

OWNER'S GUIDE · CONTRACTS

Owner's Guide to Payment, Holdback & Liens in Alberta

A plain-language guide to Alberta's prompt payment rules, the 10% holdback and builders' liens, and how to protect yourself on your next project.

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Written for: Building owners, developers, tenants and property managers in Alberta.

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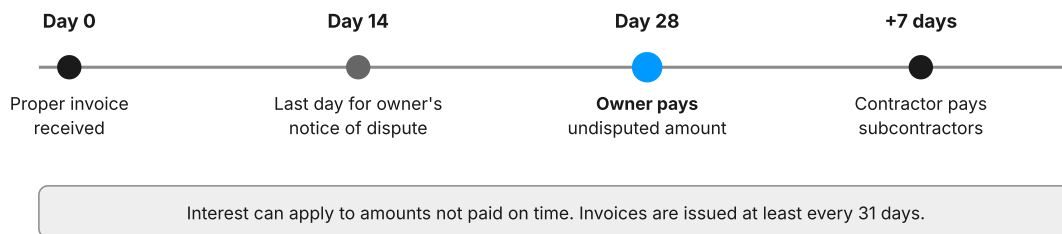
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The short version

Alberta's *Prompt Payment and Construction Lien Act* sets firm deadlines for paying contractors and protects everyone who works on a project. Owners who know the rules avoid interest charges, liens on title and disputes.

The Act applies to contracts entered into on or after August 29, 2022, with some exceptions (some public works have their own rules). This guide is a plain-language summary, not legal advice. Talk to a lawyer about your specific contract.

Prompt payment: the 28-day clock

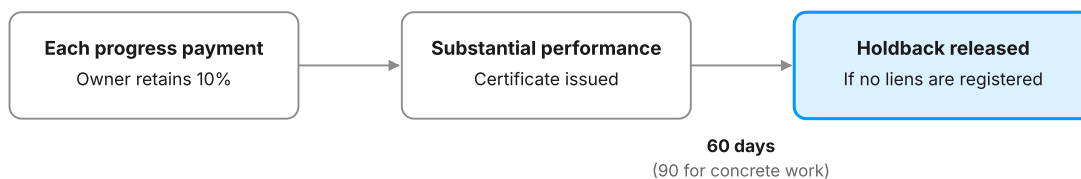


Payment timeline for a proper invoice under the Act.

- **Proper invoice.** The contractor issues an invoice that meets the Act's requirements, at least every 31 days unless the contract says otherwise.
- **14 days to dispute.** If you disagree with any part of an invoice, give written notice of dispute within 14 days, with your reasons.
- **28 days to pay.** Pay the undisputed portion within 28 days of receiving the invoice, even while you dispute the rest.
- **Down the chain.** The contractor must then pay its subcontractors within 7 days of being paid.

Holdback: the 10% safety net

On every payment, the owner holds back 10% of the value of the work. The holdback protects the owner if a subcontractor or supplier further down the chain goes unpaid and registers a lien.



Holdback retention period after substantial performance.

- Holdback is kept for 60 days after the certificate of substantial performance is issued (90 days for concrete work).
- If no liens are registered by then, the holdback is released.

- On large contracts (over \$10 million and longer than one year), holdback is released in stages as the work progresses.

Substantial performance

Substantial performance is reached when the work is ready to be used for its intended purpose, with only minor work left to finish. A certificate of substantial performance starts the holdback period. Agree with your contractor in advance on who certifies it and what documents are needed.

Liens

Anyone who supplies work or materials to your property can register a lien on title if they're not paid — even if you've paid your contractor in full.

Work type	Time to register a lien
Most construction work and materials	60 days after the last work or materials were supplied
Concrete (other than ready-mix supply)	90 days
Oil or gas wells and well sites	90 days

If there's a dispute

The Act includes adjudication: a fast, low-cost way to resolve payment disputes without court. Decisions generally come within 30 days of the adjudicator receiving the materials, and are binding unless a court, settlement or arbitration replaces them.

Owner's payment checklist

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| ☐ Contract states invoicing dates and what a proper invoice includes | ☐ 10% holdback tracked on every payment |
| ☐ Someone is assigned to review invoices within 14 days | ☐ Certificate of substantial performance process agreed |
| ☐ Payment process can turn around undisputed amounts within 28 days | ☐ Title checked for liens, and proof subcontractors are paid, before holdback is released |

Working with a contractor who follows the rules

Boald invoices, pays its trades and manages holdback by the book. Let's talk about your next project.

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