

NUVEEN MARYLAND DIVIDEND ADVANTAGE MUNICIPAL FUND 3
Form N-Q
April 28, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-21153

Nuveen Maryland Dividend Advantage Municipal Fund 3

(Exact name of registrant as specified in charter)

333 West Wacker Drive, Chicago, Illinois 60606

(Address of principal executive offices) (Zip code)

Jessica R. Droeger Vice President and Secretary

333 West Wacker Drive, Chicago, Illinois 60606

(Name and address of agent for service)

Registrant's telephone number, including area code: 312-917-7700

Date of fiscal year end: 5/31

Date of reporting period: 2/28/06

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Schedule of Investments

Portfolio of Investments (Unaudited)

Nuveen Maryland Dividend Advantage Municipal Fund 3 (NWI)

February 28, 2006

Principal

Edgar Filing: NUVEEN MARYLAND DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-Q

Amount (000)	Description (1)	Provision
Consumer Discretionary □ 2.1% (1.5% of Total Investments)		
\$ 220	Baltimore, Maryland, Pollution Control Revenue Bonds, General Motors Corporation, Series 1993, 5.350%, 4/01/08	No Op
1,000	Baltimore, Maryland, Senior Lien Convention Center Hotel Revenue Bonds, Series 2006A, 5.250%, 9/01/39 □ XLCA Insured	9/16 at 1
380	Baltimore, Maryland, Subordinate Lien Convention Center Hotel Revenue Bonds, Series 2006B, 5.875%, 9/01/39	9/16 at 1
1,600	Total Consumer Discretionary	
Consumer Staples □ 3.6% (2.4% of Total Investments)		
2,730	Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33	5/12 at 1
Education and Civic Organizations □ 13.3% (9.0% of Total Investments)		
225	Anne Arundel County, Maryland, Economic Development Revenue Bonds, Community College Project, Series 2002, 5.125%, 9/01/22	9/12 at 1
625	Frederick County, Maryland, Educational Facilities Revenue Bonds, Mount Saint Mary's College, Series 2006, 5.625%, 9/01/38	9/16 at 1
	Frederick County, Maryland, Educational Facilities Revenue Bonds, Mount St. Mary's College, Series 2001A:	
100	5.750%, 9/01/25	3/10 at 1
100	5.800%, 9/01/30	3/10 at 1
690	Hartford County, Maryland, Economic Development Revenue Bonds, Battelle Memorial Institute, Series 2004, 5.250%, 4/01/34	4/14 at 1
625	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Goucher College, Series 2004, 5.125%, 7/01/34	7/14 at 1
1,000	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Johns Hopkins University, Series 2002A, 5.000%, 7/01/32	7/12 at 1
525	Maryland Industrial Development Financing Authority, Revenue Bonds, Our Lady of Good Counsel High School, Series 2005A, 6.000%, 5/01/35	5/15 at 1
1,000	Morgan State University, Maryland, Student Tuition and Fee Revenue Bonds, Academic Fees and Auxiliary Facilities, Series 2003A, 5.000%, 7/01/32 □ FGIC Insured	7/13 at 1
985	University of Maryland, Auxiliary Facility and Tuition Revenue Bonds, Series 2001B, 4.625%, 4/01/21	4/11 at 1
2,000	University of Maryland, Auxiliary Facility and Tuition Revenue Bonds, Series 2002A, 5.125%, 4/01/22	4/12 at 1
	University of Maryland, Auxiliary Facility and Tuition Revenue Bonds, Series 2003A:	
1,000	5.000%, 4/01/15	4/13 at 1
1,000	5.000%, 4/01/19	4/13 at 1
9,875	Total Education and Civic Organizations	
Health Care □ 17.8% (12.1% of Total Investments)		
1,000	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Anne Arundel Medical Center, Series 1998, 5.125%, 7/01/33 □ FSA Insured	7/08 at 1

Edgar Filing: NUVEEN MARYLAND DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-Q

775	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Calvert Memorial Hospital, Series 2004, 5.500%, 7/01/36	7/14 at 1
1,250	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Carroll County General Hospital, Series 2002, 5.800%, 7/01/32	7/12 at 1
870	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Civista Medical Center, Series 2005, 5.000%, 7/01/37 ☐ RAAI Insured	7/14 at 1
700	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Frederick Memorial Hospital, Series 2002, 5.125%, 7/01/35	7/12 at 1
800	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Greater Baltimore Medical Center, Series 2001, 5.000%, 7/01/34	7/11 at 1
1,000	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Johns Hopkins Hospital, Series 2001, 5.000%, 5/15/21	5/11 at 1
1,000	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Kennedy Krieger Institute, Series 2003, 5.500%, 7/01/33	7/13 at 1
725	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, LifeBridge Health System, Series 2004A, 5.125%, 7/01/34	7/14 at 1
900	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, MedStar Health, Series 2004, 5.375%, 8/15/24	8/14 at 1
650	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Mercy Medical Center, Series 2001, 5.625%, 7/01/31	7/11 at 1
1,845	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Union Hospital of Cecil County, Series 2002, 5.625%, 7/01/32	7/12 at 1
775	Maryland Health and Higher Educational Facilities Authority, Revenue Refunding Bonds, Adventist Healthcare, Series 2003A, 5.750%, 1/01/25	1/13 at 1
	Prince George's County, Maryland, Revenue Bonds, Dimensions Health Corporation, Series 1994:	
350	5.375%, 7/01/14	7/06 at 1
900	5.300%, 7/01/24	7/06 at 1

13,540 Total Health Care

Housing/Multifamily ☐ 14.0% (9.5% of Total Investments)

980	Maryland Community Development Administration, Housing Revenue Bonds, Series 2002B, 4.950%, 7/01/32 (Alternative Minimum Tax)	7/12 at 1
1,250	Maryland Economic Development Corporation, Senior Lien Student Housing Revenue Bonds, University of Maryland ☐ Baltimore, Series 2003A, 5.625%, 10/01/23	10/13 at 1
	Maryland Economic Development Corporation, Student Housing Revenue Bonds, Sheppard Pratt University Village, Series 2001:	
20	5.875%, 7/01/21 ☐ ACA Insured	7/11 at 1
150	6.000%, 7/01/33 ☐ ACA Insured	7/11 at 1
	Montgomery County Housing Opportunities Commission, Maryland, Multifamily Housing Development Bonds, Series 2002B:	
515	5.100%, 7/01/33 (Alternative Minimum Tax)	7/12 at 1
3,000	5.200%, 7/01/44 (Alternative Minimum Tax)	7/12 at 1
4,860	Prince George's County Housing Authority, Maryland, GNMA Collateralized Mortgage Revenue Bonds, Fairview and Hillside Projects, Series 2002A, 4.700%, 11/20/22	11/12 at 1

10,775 Total Housing/Multifamily

Edgar Filing: NUVEEN MARYLAND DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-Q

Industrials □ 1.3% (0.9% of Total Investments)

1,000 Northeast Maryland Waste Disposal Authority, Baltimore, Resource Recovery Revenue Bonds, RESCO Retrofit Project, Series 1998, 4.750%, 1/01/12 (Alternative Minimum Tax) 1/09 at 1

Long-Term Care □ 0.6% (0.4% of Total Investments)

280 Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Collington Episcopal Life Care Community Inc., Series 2001A, 6.750%, 4/01/23 4/11 at 1
 Prince George's County, Maryland, Revenue Bonds, Collington Episcopal Life Care Community Inc., Series 1994A:
 40 5.625%, 4/01/09 4/06 at 1
 140 6.000%, 4/01/13 4/06 at 1
 38 Prince George's County, Maryland, Revenue Bonds, Collington Episcopal Life Care Community Inc., Series 1994B, 8.000%, 4/01/16 4/16 at 1

498 Total Long-Term Care

Tax Obligation/General □ 22.8% (15.5% of Total Investments)

1,000 Annapolis, Maryland, General Obligation Public Improvement Refunding Bonds, Series 2002, 4.375%, 4/01/17 4/12 at 1
 1,000 Anne Arundel County, Maryland, General Obligation Bonds, Series 2003, 5.000%, 3/01/13 No Op
 1,000 Calvert County, Maryland, General Obligation Public Improvement Bonds, Series 2002, 4.500%, 1/01/16 1/12 at 1
 380 Carroll County, Maryland, Consolidated Public Improvement Bonds, Series 2005A, 5.000%, 12/01/16 12/15 at 1
 1,260 Charles County, Maryland, Consolidated General Obligation Public Improvement Bonds, Series 2002, 4.400%, 1/15/16 1/12 at 1
 500 Frederick County, Maryland, General Obligation Public Facilities Bonds, Series 2006, 5.000%, 11/01/20 No Op
 245 Frederick County, Maryland, Special Obligation Bonds, Villages of Lake Linganore Community Development Authority, Series 2001A, 5.600%, 7/01/20 □ RAAl Insured 7/10 at 1
 Frederick, Maryland, General Obligation Bonds, Series 2005:
 710 5.000%, 8/01/16 □ MBIA Insured 8/15 at 1
 535 5.000%, 8/01/17 □ MBIA Insured 8/15 at 1
 1,000 Maryland National Capital Park Planning Commission, Prince George's County, General Obligation Bonds, Park Acquisition and Development, Series 2004EE-2, 5.000%, 1/15/17 1/14 at 1
 1,500 Maryland, General Obligation Bonds, Series 2005, 5.000%, 8/01/17 8/15 at 1
 1,440 Montgomery County, Maryland, Consolidated General Obligation Public Improvement Bonds, Series 2005A, 5.000%, 7/01/15 No Op
 1,000 Prince George's County, Maryland, General Obligation Consolidated Public Improvement Bonds, Series 2003A, 5.000%, 10/01/17 10/13 at 1
 1,000 Prince George's County, Maryland, General Obligation Consolidated Public Improvement Bonds, Series 2004C, 5.000%, 12/01/11 No Op
 1,000 St. Mary's County, Maryland, General Obligation Hospital Bonds, Series 2002, 5.000%, 10/01/12 No Op
 25 Washington Suburban Sanitary District, Montgomery and Prince George's Counties, Maryland, General Obligation Construction Bonds, Second Series 2001, 5.000%, 6/01/17 6/11 at 1
 1,000 Washington Suburban Sanitary District, Montgomery and Prince George's Counties, Maryland, Sewerage Disposal Bonds, Series 2004, 5.000%, 6/01/13 No Op
 1,000 Washington Suburban Sanitary District, Montgomery and Prince George's Counties, Maryland, Sewerage Disposal Bonds, Series 2005, 5.000%, 6/01/16 6/15 at 1

Edgar Filing: NUVEEN MARYLAND DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-Q

1,000 Washington Suburban Sanitary District, Montgomery and Prince George's Counties, Maryland, Water Supply Bonds, Series 2005, 5.000%, 6/01/16 6/15 at 1

16,595 Total Tax Obligation/General

Tax Obligation/Limited ☐ 33.1% (22.5% of Total Investments)

750 Annapolis, Maryland, Special Obligation Bonds, Park Place Project, Series 2005A, 5.350%, 7/01/34 1/15 at 1

1,000 Baltimore Board of School Commissioners, Maryland, Revenue Bonds, City Public School System, Series 2003A, 5.000%, 5/01/15 5/13 at 1

450 Hyattsville, Maryland, Special Obligation Bonds, University Town Center Project, Series 2004, 5.750%, 7/01/34 7/14 at 1

5,000 Maryland Department of Transportation, Consolidated Transportation Revenue Bonds, Series 2002, 5.500%, 2/01/16 No Op

1,000 Maryland Department of Transportation, Consolidated Transportation Revenue Bonds, Series 2004, 5.000%, 5/01/13 No Op

2,200 Maryland Economic Development Corporation, Lease Revenue Bonds, Department of Transportation Headquarters Building, Series 2002, 4.750%, 6/01/22 6/12 at 1

450 Maryland Economic Development Corporation, Lease Revenue Bonds, Montgomery County Town Square Parking Garage, Series 2002A, 5.000%, 9/15/13 9/12 at 1

2,935 Maryland Economic Development Corporation, Lease Revenue Bonds, Montgomery County Wayne Avenue Parking Project, Series 2002A, 5.250%, 9/15/16 9/12 at 1

Maryland Stadium Authority, Lease Revenue Bonds, Montgomery County Conference Center Facilities, Series 2003:

1,465 5.000%, 6/15/21 6/13 at 1

1,620 5.000%, 6/15/23 6/13 at 1

710 Montgomery County, Maryland, Lease Revenue Bonds, College of Arts Center Project, Series 2005A, 5.000%, 5/01/18 5/15 at 1

460 Prince George's County, Maryland, Special Obligation Bonds, National Harbor Project, Series 2005, 5.200%, 7/01/34 7/15 at 1

575 Prince George's County, Maryland, Special Tax District Bonds, Victoria Falls Project, Series 2005, 5.250%, 7/01/35 7/13 at 1

Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Bonds, Series 2002G:

1,000 5.250%, 7/01/17 7/12 at 1

1,205 5.250%, 7/01/20 7/12 at 1

1,275 5.250%, 7/01/21 7/12 at 1

1,000 Puerto Rico Public Finance Corporation, Commonwealth Appropriation Bonds, Series 1998A, 5.125%, 6/01/24 ☐ AMBAC Insured No Op

235 Puerto Rico Public Finance Corporation, Commonwealth Appropriation Bonds, Series 2002E, 5.500%, 8/01/29 2/12 at 1

700 Puerto Rico, Highway Revenue Bonds, Highway and Transportation Authority, Series 2003AA, 5.500%, 7/01/19 ☐ MBIA Insured No Op

24,030 Total Tax Obligation/Limited

Transportation ☐ 0.6% (0.5% of Total Investments)

Maryland Health and Higher Educational Facilities Authority, Parking Facilities Revenue Bonds,

Edgar Filing: NUVEEN MARYLAND DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-Q

Johns Hopkins Medical Institution, Series 2004B:

190 5.000%, 7/01/13 ☐ AMBAC Insured

No Op

175 5.000%, 7/01/14 ☐ AMBAC Insured

No Op

365 Total Transportation

U.S. Guaranteed ☐ 26.7% (18.2% of Total Investments) (4)

10	Anne Arundel County, Maryland, General Obligation Bonds, Consolidated General Improvements, Series 1999, 5.000%, 5/15/19 (Pre-refunded 5/15/09)	5/09 at 1
2,115	Baltimore County, Maryland, Consolidated General Obligation Public Improvement Bonds, Series 2002, 5.250%, 8/01/17 (Pre-refunded 8/01/12)	8/12 at 1
100	Frederick County, Maryland, General Obligation Public Facilities Bonds, Series 1999, 5.250%, 7/01/17 (Pre-refunded 7/01/09)	7/09 at 1
	Frederick County, Maryland, General Obligation Public Facilities Bonds, Series 2002:	
1,830	5.000%, 11/01/20 (Pre-refunded 11/01/12)	11/12 at 1
2,035	5.000%, 11/01/21 (Pre-refunded 11/01/12)	11/12 at 1
2,500	5.000%, 11/01/22 (Pre-refunded 11/01/12)	11/12 at 1
1,210	Howard County, Maryland, Consolidated Public Improvement Bonds, Series 2001A, 4.750%, 2/15/19 (Pre-refunded 2/15/09)	2/09 at 1
1,215	Howard County, Maryland, Consolidated Public Improvement Refunding Bonds, Series 2003A, 5.000%, 8/15/15 (Pre-refunded 8/15/12)	8/12 at 1
50	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Helix Health, Series 1997, 5.000%, 7/01/17 ☐ AMBAC Insured (ETM)	No Op
1,080	Maryland Transportation Authority, Revenue Refunding Bonds, Transportation Facilities Projects, First Series 1978, 6.800%, 7/01/16 (ETM)	No Op
2,000	Montgomery County, Maryland, Consolidated General Obligation Public Improvement Bonds, Series 2002A, 5.000%, 2/01/20 (Pre-refunded 2/01/12)	2/12 at 1
3,500	Puerto Rico Infrastructure Financing Authority, Special Obligation Bonds, Series 2000A, 5.500%, 10/01/40 (ETM)	10/10 at 1
700	Puerto Rico Public Finance Corporation, Commonwealth Appropriation Bonds, Series 2002E, 5.500%, 8/01/29 (Pre-refunded 2/01/12)	2/12 at 1
880	Puerto Rico, General Obligation and Public Improvement Bonds, Series 2001, 5.125%, 7/01/30 (Pre-refunded 7/01/11) ☐ FSA Insured	7/11 at 1

19,225 Total U.S. Guaranteed

Utilities ☐ 7.1% (4.8% of Total Investments)

1,250	Maryland Energy Financing Administration, Revenue Bonds, AES Warrior Run Project, Series 1995, 7.400%, 9/01/19 (Alternative Minimum Tax)	9/07 at 1
-------	--	-----------