

Violation of homoskedasticity for LPM

$$\text{Var}(u|\vec{x})$$

$$= \text{Var}(y|\vec{x}) \quad (\text{as conditional on } \vec{x}, \beta_0 + \beta_1 x_1 + \dots + \beta_k x_k \text{ is a constant})$$

$$= E[y^2|\vec{x}] - (E[y|\vec{x}])^2$$

$$= 1^2 P(y=1|\vec{x}) - (P(y=1|\vec{x}))^2$$

$$= P(y=1|\vec{x}) \cdot [1 - P(y=1|\vec{x})]$$

$$= (\beta_0 + \beta_1 x_1 + \dots + \beta_k x_k) \cdot (1 - \beta_0 - \beta_1 x_1 - \dots - \beta_k x_k)$$