

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**

**Optional  
Calculation**

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMPANY

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Amount (000)	Description (1)	Provisions (2)
<b>Consumer Discretionary □ 2.1% (1.5% of Total Investments)</b>		
\$ 220	Baltimore, Maryland, Pollution Control Revenue Bonds, General Motors Corporation, Series 1993, 5.350%, 4/01/08	No Opt. Cal
1,000	Baltimore, Maryland, Senior Lien Convention Center Hotel Revenue Bonds, Series 2006A, 5.250%, 9/01/39 □ XLCA Insured	9/16 at 100.00
380	Baltimore, Maryland, Subordinate Lien Convention Center Hotel Revenue Bonds, Series 2006B, 5.875%, 9/01/39	9/16 at 100.00
1,600	Total Consumer Discretionary	
<b>Consumer Staples □ 3.6% (2.4% of Total Investments)</b>		
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 100.00
<b>Education and Civic Organizations □ 13.3% (9.0% of Total Investments)</b>		
225	Anne Arundel County, Maryland, Economic Development Revenue Bonds, Community College Project, Series 2002, 5.125%, 9/01/22	9/12 at 102.00
625	Frederick County, Maryland, Educational Facilities Revenue Bonds, Mount Saint Mary's College, Series 2006, 5.625%, 9/01/38	9/16 at 100.00
	Frederick County, Maryland, Educational Facilities Revenue Bonds, Mount St. Mary's College, Series 2001A:	
100	5.750%, 9/01/25	3/10 at 101.00
100	5.800%, 9/01/30	3/10 at 101.00
690	Hartford County, Maryland, Economic Development Revenue Bonds, Battelle Memorial Institute, Series 2004, 5.250%, 4/01/34	4/14 at 100.00
625	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Goucher College, Series 2004, 5.125%, 7/01/34	7/14 at 100.00
1,000	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Johns Hopkins University, Series 2002A, 5.000%, 7/01/32	7/12 at 100.00
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 100.00
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 100.00
985	University of Maryland, Auxiliary Facility and Tuition Revenue Bonds, Series 2001B, 4.625%, 4/01/21	4/11 at 100.00
2,000	University of Maryland, Auxiliary Facility and Tuition Revenue Bonds, Series 2002A, 5.125%, 4/01/22	4/12 at 100.00
	University of Maryland, Auxiliary Facility and Tuition Revenue Bonds, Series 2003A:	
1,000	5.000%, 4/01/15	4/13 at 100.00
1,000	5.000%, 4/01/19	4/13 at 100.00
9,875	Total Education and Civic Organizations	
<b>Health Care □ 17.8% (12.1% of Total Investments)</b>		
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 101.00

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775	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Calvert Memorial Hospital, Series 2004, 5.500%, 7/01/36	7/14 at 100.00
1,250	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Carroll County	7/12 at 100.00