I'm trying to root out typos & mistakes from my lecture notes. Please alert me to these types of problems as you spot them. Here's a list of those that I know about at this point:

(1) Lecture 4, page 25, "student check point":
corr(xi,ui)<corr(xi,ui)/corr(zi,xi)

The RHS should be written corr(zi,ui)/corr(zi,xi). Thanks to Luca for spotting this.

(2) (Highlighted in class) Lecture 6, bottom of page 18. The expression for lambda_i_hat is wrong. The right expression is:
lambda_i_hat = ybar_i – wbar_i*beta_1_hat

where ybar_i is the mean of the variable y for individual i.