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HIGHLIGHT: After a visit from former President Bill Clinton, North Korea's leader Kim Jong Il pardoned two American journalists. Analysis of the divide within the Democratic Party over health care reform and spending. Jeffrey Kaye reports on why some mortgage companies are not doing a good job adjusting loans to prevent foreclosures.

GWEN IFILL: Good evening. I'm Gwen Ifill.

On the NewsHour this Tuesday: two American journalists pardoned in North Korea after former President Clinton pays a surprise visit, Jeffrey Brown takes a look; President Obama pressures Democrats to back his agenda on health care and the economy; the latest on how the federal program to prevent home foreclosures is working; Judy Woodruff has an update on Guantanamo; and a report from Southeast Asia on containing avian flu.

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GWEN IFILL: North Korea announced today President Kim Jong-il has pardoned two American journalists who'd been held since March. He ordered their release hours after former President Bill Clinton arrived in North Korea for a surprise visit.

Jeffrey Brown has our lead story.

JEFFREY BROWN: The North Korean announcement followed a day of ceremonies and meetings beginning with Mr. Clinton's arrival at the airport in Pyongyang.

In short order, he met with Kim, who rarely meets with foreigners, and who had an apparent stroke a year ago and remains in ill health. But state-run media reported Kim held, quote, "exhaustive talks" with Mr. Clinton.

Later, the former president met with Laura Ling and Euna Lee. The two journalists work for Current TV, a news organization founded by Mr. Clinton's former vice president, Al Gore.

Ling and Lee were arrested in March along the China-North Korea border. They were convicted in June of hostile acts and sentenced to 12 years at hard labor.

Today, Obama administration officials stressed the private nature of Mr. Clinton's visit. At the White House, spokesman Robert Gibbs reiterated that there would be no comment while Mr. Clinton was in North Korea.

ROBERT GIBBS, White House Press Secretary: This obviously is a very sensitive topic. We will hope to provide some more detail at a later point. Our focus right now is on ensuring the safety of two journalists.

JEFFREY BROWN: The North Korean news agency said the former president did convey a verbal message from President Obama, but gave no details. White House officials said no such message was relayed.

The North Koreans also reported the discussions included a wide range of issues, and among those greeting the former president this morning was the regime's chief nuclear negotiator.

U.S.-North Korean relations have been tense for months, as talks over the North's nuclear program have been at a standstill and the North Koreans have conducted an underground nuclear test and test-fired a number of long- and medium-range missiles.

This evening, the North Korean news agency announced former President Clinton and his party had left the country. The report did not say if the two American women were on the flight.

U.S. officials said they had no indication yet the Clinton plane had departed.

Joining me now to discuss today's developments, Dennis Wilder, senior director for East Asian affairs on the National Security Council staff during the second Bush administration. He's now a visiting fellow at the Brookings Institution.

And Selig Harrison, director of the Asia program at the Center for International Policy, he frequently travels to North Korea.

Welcome to both of you.

SELIG HARRISON, Center for International Policy: Thank you.

DENNIS WILDER, Former Asia Director, National Security Council: Thank you.

JEFFREY BROWN: Why now? Why at this time? What's known about what brought this about?

DENNIS WILDER: Well, I think for some time now the Obama administration has been trying to find a way to get the journalists out. I think the North Koreans, after the new U.N. sanctions, after some experience with the isolation they felt since their nuclear test, wanted some sort of way to show that they were able to break out of the isolation.

So I think they indicated that they would be very interested in a visit by someone like President Clinton. They made an overture, and the administration decided for the sake of the journalists to take them up on that.

JEFFREY BROWN: Well, Mr. Harrison, I mean, it's very famously hard to know what the thinking is in North Korea.

SELIG HARRISON, Center for International Policy: Well, in this case, the important thing is that was not the administration's baby. The administration did not create this mission; Bill Clinton did.

Bill Clinton went to Seoul, South Korea, in May. He met former President Kim Dae-jung of South Korea, whom he had long admired and worked with as president. Kim Dae-jung said, You're the guy to go to North Korea and not only release the two -- get the release of the two imprisoned journalists, but open up a dialogue with North Korea, set the stage for negotiations.

So Bill Clinton went back from -- this became known in South Korea. The North Koreans knew that Kim Dae-jung had made this proposal. Kim Dae-jung goes back to Washington and makes it known to Hillary and to others that he wants to go.

And this is what led to the whole thing, that you've had a debate, really, in the administration since late May over whether it's appropriate for the husband of the secretary of state to go to a mission like this and also a nervousness, because it's quite clear that Bill Clinton has a very proprietary feeling about the relationship with North Korea.

JEFFREY BROWN: Based on his past?

SELIG HARRISON: When he was president -- well, when he was president, we froze the nuclear program from 1994 to 2002. This was one of his big successes.

So I think that there's been a lot of soul searching within the administration. They're very uncomfortable about this mission, all this emphasis on how private it is and so forth and so on.

So now you're going to have a big discussion within the administration over what he's found out, because he's going to be talking about the conversations he had with Kim Jong-il, which went far beyond the fate of the two young women.

JEFFREY BROWN: All right. But before we get to the "what next," is there any understanding about -- I mean, there is this dispute, I guess, about whether he carried a message from President Obama. There's the North Korean state agency saying he apologized, but that's not clear. Is there any way of knowing whether the U.S. gave up anything, even if that's just an apology at this point?

DENNIS WILDER: I very much doubt that the Obama White House gave any kind of real apology or any statement for him to take. I think the White House is, as Mr. Harrison said, a little wary of all of this. They feel that this is a fine amnesty for the two journalists, but they don't want it to look like amnesty for North Korea.

After all, North Korea walked away from the six-party negotiations. It conducted another missile test this year; it conducted a nuclear test this year.

The administration says it's fine to give an amnesty to these two. We're happy to see them coming home, hopefully. But we're not going to move forward in negotiations with North Korea until we see a lot more from North Korea of serious goodwill and good intent.

JEFFREY BROWN: And would you agree that Bill Clinton -- this, in some ways, looks a little precooked, as Mr. Harrison was saying, based on his past trips there?

DENNIS WILDER: I think it could well have been precooked. But, again, I think that what the North got was a visit by President Clinton.

Now, that's a big gift to the North in many ways, because, as Mr. Harrison said, President Clinton was the high point of U.S.-North Korean relations. And certainly, at the end of his administration, there was talk he was even close to going to North Korea.

But the administration has gotten sanctions on the North, had gotten the Chinese, the Russians, everybody lined up to put a bit of pressure on the North to come back in a serious way to what is called complete and irreversible nuclear talks.

JEFFREY BROWN: All right. So you -- go ahead.

SELIG HARRISON: Well, I don't think you're going to have -- you know, to get North Korea to the point where it's ready to really denuclearize, you're first going to have to normalize relations. And they've changed their position in that respect.

Before, the idea was, you would denuclearize, denuclearize, and then you would normalize relations. Now they've got different terms for denuclearization.

So Bill Clinton had very significant discussions while he was there with Kim Jong-il in the presence of his principal -- the principal adviser to Kim Jong-il, who's been working for better relations with the U.S., First Deputy Foreign Minister Kang Sok Ju.

It was very significant that Kim Jong-il brought him out of the woodwork. He's been not heard from for a long time, and it's given the impression that the hard-liners were in complete control of North Korea.

Kim Jong-il brought Kang Sok Ju into the discussions. I think that a lot of substantive issues must have been explored. They had a dinner afterwards in which there were conversations. All this is going to feed into the policy discussions in Washington. And I think we're going to be in for a lot of internal differences over this issue in Washington.

JEFFREY BROWN: Because, as you say, there had been a debate within the administration, right, about whether to treat this as just about the release of the two women or to try to use it to expand back to the question of relations.

SELIG HARRISON: And since it was Bill Clinton's baby, he was determined to make this a broader issue, broader thing. Of course. I don't think he will go -- I'd be surprised if he went into the public domain with a lot of his own ideas about this before the administration has had a chance to work on all this.

There's a great irony in all this. Bill Clinton didn't want Jimmy Carter to go to North Korea...

JEFFREY BROWN: When Bill Clinton was president, right.

SELIG HARRISON: ... when he was the president in 1994. And now we have a situation in which Bill Clinton has put the Obama administration in a position where, with his wife as secretary of state, he was able to pull this off.

JEFFREY BROWN: So what might happen? What's likely to happen next? What should happen next?

DENNIS WILDER: Well, I think that Bill Clinton will report back to his wife and certainly to the White House. I agree with Mr. Harrison. I think there is going to be a lively debate on this.

After all, the administration doesn't want to give up its North Korea policy to Bill Clinton to run for it. It wants to control the situation. It wants to understand exactly what the North is willing to put on the table.

Is the North willing to come back to the six-party talks? Is the North willing to close down Yongbyon again unilaterally, bring the IAEA inspectors back in, bring the Americans back in who were monitoring things in North Korea? There are a lot of issues here that have not been explained on the North Korean side.

JEFFREY BROWN: But what about on the American side? Is that debate still ongoing about the degree of relationship of openness, of our approach to them?

DENNIS WILDER: Absolutely. There will be some people who will want to open the lines first and ask for things from the North Koreans later. There will be other people who will say, "We need something upfront from the North Koreans"...

(CROSSTALK)

SELIG HARRISON: The North Koreans have a very clear offer on the table. They've had it on the table since January when I went there. They want to go back to negotiations and work out a new set of exchanges on the basis of which they will cap their nuclear arsenal at present levels.

The complete denuclearization will be later down the pike, after we have normalized relations with them, but they are ready for tradeoffs that would stop any further expansion of their nuclear program, which seems to me to be a very valuable achievement for the United States to work for.

JEFFREY BROWN: But not to everyone?

SELIG HARRISON: Certainly not, no.

JEFFREY BROWN: Because this has been the debate.

SELIG HARRISON: That`s right.

DENNIS WILDER: I would really be surprised if the administration is willing to accept a cap on North Korean nuclear weapons capability, because that means accepting North Korea as a nuclear weapons state.

I think the United States knows that that`s a dangerous position to put itself in. You have Iran wanting to do the same. I don`t think the Obama administration is going to take that kind of offer...

(CROSSTALK)

SELIG HARRISON: Well, first, you know, you don`t have to do it in such a way that you`re committed to a permanent level of five nuclear weapons. It`s a step in a process that would be resumed, much like the process that was broken off at the end of last year.

By the way, we didn`t -- most people think North Korea doesn`t live up to its commitments in negotiations. The fact is that, at the end of these negotiations last year, Japan had promised 200,000 tons of oil to North Korea that it never delivered, and the North Koreans want that 200,000 tons of oil to be arranged by the United States and the other powers now, and I`m sure that somewhere in those discussions in Pyongyang that came up.

JEFFREY BROWN: All right, let me just ask you very briefly. At the very least, we learn here a little bit more about Kim Jong-il himself.

DENNIS WILDER: And his health, right.

JEFFREY BROWN: And his health.

DENNIS WILDER: Absolutely. And I think probably the whole Clinton delegation was watching very closely to see how he moved, whether he had a limp, whether there were after-effects of the stroke, how strong he looked. So I think this will be a very interesting trip from that point of view.

JEFFREY BROWN: OK. We`ll be watching going forward. Dennis Wilder and Selig Harrison, thank you both very much.

SELIG HARRISON: Thank you.

DENNIS WILDER: Thank you.

GWEN IFILL: For a look back on how previous presidents have turned diplomat, you can visit our Web site at newshour.pbs.org. There, you`ll find an interview with Richard Norton Smith and a slideshow of the trips taken by other former presidents.

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GWEN IFILL: In other news today, Iran confirmed it has arrested and charged three Americans with illegally entering the country. The three crossed the border from Iraq's northern Kurdish region last Friday. Officials there said the Americans were tourists who went astray. Iranian state television reported they are being questioned by police to verify their story.

In Iraq, the top American commander dismissed a U.S. colonel's recommendation to withdraw well ahead of schedule. The colonel said there's little more the U.S. can do. But Army General Ray Odierno disagreed. He told the Associated Press, "Our goal here is a secure, stable, sovereign, self-reliant Iraq. We're not there yet."

Meanwhile, in Afghanistan, Taliban militants fired rockets into Kabul. They hit a neighborhood of embassies and government buildings.

Police in Australia announced today they foiled a terror plot to attack an army base there. Four men were arrested in raids across Melbourne. They're allegedly tied to a Somali group with links to al-Qaida. Officials said the suspects planned to storm the military base and shoot as many soldiers as possible.

The Senate moved this evening to debate the nomination of Sonia Sotomayor to the Supreme Court. It was already clear a majority of senators support confirmation. Still, nearly three-quarters of Republicans were expected to vote against it.

Minority Leader Mitch McConnell said he doubts Sotomayor would put aside personal and political beliefs and be impartial.

SEN. MITCH MCCONNELL (R-KY), Senate Minority Leader: The primary reason I will not support this nomination, as I have already said, is because I cannot support the so-called empathy standard upon which Judge Sotomayor was selected and to which she herself has subscribed in her writings and rulings.

GWEN IFILL: Democrats countered Sotomayor has a 17-year record as a moderate, mainstream judge. And Majority Leader Harry Reid criticized Republicans for their opposition.

SEN. HARRY REID (D-NV), Senate Majority Leader: I'm disappointed not more of my colleagues on the other side of the aisle are likely to vote for this outstanding nominee, particularly in light of her record and qualifications, but maybe in the future things will get better.

I am, however, grateful for the respect my colleagues have shown her throughout this process, even those who have said they're not going to vote for her.

GWEN IFILL: The confirmation vote is expected to take place on Thursday.

In economic news, there were two encouraging reports from June. The National Association of Realtors reported pending home sales were up for a fifth straight month, and the Commerce Department said consumer spending rose 0.4 percent. It's been up two months in a row.

On Wall Street, the Dow Jones Industrial Average gained 33 points to close at 9,320. The Nasdaq rose more than 2 points to close at 2,011.

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GWEN IFILL: And still to come on the NewsHour: foreclosure assistance; a Guantanamo update; and containing avian flu.

That follows a look at today's White House effort to get Democrats back on the same page. It happened over lunch.

President Obama called the entire Senate Democratic caucus to the White House today to try to smooth divisions over critical issues, all involving money.

At the top of the agenda, the cost of keeping the president's promise to reform health care this year. Polls and political action groups have highlighted growing discontent about legislation making its way through the House and the Senate. Often, liberals have been targeting their own.

TV AD NARRATOR: But Feinstein is saying health care may just be too difficult. Senator, we don't expect you to lead just on the easy issues. Senator Feinstein, please, fight for California. Fight for President Obama's health care reform now.

GWEN IFILL: Senate Democrats emerging from the White House luncheon today insisted they are close to agreement.

SEN. HARRY REID (D-NV), Senate Majority Leader: The very first thing we did to the thing we're working on now, which is health care. There was absolute unity in the caucus. Different ideas were expressed, but every idea was that we understand that, before year's end, we're going to do a comprehensive health care reform.

In spite of the loud, shrill voices trying to interrupt town hall meetings and just throw a monkey wrench into everything, we're going to continue to be positive and work hard.

SEN. MAX BAUCUS (D), Montana: The American people do not like partisanship, but the American people also don't like groups of people trying to kill something that should be done, should get passed, health care reform. And we know that we have to reform the health care system, because costs otherwise are eating us alive. We've got to reform the health insurance industry. So we're going to get it done.

GWEN IFILL: But the White House push has also come under attack from the right. In the House, conservative Blue Dog Democrats forced leaders to water down plans to create a publicly funded health insurance alternative.

Responding to the increased pressure, the administration today ramped up its response to attacks appearing on conservative Web sites.

LINDA DOUGLASS, Director of Communications, White House Office of Health Reform: This one says, "Uncovered video: Obama explains how his health care plan will eliminate private insurance." Well, nothing could be farther from the truth.

You know, the people who always try to scare people whenever you try to bring them health insurance reform are at it again, and they're taking sentences and phrases out of context and cobbling them together to leave a very false impression.

GWEN IFILL: The president and his party are also confronting new questions about how to pay for the expensive solutions they support. Over the weekend, both Treasury Secretary Timothy Geithner and chief economic adviser Larry Summers appeared to leave the door open for tax hikes on the middle class.

GEORGE STEPHANOPOULOS, "This Week" Anchor: So revenues are on the table, as well?

TIMOTHY GEITHNER, Treasury Secretary: Again, we're not at the point yet where we're going to make a judgment about what it's going to take, but the important thing...

GEORGE STEPHANOPOULOS: But you're not ruling it out? You can't rule it out?

TIMOTHY GEITHNER: Well, I think that what the country needs to do is understand we're going to have to do what it takes. We're going to do what's necessary.

GWEN IFILL: Candidate Obama, however, pledged not to raise taxes on the middle class.

BARACK OBAMA, President of the United States: If you are a family making less than \$250,000 a year, you will not see your taxes go up, not your capital gains tax, not your payroll tax, not your income tax, no taxes. Your taxes will not go up.

GWEN IFILL: At the White House yesterday, press secretary Robert Gibbs insisted the president is not backing off that promise.

JOURNALIST: The door is closed? They did not open the door at all?

ROBERT GIBBS, White House Press Secretary: I am reiterating the president's clear commitment in the clearest terms possible that he's not raising taxes on those who make less than \$250,000 a year.

GWEN IFILL: Other price tags have slowed the administration's momentum, as well, notably the billion-dollar Cash for Clunkers program, which quickly ran out of money. Senate Democrats promised today to join the House in adding another \$2 billion to the program by the end of the week.

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GWEN IFILL: Next, are mortgage companies following through on the government's pledge to help the homeowners in trouble? That was the focus of a new report issued by the Obama administration today. It laid out the initial results of a program to entice banks to reduce foreclosures. The response of the banks varied considerably.

Special correspondent Jeffrey Kaye has the story from Los Angeles.

JEFFREY KAYE, NewsHour Correspondent: From the beginning, it seemed like an ambitious plan.

BARACK OBAMA, President of the United States: But by making these investments in foreclosure prevention today, we will save ourselves the costs of foreclosure tomorrow.

JEFFREY KAYE: A \$75 billion program announced by the president in February aimed to head off home foreclosures. The government would partner with banks to reduce monthly payments for as many as 4 million at-risk borrowers.

But the program is getting off to a slow start. According to the Treasury Department report released today, so far, fewer than 8 percent of eligible borrowers have had their mortgages modified.

MICHAEL BARR, Assistant Treasury Secretary for Financial Institutions: We are not satisfied with the progress of servicers of banks in reducing foreclosure sales.

JEFFREY KAYE: Michael Barr is the Treasury Department official in charge of the Making Home Affordable program. He says participating lenders, which represent 85 percent of the mortgage market, need to improve.

MICHAEL BARR: We're not satisfied with the pace of loan modifications. We're not satisfied that banks are doing enough to reach borrowers in a humane way, in a fair way, in an efficient way.

JEFFREY KAYE: Today's report shows that, since May, the 38 lenders involved in the administration's program have modified just over 235,000 home loans on a trial basis.

But over the same period, foreclosures outstripped loan modifications by 5 to 1. That means for each home loan they modified, banks took possession of five homes.

Banks seized a record 1.5 million properties during the first six months of the year, according to RealtyTrac. A quarter of the nation's foreclosure filings were in California.

Many housing counselors and homeowners say that working out loan modifications can be frustrating and oftentimes fruitless.

YOLANDA MCCLINTON, Los Angeles Neighborhood Housing Services: So this will be, like, the fourth time we faxed it over.

COUNSELOR: It can be a long, drawn-out process. It takes a lot of dedication and being stubborn.

JEFFREY KAYE: At Los Angeles Neighborhood Housing Services, counselors help homeowners negotiate with lenders. Around the country, government-funded agencies like this one offer free assistance. Counselors say that things are gradually picking up, but delays have been significant.

YOLANDA MCCLINTON: We can submit their information, the lenders tell me directly. In theory, it would take them maybe 45 to 60 days to process the information. In reality, it's more like 120 to 150.

JEFFREY KAYE: Banks modify loans by either lowering interest rates or stretching out payments. Rarely do they lower the principal, the amount owed. Lenders are supposed to reduce monthly payments to no more than 31 percent of a borrower's income. In exchange, the government pays the mortgage company \$1,000 for each completed modification, plus \$1,000 a year for three years if borrowers make their payments on time.

COUNSELOR: They'll give you a temporary payment plan, 90 days. During that payment period, you have to show them that you can afford it. It's them giving you a test drive at a reduced payment.

JEFFREY KAYE: Because all modifications are done initially on a trial basis, borrowers have no way of knowing whether they will get a permanent modification or will end up losing their money and their home.

YOLANDA MCCLINTON: Well, we've realized the last couple of weeks that, at the end of some of these trial periods, they're not getting the mods. So we're hoping that they're not just using the trial period mod in order to collect payment and then saying no and the people could have actually used that money to help them transition.

JEFFREY KAYE: But at JPMorgan Chase, one of the nation's largest residential mortgage lenders, David Schneider says he expects most temporary modifications will become permanent. Schneider is Chase's senior executive for home lending.

DAVID SCHNEIDER, JPMorgan Chase: We don't want to own their house. We want the customer to stay in their house whenever possible. And, you know, we're going to help customers in any way possible to help stay in their house. And trial modification just is a vehicle that we think will get that done and get that done effectively.

JEFFREY KAYE: Chase has 27 new centers in 11 states to assist homeowners in trouble and to enable the bank to collect debts. The acquisition by Chase of Washington Mutual and EMC Mortgage added to its load. Chase has made more than 79,000 temporary loan modifications under the administration's program.

Schneider is proud of the bank's progress, despite criticisms.

Why are things taking so long?

DAVID SCHNEIDER: Well, I think everyone recognizes that this is a brand-new process, that it is very complicated. There's a lot of moving pieces that we all have to build. There are new systems. There are new processes. We're hiring thousands of people. We're training thousands of people. So we all understand that there's a lot to do to make this happen.

JEFFREY KAYE: But interviews with Chase customers paint a less rosy picture. Ronda Jones describes getting a trial loan modification as an ordeal.

RONDA JONES: It was extremely stressful, I mean, very, very stressful.

JEFFREY KAYE: The single mother fell behind on mortgage payments on her Los Angeles house when she lost her job. In November, she asked her lender for a loan modification.

RONDA JONES: In fact, they did not respond to my letter. Instead what I got was a notice of default in April informing me that June 30th my property would be foreclosed upon unless I made good on all of the back mortgage payments.

JEFFREY KAYE: She made the back payments, finally got a three-month trial modification, but says her worries continued.

RONDA JONES: The ordeal is not over, because I don't know exactly what they're going to offer me.

JEFFREY KAYE: Kiera and Grant Hoyle and their three children are in a worse position, forced to leave their Fontana, California, home after 19 months of frustrating encounters with their lender.

KIERA HOYLE: This is all January of '08.

JEFFREY KAYE: Where you're going through the request for the loan modification?

KIERA HOYLE: Yes.

JEFFREY KAYE: And they're asking for information?

KIERA HOYLE: Yes.

JEFFREY KAYE: They started applying for a loan modification after Grant, who is now working, was laid off. They and their bank -- now Chase -- disagree on the details, but, after

repeated faxes and phone calls, the Hoyles were at first told they didn't qualify for a loan modification. Later, bank officials told them they had a reprieve.

KIERA HOYLE: Each time we spoke with them, they said, "We have terminated the foreclosure proceedings. Therefore, we're continuing to work on the loan modification negotiations. Your house will not foreclose on you."

JEFFREY KAYE: And what happened instead?

KIERA HOYLE: It foreclosed on us.

GRANT HOYLE: Foreclosed.

JEFFREY KAYE: A Chase official says the Hoyles were given ample warning, but because they did not qualify for a loan modification, they would have to move. The couple insists the foreclosure came as a surprise. Either way, the Hoyles are angry, not only with Chase, whose representative says the bank did nothing wrong, but with the government.

KIERA HOYLE: They really need to just be focusing on the families and helping them. It seems like they've done the bailout for the banks, so the banks are happy now. They're sitting nice and pretty. But now there's all these families that are trying to work this out.

JEFFREY KAYE: Complaints like theirs prompted the Treasury Department to call executives from mortgage companies to Washington last week.

MICHAEL BARR: The point that we made to the servicers in our discussion with them is that all of them have to do better. We talked about the significant variation among servicers and performance. Some servicers are doing very well in reaching out to borrowers; many other servicers are not doing enough. And we highlighted those differences.

JEFFREY KAYE: Today's report makes the differences public and shows some of the larger institutions have not performed as well as smaller lenders.

For example, Saxon Mortgage, a company owned by Morgan Stanley, has modified 25 percent of its delinquent mortgages, while Bank of America, with a much higher volume, has modified just 4 percent of its delinquent home loans. The Wells Fargo number was 6 percent. JPMorgan Chase came in at 20 percent.

David Schneider of JPMorgan Chase says those numbers don't tell the whole story.

DAVID SCHNEIDER: It's going to vary widely just depending on where the servicer is located and how big the servicer is. One of the things that we can't forget is that, how many customers are we actually helping? And if you look at the size of how many customers Chase has helped versus the size of our aggregate portfolio, we've performed very well.

JEFFREY KAYE: Barr would not characterize individual lenders, but promised more scrutiny.

MICHAEL BARR: We are going to be increasingly focused on the laggards, looking to see ways to further incentivize their performance. Freddie Mac, our compliance agent, will be conducting second-look reviews, auditing samples of mortgage loan applications for modification that had been denied.

JEFFREY KAYE: Government officials advised borrowers to seek free counseling to avoid foreclosure rescue scams and to try to help them negotiate with banks.

As for the Hoyles, they`re temporarily moving in with relatives until they can afford the deposit on rental housing.

GWEN IFILL: This is Pledge Week on public television. We`re taking a short break now so your public television station can ask for your support. That support helps keep programs like ours on the air.

(BREAK)

GWEN IFILL: Now to Guantanamo Bay. The efforts to close the detention facility there have proved more complicated than promised. Judy Woodruff has that update.

JUDY WOODRUFF: There is less than six months left until President Obama`s self-imposed deadline for closing Guantanamo, but more than 200 men remain in detention. New details emerge almost daily about plans for the prisoners, including transfer to the U.S. mainland, return to their home countries, or relocation to a third country.

Here to walk us through all the options on the table is Ari Shapiro. He`s been covering Guantanamo for National Public Radio.

Ari, thank you for being back with us again...

ARI SHAPIRO, National Public Radio: Thank you for having me.

JUDY WOODRUFF: ... on this subject. So with all the stories floating around out there, what`s for real? What do we make of all this?

ARI SHAPIRO: Well, what`s for real is that the administration is considering several different options and probably will end up using a combination of things.

For example, over the weekend, we heard that the administration was thinking about opening a prison courthouse complex either in Kansas or in Michigan. So I called an administration official and I said, "Is this real?" And they said, "Well, it`s really something we`re considering."

And I said, "Well, is it one of three options or one of 300 options?" And they said, "It`s something we`re considering."

So I think the administration itself doesn`t know yet exactly what`s going to happen with all of these people. There`s a detention task force that has been working for six months on trying to get these answers. A couple weeks ago, they asked for another six-month extension.

JUDY WOODRUFF: Now, does this intriguing idea of a combination courtroom and prison facility, do they tell you enough to understand how it would work?

ARI SHAPIRO: Well, the premise is that there will be some Guantanamo detainees who face civilian military trials of the sort that we`re used to. There will be another group of detainees that faces some sort of reconstituted military war crimes trials.

And then there`s going to be what the administration describes as the most difficult group of detainees, some of the most dangerous ones, who can be locked up perhaps indefinitely, but the administration wants them to have regular judicial review to make sure that we don`t have an 89-year-old tottering terrorist wandering around the prison who`s no longer a danger.

So that`s, I think, where this concept of the courtroom prison comes in, that you could have people who get regular judicial review, but who may be held for a very long time.

JUDY WOODRUFF: Do you get the solution, Ari, there's one facility, one answer that they have in mind for this or...

ARI SHAPIRO: Absolutely not. In fact, there are already several different U.S. attorney's offices around the country that have had Guantanamo detainee cases referred to them for possible prosecution.

It tends to be the offices that have handled terrorism cases the most in the past, so we're talking about the eastern district of Virginia. That's Alexandria just outside of D.C. They tried Zacarias Moussaoui.

We're looking at the southern district of New York. That's Manhattan, where one Guantanamo detainee, Ahmed Ghailani, has already been transferred for trial. He's accused of the first World Trade -- sorry, the embassy bombings in Kenya and Tanzania.

And then the U.S. attorney's office in Washington, D.C., is another that has had some cases referred for possible prosecution.

So we're really looking at kind of a mixed approach, where different detainees are going to go to different places, depending on what the individual case demands.

JUDY WOODRUFF: And what about progress in finding countries, either home countries that would be willing to accept the detainees back or third countries that would be willing to take them in?

ARI SHAPIRO: Well, 11 detainees have already been transferred to other countries since the Obama administration took office. I think, when this process started, a lot of people assumed that foreign countries might be willing to take detainees if the U.S. first agreed to take some detainees who were released.

Well, the U.S. has made very clear that senators and congressmen are not interested in having Guantanamo detainees released. There's a whole "not in my backyard" attitude.

And yet European countries and some Middle Eastern and other countries have on the whole, I think, been more positive than many people expected about taking Guantanamo detainees.

There are more than 50 detainees who have already been cleared for transfer to third countries at Guantanamo, and the State Department is working really hard right now to find specific countries who will take them. And there are probably going to be more than that, as those detention task force works through these 229 men who are still at the prison camp.

But so far administration officials that I talked to seem to be feeling good that they will find countries to take these men.

JUDY WOODRUFF: So what about this deadline that President Obama himself...

ARI SHAPIRO: Yes, the January deadline.

JUDY WOODRUFF: ... set. Does it look like they can meet this? What are they -- what are they saying to you about that?

ARI SHAPIRO: There are certainly a lot of skeptics, but a lot of people who I talk with in the administration think they can make it. There is this detention task force that they say they've reviewed more than half of the detainees who are at Guantanamo right now, and they expect to be done reviewing the detainees' cases by October 1st.

They still need to get, as I said, buy-in from some foreign countries about transferring Guantanamo detainees elsewhere. There is also some pressure for Congress to pass a law that would amend the military commissions, the war crimes trials that I mentioned earlier, because right now there's a system of war crimes trials that the Bush administration created that the Obama administration is not really happy with.

So there are issues that need to be sorted out. There's a long list of issues, and it's not going to be easy. People in the administration who I talk to, though, seem optimistic that they could still make January.

JUDY WOODRUFF: So, in that answer, you make it sound fairly orderly, and yet the impression that many of us have is that this has just been all over the map. What's...

ARI SHAPIRO: Well, as you know, Congress is never exactly orderly. And I think one big challenge here has been Congress, that the Obama administration really didn't anticipate the enormous amount of pushback. One person said to me, the attitude on Guantanamo has turned 180 degrees from a year ago.

During the presidential campaign, John McCain and Barack Obama both supported closing Guantanamo, and yet now that poll numbers show that the majority of Americans have serious qualms about bringing Guantanamo detainees to the United States, I think Republicans in Congress see an opportunity to score some points politically, to make their constituents' concerns known, and I think they're trying to use this to keep the administration on the defensive.

JUDY WOODRUFF: Except for maybe that one spot in Michigan where they're looking at a joint facility.

ARI SHAPIRO: Right. And interestingly, in Michigan, you've got Senator Carl Levin, the chair of the Senate Armed Services Committee, who does not appear to be opposed to Guantanamo detainees possibly coming to his state. So that's one place to keep an eye on.

JUDY WOODRUFF: Well, we'll be keeping an eye on this, and we appreciate your help.

ARI SHAPIRO: Thanks a lot.

JUDY WOODRUFF: Ari Shapiro, National Public Radio, thank you.

ARI SHAPIRO: Good to talk to you.

(BREAK)

GWEN IFILL: Finally tonight, as U.S. health officials begin to firm up plans for handling another outbreak of H1N1 flu, special correspondent Fred de Sam Lazaro looks at a different flu battle in this global Health Unit report from Cambodia.

FRED DE SAM LAZARO, NewsHour Correspondent: On the street outside Phnom Penh's most prominent Buddhist temple, the merit bird business is brisk. It's an age-old ritual in many parts of Southeast Asia based on the belief that freeing a caged bird brings merit to one's soul.

But in recent years, these wild birds have come to symbolize something very different to public health workers: potential carriers of H5N1, the avian flu virus.

PRISCILLA JOYNER, Wildlife Conservation Society: Sellers are very interested in whether or not these birds do have avian influenza. And so they're interested in knowing about the health of the wildlife and how does this impacts their health, as well.

FRED DE SAM LAZARO: And their livelihood, too.

PRISCILLA JOYNER: And their livelihood, too, yes.

FRED DE SAM LAZARO: Priscilla Joyner is with the Wildlife Conservation Society. Its staff regularly tests samples of wild birds across East Asia for any signs of flu.

PRISCILLA JOYNER: A big concern here in this area is the very close proximity of people living with domestic animals and interacting with wildlife. And this can either be in the home or this can be in the market or in merit bird training. And this close proximity can be enough pressure to allow a pathogen to jump from one species to the next and then lead to a disease that otherwise may not have occurred.

FRED DE SAM LAZARO: Although so far merit birds have been free of avian flu, Joyner says Cambodia is in many ways an ideal petri dish for its spread. People are always around wild birds and domestic animals and poultry in the markets and in backyards of this mostly rural country still recovering from decades of war.

H5N1 is common but harmless in ducks. It is lethal in chickens. And it's deadly when it does make the cross-species leap to humans. Two-thirds of the 400 people who've contracted bird flu have died.

Cambodia has seen just eight human cases since 2005. Almost all had very close contact with infected chickens. So far, the virus has not spread from human to human.

Still, Dr. Sirendes Vong of the Pasteur Institute says bird flu remains a concern, especially if it infects someone who already has another form of flu, including swine flu that spread widely in recent months.

DR. SIRENDES VONG, Pasteur Institute, Cambodia: Once humans are infected, if they're infected with seasonal flu, that's a possibility for H5N1 to mix with the seasonal flu and to come up with a new virus that would have the potential to be a pandemic one.

FRED DE SAM LAZARO: To spread like seasonal flu.

DR. SIRENDES VONG: Exactly. How deadly? I don't know. But there's a potential to get a virus that is as deadly as H5N1 and as transmissible as...

FRED DE SAM LAZARO: The bird flu?

DR. SIRENDES VONG: ... as seasonal flu or the current swine flu virus.

FRED DE SAM LAZARO: He says Cambodia doesn't have the resources to check on every case, but with agencies like Pasteur, it is monitoring selected sites across the country for any signs of flu in chickens and responding to major outbreaks.

DR. SIRENDES VONG: If there is something, there's a team from the Ministry of Agriculture, from the veterinary services, that would go to the field and investigate the phenomenon. And the difficulties, again, is to come at the early stage so that you would be able also to test at the early stage of the outbreak.

FRED DE SAM LAZARO: And they are hoping the message gets out on how to lower the risk of an outbreak, separating chickens from ducks, for example, keeping kids away from ponds where ducks swim, and improved hygiene around the backyard. It's a message that's gotten through to small farmers like Khieu Nyim.

KHIEU NYIM, Farmer (through translator): I heard the news from the TV and radio. I heard that swine flu makes the pigs sick first and also infects human beings. First, I heard that it spread in Mexico, and then it also spread in America.

I take precautions for myself. I clean the pigs and make sure I wear a mask when I enter the cage.

FRED DE SAM LAZARO: No one's sure whether most farmers are adopting such practices or whether most farmers can afford protective gear. And even though there's fear of the bird flu and swine flu viruses mixing, no one's sure when or if such a super-bug might emerge.

Dr. Michael O'Leary heads the World Health Organization office in Cambodia.

DR. MICHAEL O'LEARY, World Health Organization: I think it's largely a theoretical concern at this point, because we have, you know, many kinds of viruses around us all the time. And so while we have to say that it's possible that these two or other viruses may mix and result in a new virus, that's essentially always the case. We can have such a scenario any time.

FRED DE SAM LAZARO: He says the risk of diseases that jump from one species to another has risen in recent decades with dozens of examples, from Ebola to Lyme disease.

DR. MICHAEL O'LEARY: The destruction of forests or the urbanization of people, that's created new opportunities, I think, for new kinds of interaction between humans and animals. Another is the ease with which people move around the world now.

There have been so many emerging diseases in the last few decades. We've seen dozens of new diseases, HIV being only one, most of which did result from a spread of an organism from the animal world to the human world.

FRED DE SAM LAZARO: O'Leary says it will be important to strike a balance, watching for early signs of outbreaks while avoiding socially disruptive measures, like shutting down the merit bird trade or shutting down markets.

GWEN IFILL: For more on how viruses are transmitted from animals to humans and for Fred's reporter's notebook on Cambodia, visit our global health Web site at newshour.pbs.org.

(BREAK)

GWEN IFILL: Again, the major developments of the day.

North Korea announced President Kim Jong-il pardoned two American journalists who'd been held since March. The announcement came during a visit by former President Bill Clinton.

Later, the North Korean news agency reported the president and his party had left, but it gave no details.

And the Senate opened debate tonight on confirming Supreme Court nominee Sonia Sotomayor.

Also, on newshour.pbs.org, check out our Insider Forum, where you'll find an online follow-up to last night's debate over taxing employer health insurance policies. You can send your questions for Jonathan Gruber of MIT and Paul Fronstin of the Employee Benefits Research Institute through the Web site at newshour.pbs.org.

We`ll see you online and again here tomorrow evening. I m Gwen Ifill. Thank you, and good night.