

NUVEEN MARYLAND DIVIDEND ADVANTAGE MUNICIPAL FUND 3  
Form N-Q  
October 30, 2008

**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)

**Nuveen Investments**

**333 West Wacker Drive, Chicago, Illinois 60606**

(Address of principal executive offices) (Zip code)

**Kevin J. McCarthy 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: 8/31/08

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)**

*August 31, 2008*

**Principal**

**Amount (000) Description (1)**

**Consumer Discretionary □ 3.9% (2.5% of Total Investments)**

\$	2,385	Baltimore, Maryland, Senior Lien Convention Center Hotel Revenue Bonds, Series 2006A, 5.250%, 9/01/39 □ XLCA Insured
	380	Baltimore, Maryland, Subordinate Lien Convention Center Hotel Revenue Bonds, Series 2006B, 5.875%, 9/01/39
	700	Maryland Economic Development Corporation, Revenue Bonds, Chesapeake Bay Hyatt Conference Center, Series 2006A, 5.000%, 12/01/31

---

3,465 Total Consumer Discretionary

**Consumer Staples □ 3.2% (2.0% of Total Investments)**

	2,515	Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33
--	-------	---

**Education and Civic Organizations □ 12.3% (7.8% of Total Investments)**

	225	Anne Arundel County, Maryland, Economic Development Revenue Bonds, Community College Project, Series 2002, 5.125%, 9/01/22
	625	Frederick County, Maryland, Educational Facilities Revenue Bonds, Mount Saint Mary's College, Series 2006, 5.625%, 9/01/38
	690	Hartford County, Maryland, Economic Development Revenue Bonds, Battelle Memorial Institute, Series 2004, 5.250%, 4/01/34
	625	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Goucher College, Series 2004, 5.125%, 7/01/34
	1,000	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Johns Hopkins University, Series 2002A, 5.000%, 7/01/32
	925	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Maryland Institute College of Art, Series 2006, 5.000%, 6/01/30
	625	Maryland Industrial Development Financing Authority, Revenue Bonds, Our Lady of Good Counsel High School, Series 2005A, 6.000%, 5/01/35
	710	Montgomery County Revenue Authority, Maryland, Lease Revenue Bonds, Montgomery College Arts Center Project, Series 2005A, 5.000%, 5/01/18
	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
	985	University of Maryland, Auxiliary Facility and Tuition Revenue Bonds, Series 2001B, 4.625%, 4/01/21
	800	University of Maryland, Auxiliary Facility and Tuition Revenue Bonds, Series 2006A, 5.000%, 10/01/22
	890	Westminster, Maryland, Educational Facilities Revenue Bonds, McDaniel College, Series 2006, 5.000%, 11/01/31

---

9,100 Total Education and Civic Organizations

**Health Care □ 28.3% (18.1% of Total Investments)**

	700	Maryland Health and Higher Education Facilities Authority, Revenue Bonds, University of Maryland Medical System, Series 2006, 5.000%, 7/01/31
	1,000	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Anne Arundel Medical Center, Series 1998, 5.125%, 7/01/33 □ FSA Insured
	775	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Calvert Memorial

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

	Hospital, Series 2004, 5.500%, 7/01/36
1,250	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Carroll County General Hospital, Series 2002, 5.800%, 7/01/32
1,750	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Carroll Hospital Center, Series 2006, 5.000%, 7/01/40
870	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Civista Medical Center, Series 2005, 5.000%, 7/01/37 ☐ RAAI Insured
885	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Doctors Community Hospital, Series 2007A, 5.000%, 7/01/29
700	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Frederick Memorial Hospital, Series 2002, 5.125%, 7/01/35
800	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Greater Baltimore Medical Center, Series 2001, 5.000%, 7/01/34 ☐ MBIA Insured
1,000	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Johns Hopkins Hospital, Series 2001, 5.000%, 5/15/21
735	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Johns Hopkins Hospital, Series 2004, Inverse 1003, 10.840%, 7/01/33 (IF)
1,000	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Kennedy Krieger Institute, Series 2003, 5.500%, 7/01/33
595	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, LifeBridge Health System, Series 2008, 5.000%, 7/01/28 ☐ AGC Insured
900	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, MedStar Health, Series 2004, 5.375%, 8/15/24
1,690	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, MedStar Health, Series 2007, 5.250%, 5/15/46 ☐ BHAC Insured
	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Mercy Medical Center Project, Series 2007A:
525	5.000%, 7/01/37
340	5.500%, 7/01/42
650	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Mercy Medical Center, Series 2001, 5.625%, 7/01/31
850	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Peninsula Regional Medical Center, Series 2006, 5.000%, 7/01/36
1,845	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Union Hospital of Cecil County, Series 2002, 5.625%, 7/01/32
1,220	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Washington County Hospital, Series 2008, 5.750%, 1/01/38
775	Maryland Health and Higher Educational Facilities Authority, Revenue Refunding Bonds, Adventist Healthcare, Series 2003A, 5.750%, 1/01/25
900	Prince George's County, Maryland, Revenue Bonds, Dimensions Health Corporation, Series 1994, 5.300%, 7/01/24

---

21,755 Total Health Care

---

**Housing/Multifamily ☐ 14.2% (9.1% of Total Investments)**

980	Maryland Community Development Administration, Housing Revenue Bonds, Series 2002B, 4.950%, 7/01/32 (Alternative Minimum Tax)
1,250	Maryland Economic Development Corporation, Senior Lien Student Housing Revenue Bonds,

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

University of Maryland □ Baltimore, Series 2003A, 5.625%, 10/01/23  
 Maryland Economic Development Corporation, Student Housing Revenue Bonds, Sheppard Pratt  
 University Village, Series 2001:

- 20 5.875%, 7/01/21 □ ACA Insured
- 150 6.000%, 7/01/33 □ ACA Insured
- 475 Maryland Economic Development Corporation, Student Housing Revenue Refunding Bonds, University  
 of Maryland College Park Projects, Series 2006, 5.000%, 6/01/33 □ CIFG Insured
- Montgomery County Housing Opportunities Commission, Maryland, Multifamily Housing Development  
 Bonds, Series 2002B:
- 515 5.100%, 7/01/33 (Alternative Minimum Tax)
- 3,000 5.200%, 7/01/44 (Alternative Minimum Tax)
- 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

11,250 Total Housing/Multifamily

**Housing/Single Family □ 7.4% (4.8% of Total Investments)**

- 350 Maryland Community Development Administration Department of Housing and Community Development,  
 Residential Revenue Bonds, Series 2007H, 5.000%, 9/01/27 (Alternative Minimum Tax)
- 1,280 Maryland Community Development Administration Department of Housing and Community Development,  
 Residential Revenue Bonds, Series 2008C, 5.375%, 9/01/39 (WI/DD, Settling 9/04/08)
- 595 Maryland Community Development Administration, Department of Housing and Community  
 Development, Residential Revenue Bonds, Series 2006F, 4.900%, 9/01/26 (Alternative Minimum Tax)
- 1,200 Maryland Community Development Administration, Department of Housing and Community  
 Development, Residential Revenue Bonds, Series 2006I, 4.875%, 9/01/26 (Alternative Minimum Tax)
- 815 Maryland Community Development Administration, Department of Housing and Community  
 Development, Residential Revenue Bonds, Series 2006L, 4.900%, 9/01/31 (Alternative Minimum Tax)
- 620 Maryland Community Development Administration, Department of Housing and Community  
 Development, Residential Revenue Bonds, Series 2007D, 4.850%, 9/01/37 (Alternative Minimum Tax)
- 190 Maryland Community Development Administration, Residential Revenue Bonds, Series 2005E,  
 4.900%, 9/01/36 (Alternative Minimum Tax)
- 400 Montgomery County Housing Opportunities Commission, Maryland, Single Family Mortgage Revenue  
 Bonds, Series 2005D, 5.000%, 7/01/36
- 570 Montgomery County Housing Opportunities Commission, Maryland, Single Family Mortgage Revenue  
 Bonds, Series 2006B, 4.700%, 7/01/37

6,020 Total Housing/Single Family

**Industrials □ 2.0% (1.3% of Total Investments)**

- 510 Maryland Economic Development Corporation, Solid Waste Disposal Revenue Bonds, Waste  
 Management Inc., Series 2002, 4.600%, 4/01/16 (Alternative Minimum Tax)
- 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)

1,510 Total Industrials

**Long-Term Care □ 3.4% (2.2% of Total Investments)**

- 1,050 Baltimore County, Maryland, Revenue Bonds, Oak Crest Village, Series 2007A, 5.000%, 1/01/37

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

400	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Edenwald, Series 2006A, 5.400%, 1/01/31
	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, King Farm Presbyterian Community, Series 2007A:
280	5.000%, 1/01/17
520	5.250%, 1/01/27
540	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Mercy Ridge Retirement Community, Series 2007, 4.750%, 7/01/34

---

2,790 Total Long-Term Care

---

**Tax Obligation/General ☐ 22.4% (14.3% of Total Investments)**

1,000	Annapolis, Maryland, General Obligation Public Improvement Refunding Bonds, Series 2002, 4.375%, 4/01/17
	Anne Arundel County, Maryland, General Obligation Bonds, Series 2006:
845	5.000%, 3/01/21
650	5.000%, 3/01/21
380	Carroll County, Maryland, Consolidated Public Improvement Bonds, Series 2005A, 5.000%, 12/01/16
1,260	Charles County, Maryland, Consolidated General Obligation Public Improvement Bonds, Series 2002, 4.400%, 1/15/16
500	Frederick County, Maryland, General Obligation Public Facilities Bonds, Series 2006, 5.000%, 11/01/20
	Frederick, Maryland, General Obligation Bonds, Series 2005:
710	5.000%, 8/01/16 ☐ MBIA Insured
535	5.000%, 8/01/17 ☐ MBIA Insured
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
1,850	Montgomery County, Maryland, Consolidated General Obligation Public Improvement Bonds, Series 2005A, 5.000%, 7/01/15
1,440	Montgomery County, Maryland, Consolidated General Obligation Public Improvement Bonds, Series 2006, 5.000%, 5/01/16
1,000	Prince George's County, Maryland, General Obligation Consolidated Public Improvement Bonds, Series 2003A, 5.000%, 10/01/17
1,000	Prince George's County, Maryland, General Obligation Consolidated Public Improvement Bonds, Series 2004C, 5.000%, 12/01/11
1,000	St. Mary's County, Maryland, General Obligation Hospital Bonds, Series 2002, 5.000%, 10/01/12
1,000	Washington Suburban Sanitary District, Montgomery and Prince George's Counties, Maryland, Sewerage Disposal Bonds, Series 2005, 5.000%, 6/01/16
1,000	Washington Suburban Sanitary District, Montgomery and Prince George's Counties, Maryland, Water Supply Bonds, Series 2005, 5.000%, 6/01/16

---

15,170 Total Tax Obligation/General

---

**Tax Obligation/Limited ☐ 31.7% (20.3% of Total Investments)**

750	Annapolis, Maryland, Special Obligation Bonds, Park Place Project, Series 2005A, 5.350%, 7/01/34
1,000	Baltimore Board of School Commissioners, Maryland, Revenue Bonds, City Public School System, Series 2003A, 5.000%, 5/01/15

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

135	Frederick County, Maryland, Lake Linganore Village Community Development Special Obligation Bonds, Series 2001A, 5.600%, 7/01/20 ☐ RAAI Insured
450	Hyattsville, Maryland, Special Obligation Bonds, University Town Center Project, Series 2004, 5.750%, 7/01/34
5,000	Maryland Department of Transportation, Consolidated Transportation Revenue Bonds, Series 2002, 5.500%, 2/01/16
2,200	Maryland Economic Development Corporation, Lease Revenue Bonds, Department of Transportation Headquarters Building, Series 2002, 4.750%, 6/01/22
450	Maryland Economic Development Corporation, Lease Revenue Bonds, Montgomery County Town Square Parking Garage, Series 2002A, 5.000%, 9/15/13
2,935	Maryland Economic Development Corporation, Lease Revenue Bonds, Montgomery County Wayne Avenue Parking Project, Series 2002A, 5.250%, 9/15/16
	Maryland Stadium Authority, Lease Revenue Bonds, Montgomery County Conference Center Facilities, Series 2003:
1,465	5.000%, 6/15/21
1,620	5.000%, 6/15/23
460	Prince George's County, Maryland, Special Obligation Bonds, National Harbor Project, Series 2005, 5.200%, 7/01/34
575	Prince George's County, Maryland, Special Tax District Bonds, Victoria Falls Project, Series 2005, 5.250%, 7/01/35
1,200	Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 2007N, 5.250%, 7/01/31 ☐ AMBAC Insured
	Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Bonds, Series 2002G:
1,000	5.250%, 7/01/17
1,205	5.250%, 7/01/20
1,275	5.250%, 7/01/21