

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3
Form N-Q
March 31, 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 811-10345

Nuveen 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: 10/31

Date of reporting period: 1/31/08

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 Dividend Advantage Municipal Fund 3 (NZF)

January 31, 2008

Principal

Amount (000) Description (1)

Municipal Bonds**Alabama** □ **1.6% (1.0% of Total Investments)**

| | | |
|----|-------|---|
| \$ | 3,500 | Alabama Special Care Facilities Financing Authority, Revenue Bonds, Ascension Health, Series 2006C-2, 5.000%, 11/15/36 |
| | 5,655 | Alabama State Port Authority, Revenue Bonds, State Docks Department Facilities, Series 2001, 5.250%, 10/01/26 (Pre-refunded 10/01/11) □ AMBAC Insured (Alternative Minimum Tax) |

9,155 Total Alabama

Alaska □ **0.8% (0.5% of Total Investments)**

| | | |
|--|-------|--|
| | 4,000 | Alaska Student Loan Corporation, Student Loan Revenue Bonds, Series 1998A, 5.250%, 7/01/14 □ AMBAC Insured (Alternative Minimum Tax) |
| | 1,000 | Northern Tobacco Securitization Corporation, Alaska, Tobacco Settlement Asset-Backed Bonds, Series 2006A, 5.000%, 6/01/46 |

5,000 Total Alaska

Arizona □ **0.3% (0.2% of Total Investments)**

| | | |
|--|-------|--|
| | 2,200 | Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds, Series 2007, 5.000%, 12/01/37 |
|--|-------|--|

Arkansas □ **0.9% (0.6% of Total Investments)**

| | | |
|--|-------|---|
| | | Sebastian County Health Facilities Board, Arkansas, Hospital Revenue Improvement Bonds, Sparks Regional Medical Center, Series 2001A: |
| | 1,805 | 5.500%, 11/01/13 |
| | 1,900 | 5.500%, 11/01/14 |
| | 1,745 | 5.250%, 11/01/21 |

5,450 Total Arkansas

California □ **13.8% (9.0% of Total Investments)**

| | | |
|--|--------|--|
| | | California Health Facilities Financing Authority, Health Facility Revenue Bonds, Adventist Health System/West, Series 2003A: |
| | 855 | 5.000%, 3/01/28 |
| | 140 | 5.000%, 3/01/33 |
| | 2,900 | California Health Facilities Financing Authority, Revenue Bonds, Sutter Health, Series 2007A, 5.000%, 11/15/42 |
| | 10,000 | California Infrastructure Economic Development Bank, First Lien Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2003A, 5.000%, 7/01/33 (Pre-refunded 1/01/28) □ AMBAC Insured (UB) |
| | 5,000 | California Infrastructure Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance LLC, Series 2001A, 5.550%, 8/01/31 |
| | 18,850 | California, General Obligation Veterans Welfare Bonds, Series 2001BZ, 5.350%, 12/01/21 □ MBIA Insured (Alternative Minimum Tax) |
| | 11,865 | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2007A-1, 5.125%, 6/01/47 |
| | | Los Angeles Regional Airports Improvement Corporation, California, Lease Revenue Refunding Bonds, LAXFUEL Corporation at Los Angeles International Airport, Series 2001: |

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| | | |
|--------|--|---|
| 13,955 | 5.750%, 1/01/16 | □ AMBAC Insured (Alternative Minimum Tax) |
| 5,000 | 5.375%, 1/01/21 | □ AMBAC Insured (Alternative Minimum Tax) |
| 1,500 | 5.250%, 1/01/23 | □ AMBAC Insured (Alternative Minimum Tax) |
| 10,000 | 5.500%, 1/01/32 | □ AMBAC Insured (Alternative Minimum Tax) |
| 10,000 | San Joaquin Hills Transportation Corridor Agency, Orange County, California, Toll Road Revenue Refunding Bonds, Series 1997A, 0.000%, 1/15/35 □ MBIA Insured | |
| 3,000 | San Mateo County Community College District, California, General Obligation Bonds, Series 2006C, 0.000%, 9/01/30 □ MBIA Insured | |

93,065 Total California

Colorado □ 5.8% (3.8% of Total Investments)

| | | |
|-------|---|---------------------|
| 2,250 | Canterberry Crossing Metropolitan District II, Parker, Colorado, Limited Tax General Obligation Bonds, Series 2002, 7.375%, 12/01/32 | |
| 1,605 | Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Belle Creek Education Center, Series 2002A, 7.625%, 3/15/32 (Pre-refunded 3/15/13) | |
| 3,200 | Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Montessori Peaks Building Foundation, Series 2002A, 8.000%, 5/01/32 (Pre-refunded 3/01/10) | |
| 1,775 | Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Weld County School District 6 □ Frontier Academy, Series 2001, 7.375%, 6/01/31 (Pre-refunded 6/01/11) | |
| 3,560 | Colorado Educational and Cultural Facilities Authority, Revenue Bonds, Montessori Peaks Academy, Series 2006, 5.400%, 5/01/26 | |
| 3,380 | Colorado Housing Finance Authority, Multifamily Project Bonds, Class I, Series 2001A-1, 5.500%, 4/01/31 (Alternative Minimum Tax) | |
| 5,000 | Compark Business Campus Metropolitan District, Colorado, General Obligation Limited Tax Bonds, Series 2007, 5.600%, 12/01/34 □ RAAI Insured | |
| | Denver City and County, Colorado, Airport Revenue Bonds, Series 2006: | |
| 5,365 | 5.000%, 11/15/23 | □ FGIC Insured (UB) |
| 1,100 | 4.481%, 11/15/24 | □ FGIC Insured (IF) |
| 1,445 | 4.481%, 11/15/25 | □ FGIC Insured (IF) |
| 2,000 | Denver City and County, Colorado, Airport System Revenue Refunding Bonds, Series 2001A, 5.500%, 11/15/16 □ FGIC Insured (Alternative Minimum Tax) | |
| 2,000 | Maher Ranch Metropolitan District 4, Colorado, General Obligation Limited Tax Bonds, Series 2007, 5.250%, 12/01/36 □ RAAI Insured | |
| 1,000 | Plaza Metropolitan District 1, Lakewood, Colorado, Tax Increment Revenue Bonds, Series 2003, 8.000%, 12/01/25 | |

33,680 Total Colorado

Delaware □ 0.3% (0.2% of Total Investments)

| | | |
|-------|---|--|
| 1,940 | Delaware Housing Authority, Multifamily Mortgage Revenue Bonds, Series 2001A, 5.400%, 7/01/24 | |
|-------|---|--|

District of Columbia □ 0.9% (0.6% of Total Investments)

| | | |
|-------|---|--|
| 1,375 | District of Columbia, Revenue Bonds, Catholic University of America, Series 1999, 5.625%, 10/01/29 □ AMBAC Insured | |
| 1,335 | Washington Convention Center Authority, District of Columbia, Senior Lien Dedicated Tax Revenue Bonds, Series 2007, Residuals 1606, 7.094%, 10/01/30 □ AMBAC Insured (IF) | |

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3,335 Washington DC Convention Center Authority, Dedicated Tax Revenue Bonds, Residual Series 1730, 1731, 1736, 7.092%, 10/01/30 ☐ AMBAC Insured (IF)

6,045 Total District of Columbia

Florida ☐ 2.3% (1.5% of Total Investments)

Orange County Housing Finance Authority, Florida, Multifamily Housing Revenue Bonds, Oak Glen Apartments, Series 2001G:

1,105 5.400%, 12/01/32 ☐ FSA Insured

2,195 5.450%, 12/01/41 ☐ FSA Insured

4,175 Pace Property Finance Authority Inc., Florida, Utility System Improvement and Revenue Refunding Bonds, Series 1997, 5.250%, 9/01/17 ☐ AMBAC Insured

5,455 South Miami Health Facilities Authority, Florida, Hospital Revenue, Baptist Health System Obligation Group, Series 2007, 5.000%, 8/15/42

1,000 Tolomato Community Development District, Florida, Special Assessment Bonds, Series 2007, 6.650%, 5/01/40

13,930 Total Florida

Georgia ☐ 2.4% (1.6% of Total Investments)

5,000 Atlanta, Georgia, Airport General Revenue Bonds, Series 2000B, 5.625%, 1/01/30 ☐ FGIC Insured (Alternative Minimum Tax)

2,700 Atlanta, Georgia, Tax Allocation Bonds, Atlantic Station Project, Series 2001, 7.900%, 12/01/24 (Pre-refunded 12/01/11)

2,000 Fulton County Residential Care Facilities Authority, Georgia, Revenue Bonds, Elderly Care, Lenbrook Square Project, Series 2006A, 5.125%, 7/01/42

3,740 Gainesville and Hall County Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Health Services Inc., Series 2001, 5.500%, 5/15/31 (Pre-refunded 5/15/11)

500 Gainesville Redevelopment Authority, Georgia, Educational Facilities Revenue Bonds, Riverside Military Academy Project, Series 2007, 5.125%, 3/01/37

13,940 Total Georgia

Illinois ☐ 19.0% (12.4% of Total Investments)

16,000 Chicago Greater Metropolitan Water Area Sanitary District, Illinois, General Obligation Bonds, Series 2006, 5.000%, 12/01/35 (UB)

8,375 Chicago, Illinois, Revenue Bonds, Midway Airport, Series 2001A, 5.500%, 1/01/19 ☐ FSA Insured (Alternative Minimum Tax)

1,750 Chicago, Illinois, Sales Tax Revenue Bonds, Series 1998, 5.250%, 1/01/28 ☐ FGIC Insured

4,950 Chicago, Illinois, Second Lien Passenger Facility Charge Revenue Bonds, O'Hare International Airport, Series 2001A, 5.375%, 1/01/32 ☐ AMBAC Insured (Alternative Minimum Tax)

5,000 Chicago, Illinois, Second Lien Wastewater Transmission Revenue Bonds, Series 2001A, 5.500%, 1/01/26 (Pre-refunded 1/01/11) ☐ AMBAC Insured

2,220 Chicago, Illinois, Second Lien Wastewater Transmission Revenue Bonds, Series 2001A, 5.500%, 1/01/16 ☐ MBIA Insured

10,000 Chicago, Illinois, Senior Lien Water Revenue Bonds, Series 2001, 5.000%, 11/01/26 (Pre-refunded 11/01/11) ☐ AMBAC Insured

1,665 Chicago, Illinois, Third Lien General Airport Revenue Bonds, O'Hare International Airport,

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| | |
|---------|---|
| | Series 2005A, 5.000%, 1/01/33 ☐ FGIC Insured |
| 2,415 | Illinois Finance Authority, General Obligation Debt Certificates, Local Government Program ☐ Kankakee County, Series 2005B, 5.000%, 12/01/24 ☐ AMBAC Insured |
| 2,385 | Illinois Finance Authority, Revenue Bonds, Sherman Health Systems, Series 2007A, 5.500%, 8/01/37 |
| 1,130 | Illinois Health Facilities Authority, Revenue Bonds, Condell Medical Center, Series 2000, 6.500%, 5/15/30 |
| 9,000 | Illinois Health Facilities Authority, Revenue Bonds, Covenant Retirement Communities Inc., Series 2001, 5.875%, 12/01/31 |
| 15,000 | Illinois Health Facilities Authority, Revenue Bonds, Loyola University Health System, Series 2001A, 6.125%, 7/01/31 (Pre-refunded 7/01/11) |
| 5,000 | Lake County School District 38, Big Hollow, Illinois, General Obligation Bonds, Series 2005, 0.000%, 2/01/22 ☐ AMBAC Insured |
| 7,000 | Lombard Public Facilities Corporation, Illinois, First Tier Conference Center and Hotel Revenue Bonds, Series 2005A-1, 7.125%, 1/01/36 |
| 16,900 | Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Expansion Project, Series 1999A, 5.250%, 12/15/28 ☐ FGIC Insured |
| 2,000 | Metropolitan Pier and Exposition Authority, Illinois, Revenue Refunding Bonds, McCormick Place Expansion Project, Series 1998A, 5.500%, 6/15/29 ☐ FGIC Insured |
| <hr/> | |
| 110,790 | Total Illinois |

Indiana ☐ 5.9% (3.8% of Total Investments)

| | |
|-------|--|
| | Clark-Pleasant Community School Building Corporation, Indiana, First Mortgage Bonds, Series 2001: |
| 1,255 | 5.000%, 7/15/21 (Pre-refunded 1/15/12) ☐ AMBAC Insured |
| 1,000 | 5.000%, 1/15/26 (Pre-refunded 1/15/12) ☐ AMBAC Insured |
| | Evansville Vanderburgh Public Library Lease Corporation, Indiana, First Mortgage Bonds, Series 2001: |
| 2,000 | 5.750%, 7/15/18 (Pre-refunded 1/15/12) ☐ MBIA Insured |
| 2,750 | 5.125%, 1/15/24 (Pre-refunded 1/15/12) ☐ MBIA Insured |
| 1,250 | Hamilton Southeastern Cumberland Campus School Building Corporation, Indiana, First Mortgage Bonds, Series 2001, 5.125%, 1/15/23 (Pre-refunded 1/15/12) ☐ AMBAC Insured |
| 9,500 | Indiana Educational Facilities Authority, Revenue Bonds, Butler University, Series 2001, 5.500%, 2/01/26 ☐ MBIA Insured |
| 4,230 | Indiana Finance Authority, Educational Facilities Revenue Bonds, Tudor Park Foundation, Series 2005B, 5.000%, 6/01/24 |
| 2,800 | Indiana Health Facility Financing Authority, Revenue Bonds, Community Hospitals of Indiana, Series 2005A, 5.000%, 5/01/35 ☐ AMBAC Insured |
| 3,500 | University of Southern Indiana, Student Fee Bonds, Series 2001H, 5.000%, 10/01/21 ☐ AMBAC Insured |
| | Vigo County, Indiana, Hospital Authority, Union Hospital, Revenue Bonds, Series 2007: |
| 2,500 | 5.750%, 9/01/42 |
| 2,500 | 5.800%, 9/01/47 |
| 1,090 | Wayne County Jail Holding Corporation, Indiana, First Mortgage Bonds, Series 2001, 5.500%, 7/15/22 (Pre-refunded 1/15/13) ☐ AMBAC Insured |

34,375 Total Indiana

Iowa □ 6.0% (3.9% of Total Investments)

| | |
|--------|--|
| 2,000 | Iowa Finance Authority, Healthcare Revenue Bonds, Great River Medical Center, Series 2001, 5.250%, 5/15/31 □ FSA Insured |
| 28,000 | Iowa Tobacco Settlement Authority, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2001B: 5.300%, 6/01/25 (Pre-refunded 6/01/11) |
| 3,950 | 5.600%, 6/01/35 (Pre-refunded 6/01/11) |

33,950 Total Iowa

Kansas □ 0.3% (0.2% of Total Investments)

| | |
|-------|---|
| | Manhattan Health Care Facility Revenue Bonds, Kansas, Meadowlarks Hills Retirement, Series 2007B: |
| 1,000 | 5.125%, 5/15/37 |
| 1,000 | 5.125%, 5/15/42 |

2,000 Total Kansas

Kentucky □ 3.1% (2.0% of Total Investments)

| | |
|--------|--|
| 18,500 | Louisville and Jefferson County Metropolitan Sewer District, Kentucky, Sewer and Drainage System Revenue Bonds, Series 2001A, 5.125%, 5/15/27 □ MBIA Insured |
|--------|--|

Louisiana □ 4.6% (3.0% of Total Investments)

| | |
|--------|--|
| 2,000 | Greystone Community Development District, Louisiana, Special Assessment Bonds, Livingston Parish, Series 2007, 6.750%, 12/01/22 |
| 3,000 | Louisiana Local Government Environmental Facilities & Community Development Authority, Revenue Bonds, Westlake Chemical Corporation Project, Series 2007, 6.750%, 11/01/32 |
| 3,700 | Louisiana Public Facilities Authority, Revenue Bonds, Ochsner Clinic Foundation Project, Series 2007A, 5.500%, 5/15/47 |
| 19,890 | Tobacco Settlement Financing Corporation, Louisiana, Tobacco Settlement Asset-Backed Bonds, Series 2001B, 5.875%, 5/15/39 |

28,590 Total Louisiana

Maine □ 1.1% (0.7% of Total Investments)

| | |
|-------|---|
| | Maine State Housing Authority, Single Family Mortgage Purchase Bonds, Series 2001B: |
| 4,610 | 5.400%, 11/15/21 (Alternative Minimum Tax) |
| 1,610 | 5.500%, 11/15/32 (Alternative Minimum Tax) |

6,220 Total Maine

Maryland □ 2.5% (1.6% of Total Investments)

| | |
|-------|---|
| 1,000 | Howard County, Maryland, Retirement Community Revenue Bonds, Vantage House, Series 2007B, 5.250%, 4/01/37 |
| 1,570 | Maryland Community Development Administration, Insured Multifamily Housing Mortgage Loan Revenue Bonds, Series 2001B, 5.250%, 7/01/21 (Alternative Minimum Tax) |
| 2,000 | Maryland Economic Development Corporation, Revenue Bonds, Chesapeake Bay Hyatt Conference |

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| | Center, Series 2006A, 5.000%, 12/01/31 |
| 10,600 | Maryland Energy Financing Administration, Revenue Bonds, AES Warrior Run Project, Series 1995, 7.400%, 9/01/19 (Alternative Minimum Tax) |
| 555 | Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Mercy Ridge Retirement Community, Series 2007, 4.750%, 7/01/34 |

15,725 Total Maryland

Massachusetts □ 1.4% (0.9% of Total Investments)

| | |
|-------|---|
| 1,375 | Massachusetts Development Finance Agency, Revenue Bonds, Orchard Cove, Series 2007, 5.250%, 10/01/26 |
| 1,000 | Massachusetts Health and Educational Facilities Authority, Revenue Bonds, Milton Hospital Project, Series 2005D, 5.250%, 7/01/30 |
| 5,000 | Massachusetts Port Authority, Special Facilities Revenue Bonds, Delta Air Lines Inc., Series 2001A, 5.500%, 1/01/18 □ AMBAC Insured (Alternative Minimum Tax) |
| 1,155 | Massachusetts Water Resources Authority, General Revenue Bonds, Series 2007, Residual Trust 7039, 8.712%, 8/01/46 □ FSA Insured (IF) |

8,530 Total Massachusetts

Michigan □ 9.7% (6.3% of Total Investments)

| | |
|--------|--|
| 15,000 | Detroit City School District, Wayne County, Michigan, Unlimited Tax School Building and Site Improvement Bonds, Series 2001A, 6.000%, 5/01/29 □ FSA Insured |
| 2,000 | Garden City Hospital Finance Authority, Michigan, Revenue Bonds, Garden City Hospital Obligated Group, Series 2007A, 5.000%, 8/15/38 |
| 11,000 | Kent Hospital Finance Authority, Michigan, Revenue Bonds, Spectrum Health, Series 2001A, 5.500%, 1/15/31 (Pre-refunded 7/15/11) |
| 1,235 | Michigan State Building Authority, Revenue Bonds, Facilities Program, Series 2001I, 5.500%, 10/15/18 |
| 1,355 | Michigan State Hospital Finance Authority, Hospital Revenue Bonds, Detroit Medical Center Obligated Group, Series 1998A, 5.250%, 8/15/23 |
| 3,485 | Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Sisters of Mercy Health Corporation, Series 1993P, 5.375%, 8/15/14 □ MBIA Insured (ETM) |
| | Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Sparrow Obligated Group, Series 2001: |
| 1,400 | 5.500%, 11/15/21 (Pre-refunded 11/15/11) |
| 2,500 | 5.625%, 11/15/31 (Pre-refunded 11/15/11) |
| 3,500 | Michigan State Hospital Finance Authority, Revenue Bonds, Trinity Health Care Group, Series 2006A, 5.000%, 12/01/31 |
| 12,640 | Royal Oak Hospital Finance Authority, Michigan, Hospital Revenue Bonds, William Beaumont Hospital, Series 2001M, 5.250%, 11/15/31 □ MBIA Insured |

54,115 Total Michigan

Minnesota □ 0.6% (0.4% of Total Investments)

| | |
|-------|--|
| 2,305 | Dakota County Community Development Agency, Minnesota, GNMA Collateralized Multifamily Housing Revenue Bonds, Rose Apartments Project, Series 2001, 6.350%, 10/20/37 (Alternative Minimum Tax) |
| 1,375 | Saint Paul Port Authority, Minnesota, Lease Revenue Bonds, Regions Hospital Parking Ramp |

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Project, Series 2007-1, 5.000%, 8/01/36

3,680 Total Minnesota

Mississippi ☐ 0.9% (0.5% of Total Investments)

- 2,155 Mississippi Business Finance Corporation, GNMA Collateralized Retirement Facility Mortgage Revenue Refunding Bonds, Aldersgate Retirement Community Inc. Project, Series 1999A, 5.450%, 5/20/34
- 3,000 Mississippi Hospital Equipment and Facilities Authority, Revenue Bonds, Baptist Memorial Healthcare, Series 2004B-1, 5.000%, 9/01/24
-

5,155 Total Mississippi

Missouri ☐ 2.9% (1.9% of Total Investments)

- 1,495 Cape Girardeau County Industrial Development Authority, Missouri, Health Facilities Revenue Bonds, Southeast Missouri Hospital Association, Series 2007, 5.000%, 6/01/36
- 1,000 Clinton County Industrial Development Authority, Missouri, Revenue Bonds, Cameron Regional Medical Center, Series 2007, 5.000%, 12/01/32
- 1,825 Fenton, Missouri, Tax Increment Refunding and Improvement Revenue Bonds, Gravois Bluffs Redevelopment Project, Series 2002, 6.125%, 10/01/21 (Pre-refunded 10/01/12)
- Missouri Development Finance Board, Cultural Facilities Revenue Bonds, Nelson Gallery Foundation, Series 2001A:
- 3,335 5.250%, 12/01/19 ☐ MBIA Insured
- 3,510 5.250%, 12/01/20 ☐ MBIA Insured
- 3,695 5.250%, 12/01/21 ☐ MBIA Insured
- 2,040 5.250%, 12/01/22 ☐ MBIA Insured
-

16,900 Total Missouri

Montana ☐ 0.8% (0.5% of Total Investments)

- 5,000 Montana Board of Investments, Exempt Facility Revenue Bonds, Stillwater Mining Company, Series 2000, 8.000%, 7/01/20 (Alternative Minimum Tax)
-

Nebraska ☐ 1.6% (1.1% of Total Investments)

- Nebraska Investment Finance Authority, Single Family Housing Revenue Bonds, Series 2001D:
- 2,250 5.250%, 9/01/21 (Alternative Minimum Tax)
- 3,025 5.375%, 9/01/32 (Alternative Minimum Tax)
- 4,490 Omaha Public Power District, Nebraska, Separate Electric System Revenue Bonds, Nebraska City 2, Series 2006A, 5.000%, 2/01/49 ☐ AMBAC Insured (UB)
-

9,765 Total Nebraska

Nevada ☐ 1.6% (1.1% of Total Investments)

- 2,000 Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas Monorail Project, First Tier, Series 2000, 5.375%, 1/01/40 ☐ AMBAC Insured
- 4,000 Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas Monorail Project, Second Tier, Series 2000, 7.375%, 1/01/40
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- 205 Nevada Housing Division, Single Family Mortgage Bonds, Senior Series 1998A-1, 5.300%, 4/01/18
(Alternative Minimum Tax)
- 4,290 University of Nevada, Revenue Bonds, Community College System, Series 2001A, 5.250%, 7/01/26
(Pre-refunded 1/01/12) ☐ FGIC Insured

10,495 Total Nevada

New Hampshire ☐ 0.4% (0.2% of Total Investments)

- 2,000 New Hampshire Health and Education Authority, Hospital Revenue Bonds, Concord Hospital, Series
2001, 5.500%, 10/01/21 ☐ FSA Insured

New Jersey ☐ 3.8% (2.5% of Total Investments)

- 10,000 New Jersey Economic Development Authority, Water Facilities Revenue Bonds, American Water
Company, Series 2002A, 5.250%, 11/01/32 ☐ AMBAC Insured (Alternative Minimum Tax)
- 4,125 New Jersey Transit Corporation, Certificates of Participation, Federal Transit Administration
Grants, Series 2002A, 5.500%, 9/15/13 ☐ AMBAC Insured
- 20,000 New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2006C,
0.000%, 12/15/28 ☐ AMBAC Insured
- 2,000 Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds,
Series 2007-1A, 4.750%, 6/01/34

36,125 Total New Jersey

New York ☐ 3.9% (2.6% of Total Investments)

- 900 Albany Industrial Development Agency, New York, Revenue Bonds, Brighter Choice Charter
Schools, Series 2007A, 5.000%, 4/01/32
- 1,780 East Rochester Housing Authority, New York, GNMA Secured Revenue Bonds, Gates Senior Housing
Inc., Series 2001, 5.300%, 4/20/31
- 220 Hudson Yards Infrastructure Corporation, New York, Revenue Bonds, Driver Trust 1649, 2006,
6.915%, 2/15/47 ☐ MBIA Insured (IF)
- 4,360 Hudson Yards Infrastructure Corporation, New York, Revenue Bonds, Series 2006A, 4.500%, 2/15/47 ☐
MBIA Insured (UB)
- 4,155 Monroe County Airport Authority, New York, Revenue Refunding Bonds, Greater Rochester
International Airport, Series 1999, 5.750%, 1/01/13 ☐ MBIA Insured (Alternative Minimum Tax)
- 7,000 New York City Industrial Development Agency, New York, American Airlines-JFK International
Airport Special Facility Revenue Bonds, Series 2005, 7.750%, 8/01/31 (Alternative Minimum Tax)
- 1,715 New York City, New York, General Obligation Bonds, Fiscal Series 2002G, 5.625%, 8/01/20 ☐
MBIA Insured
- 785 New York City, New York, General Obligation Bonds, Fiscal Series 2002G, 5.625%, 8/01/20
(Pre-refunded 8/01/12) ☐ MBIA Insured
- 2,000 New York State Tobacco Settlement Financing Corporation, Tobacco Settlement Asset-Backed and
State Contingency Contract-Backed Bonds, Series 2003B-1C, 5.500%, 6/01/16

22,915 Total New York

North Carolina ☐ 0.8% (0.5% of Total Investments)

- 1,200 Charlotte-Mecklenburg Hospital Authority, North Carolina, Health Care System Revenue Bonds,
Carolinas Health Care, 5.000%, 1/15/31

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| 1,750 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A, 4.875%, 1/15/32 (Pre-refunded 1/15/15) |
| 1,800 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.500%, 1/01/13 |

4,750 Total North Carolina

Ohio □ 3.2% (2.1% of Total Investments)

Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Revenue Bonds, Senior Lien, Series 2007A-2:

| | |
|-------|--|
| 3,535 | 5.125%, 6/01/24 |
| 710 | 5.875%, 6/01/30 |
| 685 | 5.750%, 6/01/34 |
| 1,570 | 5.875%, 6/01/47 |
| 1,935 | Ohio Housing Finance Agency, GNMA Mortgage-Backed Securities Program Residential Mortgage Revenue Bonds, Series 1998A-1, 5.300%, 9/01/19 □ FSA Insured (Alternative Minimum Tax) |
| 7,200 | Ohio Water Development Authority, Solid Waste Disposal Revenue Bonds, Bay Shore Power, Series 1998B, 6.625%, 9/01/20 (Alternative Minimum Tax) |
| | Portage County, Ohio, General Obligation Bonds, Series 2001: |
| 1,870 | 5.000%, 12/01/21 □ FGIC Insured |
| 1,775 | 5.000%, 12/01/23 □ FGIC Insured |

19,280 Total Ohio

Oklahoma □ 2.6% (1.7% of Total Investments)

Oklahoma Development Finance Authority, Revenue Bonds, Saint John Health System, Series 2007:

| | |
|-------|--|
| 6,000 | 5.000%, 2/15/37 |
| 2,735 | 5.000%, 2/15/42 |
| 2,500 | Oklahoma Development Finance Authority, Revenue Refunding Bonds, Hillcrest Healthcare System, Series 1999A, 5.625%, 8/15/29 (Pre-refunded 8/15/09) |
| 4,305 | Tulsa County Industrial Authority, Oklahoma, Health Care Revenue Bonds, Saint Francis Health System, Series 2006, 5.000%, 12/15/36 |

15,540 Total Oklahoma

Oregon □ 2.5% (1.6% of Total Investments)

| | |
|--------|--|
| 4,700 | Oregon Health, Housing, Educational and Cultural Facilities Authority, Revenue Bonds, PeaceHealth Project, Series 2001, 5.250%, 11/15/21 □ AMBAC Insured |
| 10,000 | Oregon Housing and Community Services Department, Multifamily Housing Revenue Bonds, Series 2000A, 6.050%, 7/01/42 (Alternative Minimum Tax) |

14,700 Total Oregon

Pennsylvania □ 2.0% (1.3% of Total Investments)

Allegheny County Hospital Development Authority, Pennsylvania, Revenue Bonds, West Penn Allegheny Health System, Series 2000B:

| | |
|-------|--|
| 2,000 | 9.250%, 11/15/22 (Pre-refunded 11/15/10) |
| 2,000 | 9.250%, 11/15/30 (Pre-refunded 11/15/10) |

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- 500 Bucks County Industrial Development Authority, Pennsylvania, Charter School Revenue Bonds, School Lane Charter School, Series 2007A, 5.000%, 3/15/37
- 3,500 Pennsylvania Economic Development Financing Authority, Senior Lien Resource Recovery Revenue Bonds, Northampton Generating Project, Series 1994A, 6.600%, 1/01/19 (Alternative Minimum Tax)
- 3,205 Philadelphia School District, Pennsylvania, General Obligation Bonds, Series 2002B, 5.625%, 8/01/16 (Pre-refunded 8/01/12) □ FGIC Insured

11,205 Total Pennsylvania

Puerto Rico □ 0.4% (0.3% of Total Investments)

- 2,500 Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, Series 2007A, 5.250%, 8/01/57

South Carolina □ 1.2% (0.8% of Total Investments)

- 6,850 South Carolina Transportation Infrastructure Bank, Revenue Bonds, Series 2001A, 5.500%, 10/01/22 (Pre-refunded 10/01/11) □ AMBAC Insured

Tennessee □ 1.9% (1.2% of Total Investments)

- 3,680 Knox County Health, Educational and Housing Facilities Board, Tennessee, Hospital Revenue Refunding Bonds, Covenant Health, Series 2006, 0.000%, 1/01/41
- 5,210 Memphis-Shelby County Airport Authority, Tennessee, Airport Revenue Bonds, Series 2001A, 5.500%, 3/01/14 □ FSA Insured (Alternative Minimum Tax)
- 275 Sullivan County Health Educational and Housing Facilities Board, Tennessee, Revenue Bonds, Wellmont Health System, Series 2006C, 5.250%, 9/01/36
- Sumner County Health, Educational, and Housing Facilities Board, Tennessee, Revenue Refunding Bonds, Sumner Regional Health System Inc., Series 2007:
- 800 5.500%, 11/01/37
- 2,800 5.500%, 11/01/46
- 745 Tennessee Housing Development Agency, Homeownership Program Bonds, Series 1998-2, 5.350%, 7/01/23 (Alternative Minimum Tax)
- 760 Tennessee Housing Development Agency, Homeownership Program Bonds, Series 2001-3A, 5.200%, 7/01/22 (Alternative Minimum Tax)

14,270 Total Tennessee

Texas □ 18.0% (11.7% of Total Investments)

- 5,445 Board of Regents, University of Texas System, Financing System Revenue Bonds, Series 2006F, 4.250%, 8/15/36 (UB)
- 1,125 Brushy Creek Municipal Utility District, Williamson County, Texas, Combination Unlimited Tax and Revenue Refunding Bonds, Series 2001, 5.125%, 6/01/26 □ FSA Insured
- Collins and Denton Counties, Frisco, Texas, General Obligation Bonds, Series 2001:
- 1,910 5.000%, 2/15/20 □ FGIC Insured
- 2,005 5.000%, 2/15/21 □ FGIC Insured
- 3,850 Dallas-Ft. Worth International Airport, Texas, Joint Revenue Refunding and Improvement Bonds, Series 2001A, 5.500%, 11/01/35 □ FGIC Insured (Alternative Minimum Tax)
- 5,000 Decatur Hospital Authority, Texas, Revenue Bonds, Wise Regional Health System, Series 2004A, 7.000%, 9/01/25
- 4,040 Harris County, Texas, Tax and Revenue Certificates of Obligation, Series 2001, 5.000%, 8/15/27

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| | |
|--------|---|
| 6,000 | Houston, Texas, Junior Lien Water and Sewerage System Revenue Refunding Bonds, Series 2001B, 5.500%, 12/01/29 ☐ MBIA Insured (ETM) |
| 7,000 | Houston, Texas, Subordinate Lien Airport System Revenue Bonds, Series 1998B, 5.250%, 7/01/14 ☐ FGIC Insured (Alternative Minimum Tax) |
| | Houston, Texas, Subordinate Lien Airport System Revenue Refunding Bonds, Series 2001A: |
| 2,525 | 5.500%, 7/01/13 ☐ FGIC Insured (Alternative Minimum Tax) |
| 2,905 | 5.500%, 7/01/14 ☐ FGIC Insured (Alternative Minimum Tax) |
| 4,735 | Hutto Independent School District, Williamson County, Texas, General Obligation Bonds, Series 2007, Residuals 07-1001, 9.176%, 8/01/43 (IF) |
| | Jefferson County Health Facilities Development Corporation, Texas, FHA-Insured Mortgage Revenue Bonds, Baptist Hospital of Southeast Texas, Series 2001: |
| 8,500 | 5.400%, 8/15/31 ☐ AMBAC Insured |
| 8,500 | 5.500%, 8/15/41 ☐ AMBAC Insured |
| 10,700 | Laredo Independent School District, Webb County, Texas, General Obligation Refunding Bonds, Series 2001, 5.000%, 8/01/25 |
| 2,500 | Matagorda County Navigation District 1, Texas, Collateralized Revenue Refunding Bonds, Houston Light and Power Company, Series 1997, 5.125%, 11/01/28 ☐ AMBAC Insured (Alternative Minimum Tax) |
| | Mineral Wells Independent School District, Pale Pinto and Parker Counties, Texas, Unlimited School Tax Building and Refunding Bonds, Series 1998: |
| 2,720 | 4.750%, 2/15/22 (Pre-refunded 2/15/08) |
| 2,710 | 4.750%, 2/15/22 (Pre-refunded 2/15/08) |
| 3,045 | Port of Houston Authority, Harris County, Texas, General Obligation Port Improvement Bonds, Series 2001B, 5.500%, 10/01/17 ☐ FGIC Insured (Alternative Minimum Tax) |
| 6,300 | Tarrant County Cultural & Educational Facilities Financing Corporation, Texas, Revenue Bonds, Series 2007A, 5.000%, 2/15/36 |
| 10,485 | Texas Department of Housing and Community Affairs, Residential Mortgage Revenue Bonds, Series 2001A, 5.350%, 7/01/33 (Alternative Minimum Tax) |
| | White Settlement Independent School District, Tarrant County, Texas, General Obligation Bonds, Series 2006: |
| 9,110 | 0.000%, 8/15/37 |
| 9,110 | 0.000%, 8/15/40 |
| 7,110 | 0.000%, 8/15/44 |

127,330 Total Texas

Utah ☐ 0.6% (0.4% of Total Investments)

| | |
|-------|---|
| | Utah Housing Corporation, Single Family Mortgage Bonds, Series 2001E: |
| 1,315 | 5.200%, 1/01/18 (Alternative Minimum Tax) |
| 315 | 5.500%, 1/01/23 (Alternative Minimum Tax) |
| | Utah Housing Corporation, Single Family Mortgage Bonds, Series 2001F-1: |
| 1,765 | 4.950%, 7/01/18 (Alternative Minimum Tax) |
| 420 | 5.300%, 7/01/23 (Alternative Minimum Tax) |

3,815 Total Utah

Virginia ☐ 1.0% (0.7% of Total Investments)

| | |
|-------|---|
| 1,000 | Chesterfield County Health Center Commission, Virginia, Mortgage Revenue Bonds, Lucy Corr |
|-------|---|

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Village, Series 2005, 5.375%, 12/01/28
 7,000 Pocahontas Parkway Association, Virginia, Senior Lien Revenue Bonds, Route 895 Connector Toll Road, Series 1998B, 0.000%, 8/15/13 (Pre-refunded 8/15/08)

8,000 Total Virginia

Washington □ 15.3% (10.0% of Total Investments)

Bellingham Housing Authority, Washington, Housing Revenue Bonds, Varsity Village Project, Series 2001A:

1,000 5.500%, 12/01/27 □ MBIA Insured
 2,000 5.600%, 12/01/36 □ MBIA Insured

12,955 Port of Seattle, Washington, Passenger Facility Charge Revenue Bonds, Series 1998B, 5.300%, 12/01/16 □ AMBAC Insured (Alternative Minimum Tax)

Port of Seattle, Washington, Revenue Bonds, Series 2001B:

2,535 5.625%, 4/01/18 □ FGIC Insured (Alternative Minimum Tax)
 16,000 5.100%, 4/01/24 □ FGIC Insured (Alternative Minimum Tax)

2,090 Public Utility District 1, Benton County, Washington, Electric Revenue Refunding Bonds, Series 2001A, 5.625%, 11/01/15 □ FSA Insured

5,680 Seattle, Washington, Municipal Light and Power Revenue Refunding and Improvement Bonds, Series 2001, 5.500%, 3/01/18 □ FSA Insured

4,530 Tacoma, Washington, Solid Waste Utility Revenue Refunding Bonds, Series 2001, 5.250%, 12/01/21 (Pre-refunded 12/01/11) □ AMBAC Insured

3,720 Washington State Healthcare Facilities Authority, Revenue Bonds, Children's Hospital and Regional Medical Center, Series 2001, 5.375%, 10/01/18 (Pre-refunded 10/01/11) □ AMBAC Insured

Washington State Healthcare Facilities Authority, Revenue Bonds, Good Samaritan Hospital, Series 2001:

5,480 5.500%, 10/01/21 (Pre-refunded 10/01/11) □ RAAI Insured
 25,435 5.625%, 10/01/31 (Pre-refunded 10/01/11) □ RAAI Insured

Washington State Healthcare Facilities Authority, Revenue Bonds, Group Health Cooperative of Puget Sound, Series 2001:

3,005 5.375%, 12/01/17 □ AMBAC Insured
 2,915 5.375%, 12/01/18 □ AMBAC Insured

87,345 Total Washington

Wisconsin □ 4.4% (2.9% of Total Investments)

Appleton, Wisconsin, Waterworks Revenue Refunding Bonds, Series 2001:

3,705 5.375%, 1/01/20 (Pre-refunded 1/01/12) □ FGIC Insured
 1,850 5.000%, 1/01/21 (Pre-refunded 1/01/12) □ FGIC Insured

12,250 La Crosse, Wisconsin, Pollution Control Revenue Refunding Bonds, Dairyland Power Cooperative, Series 1997B, 5.550%, 2/01/15 □ AMBAC Insured

1,000 Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Franciscan Sisters of Christian Charity HealthCare Ministry, Series 2007, 5.000%, 9/01/33

350 Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Froedtert and Community Health Obligated Group, Series 2001, 5.375%, 10/01/30

3,650 Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Froedtert and Community Health Obligated Group, Series 2001, 5.375%, 10/01/30 (Pre-refunded 10/01/11)

2,500 Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Marshfield Clinic,

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Series 2001B, 6.000%, 2/15/25

50 Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Wheaton Franciscan Services Inc., Series 2003A, 5.125%, 8/15/33

25,355 Total Wisconsin

\$ 950,175 Total Municipal Bonds (cost \$900,978,420) □ 153.1%

Shares Description (1)

Investment Companies □ 0.4% (0.2% of Total Investments)

28,699 BlackRock MuniHoldings Fund Inc.
 26,880 Dreyfus Strategic Municipal Fund
 27,920 PIMCO Municipal Income Fund II
 42,020 Van Kampen Investment Grade Municipal Trust
 19,260 Van Kampen Municipal Trust

Total Investment Companies (cost \$1,835,947)

Total Investments (cost \$902,814,367) □ 153.5%

Floating Rate Obligations □ (5.0)%

Other Assets Less Liabilities □ 2.7%

Preferred Shares, at Liquidation Value □ (51.2)% (5)

Net Assets Applicable to Common Shares □ 100%

Forward Swaps outstanding at January 31, 2008:

| Counterparty | Notional Amount | Fund Pay/Receive Floating Rate | Floating Rate Index | Fixed Rate (Annualized) | Fixed Rate Payment Frequency | Effective Date (6) | Term |
|--------------|-----------------|--------------------------------|---------------------|-------------------------|------------------------------|--------------------|------|
| JPMorgan | \$21,500,000 | Pay | SIFM | 4.383% | Quarterly | 8/06/08 | 8 |
| UBS | 15,000,000 | Pay | 3-Month USD-LIBOR | 5.718 | Semi-Annually | 8/06/08 | 8 |

USD-LIBOR (United States Dollar-London Inter-Bank Offered Rate).

SIFM □ The daily arithmetic average of the weekly SIFM (Securities Industry and Financial Markets) Municipal Swap Index.

The Fund may invest in □zero coupon□ securities. A zero coupon security does not pay a regular interest coupon to its holders during the life of the security. Tax-exempt income to the holder of the security comes from accretion of the difference between the original purchase price of the security at issuance and the

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par value of the security at maturity and is effectively paid at maturity. Such securities are included in the Portfolio of Investments with a 0.000% coupon rate in their description. The market prices of zero coupon securities generally are more volatile than the market prices of securities that pay interest periodically.

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings: Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

The AAA ratings shown in the Portfolio of Investments reflect the AAA ratings on certain bonds that may be insured by AMBAC, FGIC, XLCA or MBIA as of January 31, 2008. Subsequent to January 31, 2008, at least one rating agency reduced the rating for AMBAC-insured bonds to AA and XLCA-insured and FGIC-insured bonds experienced further downgrades such that they no longer carry AAA ratings which had the effect of reducing the rating of many (if not all) of the bonds insured by those particular insurers. One or more rating agencies have placed each of these insurers on "negative credit watch", which may presage one or more rating reductions for such insurer or insurers in the future. If one or more insurers' ratings are reduced below AAA by these rating agencies, it would likely reduce the effective rating of many of the bonds insured by that insurer or insurers.

- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (5) Preferred Shares, at Liquidation Value as a percentage of total investments is (33.3)%.
- (6) Effective date represents the date on which both the Fund and counterparty commence interest payment accruals on each forward swap contract.

N/R Not rated.

(ETM) Escrowed to maturity.

(IF) Inverse floating rate investment.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction pursuant to the provisions of SFAS No. 140.

Income Tax Information

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to the treatment of paydown gains and losses, timing differences in recognizing taxable market discount, timing differences in recognizing certain gains and losses on investment transactions and the treatment of investments in inverse floating rate transactions subject to SFAS No.140. To the extent that differences arise that are permanent in nature, such amounts are reclassified within the capital accounts on the Statement of Assets and Liabilities presented in the annual report, based on their federal tax basis treatment; temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset value of the Fund.

At January 31, 2008, the cost of investments was \$871,709,185.

Gross unrealized appreciation and gross unrealized depreciation of investments at January 31, 2008, were as follows:

Gross unrealized:

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| | |
|---|--------------|
| Appreciation | \$41,310,453 |
| Depreciation | (7,693,635) |
| <hr/> | |
| Net unrealized appreciation (depreciation) of investments | \$33,616,818 |
| <hr/> | |

Item 2. Controls and Procedures.

- a. The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- b. There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

Filer as exhibits as part of this Form a separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)), exactly as set forth below: EX-99 CERT Attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Nuveen Dividend Advantage Municipal Fund 3

By (Signature and Title)* /s/ Kevin J. McCarthy
Kevin J. McCarthy
Vice President and Secretary

Date March 31, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)* /s/ Gifford R. Zimmerman
Gifford R. Zimmerman
Chief Administrative Officer (principal executive officer)

Date March 31, 2008

By (Signature and Title)* /s/ Stephen D. Foy
Stephen D. Foy
Vice President and Controller (principal financial officer)

Date March 31, 2008

SIGNATURES

* Print the name and title of each signing officer under his or her signature.