SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended September 30, 2005	Commission File No. 1-6663

COLONIAL COMMERCIAL CORP.

(Exact Name of Company as Specified in its Charter)

New York	11-2037182
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
275 Wagaraw Road, Hawthorne, New Jersey	07506
(Address of Principal Executive Offices)	(Zip Code)

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

120 New South Road, Hicksville, New York 11801

(Former Address of Principal Executive Offices)

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No X

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes No X

Indicate by check mark whether the Company (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Company was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of the Company's Common Stock and Convertible Preferred Stock as of November 1, 2005.

Common Stock, par value $.05 per share - 4,530,687 shares
Convertible Preferred Stock, par value $.05 per share - 498,493 shares

COLONIAL COMMERCIAL CORP. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

COLONIAL COMMERCIAL CORP. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	September 30, 2005	December 31, 2004
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 465,252	$ 310,659
Accounts receivable, net of allowance for doubtful accounts of $229,663 in 2005 and $290,448 in 2004	8,140,298	7,774,588
Inventory	11,142,206	11,002,314
Prepaid expenses and other current assets	1,159,215	865,732
Deferred tax asset - current portion	637,500	574,061
Total current assets	21,544,471	20,527,354
Property and equipment	1,676,297	1,656,149
Goodwill	1,628,133	1,628,133
Other intangibles	14,750	27,500
Other assets - noncurrent	142,654	183,183
Deferred tax asset - noncurrent	1,071,000	492,939
	$ 26,077,305	$ 24,515,258
Liabilities and Stockholders' Equity		
Current liabilities:		
Trade payables	$ 5,598,165	$ 4,721,790
Accrued liabilities	1,908,188	1,744,006
Income taxes payable	7,298	36,316
Borrowings under credit facility-revolving credit	10,744,191	10,658,542
Borrowings under credit facility-term loan	812,977	1,666,667
Notes payable - current portion; includes related party notes of $0 in 2005 and $30,000 in 2004	151,156	115,265
Total current liabilities	19,221,975	18,942,586
Notes payable, excluding current portion; includes related party notes of $881,250 in 2005 and $993,125 in 2004	1,390,489	1,398,774
Total liabilities	20,612,464	20,341,360
Commitments and contingencies		
Stockholders' equity:		
Redeemable convertible preferred stock, $.05 par value, 2,468,860 shares authorized, 525,680 in 2005 and 790,439 in 2004 shares issued and outstanding, liquidation preference of $2,628,400 in 2005 and $3,952,195 in 2004	26,284	39,522
Common stock, $.05 par value, 20,000,000 shares authorized, 4,491,500 in 2005 and 4,158,441 in 2004 shares issued and outstanding	224,575	207,922
Additional paid-in capital	10,694,496	10,746,836
Accumulated deficit	(5,480,514)	(6,820,382)
Total stockholders' equity	5,464,841	4,173,898
	$ 26,077,305	$ 24,515,258

See accompanying notes to unaudited condensed consolidated financial statements.

COLONIAL COMMERCIAL CORP. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited)

	For The Three Months Ended September 30, 2005	For The Three Months Ended September 30, 2004
Sales	$ 17,377,655	$ 16,185,005
Cost of sales	12,285,200	11,453,648
Gross profit	5,092,455	4,731,357
Selling, general and administrative expenses, net	4,449,626	4,177,443
Operating income	642,829	553,914
Other income	63,546	58,280
Interest expense, net; includes related party interest of $19,609 in 2005 and $0 in 2004.	(269,897)	(249,463)
Income from operations before income tax benefit	436,478	362,731
Income tax benefit	(582,141)	(476,351)
Net income	$ 1,018,619	$ 839,082
Income per common share:		
Basic	$ 0.24	$ 0.22
Diluted	$ 0.19	$ 0.17
Weighted average shares outstanding:		
Basic	4,300,270	3,747,715
Diluted	5,296,133	4,940,318

See accompanying notes to unaudited condensed consolidated financial statements.

COLONIAL COMMERCIAL CORP. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited)

	For The Nine Months Ended September 30, 2005	2004
Sales	$ 48,226,815	$ 44,859,290
Cost of sales	33,749,170	31,520,092
Gross profit	14,477,645	13,339,198
Selling, general and administrative expenses, net	13,068,688	12,308,681
Operating income	1,408,957	1,030,517
Other income	213,282	240,557
Interest expense, net; includes related party interest of $56,000 in 2005 and $0 in 2004.	(763,788)	(622,515)
Income from operations before income tax benefit	858,451	648,559
Income tax benefit	(481,417)	(554,778)
Net income	$ 1,339,868	$ 1,203,337
Income per common share:		
Basic	$ 0.32	$ 0.38
Diluted	$ 0.25	$ 0.28
Weighted average shares outstanding:		
Basic	4,217,250	3,164,125
Diluted	5,290,507	4,368,017

See accompanying notes to unaudited condensed consolidated financial statements.

COLONIAL COMMERCIAL CORP. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For The Nine Months Ended September 30, 2005	2004
Cash flows from operating activities:		
Net income	$ 1,339,868	$ 1,203,337
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Deferred tax benefit	(641,500)	(645,600)
Stock-based compensation	(52,525)	84,900
Provision for doubtful accounts	29,343	196,286
Depreciation	285,211	267,244
Amortization of intangibles	12,750	23,750
Accretion of debt discount	28,125	-
Changes in operating assets and liabilities:		
Accounts receivable	(395,053)	(2,204,510)
Inventory	(139,892)	(1,285,449)
Prepaid expenses and other current assets	(293,483)	(441,337)
Other assets - noncurrent	40,529	-
Trade payables	876,375	(380,668)
Accrued liabilities	164,182	7,262
Income taxes payable	(29,018)	(103,447)
Net cash provided by (used in) operating activities	1,224,912	(3,278,232)
Cash flows from investing activities:		
Additions to equipment	(305,359)	(347,645)
Net cash used in investing activities	(305,359)	(347,645)
Cash flows from financing activities:		
Issuance of common stock	19,000	1,635,000
Retirement of preferred stock	(15,400)	(355,638)
Repayments of notes payable	(48,919)	(47,645)
Issuance of notes payable	48,400	1,179,017
Issuance of warrants	-	187,500
Net (repayments) borrowings under credit facility	(768,041)	1,157,112
Net cash (used in) provided by financing activities	(764,960)	3,755,346
Increase in cash and cash equivalents	154,593	129,469
Cash and cash equivalents - beginning of period	310,659	342,756
Cash and cash equivalents - end of period	$ 465,252	$ 472,225

See accompanying notes to unaudited condensed consolidated financial statements.

Notes To Condensed Consolidated Financial Statements
September 30, 2005
(Unaudited)

1. Summary of Significant Accounting Policies and Practices

The condensed consolidated financial statements of Colonial Commercial Corp. and Subsidiaries (the "Company") included herein have been prepared by the Company and are unaudited; however, such information reflects all adjustments (consisting solely of normal recurring adjustments), which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations, and cash flows for the interim periods to which the report relates. The results of operations for the period ended September 30, 2005 are not necessarily indicative of the operating results that may be achieved for the full year.

Certain information and footnote disclosures, normally included in consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America, have been condensed or omitted. It is suggested that these consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Form 10-K for the year ended December 31, 2004.

We have one continuing industry segment - wholesale distribution of heating, ventilation, air conditioning equipment and plumbing fixtures.

Inventory is comprised of finished goods.

Stock Options

The Company uses the intrinsic-value method of accounting for stock-based awards granted to employees. The Company recognizes stock-based compensation related to option repricing for options previously awarded. For the quarter and nine months ended September 30, 2005, the amount of stock based compensation was ($26,785) and ($52,525), respectively. During the nine months ended September 30, 2005, no stock options were granted and all outstanding options were fully vested. In accordance with SFAS No. 148, "Accounting for Stock Based Compensation - Transition and Disclosure," the following table presents the effect on net income and net income per share, had compensation cost for the Company's stock plans been determined consistent with SFAS No. 123, "Accounting for Stock-Based Compensation". The fair value of each option grant is estimated on the date of grant by use of the Black-Scholes option-pricing model.

The following table illustrates the effect on net income if the fair-value-based method had been applied to all outstanding awards in each period.

	For the Quarter Ended September 30,		For the Nine Months Ended September 30,	
	2005	2004	2005	2004
Net income, as reported	$ 1,018,619	$ 839,082	$ 1,339,868	$ 1,203,337
Add: Stock-based compensation related to option repricing	(26,785)	33,960	(52,525)	84,900
Pro forma net income	$ 991,834	$ 873,042	$ 1,287,343	$ 1,288,237
Basic income per share, as reported	0.24	0.22	0.32	0.38
Basic income per share, pro forma	0.23	0.23	0.31	0.41
Diluted income per share, as reported	0.19	0.17	0.25	0.28
Diluted income per share, pro forma	0.19	0.18	0.24	0.29

2. Equity Transactions

During the quarter ended March 31, 2005, the Company issued 14,000 shares of common stock pursuant to the exercise of outstanding stock options. Bernard Korn obtained 10,000 shares of common stock, by exercising outstanding stock options on February 2, 2005. Mr. Korn is the Chief Executive Officer and a Director of the Company. A non-executive employee of Universal obtained 4,000 shares of common stock, by exercising his outstanding stock options on March 22, 2005.

During the quarter ended September 30, 2005, the Company issued 62,000 shares of common stock pursuant to the exercise of outstanding stock options. Bernard Korn obtained 25,000 shares of common stock, by exercising outstanding stock options on September 20, 2005. Mr. Korn is the Chief Executive Officer and a Director of the Company. William Pagano obtained 20,000 shares of common stock, by exercising outstanding stock options on September 20, 2005. Mr. Pagano is the President and a Director of the Company. Carl Sussman obtained 12,000 shares of common stock, by exercising outstanding stock options on September 26, 2005. Mr. Sussman is a Director of the Company. William Salek obtained 5,000 shares of common stock, by exercising outstanding stock options on September 28, 2005. Mr. Salek is the Chief Financial Officer of the Company.

During the quarter ended September 30, 2005, holders of a total of 238,131 shares of redeemable Convertible Preferred Stock converted these shares into 238,131 shares of Common Stock, of which 174,378 shares of Convertible Preferred Stock were converted by Directors of the Company.

During the nine months ended September 30, 2005 and 2004, the Company converted 257,059 shares and 56,051 shares, respectively, of Convertible Preferred Stock to a similar number of Common Stock.

On August 16, 2005, the Company announced that it was offering to purchase all shares of Convertible Preferred Stock that on August 15, 2005 were owned by shareholders who then owned 99 shares or less for $2.00 per share. The offer expired September 30, 2005. As a result of the offer, the Company purchased 7,700 shares of its Convertible Preferred Stock, which were retired.

3. Supplemental Cash Flow Information

The following is supplemental information relating to the consolidated statements of cash flows:

	For the Nine Months Ended September 30, 2005	For the Nine Months Ended September 30, 2004
Cash paid during the period for:		
Interest	$ 704,032	$ 600,514
Income taxes	$ 253,046	$ 136,655

4. Net Income Per Common Share

Basic net income per share is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding. Diluted earnings per share reflect, in periods in which they have a dilutive effect, the impact of common shares issuable upon exercise of stock options.

A reconciliation between the numerators and denominators of the basic and diluted income per common share is as follows:

	For the Quarter Ended September 30,		For the Nine Months Ended September 30,	
	2005	2004	2005	2004
Net income (numerator)	$ 1,018,619	$ 839,082	$ 1,339,868	$ 1,203,337
Weighted average common shares (denominator for basic income per share)	4,300,270	3,747,715	4,217,250	3,164,125
Effect of dilutive securities:				
Convertible preferred stock	668,193	839,230	745,333	956,169
Convertible notes	175,000	116,726	175,000	38,908
Stock options	152,670	236,647	152,924	208,815
Weighted average common and potential Common shares outstanding (denominator for diluted income per share)	5,296,133	4,940,318	5,290,507	4,368,017
Basic net income per share	$ 0.24	$ 0.22	$ 0.32	$ 0.38
Diluted net income per share	$ 0.19	$ 0.17	$ 0.25	$ 0.28

5. Financing Arrangements

At September 30, 2005, amounts outstanding under the credit facility were $11,557,168, of which $812,977 represents a term loan payable in equal monthly installments of approximately $83,333. At September 30, 2005, the amount of the unused available credit was $1,438,246. The interest rate on the $812,977 term loan was 7.25% (prime plus .5%) as of September 30, 2005. The interest rate on the remaining credit facility, as of September 30, 2005 was 6.5% (prime minus .25%).

6. Litigation

Universal Supply Group, Inc.

Litigation

Universal Supply Group, Inc. is a New York corporation ("Universal"). On June 25, 1999, Universal acquired substantially all of the assets of Universal Supply Group, Inc., a New Jersey corporation, including its name, pursuant to the terms of a purchase agreement. The Company filed a copy of the purchase agreement with the Securities and Exchange Commission on March 30, 1999 as Exhibit 10(g) on Form 10KSB, and the Company filed a copy of an amendment to the purchase agreement on July 9, 1999 as Exhibit 10(a)(ii) on Form 8-K. Subsequent to the sale, Universal Supply Group, Inc. (the selling corporation) formerly known as Universal Engineering Co., Inc., changed its name to Hilco, Inc. Hilco, Inc. acquired the assets of Amber Supply Co., Inc., formerly known as Amber Oil Burner Supply Co., Inc., in 1998, prior to Hilco's sale of assets to Universal. Hilco, Inc. is hereinafter referred to as the "Predecessor." The majority shareholders of Hilco, Inc. were John A. Hildebrandt and Paul Hildebrandt.

The Company understands that Predecessor and many other companies have been sued in the Superior Court of New Jersey (Middlesex County) by plaintiffs filing lawsuits alleging injury due to asbestos. Currently, there exist 126 plaintiffs in these lawsuits relating to alleged sales of asbestos products, or products containing asbestos, by the Predecessor. The Company never sold any asbestos related products.

Of the existing plaintiffs, 13 filed actions in 2005, 38 filed actions in 2004, 31 filed actions in 2003, and 44 filed actions in 2002. Forty-nine other plaintiffs have had their actions dismissed and seven other plaintiffs have settled as of September 2005 for a total of $3,306,000. There has been no judgment against the Predecessor. Our Universal subsidiary was named by seventeen of the existing plaintiffs; of these, six filed actions in 2001, one filed an action in 2003 and ten filed actions in 2005. No case that names our Universal subsidiary has been settled or dismissed.

As set forth in more detail below, the Company has been indemnified against asbestos-based claims, and insurance companies are defending the interests of the Predecessor and the Company in these cases.

Based on advice of counsel appointed by the insurance companies, the Company believes that none of the litigation that was brought against the Company's Universal subsidiary through September 30, 2005 is material, and that the only material litigation that was brought against Predecessor through that date was *Rhodes v. A.O. Smith Corporation*, filed on April 26, 2004 in the Superior Court of New Jersey, Law Division, Middlesex County, Docket Number MID-L-2979-04AS. The Company was informally advised that the *Rhodes* case was settled for $3,250,000 under an agreement reached in connection with a $10,000,000 jury verdict that was rendered on August 5, 2005. The Company was not a defendant in the *Rhodes* case, and is in any event entitled to the indemnification and insurance coverage referred to below.

The Company believes that *Rhodes* differed from the other lawsuits in that plaintiff established that he contracted mesothelioma as a result of his occupational exposure to asbestos dust and fibers and that a predecessor of the Company was a major supplier of the asbestos containing products that allegedly caused his disease.

Indemnification

John A. Hildebrandt, Paul Hildebrandt and the Predecessor have jointly and severally agreed to indemnify our Universal subsidiary from and against any and all damages, liabilities and claims due to exposure to asbestos at any time prior to the June 25, 1999 closing of the purchase agreement referred to earlier. These agreements are set forth in the purchase agreement. Paul Hildebrandt, one of the indemnitors, was a director of the Company from September 29, 2004 to January 28, 2005.

The indemnitors may use their own counsel to defend these claims. The indemnitors are not liable for any settlement effected without their consent. The indemnitors may settle and pay money claims without the consent of the Company. There is no indemnification unless claims aggregate $50,000; once this trigger point is reached, indemnification is required for all claims, including the first $50,000, but excluding claims of less than $10,000. The indemnification requirement survives at least until 30 days after the running of any relevant statutes of limitation.

The obligation of the indemnitors is joint and several, so that the Company can have recourse against any one or more of these indemnitors, whether or not any other indemnitor has previously defaulted on its obligation to us.

There are no other limitations to our rights to indemnification.

Insurance

The assets that the Predecessor sold to us included its insurance policies and other agreements and contracts. The policies provide coverage for liability accruing during the periods for which premiums were paid. The Predecessor was formed in 1940. Copies of policies are available for each year beginning in 1970 and ending with the closing under the purchase agreement in 1999. Copies of policies for the period from 1940 to 1969 are not available.

Insurance companies acknowledge coverage for potential asbestos claims under certain of these policies. Insurance companies under additional policies have reserved their right to deny coverage but have continued to defend and indemnify the Predecessor and the Company under the contested policies.

There are periods during the years from 1940 to 1999 in which our Predecessor did not have coverage for potential asbestos claims. Subject to litigation, insurance companies may maintain that the existence of these periods' results in coverage for only a portion of a particular injury that varies with the period during which there was asbestos coverage relating to the injury, and that the balance of any settlement or judgment is to be paid by the insured. To date, no insurance company has claimed any contribution for a gap in coverage except for a claim for $159.64 made by one insurance company to the Predecessor in 1995. The Predecessor asserted that it had no obligation to pay this amount and did not make any payment.

Insurance companies have to date defended our Company and the Predecessor, and have paid all settlement amounts and defense costs, except that the Company understands that the insurance companies have not yet made payment for amounts owed by the Predecessor under its August 2005 agreement to settle the *Rhodes* case. Except for $159.64 referred to above, the insurance companies have not requested any payments from us or from the Predecessor.

Our Universal subsidiary has not engaged in the sale of asbestos products since its formation in 1997. Its product liability policies for all years since 1998 exclude asbestos claims.

General

Regardless of indemnification and insurance coverage, we do not in any event consider our Company to be liable for the asbestos-based lawsuits that name us or for any other claim that arises as a result of actions or omissions by Predecessor companies. We expressly disclaimed the assumption of any liabilities when we purchased the assets of the Predecessor.

It is management's opinion that the existing asbestos litigation will not have a material adverse effect on the Company. Nevertheless, the Company could be materially and adversely affected if the Company is held liable for substantial asbestos claims or if the Company incurs substantial legal or settlement costs. This material and adverse effect would occur if indemnitors fail to honor their indemnification agreements and insurance is not available either because policy limits are exceeded, or because insurance companies successfully claim limitations on their liabilities by reason of gaps in coverage or otherwise.

There is no accrued balance for any period relating to asbestos claims, and no amount has been recorded for any period in any financial statement by the Company for asbestos claims. The Company does not regard as likely the potential payment of any asbestos-based claim.

Atlantic Hardware & Supply Corporation

On January 28, 2002, Atlantic Hardware & Supply Corporation ("Atlantic"), a wholly-owned subsidiary of the Company, filed a voluntary petition with the U. S. Bankruptcy Court for the Eastern District of New York to reorganize under Chapter 11 of the U. S. Bankruptcy Code. On May 18, 2005, the United States Bankruptcy Court for the Eastern District of New York dismissed the petition. Atlantic is a discontinued operation and has no assets. Neither Colonial Commercial Corp. nor any of its other subsidiaries were part of the Chapter 11 filing.

7. New Accounting Pronouncements

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment", which establishes standards for transactions in which an entity exchanges its equity instruments for goods or services. This standard requires an entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award. This eliminates the exception to account for such awards using the intrinsic method previously allowable under APB Opinion No. 25. SFAS No. 123 (R) will be effective for the first period after December 31, 2005. The Company is in the process of evaluating the impact to its financial statements and believes the adoption will not have a material effect on our income statement.

In May 2005, the FASB issued Statement No. 154, "Accounting Changes and Error Corrections-a replacement of APB Opinion No. 20 and FASB Statement No. 3" ("SFAS No. 154"). This Statement replaces APB Opinion No. 20, "Accounting Changes," and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements," and changes the requirements for the accounting for and reporting of a change in accounting principle. This Statement applies to all voluntary changes in accounting principles. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. When a pronouncement includes specific transition provisions, those provisions will continue to be followed. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. Earlier application is permitted for accounting changes and corrections of errors made occurring in fiscal years beginning after June 1, 2005. We do not expect the adoption of SFAS No. 154 to have a material impact on our consolidated financial statements.

8. Deferred Income Tax Asset

The Company's deferred income tax asset represents certain future tax benefits related to the expected utilization of net operating loss carryforwards. The Company records a valuation allowance against any portion of the deferred income tax asset when it believes, based on the weight of available evidence, it is more likely than not that some portion of the deferred tax asset will not be realized. During the quarter ended September 30, 2005, management determined that a change to its valuation allowance related to the realizability of the deferred tax asset was necessary.

As of December 31, 2004, gross deferred tax assets in the amount of $14,605,589 were reduced by a valuation allowance in the amount of $13,538,589. Such valuation allowance includes a reduction of $645,600 during the year ending December 31, 2004, to reflect management's then assessment of the likelihood of utilizing net operating losses in the future, based upon improved results of operations during 2004 and upon projections of future taxable income.

At September 30, 2005, gross deferred tax assets in the amount of $13,912,066 have been reduced by a valuation allowance in the amount of $12,203,566. Such valuation allowance includes a reduction of $641,500 during the three months ended September 30, 2005 based upon its adjustment of its future income and taxable income projections and, accordingly, its reassessment of the likelihood of utilizing net operating loss carryforwards in the future.

During the three and nine months periods ended September 30, 2005, income tax benefits and net income increased in the amount of $641,500 due to the revised projection of the future utilization of net operating loss carryforwards.

9. Subsequent Events

On October 19, 2005, William Koon obtained 12,000 shares of common stock, by exercising outstanding stock options. Mr. Koon is a Director of the Company.

On October 26, 2005, holders of a total of 27,100 shares of redeemable Convertible Preferred Stock converted these shares into 27,100 shares of Common Stock.

On October 27, 2005, the Company appointed William Pagano as its President. Mr. Pagano has been the President of Universal, a wholly-owned subsidiary of the Company, since November, 1998 and was appointed as a Director of the Company in February 2002 and will continue as such.

On October 28, 2005, holders of a total of 87 shares of redeemable Convertible Preferred Stock converted these shares into 87 shares of Common Stock.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company

Colonial Commercial Corp. ("Colonial") is a New York corporation, which was incorporated on October 28, 1964. Unless otherwise indicated, the term "Company" refers to Colonial Commercial Corp. and its consolidated subsidiaries. The Company's operations are conducted through its wholly-owned subsidiaries, Universal Supply Group, Inc. ("Universal"), The RAL Supply Group, Inc. ("RAL") and American/Universal Supply, Inc. ("American").

Forward-Looking Statements

This report on Form 10-Q contains forward-looking statements relating to such matters as anticipated financial performance and business prospects. When used in this report, the words, "anticipates," "expects," "believes," "may," "intends," and similar expressions are intended to be among the statements that identify forward-looking statements. From time to time, the Company may also publish forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. Forward-looking statements involve risks and uncertainties, including, but not limited to, the consummation of certain events referred to in this report, technological changes, competitive factors, maintaining customer and vendor relationships, inventory obsolescence and availability, and other risks detailed in the Company's periodic filings with the Securities and Exchange Commission, which could cause the Company's actual results and experience to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires that we make estimates and judgments that affect the amounts reported of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions we believe to be applicable and reasonable under the current circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

In addition, we are periodically faced with uncertainties, the outcomes of which are not within our control and will not be known for prolonged periods of time.

We believe the following to be critical accounting policies that affect the most significant estimates and judgments used in the preparation of our consolidated financial statements:

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Accounts Receivable

Accounts receivable consist of trade receivables recorded at original invoice amount, less an estimated allowance for uncollectible accounts. Trade credit is generally extended on a short-term basis; thus trade receivables generally do not bear interest. However, a service charge may be applied to receivables that are past due. These service charges are not recognized until collected, and are then included in other income. Trade receivables are periodically evaluated for collectibility based on past credit history with customers and their current financial condition. Changes in the estimated collectibility of trade receivables are recorded in the results of operations for the period in which the estimate is revised. Trade receivables that are deemed uncollectible are offset against the allowance for uncollectible accounts. The Company generally does not require collateral for trade receivables.

Inventory

Inventory is stated at the lower of cost or market and consists solely of finished goods. Cost is determined using the first-in, first-out method.

Distribution costs of incoming freight, purchasing, receiving, inspection, warehousing and handling costs are included in selling, general and administrative expenses. Such costs were $102,592 and $85,562 for the quarter ended September 30, 2005 and 2004, respectively, and $291,590 and $230,890 for the nine months ended September 30, 2005 and 2004, respectively.

Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated on the straight line method over the estimated useful lives of the assets as follows:

Computer hardware and software	3-5 years
Furniture and fixtures	5 years
Automobiles	3-5 years

Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the asset.

Deferred Income Tax Asset

The Company's deferred income tax asset represents certain future tax benefits related to the expected utilization of net operating loss carryforwards. The Company records a valuation allowance against any portion of the deferred income tax asset when it believes, based on the weight of available evidence, it is more likely than not that some portion of the deferred tax asset will not be realized. During the quarter ended September 30, 2005, management determined that a change to its valuation allowance related to the realizability of the deferred tax asset was necessary.

As of December 31, 2004, gross deferred tax assets in the amount of $14,605,589 were reduced by a valuation allowance in the amount of $13,538,589. Such valuation allowance includes a reduction of $645,600 during the year ending December 31, 2004, to reflect management's then assessment of the likelihood of utilizing net operating losses in the future, based upon improved results of operations during 2004 and upon projections of future taxable income.

At September 30, 2005, gross deferred tax assets in the amount of $13,912,066 have been reduced by a valuation allowance in the amount of $12,203,566. Such valuation allowance includes a reduction of $641,500 during the three months ended September 30, 2005 based upon its adjustment of its future income and taxable income projections and, accordingly, its reassessment of the likelihood of utilizing net operating loss carryforwards in the future.

During the three and nine months periods ended September 30, 2005, income tax benefits and net income increased in the amount of $641,500 due to the revised projection of the future utilization of net operating loss carryforwards.

Goodwill and Other Intangible Assets

Statement of Financial Accounting Standards (SFAS) 142, "Goodwill and Other Intangible Assets," requires that goodwill having indefinite lives not be amortized, but instead be tested for impairment at least annually. Intangible assets determined to have finite lives are amortized over their remaining useful lives.

Results of Operations For the Quarter Ended September 30, 2005 and 2004

The Company's net income increased 21.4% to $1,018,619 for the quarter ended September 30, 2005, compared to net income of $839,082 for the same period in 2004.

Sales increased 7.4% to $17,377,655 for the quarter ended September 30, 2005 from $16,185,005 for the same period in 2004. The increase in sales is primarily a result of increased market penetration at two of the Company's subsidiaries, an increase in general industry pricing, and a continuing strong demand for residential and light commercial HVAC and plumbing fixtures.

Gross profit increased 7.6% to $5,092,455 for the quarter ended September 30, 2005 from $4,731,357 for the same period in 2004. The increase in gross profit is primarily the result of the aforementioned increases in sales. Gross profit expressed as a percentage of sales increased to 29.3% in 2005 compared to 29.2 % for the comparable period in 2004. Cost of sales excludes the distribution costs of incoming freight, purchasing, receiving, inspection, warehousing and handling costs, as these costs are included in our selling, general and administrative expenses. Our gross margins may not be comparable to those of other entities since some entities include these distribution costs in the cost of sales. These distribution costs were $102,592 and $85,562 for the quarters ended September 30, 2005 and 2004, respectively.

Selling, general and administrative expenses and cost of operations increased 6.5% to $4,449,626 for the quarter ended September 30, 2005 from $4,177,443 for the same period in 2004. This increase is primarily a result of costs associated with the increased sales growth, increased utility and fuel costs, general cost increases, increased accounting fees, and an increase of certain variable expense items based on sales, such as salaries, commissions, marketing expenses and vehicle costs.

Other income increased by $5,266 to $63,546 for the quarter ended September 30, 2005 from $58,280 for the same period in 2004. This increase is primarily the result of an increase in service charges collected in the third quarter of 2005.

Interest expense net increased 8.2% to $269,897 for the quarter ended September 30, 2005 from $249,463 for the same period in 2004. This increase is primarily the result of the increase in prime rate which was 6.75% at September 30, 2005 compared to 4.75% at September 30, 2004.

Income tax expense decreased by $105,790 to a net tax benefit of $582,141 for the quarter ended September 30, 2005 from a $476,351 net tax benefit for the same period in 2004. In accordance with FASB Statement Number 109, the Company recorded a net federal tax benefit of $622,375 for the quarter ended September 30, 2005 in order to recognize the expected utilization of available operating loss carryforwards, compared to $516,000 in the quarter ended September 30, 2004. In addition, the Company recorded a state tax provision of $40,234 for the quarter ended September 30, 2005 compared to $39,649 for the quarter ended September 30, 2004.

Results of Operations For the Nine Months Ended September 30, 2005 and 2004

The Company's net income increased 11.3% to $1,339,868 for the nine months ended September 30, 2005, compared to net income of $1,203,337 for the same period in 2004. Pre-tax income increased $209,892 or 32.4%, to $858,451 for the nine months ended September 30, 2005 from $648,559 for the same period in 2004.

Sales increased 7.5% to $48,226,815 for the nine months ended September 30, 2005 from $44,859,290 for the same period in 2004. The increase in sales is primarily a result of increased market penetration at two of the Company's subsidiaries, an increase in general industry pricing, and a continuing strong demand for residential and light commercial HVAC and plumbing fixtures.

Gross profit increased 8.5% to $14,477,645 for the nine months ended September 30, 2005 from $13,339,198 for the same period in 2004. The increase in gross profit is primarily the result of the aforementioned increases in sales. Gross profit expressed as a percentage of sales increased to 30.0% in 2005 compared to 29.7% for the comparable period in 2004. This increase is primarily a result of increased activity and sales of control systems as well as plumbing fixtures partially offset by lower margins in sales of air conditioning equipment. Cost of sales excludes the distribution costs of incoming freight, purchasing, receiving, inspection, warehousing and handling costs, as these costs are included in our selling, general and administrative expenses. Our gross margins may not be comparable to those of other entities since some entities include these distribution costs in the cost of sales. These distribution costs were $291,590 and $230,890 for the nine months ended September 30, 2005 and 2004, respectively.

Selling, general and administrative expenses and cost of operations increased 6.2% to $13,068,688 for the nine months ended September 30, 2005 from $12,308,681 for the same period in 2004. This increase is primarily a result of costs associated with the increased sales growth, increased utility and fuel costs, general cost increases, increased accounting fees, and an increase of certain variable expense items based on sales, such as salaries, commissions, marketing expenses and vehicle costs.

Other income decreased by $27,275 to $213,282 for the nine months ended September 30, 2005 from $240,557 for the same period in 2004. This decrease is primarily the result of a $58,007 gain from the settlement of a contingent liability of a discontinued operation recognized in 2004 with no such gain in 2005, partially offset by a $36,196 increase in service charges collected in the nine months ended September 30, 2005.

Interest expense net increased 22.7% to $763,788 for the nine months ended September 30, 2005 from $622,514 for the same period in 2004. This increase is primarily the result of the increase in prime rate which was 6.75% at September 30, 2005 compared to 4.75% at September 30, 2004, and additional interest expense incurred on increased borrowings to support the Company's growth.

Income tax expense increased by $73,361 as a result of a net tax benefit of $481,417 for the nine months ended September 30, 2005 from a $554,778 net tax benefit for the same period in 2004. The Company recorded a net federal tax benefit of $611,758 for the nine months ended September 30, 2005 in order to recognize the expected utilization of available operating loss carryforwards, compared to $645,600 in the nine months ended September 30, 2004. In addition, the Company recorded a state tax provision of $130,341 for the nine months ended September 30, 2005 compared to $90,822 for the nine months ended September 30, 2004.

The following table summarizes information derived from the Company's consolidated statements of income expressed as a percentage of sales for the quarter and nine months ended September 30, 2005 and 2004.

	For the Quarter Ended September 30,		For the Nine Months Ended September 30,	
	2005	2004	2005	2004
Sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	70.7	70.8	70.0	70.3
Gross profit	29.3	29.2	30.0	29.7
Selling, general and administrative expenses	25.6	25.8	27.1	27.4
Operating income	3.7	3.4	2.9	2.3
Other income	0.4	0.4	0.4	0.5
Interest expense	(1.6)	(1.5)	(1.6)	(1.4)
Income before taxes	2.5	2.3	1.7	1.4
Income tax benefit	3.4	2.9	1.1	1.3
Net income	5.9%	5.2%	2.8%	2.7%

Liquidity and Capital Resources

Credit Facility

The Company has a $15,000,000 secured loan facility pursuant to a credit and security agreement ("Agreement") with Wells Fargo Business Credit, Inc. ("Wells") consisting of a revolving line of credit which expires on August 1, 2009, and a term loan with a balance of $812,977 as of September 30, 2005, payable in equal monthly installments of $83,333. Availability under the revolving credit line is determined by a percentage of eligible assets as defined in the Agreement, and was $12,995,414 as of September 30, 2005. The balance outstanding under the revolving line of credit including the term loan was $11,557,168 as of September 30, 2005. The revolving credit line bears interest at .25% below prime, and the term loan bears interest at .50% above prime. Substantially all of the assets of the Company, as well as a pledge of the stock of Colonial Commercial Corp.'s operating subsidiaries, collateralize the loans. The facility contains covenants relating to the financial condition of the Company, its business operations, and restricts the payment of dividends, subordinated debt, purchase of securities and capital expenditures. The Company is in compliance with all of its financial loan covenants. All loans are due on demand by the bank, and accordingly, have been classified as current liabilities.

As of September 30, 2005, the Company had $465,252 in cash and cash equivalents compared with $310,659 at December 31, 2004.

Net cash provided by operating activities was $1,224,912 for the nine months ended September 30, 2005 compared to net cash used in operating activities of $3,278,232 for the nine months ended September 30, 2004. The net cash provided by operating activities for the 2005 period is primarily a result of net income approximating $1,339,868, non-cash benefit approximating $340,000, offset by cash provided by operating assets and liabilities approximating $224,000. The increase in accounts receivable approximating $395,053 was primarily a result of increased sales volume. Accounts payable increased due to increased inventory purchases to support the increased sales.

Cash flows used in investing activities of $305,359 during the nine months ended September 30, 2005 were due to purchases of equipment.

The cash flows used in financing activities of $764,960 consisted of $768,041 net borrowings under the Company's credit facility, $19,000 received from the exercise of stock options, and $48,400 from the issuance of notes payable. Cash flows used in financing activities consisted of $48,919 for repayments on notes payable and $15,400 from the purchase and retirement of preferred shares.

The Company believes that the credit facility is sufficient to finance its current operating needs. However, the business of the Company would be materially and adversely affected if the bank demands payment of the loan and the Company is unable to refinance the loan.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of changes in value of a financial instrument, derivative or non-derivative, caused by fluctuations in interest rates, foreign exchange rates and equity prices. The Company has no financial instruments that give it exposure to foreign exchange rates or equity prices.

The Company's pre-tax earnings and cash flows are exposed to changes in interest rates. All borrowings under its credit facility bear interest based on the prime rate less .25%, except for the term loan, with a balance of $812,977 as of September 30, 2005, which bears interest at a rate of prime plus .5% and a $750,000 note to Goldman Associates of NY, Inc. which bears interest at prime. A hypothetical 10% adverse change in such rates would reduce the pre-tax earnings and cash flows for the quarter ended September 30, 2005 by approximately $80,800 over a one-year period, assuming the borrowing level remains consistent with the outstanding borrowings as of September 30, 2005. The fair value of the borrowings under the credit facility is not affected by changes in market interest rates.

The Company's remaining interest-bearing obligations are at fixed rates of interest and as such, do not expose the pre-tax earnings and cash flows to changes in market interest rates. The change in fair value of the Company's fixed rate obligations resulting from a hypothetical 10% adverse change in interest rates would not be material.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

An evaluation has been carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and the operation of our "disclosure controls and procedures" (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of September 30, 2005 ("Evaluation Date"). Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the Evaluation Date, the disclosure controls and procedures are reasonably designed and effective to ensure that (i) information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Controls

Subsequent to that evaluation, there have been no significant changes in our internal controls or other factors that could significantly affect these controls after such evaluation.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Universal Supply Group, Inc.

Litigation

Universal Supply Group, Inc. is a New York corporation ("Universal"). On June 25, 1999, Universal acquired substantially all of the assets of Universal Supply Group, Inc., a New Jersey corporation, including its name, pursuant to the terms of a purchase agreement. The Company filed a copy of the purchase agreement with the Securities and Exchange Commission on March 30, 1999 as Exhibit 10(g) on Form 10KSB, and the Company filed a copy of an amendment to the purchase agreement on July 9, 1999 as Exhibit 10(a)(ii) on Form 8-K. Subsequent to the sale, Universal Supply Group, Inc. (the selling corporation) formerly known as Universal Engineering Co., Inc., changed its name to Hilco, Inc. Hilco, Inc. acquired the assets of Amber Supply Co., Inc., formerly known as Amber Oil Burner Supply Co., Inc., in 1998, prior to Hilco's sale of assets to Universal. Hilco, Inc. is hereinafter referred to as the "Predecessor." The majority shareholders of Hilco, Inc. were John A. Hildebrandt and Paul Hildebrandt.

The Company understands that Predecessor and many other companies have been sued in the Superior Court of New Jersey (Middlesex County) by plaintiffs filing lawsuits alleging injury due to asbestos. Currently, there exist 126 plaintiffs in these lawsuits relating to alleged sales of asbestos products, or products containing asbestos, by the Predecessor. The Company never sold any asbestos related products.

Of the existing plaintiffs, 13 filed actions in 2005, 38 filed actions in 2004, 31 filed actions in 2003, and 44 filed actions in 2002. Forty-nine other plaintiffs have had their actions dismissed and seven other plaintiffs have settled as of September 2005 for a total of $3,306,000. There has been no judgment against the Predecessor. Our Universal subsidiary was named by seventeen of the existing plaintiffs; of these, six filed actions in 2001, one filed an action in 2003 and ten filed actions in 2005. No case that names our Universal subsidiary has been settled or dismissed.

As set forth in more detail below, the Company has been indemnified against asbestos-based claims, and insurance companies are defending the interests of the Predecessor and the Company in these cases.

Based on advice of counsel appointed by the insurance companies, the Company believes that none of the litigation that was brought against the Company's Universal subsidiary through September 30, 2005 is material, and that the only material litigation that was brought against Predecessor through that date was Rhodes v. A.O. Smith Corporation, filed on April 26, 2004 in the Superior Court of New Jersey, Law Division, Middlesex County, Docket Number MID-L-2979-04AS. The Company was informally advised that the Rhodes case was settled for $3,250,000 under an agreement reached in connection with a $10,000,000 jury verdict that was rendered on August 5, 2005. The Company was not a defendant in the Rhodes case, and is in any event entitled to the indemnification and insurance coverage referred to below.

The Company believes that Rhodes differed from the other lawsuits in that plaintiff established that he contracted mesothelioma as a result of his occupational exposure to asbestos dust and fibers and that a predecessor of the Company was a major supplier of the asbestos containing products that allegedly caused his disease.

Indemnification

John A. Hildebrandt, Paul Hildebrandt and the Predecessor have jointly and severally agreed to indemnify our Universal subsidiary from and against any and all damages, liabilities and claims due to exposure to asbestos at any time prior to the June 25, 1999 closing of the purchase agreement referred to earlier. These agreements are set forth in the purchase agreement. Paul Hildebrandt, one of the indemnitors, was a director of the Company from September 29, 2004 to January 28, 2005.

The indemnitors may use their own counsel to defend these claims. The indemnitors are not liable for any settlement effected without their consent. The indemnitors may settle and pay money claims without the consent of the Company. There is no indemnification unless claims aggregate $50,000; once this trigger point is reached, indemnification is required for all claims, including the first $50,000, but excluding claims of less than $10,000. The indemnification requirement survives at least until 30 days after the running of any relevant statutes of limitation.

The obligation of the indemnitors is joint and several, so that the Company can have recourse against any one or more of these indemnitors, whether or not any other indemnitor has previously defaulted on its obligation to us.

There are no other limitations to our rights to indemnification.

Insurance

The assets that the Predecessor sold to us included its insurance policies and other agreements and contracts. The policies provide coverage for liability accruing during the periods for which premiums were paid. The Predecessor was formed in 1940. Copies of policies are available for each year beginning in 1970 and ending with the closing under the purchase agreement in 1999. Copies of policies for the period from 1940 to 1969 are not available.

Insurance companies acknowledge coverage for potential asbestos claims under certain of these policies. Insurance companies under additional policies have reserved their right to deny coverage but have continued to defend and indemnify the Predecessor and the Company under the contested policies.

There are periods during the years from 1940 to 1999 in which our Predecessor did not have coverage for potential asbestos claims. Subject to litigation, insurance companies may maintain that the existence of these periods' results in coverage for only a portion of a particular injury that varies with the period during which there was asbestos coverage relating to the injury, and that the balance of any settlement or judgment is to be paid by the insured. To date, no insurance company has claimed any contribution for a gap in coverage except for a claim for $159.64 made by one insurance company to the Predecessor in 1995. The Predecessor asserted that it had no obligation to pay this amount and did not make any payment.

Insurance companies have to date defended our Company and the Predecessor, and have paid all settlement amounts and defense costs, except that the Company understands that the insurance companies have not yet made payment for amounts owed by the Predecessor under its August 2005 agreement to settle the *Rhodes* case. Except for $159.64 referred to above, the insurance companies have not requested any payments from us or from the Predecessor.

Our Universal subsidiary has not engaged in the sale of asbestos products since its formation in 1997. Its product liability policies for all years since 1998 exclude asbestos claims.

General

Regardless of indemnification and insurance coverage, we do not in any event consider our Company to be liable for the asbestos-based lawsuits that name us or for any other claim that arises as a result of actions or omissions by Predecessor companies. We expressly disclaimed the assumption of any liabilities when we purchased the assets of the Predecessor.

It is management's opinion that the existing asbestos litigation will not have a material adverse effect on the Company. Nevertheless, the Company could be materially and adversely affected if the Company is held liable for substantial asbestos claims or if the Company incurs substantial legal or settlement costs. This material and adverse effect would occur if indemnitors fail to honor their indemnification agreements and insurance is not available either because policy limits are exceeded, or because insurance companies successfully claim limitations on their liabilities by reason of gaps in coverage or otherwise.

There is no accrued balance for any period relating to asbestos claims, and no amount has been recorded for any period in any financial statement by the Company for asbestos claims. The Company does not regard as likely the potential payment of any asbestos-based claim.

Atlantic Hardware & Supply Corporation

On January 28, 2002, Atlantic Hardware & Supply Corporation ("Atlantic"), a wholly-owned subsidiary of the Company, filed a voluntary petition with the U. S. Bankruptcy Court for the Eastern District of New York to reorganize under Chapter 11 of the U. S. Bankruptcy Code. On May 18, 2005, the United States Bankruptcy Court for the Eastern District of New York dismissed the petition. Atlantic is a discontinued operation and has no assets. Neither Colonial Commercial Corp. nor any of its other subsidiaries were part of the Chapter 11 filing.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
September, 2005	7,700	$ 2.00	7,700	0

On August 16, 2005, the Company announced that it was offering to purchase all shares of Convertible Preferred Stock that on August 15, 2005 were owned by shareholders who then owned 99 shares or less for $2.00 per share. The offer expired September 30, 2005. As a result of the offer, the Company purchased 7,700 shares of its Convertible Preferred Stock, which were retired.

ITEMS 3, 4 AND 5 ARE NOT APPLICABLE AND HAVE BEEN OMITTED.

ITEM 6. EXHIBITS

31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Office Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: November 14, 2005

COLONIAL COMMERCIAL CORP.

/s/ Bernard Korn

Bernard Korn,
Chairman of the Board and President

/s/ William Salek

William Salek
Chief Financial Officer

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EXHIBIT 31.1

CERTIFICATION

I, Bernard Korn, Chief Executive Officer of Colonial Commercial Corp., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Colonial Commercial Corp. (the "Registrant");

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this quarterly report;

4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13(a)-15(e) and 15(d)-15(e)) for the Registrant. We have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) disclosed in this quarterly report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 14, 2005

/s/ Bernard Korn

Bernard Korn
Chief Executive Officer
Chairman of the Board and President

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EXHIBIT 31.2

CERTIFICATION

I, William Salek, Chief Financial Officer of Colonial Commercial Corp., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Colonial Commercial Corp. (the "Registrant");

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this quarterly report;

4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13(a)-15(e) and 15(d)-15(e)) for the Registrant. We have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) disclosed in this quarterly report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 14, 2005

/s/ William Salek

William Salek
Chief Financial Officer

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EXHIBIT 32.1

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Colonial Commercial Corp. (the "Company") for the quarter ended September 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bernard Korn, Chief Executive Officer of the Company, certify, pursuant to section 18 U.S.C. 1350 as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Bernard Korn

Name: Bernard Korn
Chief Executive Officer

November 14, 2005

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EXHIBIT 32.2

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Colonial Commercial Corp. (the "Company") for the quarter ended September 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William Salek, Chief Financial Officer of the Company, certify, pursuant to section 18 U.S.C. 1350 as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ William Salek

Name: William Salek
Chief Financial Officer

November 14, 2005

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