECURITY AGREEMENT, dated as of July 28, 2004 (as amended from time to time, the "Credit Agreement"), by and among AMERICAN/UNIVERSAL SUPPLY, INC., a New York corporation ("American"), THE RAL SUPPLY GROUP, INC., a New York corporation ("RAL") and UNIVERSAL SUPPLY GROUP, INC., a New York corporation ("Universal"; American, RAL and Universal are each individually referred to as a "Borrower" and are collectively referred to as the "Borrowers") and WELLS FARGO BANK, NATIONAL ASSOCIATION, acting through its Wells Fargo Business Credit operating division, as successor to Wells Fargo Business Credit, Inc. (the "Lender"). Terms which are capitalized in this Amendment and not otherwise defined shall have the meanings ascribed to such terms in the Credit Agreement.

WHEREAS, the Borrowers have requested that the Lender (i) provide the Borrowers with up to \$500,000 of temporary overadvances and (ii) extend the maturity date of the Credit Agreement, and the Lender has agreed to the foregoing request, on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrowers and the Lender hereby agree as follows:

SECTION ONE. AMENDMENTS TO CREDIT AGREEMENT.

(a) Effective upon satisfaction of the conditions precedent set forth in subsection (a) of Section Four hereof, the Credit Agreement is hereby amended as follows:

(i) SECTION 1.1. DEFINITIONS. (1) The following defined terms

contained in Section 1.1 of the Credit Agreement are amended and restated as follows:

"BORROWING BASE" means, with respect to any Borrower at any time, and subject to change from time to time in the Lender's sole discretion, which discretion shall be exercised in a commercially reasonable manner, the lesser of:

(a) the Maximum Line, minus the L/C Amount, minus the aggregate principal amount of outstanding Advances made to the other Borrowers; or

(b) the sum of:

(i) up to eighty-five percent (85%) of such Borrower's Eligible Accounts, plus

(ii) the lesser of: (A) up to fifty-seven percent (57%) of the lower of the cost or fair market value, as determined in accordance with GAAP, of such Borrower's Eligible Inventory, but in no event to exceed \$8,500,000.00, minus the aggregate

principal amount of outstanding Advances made to the other Borrowers pursuant to this clause (ii),

and (B) up to ninety-five percent (95%) of the liquidation value of such Borrower's Eligible Inventory, net of liquidation and other related expenses, as determined by the Lender in its sole discretion, which discretion shall be exercised in a commercially reasonable manner, but in no event to exceed \$8,500,000.00, minus the aggregate

principal amount of outstanding Advances made to the other Borrowers pursuant to this clause (ii), plus

(iii) up to the amount of the Structural Sublimit then in effect, minus the aggregate principal

amount of outstanding Advances made to the other Borrowers pursuant to this clause (iii), plus

(iv) up to the amount of the Overadvance Sublimit then in effect, minus the aggregate principal

amount of outstanding Advances made to the other Borrowers pursuant to this clause (iv), minus

(v) up to the amount of the Landlord Reserve then in effect, apportioned among the Borrowers in such manner as the Lender may determine from time to time in its sole discretion, which discretion shall be exercised in a commercially reasonable manner, minus

(vi) up to the amount of the Availability Reserve then in effect, apportioned among the Borrowers in such manner as the Lender may determine from time to time in its sole discretion, which discretion shall be exercised in a commercially reasonable manner, minus

(vii) the portion of the L/C Amount relating to Letters of Credit issued for such Borrower's account, minus

(viii) such other reserves as the Lender may establish from time to time in its sole discretion, which discretion shall be exercised in a commercially reasonable manner.

Notwithstanding the foregoing, in the event that dilution for all Accounts during any ninety (90) consecutive day period, expressed as a percentage, as determined by the Lender in its sole discretion, exercised in a commercially reasonable manner, pursuant to its periodic examination of the Borrowers' collateral reports and/or books and records, exceeds four percent (4%), then the Lender, in its sole discretion, may implement and maintain such reserves and/or reduce the advance percentages used in determining the Borrowing Base to adjust for such excess.

"FLOATING RATE" means with respect to all Advances, other than Overadvances and Structural Sublimit Advances, an annual rate equal to the Prime Rate minus one-quarter of one percent (1/4 of 1%), and with

respect to Overadvances and Structural Sublimit Advances, an annual rate equal to the Prime Rate plus one-half of one percent (1/2 of 1%),

which annual rate, in each case, shall change when and as the Prime Rate changes.

(2) The following new defined terms shall be inserted in Section 1.1 of the Credit Agreement in alphabetical order:

"OVERADVANCE SUBLIMIT" means, on May 11, 2006, the amount of \$500,000, which amount shall be automatically and permanently reduced on each Business Day, beginning on July 11, 2006, by the sum of \$12,500.00, until reduced to zero (-0-).

"OVERADVANCES" means Advances made pursuant to and in accordance with the terms of paragraph (b)(iv) of the defined term Borrowing Base.

(ii) SECTION 2.12. The following sentence is added at the end of

Section 2.12 of the Credit Agreement:

In furtherance and not in limitation of Section 2.3, the Borrowers jointly and severally agree to permanently pre-pay the aggregate principal balance of the Overadvances (i) on each Business Day of each month, beginning on July 11, 2006, by an amount equal to \$12,500.00, and (ii) on September 11, 2006 by an amount such that the Overadvances shall be reduced to zero (-0-).

(b) EFFECTIVE UPON SATISFACTION OF THE CONDITIONS PRECEDENT SET FORTH IN SUBSECTION (B) OF SECTION FOUR HEREOF, THE CREDIT AGREEMENT IS HEREBY AMENDED AS FOLLOWS:

(i) SECTION 1.1. DEFINITIONS. The following defined term contained

in Section 1.1 of the Credit Agreement is amended and restated as follows:

"ORIGINAL MATURITY DATE" means August 1, 2010.

SECTION TWO. AMENDMENT FEE. In consideration for the accommodations and

amendments provided herein, the Borrowers shall pay to the Lender a non-refundable fee in the amount of \$10,000 (the "Amendment Fee"), which fee shall be fully earned on the date hereof. The Borrowers hereby authorize the Lender to charge the Borrowers' loan account with the Lender in payment of such fee.

SECTION THREE. REPRESENTATIONS AND WARRANTIES. To induce the Lender to

enter into this Amendment, each Borrower warrants and represents to the Lender as follows:

(a) all of the representations and warranties contained in the Credit Agreement and each other Loan Document continue to be true and correct in all material respects as of the date hereof, as if repeated as of the date hereof, except for such representations and warranties which, by their terms, are only made as of a previous date;

(b) the execution, delivery and performance by each Borrower of this Amendment, the consummation of the transactions herein contemplated and the compliance with the provisions hereof have been duly authorized by all necessary corporate action and do not and will not require any consent or approval of such Borrower's stockholders; require any authorization, consent, license, permit or approval by, or registration, declaration or filing with, or notice to, any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or any third party, except such authorization, consent, license, permit, approval, registration, declaration, filing or notice as has been obtained, accomplished or given prior to the date hereof; violate any provision of any law, rule or regulation (including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System) or of any order, writ, injunction or decree presently in effect having applicability to such Borrower or of such Borrower's articles of incorporation or bylaws; result in a breach of or constitute a default under any indenture or loan or credit agreement or any other material agreement, lease or instrument to which such Borrower is a party or by which it or its properties may be bound or affected; or result in, or require, the creation or imposition of any Lien (other than in favor of the Lender) upon or with respect to any of the properties now owned or hereafter acquired by such Borrower;

(c) upon its execution, this Amendment shall constitute the legal, valid and binding obligation of each Borrower, enforceable against each Borrower in accordance with its terms;

(d) no Default or Event of Default has occurred and is continuing;
and

(e) since the date of the audited financial statements of the Borrowers for the fiscal year ended December 31, 2005, there has been no material adverse change in any Borrower's business, properties or condition (financial or otherwise).

SECTION FOUR. CONDITIONS PRECEDENT. (a) The amendments to the Credit Agreement set forth in subsection (a) of Section One hereof shall become effective upon the date on which all of the following events shall have occurred:

(i) the Lender shall have received this Amendment, duly executed by each Borrower;

(ii) the Lender shall have received the Amendment Fee;

(iii) the Lender shall have received payment of all fees and disbursements incurred by the Lender in connection with the preparation, negotiation and closing of this Amendment and the transactions contemplated to occur hereunder; and

(iv) no event has occurred and is continuing which constitutes a Default or an Event of Default, and no event or development which has had or is reasonably likely to have a Material Adverse Effect shall have occurred since the date of the Borrowers' audited financial statements for the fiscal year ended December 31, 2005.

(b) The amendment to the Credit Agreement set forth in subsection (b) of Section One hereof shall become effective upon the date on which all of the following events shall have occurred:

(i) the Lender shall have received this Amendment, duly executed by each Borrower;

(ii) the Lender shall have received a certificate of each Borrower's Secretary or Assistant Secretary certifying as to (A) the resolutions of such Borrower's directors and, if required, shareholders, authorizing the execution, delivery and performance of the this Amendment, (B) such Borrower's articles of incorporation and bylaws, and (C) the signatures of such Borrower's officers or agents authorized to execute and deliver the this Amendment and other instruments, agreements and certificates to be delivered in connection with this Amendment on such Borrower's behalf;

(iii) the Lender shall have received a current certificate issued by the Secretary of State of each Borrower's state of incorporation certifying that such Borrower is in compliance with all applicable organizational requirements of such state;

(iv) the Lender shall have received the Amendment Fee, if not previously received by the Lender;

(v) the Lender shall have received payment of all fees and disbursements incurred by the Lender in connection with the preparation, negotiation and closing of this Amendment and the transactions contemplated to occur hereunder;

(vi) the Lender shall have received from each Guarantor a duly executed original (or any executed facsimile copy) of the Guarantor Acknowledgment and Consent in substantially the form attached hereto as Exhibit A;

(vii) the Lender shall have received from each holder of Subordinated Debt a duly executed original (or any executed facsimile copy) of the Subordinated Lender Acknowledgment and Consent in substantially the form attached hereto as Exhibit B; and

(viii) no event has occurred and is continuing which constitutes a Default or an Event of Default, and no event or development which has had or is reasonably likely to have a Material Adverse Effect shall have occurred since the date of the Borrowers' audited financial statements for the fiscal year ended December 31, 2005.

SECTION FIVE. GENERAL PROVISIONS.

(a) Except as herein expressly amended, the Credit Agreement and all of the other Loan Documents are ratified and confirmed in all respects and shall remain in full force and effect in accordance with their respective terms.

(b) All references to the Credit Agreement in the Loan Documents shall mean the Credit Agreement as amended as of the effective date hereof, and as amended hereby and as hereafter amended, supplemented and modified from time to time.

(c) This Amendment embodies the entire agreement between the parties hereto with respect to the subject matter hereof and supercedes all prior agreements, commitments, arrangements, negotiations or understandings, whether written or oral, of the parties with respect thereto.

(d) This Amendment shall be governed by and construed in accordance with the internal laws of the State of New York, without regard to the conflicts of law principals thereof.

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IN WITNESS WHEREOF, the Borrowers and the Lender have signed below to indicate their agreement with the foregoing and their intent to be bound thereby.

AMERICAN/UNIVERSAL SUPPLY, INC.

By: /s/ Richard P. Hennig

Name: Richard P. Hennig
Title: President

THE RAL SUPPLY GROUP, INC.

By: /s/ William Pagano_

Name: William Pagano
Title: Vice President

UNIVERSAL SUPPLY GROUP, INC.

By: /s/ William Pagano

Name: William Pagano
Title: President

WELLS FARGO BANK, NATIONAL ASSOCIATION,
acting through its Wells Fargo
Business Credit operating division

By: /s/ Baraka Stewart

Name: Baraka Stewart
Title: Vice President

EXHIBIT A

Form of Guarantor Acknowledgment and Consent

The undersigned, each a guarantor with respect to the obligations of American/Universal Supply, Inc., a New York corporation ("American"), The RAL Supply Group, Inc., a New York corporation ("RAL") and Universal Supply Group, Inc., a New York corporation ("Universal"; American, RAL and Universal are collectively referred to as the "Borrowers"), to Wells Fargo Bank, National Association, acting through its Wells Fargo Business Credit operating division, as successor to Wells Fargo Business Credit, Inc. (the "Lender"), under the Credit and Security Agreement, dated as of July 28, 2004 (as amended from time to time, the "Credit Agreement"), by and among the Borrowers and the Lender, hereby (i) acknowledges and consent to the execution, delivery and performance by the Borrowers of the First Amendment, dated as of May 11, 2006 (the "Amendment"), to and under the Credit and Security Agreement, by and among the Borrowers and the Lender, attached hereto as Annex A, (ii) reaffirms and agrees that the Guaranty by Corporations, dated as of July 28, 2004 (as amended from time to time, the "Guaranty"), made by the undersigned for the benefit of the Lender is in full force and effect, without defense, offset or counterclaim, and will remain in full force and effect from and after the effective date of the Amendment, and the undersigned acknowledges and guarantees the Indebtedness (as defined in the Guaranty), including, without limiting the generality of the foregoing, the obligations of the Borrowers under the Credit Agreement, as amended by the Amendment; and (iii) the execution, delivery and performance of this Guarantor Acknowledgment and Consent (the "Consent") and the performance of the Guaranty, as amended and supplemented by this Consent, have been duly authorized by all necessary corporate action and do not and will not require any consent or approval of such undersigned's stockholders, or require any authorization, consent, license, permit or approval by, or registration, declaration or filing with, or notice to, any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or any third party, except such authorization, consent, license, permit, approval, registration, declaration, filing or notice as has been obtained, accomplished or given prior to the date hereof, in order for this Consent or the Guaranty, as amended and supplemented by this Consent, to be effective and enforceable against the undersigned with respect to all of the Indebtedness (as defined in the Guaranty).

In addition to the foregoing, Colonial Commercial Corp. ("Colonial") hereby (i) reaffirms and agrees that each of the General Security Agreement, dated as of July 28, 2004 (as amended from time to time, the "Security Agreement"), entered into by Colonial and the Lender and the Securities Pledge Agreement, dated as of July 28, 2004 (as amended from time to time, the "Pledge Agreement" and, together with the Security Agreement, the "Collateral Documents"), made by Colonial in favor of the Lender is in full force and effect, and will remain in full force and effect from and after the effective date of the Amendment, and acknowledges that the Collateral (as defined in the Security Agreement) and the Pledged Collateral (as defined in the Pledge Agreement) will secure the Indebtedness (as defined in the Guaranty) and (ii) represents and warrants to the Lender that as of the date hereof all of the representations and warranties of Colonial contained in the Collateral Documents, as supplemented by this Consent, continue to be true and correct in all material respects as of the date hereof, as if repeated as of the date hereof,

except for such representations and warranties which, by their terms, are only made as of a previous date.

Unless otherwise specified herein, capitalized terms used herein have the meanings specified in the Amendment.

AMERICAN/UNIVERSAL SUPPLY, INC.

By: /s/ Richard P. Hennig

Name: Richard P. Hennig
Title: President

THE RAL SUPPLY GROUP, INC.

By: /s/ William Pagano

Name: William Pagano
Title: Vice President

UNIVERSAL SUPPLY GROUP, INC.

By: /s/ William Pagano

Name: William Pagano
Title: President

COLONIAL COMMERCIAL CORP.

By: /s/ William Pagano

Name: William Pagano
Title: Chief Executive Officer

First Amendment

EXHIBIT B

Form of Subordinated Lender Acknowledgment and Consent

The undersigned, each a holder of Subordinated Debt (as defined in the Credit and Security Agreement, dated as of July 28, 2004 (as amended from time to time, the "Credit Agreement"), by and among American/Universal Supply, Inc., a New York corporation ("American"), The RAL Supply Group, Inc., a New York corporation ("RAL") and Universal Supply Group, Inc., a New York corporation ("Universal"; American, RAL and Universal are collectively referred to as the "Borrowers"), and Wells Fargo Bank, National Association, acting through its Wells Fargo Business Credit operating division, as successor to Wells Fargo Business Credit, Inc., hereby (i) acknowledges and consent to the execution, delivery and performance by the Borrowers of the First Amendment, dated as of May 11, 2006 (the "Amendment"), to and under the Credit Agreement, attached hereto as Annex A, (ii) reaffirms and agrees that the Subordination Agreement set forth on Annex B attached hereto to which it is a party (each as amended from time to time, the "Subordination Agreement"), is in full force and effect, and will remain in full force and effect from and after the effective date of the Amendment.

Unless otherwise specified herein, capitalized terms used herein have the meanings specified in the Amendment.

HILDEBRANDT PROPERTIES, LLC

By: /s/ Paul H. Hildebrandt

Name: Paul H. Hildebrandt
Title:

COLONIAL COMMERCIAL CORP.

By: /s/ William Pagano

Name: William Pagano
Title: Chief Executive Officer

GOLDMAN ASSOCIATES OF NEW YORK, INC.

By: /s/ Michael Goldman

Name: Michael Goldman
Title: President

For Rita Folger, William Pagano, Paul H. Hildebrandt, John A. Hildebrandt, Eileen Goldman, William Salek, James Fallon, Richard A. Cancelosi and Margaret Friedrich
by Power of Attorney

/s/ William Pagano

William Pagano, Attorney-in-Fact

Annex A to Subordinated Lender
Acknowledgment and Consent

First Amendment

Annex B to Subordinated Lender
Acknowledgment and Consent

Subordination Agreements

Subordination Agreement, dated as of the 28th day of July, 2004, as amended from time to time, made by Hildebrandt Properties, LLC, for the benefit of Wells Fargo Business Credit, Inc.

Subordination Agreement, dated as of the 28th day of July, 2004, as amended from time to time, made by Paul H. Hildebrandt, for the benefit of Wells Fargo Business Credit, Inc.

Subordination Agreement, dated as of the 28th day of July, 2004, as amended from time to time, made by Colonial Commercial Corp. for the benefit of Wells Fargo Business Credit, Inc.

Subordination Agreement, dated as of the 28th day of July, 2004, as amended from time to time, made by Goldman Associates of New York, Inc., a New York corporation, for the benefit of Wells Fargo Business Credit, Inc.

Subordination Agreement, dated as of the 28th day of July, 2004, as amended from time to time, made by Rita Folger, William Pagano, Paul H. Hildebrandt, John A. Hildebrandt, Eileen Goldman, William Salek, James Fallon, Richard A. Cancelosi and Margaret Friedrich, for the benefit of Wells Fargo Business Credit, Inc.

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