$Var(u|x) = \sigma^2$

$Var(abil|educ) = \sigma^2 = Var(wage|educ)$

$y = \beta_0 + \beta_1 x + u$

$E(\hat{\beta}_1) = \beta_1$

$Var(quality|age) = \sigma^2 = var(hprice|age)$

wage educ ability

prop values age quality

$E(u|x) = 0$

$E(hprice|age) = \beta_0 + \beta_1 age$

$E(y|x) = \beta_0 + \beta_1 x$

$E(wage|educ) = \beta_0 + \beta_1 educ$