

The loans are designed to be forgiven, but it's not automatic. Recipients can keep the money if they demonstrate that they used it for certain purposes and largely refrained from cutting jobs and pay.

As of last week, 3.3 million PPP loans, worth a combined \$279.4 billion, have been forgiven out of a total of 5.2 million loans issued last year, according to the Small Business Administration. About \$1 billion in PPP loans were not forgiven, while \$81.5 billion in loans are under review, and applications for forgiveness have not been received for \$159.1 billion worth of loans.

Overall, more than 99% of loan value has been forgiven for those that have completed the forgiveness process, the SBA said.

Here's a look at the process and tips on what small businesses can do to improve their chances of getting loan forgiveness.

**Who's eligible:** For your loan to be fully forgiven, you must have maintained your employee head count and those employees' compensation levels, as well as spent at least 60% of the PPP money on payroll costs. That includes wages, bonuses and benefits, including employer-paid insurance and sick leave, said Kelsey Sheehy, a small-business expert with financial advice website NerdWallet.

The rest of the loan money must have been spent on what the SBA defines as [eligible expenses](#): operating costs, mortgage payments, utilities, protective equipment for workers and property damage from civil unrest last year that was not covered by insurance.

The loan forgiveness is not all-or-nothing. Borrowers who spent most of their PPP money on eligible expenses can get that portion of their loan forgiven, Sheehy said. They'll have to repay the rest.

**When to apply:** Borrowers can apply for forgiveness after they have spent all of the loan money they want forgiven.

Those who received a PPP loan in the initial round had only eight weeks to use the money. For PPP loans issued after June 5, 2020, borrowers are given six months to spend the cash. They don't have to start repaying the loan until 10 months after the spending period ends.

"Borrowers have a pretty lengthy grace period to apply for loan forgiveness," Sheehy said.

She advised PPP loan recipients to apply before they have to begin repaying, though they can send in applications up to the loan's maturity date.

**Gather records:** Borrowers should keep good records of the expenses they paid with the loan money. Gathering documentation can be one of the more time-consuming parts of applying for loan forgiveness, Sheehy said.

Even if the loan amount doesn't require itemized expense lists, PPP loan recipients should keep receipts and be able to account for every dollar spent, in case the SBA asks for it later.

"You don't want to be in a position where a year from now ... you're scrambling," she said.

**The process:** Borrowers should work with their PPP loan lender and make sure they have the right forms to fill out. The form will be "pretty explicit" in what's required, said David Blankenhorn, an Orange County-based mentor at [Score](#), a nonprofit network of volunteer small-business mentors that partners with the SBA.

If loan recipients have questions, they should contact their lender.

"You want to be crystal clear on what your lender's process is for loan forgiveness," Sheehy said. "Be in constant communication with your lender so you know exactly what's expected of you before those deadlines start coming up."

Borrowers can also ask for additional advice and guidance from Score, small-business development centers and community financial institutions, she said.

After the borrower fills out the forms and adds any necessary documentation, the lender will send the form to the SBA, which determines whether the loan qualifies for forgiveness.

If borrowers fill out the form correctly and have all documentation of expenses, the chances of getting the loan forgiven are “pretty good,” Blankenhorn said.

If the lender fully denies a loan-forgiveness application, the borrower can request a review of the application by the SBA. If the SBA denies forgiveness, the borrower can appeal to the [SBA's office of hearings and appeals](#) within 30 days.