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## ACCA Response

### 1. Tariffs and Implications

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#### Current Tariff Environment

Tariffs remain one of the most significant disruptors to the HVAC supply chain. The revision to 232 tariffs, covering steel, aluminum, and copper, will have direct cost impacts across all HVAC equipment and components. Because tariffs are now a core element of U.S. fiscal and economic policy, the industry should plan for long-term impact rather than treat this as a temporary condition.

#### Rising Commodity Costs

Compounding the tariff challenge, commodities are trending higher, which directly increases costs for all components and equipment. Contractors and distributors should be aware that pricing pressures in the back half of the year will reflect both tariff-driven and commodity-driven increases.

#### What to Communicate to Members

When advising members on how to address tariffs with their customers and in their business planning, the following points provide a factual and constructive framework:

- Tariffs on steel, aluminum, and copper (232 tariffs) are now affecting the cost of all HVAC equipment and components.
- These are not expected to be short-term disruptions and manufacturers are treating them as a long-term cost reality.
- Rising commodity prices are adding additional cost pressure beyond tariffs alone.
- Members should work closely with their manufacturer and distributor partners to understand pricing timelines and plan accordingly.
- Financing programs and extended warranty bundles can help offset affordability concerns for end consumers. Encourage members to take advantage of these tools.

### 2. Tariff Rebates and Ongoing Affordability

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#### Financing as the Primary Affordability Tool

Rheem is actively addressing affordability challenges by partnering with contractors and plumbers to reduce financing costs for consumers. The focus is on giving homeowners viable



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options when their HVAC or water heater needs to be replaced, particularly as the market continues to skew toward repair over replacement.

### **Key Programs and Initiatives**

- Special financing rates: Rheem is offering significantly reduced interest rate financing to help lower the monthly cost of equipment replacement for consumers.
- Protection Plus Program: Rheem is offering low rates for extended labor policies covering both AC and water heater installations, which can be bundled with maintenance agreements to create a compelling, affordable package for homeowners.
- Bundled air and water solutions: By offering combined HVAC and water heating packages with financing and extended warranty, contractors can provide a comprehensive, cost-effective solution that improves affordability while increasing average ticket value.
- Heat pump retrofit options: Rheem's heat pump lineup is designed to allow easy retrofitting of existing installations without requiring electrical system upgrades, making high-efficiency systems more financially accessible.

### **Guidance for Members**

Members should be aware of these programs and actively promote them to their contractor base. Pairing manufacturer financing with a maintenance agreement creates a strong value proposition that addresses affordability at every level of the transaction, for the contractor and the consumer.

## **3. Class Action Lawsuit**

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### **Statement**

We are aware of the recent lawsuit filed against several HVAC equipment manufacturers, including Rheem. We deny the allegations in the complaint and look forward to defending ourselves through the legal process. We take these matters seriously, but as this is ongoing litigation, we will not comment further at this time.

All further inquiries should be directed to Senior Director of Communications KD Bryant:

[kd.bryant@rheem.com](mailto:kd.bryant@rheem.com) M: 470-899-9633