A special purpose company as an alternative form of conducting development projects

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***Abstract*— The article presents an original model of organizing financing of residential development projects using special purpose vehicles (SPV). In the face of the growing demand for effective risk management and capital protection mechanisms, SPVs are becoming an important tool in the implementation of development projects, which are usually characterized by a high level of risk and a long period of return on investment. The author discusses the essence and functioning of SPVs, presents the possibilities of their application in the development industry and analyzes the key aspects of choosing the organizational and legal form for this type of projects. Using research methods such as participant observation based on his experience and analysis of professional literature and current legislation, the author seeks an answer to the research problem posed, which is as follows: can the proposed model of financing SPVs in the implementation of development projects be effectively used in the current market and legal conditions. Based on the conducted research and analyses, the author draws conclusions that the presented model of financing development projects through a special purpose vehicle can be effectively used in the current market and legal conditions.**

Keywords— special purpose vehicle, development project, financing of development activities, project finance

I. INTRODUCTION

Special Purpose Vehicles (SPVs) are playing an increasingly important role in various industries, including the development sector. They are an organizational form that allows for high-risk projects to be conducted, while protecting their owners from potential financial losses and liability risks. In the case of residential development projects, which are usually characterized by the need to engage significant initial capital and a long return on investment period, the use of SPVs can be a significant factor influencing the success of a given project.

The main goal of this article is to present an original model for organizing the financing of a residential development project, which can be used in the case of special purpose vehicles.

In connection with the assumed goal, in the course of considerations, first, the essence of special purpose vehicles (SPVs) was discussed, indicating the possibilities of their use in the implementation of residential development projects. The following parts of the article focus on the key aspects of choosing the organizational and legal form for the implementation of projects in the development industry. The assumptions of the model for organizing the financing of residential development projects were presented next.

The research problem is as follows: can the presented model of financing development projects implemented by special purpose companies be successfully used in contemporary legal and market conditions? The article was prepared using the participant observation method, based on the author's over 15 years of experience in the organization and management of residential development projects. The research was supported by an analysis of professional literature, current legislation and other reliable sources. The article was prepared using the participant observation method, based on the author's over 15 years of experience in the organization and management of housing development projects. The research was supported by an analysis of professional literature, current legislation and other reliable sources.

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II. THE ESSENCE OF SPECIAL PURPOSE COMPANIES

The term special purpose vehicle (SPV) has many definitions. In the broadest sense, it can be defined as an independent commercial entity established to implement a given project. More precisely, a special purpose vehicle is a legal entity created to implement a specific, predetermined project, which is usually characterized by a high degree of complexity and risk (Czerkas, 2023). In the literature, it is often defined as a special purpose company whose main task is to implement a single project, and its activity ends after achieving the intended goal. SPV differs from traditional forms of business in that it is created for the purposes of implementing a specific project and can be dissolved after its completion. The organization of development activities in the form of an SPV allows for the separation of all costs, revenues and all risks associated with the implementation of a given project to a separate entity (Zaman, 2024; PWC Report, 2011)

In Poland, the creation and operation of special purpose companies is based on the provisions of the Commercial Companies Code which regulates the principles of establishing and conducting business activities by capital and personal companies (Commercial Companies Code Act, 2024).

Special purpose companies are commonly used in many industries, such as the financial, energy and infrastructure sectors. In recent years, they have been gaining importance in the implementation of projects in the development industry, in particular residential projects.

All residential construction projects, especially those implemented on a large scale, carry significant financial and operational risk. SPV, as a newly established entity, has no history or liabilities. There are no pending legal disputes against it, which may be important from the point of view of lenders (Pilarczyk; 2024). By using SPV, it is possible to protect the interests of the SPV owner, as well as obtain more favorable financing conditions for the project.

The organization of an SPV for the purposes of implementing a specific investment is primarily aimed at isolating the risks associated with a given project from other business activities of its owner(s), which is most often the main company (i.e. the so-called parent company). Such a structure allows for limiting liability and possible negative financial consequences related to the implementation of the project. Another important goal of establishing an SPV is the ability to organize and provide favorable financing for the implemented project, which will also be presented later in this article.

The structure of the SPV is usually simple and aimed solely at the implementation of a specific investment task. Outsourcing is also often used within the project. Most often, the parent company (or other shareholders of the company called project sponsors) establishes a new special purpose entity that is fully dependent on it, but operates independently in the implementation of a specific project (Magierska, 2021). It is worth noting that in the event of a project failure, the financial liability of the parent company is limited only to the amount of the capital contribution made to the SPV.

III. THE REASON FOR USING SPECIAL PURPOSE COMPANIES IN DEVELOPMENT PROJECTS

One of the key reasons for using SPV in the development industry is the possibility of minimizing the risk associated with the implementation of a given project. The risk associated with a development project may include, for example, changes in construction costs or their underestimation, fluctuations in the prices of building materials, changes in other factors of construction production during the construction process, delays in the implementation of the investment, problems with obtaining external financing, difficulties in selling or renting constructed real estate (residential premises), formal and legal complications related to obtaining specific administrative decisions (i.e. decisions on building permits, handover for use, decisions on the independence of residential premises, division decisions, conditions for connecting to the technical infrastructure network, etc.) (Roguska-Kikoła, Rutkowska, Dessoulavy-Śliwińska, 2016). In addition, it should be borne in mind that the real estate market and its individual segments are characterized by high volatility and are also subject to the influence of many macroeconomic factors, such as interest rates, general economic conditions, demographic situation or unforeseen new legal regulations. By creating a separate entity to implement a specific project, SPV investors are able to separate the risks associated with that project from other areas of their business activities or core business.

The use of SPVs in development projects can also bring benefits related to easier access to external financing. For lenders, a separate legal structure with serious owners, dealing exclusively with the implementation of a specific project, is more transparent and involves less risk. This situation can allow SPV owners to obtain more favorable financing conditions (interest rate, grace period, longer repayment period) and security for the repayment of their liabilities. The creation of an SPV allows for easier raising of capital from private investors. Investors, both individual and institutional, are more willing to get involved in projects in which the risk is limited to a single project, and not the entire development activity of the parent company.

Another important reason for establishing SPV companies in the development business is the possibility of spreading and/or limiting the scope of liability. The structure of the SPV company allows for a clear division of liability between investors, the developer and other participants in the project, such as the general contractor, subcontractors. Thanks to this, in the event of any failures or legal problems, the risk is assigned and limited to specific entities. The owners of the SPV are not directly liable for the actions of their subsidiary.

A significant argument in favor of using SPV in development projects is the possibility of using optimal solutions in the tax sphere. Depending on the organizational and legal form, SPV can use various tax reliefs in the scope of VAT, CIT, as well as depreciation or other deductions. This is particularly important in the case of development projects, where investment costs are high and the payback period is long. The issues of choosing the legal form of the company and their consequences are discussed

in the next subchapter.

IV. SELECTION OF THE LEGAL FORM OF A SPECIAL PURPOSE COMPANY IN DEVELOPMENT PROJECTS

Depending on the specifics of the project, an SPV may take on various organizational and legal forms provided for in the provisions of the Commercial Companies Code (Commercial Companies Code Act, 2000). The first step in considering the organizational and legal form of a future SPV is to precisely define the purpose of the development project and to define the scope of activities that will be carried out as part of this project.

The project may be carried out within an existing company that has previously conducted operational activities, e.g. involving the implementation of other projects, or it may be carried out by a special purpose vehicle. In order to use effective methods of financing a development project, it is often necessary to establish a new business entity - an SPV. Its task will be solely to implement a specific investment project. The newly established entity may take the form of a partnership or a capital company. The consequence of choosing a specific organizational and legal form will be obtaining the possibility of obtaining financing of a specific type.

In accordance with the provisions of law in force in Poland, the legislator has created opportunities for entrepreneurs to choose the organizational and legal form for their business. The consequences of choosing the form affect the scope of the entrepreneur's liability, their tax settlements and the possibility of obtaining appropriate financing for the projects they conduct.

The simplest form of conducting business activity in Poland is a sole proprietorship based on an entry in the central register and information on business activities (Entrepreneurs' Law Act, 2018). Due to its negligible usefulness as a special purpose entity, as well as low tax efficiency and a wide scope of the owner's liability, this form is practically unsuitable for running an SPV company. Therefore, it will not be the subject of considerations in this publication.

For the purposes of conducting more complex business activities requiring greater financial outlays, the legislator has provided other solutions based on the provisions of the Commercial Companies Code. Among commercial companies, the legislator distinguishes between partnerships (i.e. general partnership, professional partnership, limited partnership, limited joint-stock partnership) and capital companies (limited liability company and joint-stock company) (Commercial Companies Code Act, 2000).

The main criterion for dividing companies into partnerships and capital companies is the scope of the partners' liability for the company's obligations. In partnerships, at least one of the partners is liable for the company's obligations with all his assets. In capital companies, the liability of partners is limited to the amount of the contributed capital, and therefore the partners are not personally liable for the obligations (Dumkiewicz, 2024; Koralewski, 2022).

Entrepreneurs intending to implement a development project, who are also borrowers, most often do not agree to bear personal liability for liabilities. For this reason, the newly established entity, i.e. a special purpose vehicle (SPV), in the past most often took the form of a capital company, i.e. a limited liability company or a joint-stock company. The advantages of these aforementioned forms from the point of view of the possibility of external financing of the project are undoubtedly: 1) separation of the company from activities other than the implemented project, 2) possession of legal personality by the company, which allows for easy transfer of rights such as: building permits, copyrights to documentation, etc., 3) easy transfer to the company of assets necessary for the implementation of the project (e.g. real estate), most often through sale or contribution to the company in the form of a contribution in kind, 4) own, separate assets of the company, which will allow for obtaining the required security for future financing, 5) the possibility of freely shaping internal relations in the company, through appropriate provisions in the company agreement, 6) the need to have a management board, which may affect the appropriate control over all the company's activities, management of the company and the possibility of selling the company's shares (Korczak, 2021).

The above advantages of capital companies do not exclude the possibility of using partnerships as special purpose vehicles. However, in today's tax conditions, especially in the area of income tax, it seems that this choice has no economic justification. The most commonly used forms for development projects in the past were the limited partnership and the limited joint-stock partnership. Their undoubted advantage, compared to capital companies, was the tax benefits that existed at that time on the basis of income tax (Bobowicz, 2016). Partnerships were not CIT payers in the past. However, after changes in tax regulations, i.e. from 2014 (limited joint-stock partnership) and from 2021 (limited partnership), these companies became CIT payers, similarly to capital companies, which, combined with their other limitations, made them currently less attractive than capital companies. Table 1 presents the strengths and weaknesses of individual legal forms of SPV from the point of view of a potential lender.

TABLE 1: ADVANTAGES AND DISADVANTAGES OF SPV LEGAL FORM FROM THE POINT OF VIEW OF THE ENTITY FINANCING THE INVESTMENT PROJECT

Organizational and legal form of SPV	Strengths from the perspective of an external financing entity	Weaknesses from the perspective of an external financing entity
Limited partnership with a general partner in the form of a limited liability company	Freedom in shaping the provisions of the partnership agreement, in particular with regard to the possibility of changing the general partners.	Highly limited liability of the general partner. No possibility of establishing a registered pledge on the rights and obligations of partners. No possibility of partial transfer of the rights and obligations of partners; the rights and obligations of a partner can only be transferred in full; the income obtained is currently settled as income from cash capital at a rate of 19% (Personal Income Tax Act, 1991; Sądej, 2022).

TABLE 1: ADVANTAGES AND DISADVANTAGES OF SPV LEGAL FORM FROM THE POINT OF VIEW OF THE ENTITY FINANCING THE INVESTMENT PROJECT

Organizational and legal form of SPV	Strengths from the perspective of an external financing entity	Weaknesses from the perspective of an external financing entity
		No possibility of subsequent recapitalization of the company. Double taxation with income tax (CIT-9% or 19% and then PIT-19%).
Limited joint-stock partnership	Possibility of establishing a registered pledge on company shares. Possibility of recapitalizing the company through new share issues. Possibility of converting debt into company shares.	Double taxation with income tax (CIT-19% and PIT-19%), which is important in the case of loan agreements, which provide for the lender's participation in the company's profit. Freedom in shaping the provisions of the company agreement, in particular in the scope of the possibility of changing the general partners.
Limited liability company	Possibility of establishing a registered pledge on the company's shares. Possibility of converting any debt into shares. Possibility of participation of a representative of the financing entity in the company's management board; this enables ongoing control of operational activities and participation in making key decisions.	Double taxation with income tax (CIT-9% or 19%) (Corporate Income Tax Act, 1992), and then PIT-19%), which is important in the case of loan agreements that provide for the lender's participation in the company's profit. Limited possibilities of raising new capital (e.g. no possibility of organizing public offerings, limited access to institutional investors).
Joint stock company	Possibility of establishing a registered pledge on the company's shares. Possibility of converting receivables into capital, which will enable the SPV company to repay liabilities by issuing new shares to the creditor, instead of repaying the debt in cash. Possibility of free and unlimited capital increase through subsequent share issues in the event of the need to recapitalize the project	Similar to a limited liability company. In addition: High costs of establishment and management, e.g. significant minimum share capital – PLN 100,000, costs related to dematerialization of shares, costs of annual audits. Lack of operational flexibility: highly formalized decision-making processes. Possibility of capital dilution and thus loss of control over the company. Less attractive for small and medium-sized investors for the above reasons.

Source: own study

As can be seen in the table above, each of the analyzed legal forms has its strengths and weaknesses from the point of view of the financing entity. The selection of the optimal form for the special purpose vehicle will depend on many factors, such as the specifics of the project, the size of the investment being made, the capital capabilities of the project owners, existing and potential risks, but above all on the preferences of the financing entity. The final choice should be made based on an assessment of the requirements of a specific project, with the participation of all parties interested in the implementation of the project, i.e. its owners and the capital provider.

V. PROPOSED FINANCING MODEL FOR A COMPANY IMPLEMENTING A DEVELOPMENT PROJECT

The presented financing model meets most of the criteria of the project finance model, the essence of which is to finance usually new, capital-intensive investments using a financially, legally and organizationally independent special purpose company (Filipkowska – Wojewnik, 2012). The project finance method is based on the assumption that the basic, and often even the exclusive source of repayment and security for the loan is the project itself and the assets created as a result of its implementation. The traditional, historical method of analyzing the creditworthiness of the company is not used, because the SPV company is created for the needs of implementing a development project (Walica, 1999). In this method, the credit risk analysis concerns the investment project itself, not the borrower (Tinsley, 2014; Benoit, 1996).

In the case of realization of development projects, shareholders of the special purpose vehicle are usually called project sponsors. They are defined as an entity providing an incentive to start the implementation of the investment project (Elmgasbi, 2015). The project sponsor is usually a developer who establishes a special purpose vehicle, usually contributing technology, industry experience or other resources (land, buildings, etc.) (Hoffman, 2007). Depending on the size, type of project and the amount of equity, the special purpose vehicle SPV usually has to obtain additional external financing. These may include: bank loans, loans from shareholders or loans from institutions or individuals from the private market, bond issue and others (Czerkas, 2023).

The presented model (Szreder, 2018) is based on a **loan granted to the developer** by another investment company from the wealth management sector. Due to the need to obtain appropriate security for the financing entity and after a thorough analysis of the project and the specificity of individual organizational and legal forms, the form of the special purpose vehicle for the implementation of a small residential development investment (revenue up to PLN 20 million) adopted for the presented model is a limited liability company.

The model assumes the provision of financing on the basis of a loan granted for the duration of the development project. The entry of a mortgage in the land and mortgage register of the property on which the project is being implemented is by far the strongest security for the lender. However, due to the applicable provisions of the so-called new development act (Act on the Protection of Buyers..., 2021), the possibility of securing a loan with a mortgage on the property is excluded. In the case of establishing mortgage security, a problem will arise on the part

of the company implementing the investment not only at the time of transfer of ownership of the residential premises together with the share in the common property, but already at the time of starting the process of selling the premises. In Polish market conditions, the mere awareness among potential buyers that the property is encumbered with a mortgage will be a major barrier to making a purchase decision. Problems will also occur on the part of banks that intend to grant customers loans for the purchase of premises. If they decide to finance, they will certainly require consent to the unencumbered separation of the future residential property into the new land and mortgage register and consent to deletion of the mortgage from the future share in the common property belonging to the purchased premises. The above-described approach of banks occurs primarily in a situation where the client's purchase is co-financed with bank loans (e.g. through other banks). In the case of financing the investment with other instruments, e.g. non-bank loans, the approach of banks becomes more rigorous and the consents to the unencumbered separation of the property to the new register and the consent to the deletion of the mortgage from the buyer's share are no longer sufficient. Banks usually demand the absolute deletion of the mortgage, which already in the initial phase of the project implementation excludes this type of security.

Taking the above into account, the presented model assumes the establishment of a different type of security for the lender. It should be noted that excluding the use of a mortgage on the invested property usually results in a higher cost of the loan. The presented model includes security solutions, which are presented below.

The basic security is the establishment of **a registered pledge on the SPV shares** held by its owners. A registered pledge on the company's shares (Act on Registered Pledges and the Register of Pledges, 1996) can be one of the most effective tools for influencing the developer and certainly has a motivating effect on him. It consists in the fact that in the event of the SPV's failure to meet its loan obligations, the lender will be able to satisfy its claims by taking over the ownership of the pledged shares without the need to conduct enforcement proceedings (Heropolitańska, 2018). However, the condition for this is the effective entry of the pledge agreement in the register of pledges kept by the competent court. The acquisition of shares, in turn, means that the lender has the right to take over the shares at their nominal value and reduce them by the value of the borrower's debt. Upon acquisition of the majority of shares, the lender obtains the right to manage the developer's company and all of its assets. Pledging the majority of the developer's shares (over 50%) will allow the lender, in the event of the project's failure, to sell them more easily in order to recover the receivables, e.g. to an entity that will have ideas for completing the investment. However, the lender must be aware of the fact that the failure of the undertaking will cause financial problems for the SPV and other negative effects (e.g. deviations from the assumed schedule, difficulties in its further implementation), which in consequence will result in the value of the shares being insignificant. The failure of the undertaking may be caused by objective factors - external or subjective - the internal efficiency of the project's implementation.

Another form of recourse against the lender is **voluntary submission to enforcement under Article 777 of the Code of Civil Procedure** (Civil Procedure Code Act, 1964). In the event that it becomes necessary in the future to enforce the repayment of the loan. A declaration in this mode constitutes security "just in case", which in the event of failure of the undertaking and thus inability to repay the loan, would allow the lender to avoid all the inconveniences that it would encounter in court. Without a writ of execution and in the event of a dispute with the developer, the lender would be forced to bring an action against him and only with a legally binding writ of execution could he satisfy his claims. As is known, proceedings before a common court consume a lot of time, nerves and costs, and moreover, it does not always guarantee a favorable decision. A declaration of submission to enforcement in the form of a notarial deed has the force of a writ of execution, and therefore produces the same effects as a court judgment, which significantly contributes to better security for the lender..

The next form of recourse used in the discussed model is the condition of granting by the SPV owners, the so-**called additional subordinated loan**, with simultaneous subordination of its repayment until the repayment of the entire main loan granted by the external investor. This subordination is to consolidate the ties of the SPV owners with the project and their survival until the end of the undertaking. By deciding on such a solution, the SPV owners additionally financially support the project company, which is extremely important, especially in the initial phase of project implementation. They also demonstrate that they are associated with the project in the long term, taking on significant responsibility for its success. Such a solution will prevent premature and irresponsible transfer of profits from the project when this should not have happened yet. The loan of the SPV owners to the special purpose vehicle, due to the adopted solutions in the organization of the company itself, is secured by a blank promissory note of the company together with a promissory note declaration (Heropolitańska, 2018). The loan agreement does not contain clauses regarding the possibility of prepayment of the owners' loan, however, after the SPV meets certain conditions, it is possible (Czerkas, 2016). These conditions primarily concern the consent of the external lender only in the event that the SPV obtains a certain amount of contracted revenues, guaranteeing full financing of the investment. In this situation, however, the provisions of the new development act should be taken into account regarding the possibility of withdrawal from the development agreement by the buyer, who are entitled to do so in certain circumstances (Osajda, 2022; Act on the Protection of Buyers..., 2021).

The subordinated loan agreement also includes the right to convert the subordinated debt into products produced by the SPV (residential premises) or into shares in the special purpose vehicle. The rules for using the option to purchase products and the rules for converting the loan into capital are set out in the loan agreement at a predetermined parity.

The owners of the SPV company granting the subordinated loan have the right to use them during a specified period of the

loan agreement. When using external financing provided by related entities (including the owners of the SPV), attention should be paid to the possible problem of insufficient (thin) capitalization (M. Sądej, 2023). It consists in the fact that in certain situations, in the case of granting a loan by an entity related by capital (these also include the owners of the SPV), not all interest costs can be included by the company as costs of obtaining income. The effect of such a situation may be a negative effect consisting in the fact that the SPV incurs interest costs and cannot therefore reduce the tax base. Current legal regulations regarding thin capitalization include not only interest in the costs of debt financing, but also, among others, fees, commissions and penalties for late payment of liabilities, costs of establishing security, and even the interest part of the leasing installment. Not only the costs of obtaining financing from related entities should be taken into account, but also from unrelated entities, including banks and other financial institutions. The legislator does not provide for restrictions on thin capitalization up to the amount of PLN 3 million of debt financing costs. In practice, it should therefore be assumed that in a situation where the excess of debt financing costs exceeds the limit of PLN 3 million, only the amount exceeding the indicated limit will be subject to the rules of thin capitalization (Konieczny, 2018). As can be seen, in relation to the solutions from previous years, there has been a clear shift of the center of gravity towards large enterprises.

Regardless of the aforementioned lender security, SPV, in order to facilitate the pursuit of potential claims, issues a promissory note together with a promissory note declaration for the lender. Thus, SPV undertakes to unconditionally pay the sum of money specified in the promissory note declaration, which includes the principal amount and the amount of interest for the time planned for the implementation of the project. The company's promissory note together with the declaration increase the security of loan repayment and constitute standard additional security for credits or loans granted to business entities (Heropolitańska, 2018).

Excluding the use of a mortgage on real estate included in the project as security for a loan implies the need to apply additional security. The presented model assumes **specific solutions based on the provisions of the special purpose vehicle (SPV) agreement**. As previously mentioned, the SPV company is a limited liability company. The lender is secured in two ways. First, it symbolically acquires 1 share in the SPV company, i.e. becomes a co-shareholder of the project. The company agreement must provide that all resolutions are passed unanimously, i.e. by 100% of the shares. Therefore, no change is possible in the company agreement or in the scope of decisions regarding the conduct of current operational activities, apart from previously established principles. This restriction applies to all company decisions.

In addition, in order to maintain full control over the current operating activities of the company, the model assumes the establishment of a two-person management board, in which one of the members of the management board becomes the representative of the lender with a decisive vote in the event of a decision-making stalemate among the management board. Establishing a joint representation of two members of the management board means that any decisions of the company unacceptable to the lender will be blocked. The above solution provides for and assumes the repurchase of 1 share previously sold to the lender after the SPV has repaid the loan and interest due to the lender in full. In this situation, the lender is obliged to sell the share to the project sponsors.

Additionally, the company agreement should include clauses regarding: a ban on the sale of shares by the SPV owners during the implementation of the project and their obligation not to take any actions that would result in the loss or limitation of control over the SPV. In particular, this applies to the increase of the company's share capital as a result of which other third parties could take up the newly created shares in the company. The presented contractual solution will force the partners to cooperate unanimously on pre-established principles. Any corrections to the planned action are possible, but only and exclusively in the event of unanimity of the partners in the scope of adopting resolutions of the shareholders' meeting and the SPV management board. To sum up, Table 2 synthetically presents the costs and benefits of the SPV company resulting from the adopted forms of recourse.

TABLE 2: COMPANY COSTS AND BENEFITS RESULTING FROM THE ADOPTED FORMS OF RECOURSE

SPV Costs	SPV Benefits
Mortgage on the real estate on which the project is being implemented	
It is unfavourable for SPVs to use an escrow account in accordance with the so-called new development act (Protection Act…, 2021)	Due to the most reliable security for the lender, it is possible to negotiate a lower interest rate on the loan than when using other forms of recourse.
Registered pledge on SPV shares	
The agreement should be signed with notarized signatures. The necessity of entering the pledge agreement in the pledge register kept by the competent court.	This solution has a definitely motivating effect on SPV owners. It is not in their interest to allow a situation in which the SPV shares could be taken over by the lender.
Granting of a subordinated loan by the project owners	
The need to invest additional financial resources in the project, thereby reducing the diversification of the project owners' own investment risk. The problem of thin capitalization may occur.	Credibility of the implemented undertaking in the eyes of lenders. Possibility of having more working capital during the implementation of the project. No PCC tax in the case of granting loans by SPV shareholders (project owners). Obtaining capital income from interest.

Voluntary submission to execution pursuant to Article 777 of the Code of Civil Procedure.	
Act in the form of a notarial deed. Possible quick enforcement of receivables by the lender in the event of failure of the undertaking.	Greater confidence by the lender in the good intentions of the project owner.
SPV promissory note with promissory note declaration	
A bill of exchange is a security that may be traded or the amount due from it may be claimed by the lender in court.	An easy, quick and usually standard way to propose additional security to the lender.
Security provisions set out in the SPV company agreement	
They deprive the project owners (SPV companies) of independence in making decisions, especially in strategic matters. The need for periodic reporting and payment of remuneration to a board member appointed by the lender.	Greater ongoing control of the lender over the project owners, which will allow avoiding situations of accusations of mismanagement. Binding the project sponsors to the implemented undertaking and thus transferring to them full responsibility for the success of the project.

Source: own study

As can be seen above, individual forms of security have their advantages and disadvantages. It should be noted that the presented forms do not exhaust all possibilities of establishing security for the financing entity. However, the author's experience shows that the presented SPV model is sufficient and effective. With its help, the author managed to organize and successfully commercialize five small (totaling about 350 sold premises) residential development projects over the last six years.

VI. CONCLUSIONS

A special purpose vehicle (SPV) can be a flexible and effective tool for implementing capital-intensive development projects, including housing. It seems that for external investors financing development projects, the SPV structure is more transparent and involves less risk than in the case of financing existing and long-standing business entities. Other significant advantages of SPV companies include: 1) operational transparency of the project, which allows financing entities to constantly monitor the progress of the investment and control its costs, 2) the ability to identify and limit risk within individual entities participating in the project, 3) a clear division of responsibility between entities involved in the implementation of the project. Regardless of the above advantages, it should be mentioned that SPV also has its disadvantages, such as: 1) costs related to its establishment and operation, 2) a possible complicated management structure, consisting in the fact that the SPV is most often managed by the same people who are also responsible for other entities. Such a situation can lead to a conflict of interest or difficulties in clearly defining the competences of individual managers.

Based on the conclusions drawn from the conducted research, it can be stated that the answer to the research problem posed in the article is positive. In conclusion, from the analyses of the presented model, it can be cautiously stated that a market-attractive development project implemented in the structure of an SPV company will find external financing. However, the necessary conditions for this are: high credibility of the project owner and the establishment of a safe and effective security for lenders for their receivables. It seems that the model of financing a development project presented in the article meets the second criterion. For this reason, it can be successfully used by special purpose companies in housing development projects under the current legal and market conditions.

Regardless of the above conclusions, it should be noted that in the future we can expect the development of new forms of financing development investments, e.g. investment crowdfunding, which can be implemented through SPV. The development of blockchain technology will ensure greater transparency of financial transactions in the future and will eliminate the risk of potential abuses, in particular in the context of raising capital for SPVs. It seems that with the development of technology and regulatory changes, and taking into account the usually preferential legal and tax solutions for SPVs in force in other Western countries, we can expect further development and adaptation of this form of activity in Poland in the future.

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