§ 460. Dividends to shareholders; conditions precedent. 1. The board of directors of any credit union may declare a dividend from the credit union's undivided profits calculated as provided in this article for any period determined by the board of directors.

2. Earnings from all sources for the period for which a dividend is to be paid, except as provided in section four hundred fifty-eight of this article, may be credited to the profit and loss account of the credit union and the following items shall be charged against such account in the determination of the amount available for dividends to shareholders:

(a) All expenses paid or incurred by the credit union in the management of its affairs, the collection of its debts or the transaction of its business.

(b) The interest paid or accrued on debts owed by the credit union.

(c) All losses incurred on loans in excess of the allowance for loan loss account.

(d) Any interest collected in advance shall be considered unearned at the end of the fiscal period, and shall be set aside in an account called "unearned interest".

The credit balance of the profit and loss account as thus determined shall constitute the undivided profits of the credit union at the close of such period, and shall be applicable to the payment of dividends except as provided in subdivision three of this section.

3. No dividend shall be credited or paid unless the credit union has:

(a) Made good any existing impairment of its capital; and

(b) Carried to its allowance for loan loss account such part of its earnings as is required by section four hundred fifty-nine of this article.

4. Dividends may be paid on shares and share certificates at various rates with due consideration of the conditions that pertain to each type of account such as minimum balance, notice and time requirements.

5. When any dividend shall be declared in excess of the amount available for dividends as determined in accordance with the provisions of this section, the directors voting for such dividend may be held

jointly and severally liable to the credit union for the amount of the excess so declared.