

The variance of a dependent variable as a function of latent variables that have an interaction is discussed in Mooijaart and Satorra (2009),

Mooijaart & Satorra (2009). On insensitivity of the chi-square model test to nonlinear misspecification in structural equation models. *Psychometrika*, 74, 443-455.

This also shows an example on page 445 of how the R-square contribution for the latent variable interaction is computed.

For general covariance algebra with latent variable interactions, see the appendix of

Mooijaart & Bentler (2010). An alternative approach for nonlinear latent variable models. *Structural Equation Modeling*, 17, 357-33.