

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3  
 Form 4  
 January 21, 2011

**FORM 4**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2005  
 Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 BANK OF AMERICA CORP /DE/

2. Issuer Name and Ticker or Trading Symbol  
 NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 [NZF]

5. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
 01/12/2011

BANK OF AMERICA CORPORATE CENTER, 100 N. TRYON STREET

(Street)

4. If Amendment, Date Original Filed (Month/Day/Year)

6. Individual or Joint/Group Filing (Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

CHARLOTTE, NC 28255

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
Auction Rate Preferred <sup>(1)</sup>	01/12/2011		J <sup>(2)</sup>	61 D <u>2</u>	70	I	See Footnote <sup>(1)</sup>
Auction Rate Preferred <sup>(1)</sup>	01/13/2011		J <sup>(2)</sup>	70 D <u>2</u> 0		I	See Footnote <sup>(1)</sup>

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned (Instr. 5)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BANK OF AMERICA CORP /DE/ BANK OF AMERICA CORPORATE CENTER 100 N. TRYON STREET CHARLOTTE, NC 28255		X		
BANK OF AMERICA NA BANK OF AMERICA CORPORATE CENTER 100 NORTH TRYON STREET CHARLOTTE, NC 28255		X		
Blue Ridge Investments, L.L.C. 214 N. TRYON STREET CHARLOTTE, NC 28255		X		

## Signatures

Bank of America Corporation and Bank of America, N.A., By:/s/Michael Didovic, Title: Director 01/20/2011  
 \*\*Signature of Reporting Person Date

Blue Ridge Investments, L.L.C., By:/s/ John Hiebendahl, Title: SVP 01/21/2011  
 \*\*Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- The Auction Rate Preferred Shares ("Shares") reported in Table I represent Shares beneficially owned by Bank of America, N.A. ("BANA") and Blue Ridge Investors, L.L.C. ("Blue Ridge"). BANA is a wholly owned subsidiary of Bank of America Corporation ("Bank of America") and Blue Ridge is a wholly owned subsidiary of BANA.
- (1) The Shares were called for redemption by the issuer at par value.
  - (2) The Shares were called for redemption by the issuer at par value.

### Remarks:

The Shares reported herein represent Bank of America's combined holdings in multiple series of auction rate preferred securities.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.