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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 0-11176

NTS-PROPERTIES III

Incorporated pursuant to the Laws of the State of Georgia

Internal Revenue Service - Employer Identification No. 61-1017240

10172 Linn Station Road, Louisville, Kentucky 40223

(502) 426-4800

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days: No aggregate market value can be determined because no established market exists for the limited partnership Interests.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION
Item 1 - Financial Statements

NTS-PROPERTIES III
BALANCE SHEETS

	As of March 31, 2002 (UNAUDITED)	As of December 31, 2001*
ASSETS		
Cash and equivalents	$ 269,311	$ 354,992
Cash and equivalents - restricted	33,836	16,547
Accounts receivable	523,963	519,451
Land, buildings and amenities, net	10,204,535	10,481,019
Other assets	416,485	413,300
TOTAL ASSETS	$ 11,448,130	$ 11,785,309
LIABILITIES AND PARTNERS' EQUITY		
Mortgages payable	$ 7,948,507	$ 8,396,915
Accounts payable	124,656	164,580
Security deposits	143,317	141,924
Other liabilities	106,285	76,073
TOTAL LIABILITIES	8,322,765	8,779,492
COMMITMENTS AND CONTINGENCIES (Note 9)		
PARTNERS' EQUITY	3,125,365	3,005,817
TOTAL LIABILITIES AND PARTNERS' EQUITY	$ 11,448,130	$ 11,785,309

STATEMENT OF PARTNERS' EQUITY
(UNAUDITED)

	Limited Partners	General Partner	Total
PARTNERS' EQUITY/(DEFICIT)			
Initial equity	$ 15,600,000	$ 8,039,710	$ 23,639,710
Adjustment to historical basis	--	(5,455,030)	(5,455,030)
EQUITY	$ 15,600,000	$ 2,584,680	$ 18,184,680
Net loss - prior years	(217,814)	(2,705,979)	(2,923,793)
Net income (loss) - current year	131,505	(11,958)	119,547
Cash distributions declared to date	(11,349,844)	(206,985)	(11,556,829)
Repurchase of limited partnership Interests	(698,240)	--	(698,240)
BALANCES AT MARCH 31, 2002	$ 3,465,607	$ (340,242)	$ 3,125,365

* Reference is made to the audited financial statements in the Form 10-K as filed with the Securities and Exchange Commission on March 29, 2002.

The accompanying notes to financial statements are an integral part of these statements.

NTS-PROPERTIES III
STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001
REVENUES		
Rental income	$ 911,257	$ 874,123
Rental income - affiliated	73,834	73,834
Interest and other income	4,192	159,134
TOTAL REVENUES	989,283	1,107,091
EXPENSES		
Operating expenses	192,122	213,857
Operating expenses - affiliated	82,645	98,073
Interest expense	130,749	168,146
Management fees	48,671	45,468
Real estate taxes	51,570	54,273
Professional and administrative expenses	20,541	16,294
Professional and administrative expenses - affiliated	33,760	30,045
Depreciation and amortization	309,678	318,201
TOTAL EXPENSES	869,736	944,357
Net income	$ 119,547	$ 162,734
Net income allocated to the limited partners	$ 131,505	$ 178,158
Net income per limited partnership Interest	$ 10.46	$ 14.06
Weighted average number of limited partnership Interests	12,570	12,670

The accompanying notes to financial statements are an integral part of these statements.

NTS-PROPERTIES III
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 119,547	$ 162,734
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for doubtful accounts	--	3,508
Write-off of uncollectible accounts receivable	--	(3,508)
Depreciation and amortization	336,952	347,295
Changes in assets and liabilities:		
Cash and equivalents - restricted	(17,289)	(20,949)
Accounts receivable	(4,512)	(124,082)
Other assets	(35,786)	(15,730)
Accounts payable	(39,924)	(91,305)
Security deposits	1,393	(4,213)
Other liabilities	30,212	86,125
Net cash provided by operating activities	390,593	339,875
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to land, buildings and amenities	(27,866)	(204,793)
Net cash used in investing activities	(27,866)	(204,793)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from mortgages payable	--	280,718
Principal payments on mortgages payable	(448,408)	(93,867)
Net cash (used in) provided by financing activities	(448,408)	186,851
Net (decrease) increase in cash and equivalents	(85,681)	321,933
CASH AND EQUIVALENTS, beginning of period	354,992	45,164
CASH AND EQUIVALENTS, end of period	$ 269,311	$ 367,097
Interest paid on a cash basis	$ 128,895	$ 161,773

The accompanying notes to financial statements are an integral part of these statements.

NTS-PROPERTIES III
NOTES TO FINANCIAL STATEMENTS

The unaudited financial statements and schedules included herein should be read in conjunction with NTS-Properties III's (the "Partnership") 2001 Form 10-K as filed with the Securities and Exchange Commission on March 29, 2002. In the opinion of the General Partner, all adjustments (only consisting of normal recurring accruals) necessary for a fair presentation have been made to the accompanying financial statements for the three months ended March 31, 2002 and 2001. As used in this Form 10-Q the terms "we," "us" or "our," as the context requires, may refer to the Partnership or its interests in these properties.

Note 1 - Changes to the Names of Properties Held by the Partnership

In the second quarter of 1999, Plainview Plaza II was renamed NTS Center and Plainview Triad North was renamed Plainview Center.

Note 2 - Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Concentration of Credit Risk

NTS-Properties III is a limited partnership which owns and operates commercial properties in Norcross, Georgia, a suburb of Atlanta, and Jeffersontown, Kentucky, a suburb of Louisville. One tenant in NTS Center occupies 46% of the office building's net rentable area. One tenant in Plainview Center occupies 50% of the office building's net rentable area.

Our financial instruments that are exposed to concentrations of credit risk consist of cash and equivalents. We maintain our cash accounts primarily with banks located in Kentucky. The total cash balances are insured by the FDIC up to $100,000 per bank account. We may at times, in certain accounts, have deposits in excess of $100,000.

Note 4 - Cash and Equivalents

Cash and equivalents include cash on hand and short-term, highly liquid investments with initial maturities of three months or less. We have a cash management program which provides for the overnight investment of excess cash balances. Per an agreement with a bank, excess cash is invested in a repurchase agreement for U.S. government or agency securities on a nightly basis. As of March 31, 2002, approximately $163,500 was transferred into the investment.

Note 5 - Cash and Equivalents - Restricted

Cash and equivalents - restricted represents funds which have been escrowed with a mortgage company for NTS Center's property taxes in accordance with the loan agreement.

Note 6 - Basis of Property and Depreciation

Land, buildings and amenities are stated at cost to us as determined by the historical cost of the property to the General Partner for its interest and by the purchase price of the property to us for the limited partners' interests. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which are 6-30 years for land improvements, 5-30 years for buildings and improvements, 3-27 years for amenities and the applicable lease term for tenant improvements. The aggregate cost of our properties for federal tax purposes is approximately $28,600,000.

Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," specifies circumstances in which certain long-lived assets must be reviewed for impairment. If such review indicates that the carrying amount of an asset exceeds the sum of its expected future cash flows, the asset's carrying value must be written down to fair value. Application of this standard during the period ended March 31, 2002 did not result in any impairment loss.

Note 7 - Mortgages Payable

Mortgages payable consist of the following:

	March 31, 2002	December 31, 2001
Mortgage payable to an insurance company, bearing interest at 6.89%, maturing April 10, 2015, secured by land and buildings.	$ 5,852,257	$ 5,920,665
Mortgage payable to a bank, bearing a variable interest rate of Prime -0.25%, due March 1, 2004, secured by land and a building. The current interest rate at March 31, 2002 is 4.5%.	2,096,250	2,476,250
	$ 7,948,507	$ 8,396,915

Based on the borrowing rates currently available to the Partnership for mortgages with similar terms and average maturities, the fair value of long-term debt is approximately $7,741,000.

Note 8 - Related Party Transactions

Pursuant to an agreement with us, NTS Development Company, an affiliate of our General Partner, receives property management fees on a monthly basis. The fees are paid in an amount equal to 5% of the gross revenues from our properties. Also pursuant to an agreement, NTS Development Company receives a repair and maintenance fee equal to 5.9% of the costs incurred which relate to capital improvements. These repair and maintenance fees are capitalized as part of land, buildings and amenities.

We were charged the following amounts pursuant to an agreement with NTS Development Company for the three months ended March 31, 2002 and 2001. These charges include items which have been expensed as operating expenses - affiliated or professional and administrative expenses - affiliated and items which have been capitalized as other assets or as land, buildings and amenities.

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001
Property management fees	$ 48,671	$ 45,468
Property management	43,263	70,913
Leasing	30,457	18,235
Administrative - operating	7,425	7,425
Other	1,500	1,500
Total operating expenses - affiliated	82,645	98,073
Professional and administrative expenses - affiliated	33,760	30,045
Repairs and maintenance fee	1,454	9,506
Leasing commissions	--	5,701
Total related party transactions capitalized	1,454	15,207
Total related party transactions	$ 166,530	$ 188,793

During the three months ended March 31, 2002 and 2001, we were charged $1,622 and $1,331, respectively, for property maintenance fees from an affiliate of NTS Development Company.

During the three months ended March 31, 2002 and 2001, NTS Development Company leased 20,368 square feet in NTS Center at a rental rate of $14.50 per square foot. We received approximately $73,800 in rental payments from NTS Development Company during the three months ended March 31, 2002 and 2001. The lease term for NTS Development Company ends on March 31, 2004.

Note 9 - Commitments and Contingencies

We, as an owner of real estate, are subject to various environmental laws of federal, state and local governments. Compliance by us with existing laws has not had a material adverse effect on our financial condition and results of operations. However, we cannot predict the impact of new or changed laws or regulations on our current properties or on properties that we may acquire in the future.

On December 12, 2001, three individuals filed an action in the Superior Court of the State of California for the County of Contra Costa against our General Partner, the general partners of four public partnerships affiliated with us and several individuals and entities affiliated with us. The action purports to bring claims on behalf of a class of limited partners based on, among other things, tender offers made by the public partnership and an affiliate of our General Partner. The plaintiffs allege, among other things, that the prices at which Interests were purchased in these tender offers were too low. The plaintiffs are seeking monetary damages and equitable relief, including an order directing the disposition of the properties owned by the public partnerships and the proceeds distributed. Our General Partner believes that this action is without merit, and intends to vigorously defend it. No amounts have been accrued as a liability for this action in our financial statements at March 31, 2002.

We do not believe there is any other litigation threatened against us other than routine litigation arising out of the ordinary course of business, some of which is expected to be covered by insurance, none of which is expected to have a material effect on our financial position or results of operations except as discussed herein. However, due to the recent event on September 11, 2001 affecting the insurance industry, we are unable to determine at what price we will be able to renew our insurance coverage when the current policies expire in September 2002, or if the coverage available will be adequate.

One tenant at Plainview Center previously occupied approximately 65% of the building. As a result of this tenant vacating the remainder of their space on March 31, 1999, there has been and will likely continue to be a protracted period for the property to become fully leased again and substantial funds, currently estimated to be approximately $158,000, will likely be needed for leasing expenses, especially those needed to refinish space for new tenants. Such costs will be funded from additional available loan proceeds and cash reserves.

As of March 31, 2002, we anticipate making certain building improvements during 2002 totaling approximately $216,000, which will be funded from cash from operations. These improvements include HVAC and exterior lighting replacements and landscaping renovations at Peachtree Corporate Center ($85,000), window repairs at Plainview Center ($80,000) and HVAC replacements and stairwell and parking lot repairs at NTS center ($51,000).

Note 10 - Segment Reporting

Our reportable operating segments include only one segment - Commercial Real Estate Operations.

Note 11 - Subsequent Event

On May 10, 2002, ORIG, LLC, ("ORIG") an affiliate of ours, filed a tender offer with the Securities and Exchange Commission, to purchase up to 2,000 of the limited partnership Interests at a price of $300 per Interest as of the date of the tender offer. Approximately $610,000 ($600,000 to purchase 2,000 Interests plus approximately $10,000 for expenses associated with the tender offer) is required to purchase all 2,000 Interests. If more than 2,000 Interests are tendered, ORIG may choose to acquire the additional Interests on a pro rata basis. Interests acquired by ORIG will be held by it. The tender offer will expire on August 16, 2002 unless extended. We are not participating in this tender offer.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the Financial Statements in Item 1 and the Cautionary Statements below.

Critical Accounting Policies

A critical accounting policy, for our business, is the assumption that our properties' occupancy will remain at a level which provides for debt payments and adequate working capital, currently and in the future. If occupancy were to fall below that level and remain at or below that level for a significant period of time, then our ability to make payments due under our debt agreements and to continue paying daily operational costs would be greatly affected. This would result in the impairment of the respective properties' assets in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

Cautionary Statements

Some of the statements included in this Item 2 may be considered "forward-looking statements," because such statements relate to matters which have not yet occurred. For example, phrases such as "we anticipate," "believe" or "expect," indicate that it is possible that the event anticipated, believed or expected may not occur. Should such event not occur, then the result which we expected also may not occur or occur in a different manner, which may be more or less favorable to us. We do not undertake any obligations to publicly release the result of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances.

Any forward-looking statements included in the MD&A section, or elsewhere in this report, which reflect management's best judgment, based on factors known, involve risks and uncertainties. Actual results could differ materially from those anticipated in any forward-looking statements as a result of a number of factors, including but not limited to those discussed below. Any forward-looking information provided by us pursuant to the safe harbor established by recent securities legislation should be evaluated in the context of these factors.

Our liquidity, capital resources and results of operations are subject to a number of risks and uncertainties including, but not limited to the following:

- our ability to achieve planned revenues;
- our ability to make payments due under our debt agreements;
- our ability to negotiate and maintain terms with vendors and service providers for operating expenses;

- competitive pressures from other real estate companies, including large commercial real estate companies, which may affect the nature and viability of our business strategy;
- trends in the economy as a whole which may affect consumer confidence and demand for the types of rental property held by us;
- our ability to predict the demand for specific rental properties;
- our ability to attract and retain tenants;
- availability and costs of management and labor employed;
- real estate occupancy and development costs, including the substantial fixed investment costs associated with renovations necessary to obtain new tenants and retain existing tenants;
- the risk of a major commercial tenant defaulting on its lease due to risks generally associated with real estate, many of which are beyond our control, including general or local economic conditions, competition, interest rates, real estate tax rates, other operating expenses and acts of God; and
- the risk of revised zoning laws, taxes and utilities regulations as well as municipal mergers of local governmental entities.

At Plainview Center, there has been and will likely continue to be a protracted period for the property to become fully leased again. Failure to lease the vacant space at Plainview Center may have an adverse effect on our operations and liquidity. The extent of the impact on us is unknown at this time.

Occupancy Levels

The occupancy levels at our properties as of March 31, 2002 and 2001 were as follows:

	Three Months Ended March 31,	
	2002 (1)	2001
NTS Center (2)	85%	93%
Plainview Center (2)	68%	70%
Peachtree Corporate Center	82%	82%

(1) Current occupancy levels are considered adequate to continue the operation of our properties without additional financing.

(2) In our opinion, the decrease in period ending occupancy is only a temporary fluctuation and does not represent a permanent downward occupancy trend.

The average occupancy levels at our properties during the three months ended March 31, 2002 and 2001 were as follows:

	Three Months Ended March 31,	
	2002 (1)	2001
NTS Center (2)	91%	93%
Plainview Center	70%	69%
Peachtree Corporate Center (2)	82%	83%

(1) Current average occupancy levels are considered adequate to continue the operation of our properties without additional financing.

(2) In our opinion, the decrease in average occupancy is only a temporary fluctuation and does not represent a permanent downward occupancy trend.

Rental and Other Income

The rental income generated by our properties for the three months ended March 31, 2002 and 2001 were as follows:

	Three Months Ended March 31,	
	2002	2001
NTS Center	$ 350,342	$ 341,859
Plainview Center	$ 306,316	$ 291,819
Peachtree Corporate Center	$ 331,359	$ 316,312

Results of Operations

If there has not been a material change in an item from March 31, 2001 to March 31, 2002, we have omitted any discussion concerning that item.

Other Income

Other income decreased approximately $155,000, for the three months ended March 31, 2002, as a result of a one-time settlement of certain claims in favor of the Partnership in 2001.

Operating Expenses

Operating expenses decreased approximately $22,000, or 10%, for the three months ended March 31, 2002, as compared to the same period in 2001. The decrease is primarily due to decreased utilities (Plainview Center and NTS Center), decreased HVAC repairs, cleaning services and drawings and blueprints (Peachtree Corporate Center) and decreased landscaping (NTS Center and Peachtree Corporate Center). The decrease is partially offset by increased parking lot maintenance (Peachtree Corporate Center) and increased HVAC repairs and landscaping (Plainview Center).

Operating Expenses - Affiliated

Operating expenses - affiliated decreased approximately $15,000, or 16%, for the three months ended March 31, 2002, as compared to the same period in 2001. The decrease is primarily due to decreased employee costs at Peachtree Corporate Center as a result of hiring an outside management company to replace the on-site leasing agent. Operating expenses - affiliated are expenses incurred for services performed by employees of NTS Development Company, an affiliate of our General Partner. These employee services may include property management, leasing, maintenance, security and other services necessary to manage and operate our properties.

Interest Expense

Interest expense decreased $37,000, or 22%, for the three months ended March 31, 2002, as compared to the same period in 2001, as a result of additional principal payments made on our mortgage payable secured by Plainview Center.

Management Fees

Management fees are calculated as a percentage of cash collections; however, revenue for reporting purposes is recorded on the accrual basis. As a result, the fluctuations in revenue between years will differ from the fluctuations of management fees expense.

Professional and Administrative Expenses

Professional and administrative expenses increased approximately $4,000, or 26%, for the three months ended March 31, 2002, as compared to the same period in 2001, as a result of costs incurred for legal fees.

Professional and Administrative Expenses - Affiliated

Professional and administrative expenses - affiliated increased approximately $4,000, or 12%, for the three months ended March 31, 2002, as compared to the same period in 2001, primarily as a result of increased personnel costs. Professional and administrative expenses - affiliated are expenses incurred for services performed by employees of NTS Development Company, an affiliate of our General Partner. These employee services include legal, financial and other services necessary to manage and operate the Partnership.

Consolidated Cash Flows and Financial Condition

Cash flows provided by (used in):

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001
Operating activities	$ 390,593	$ 339,875
Investing activities	(27,866)	(204,793)
Financing activities	(448,408)	186,851
Net (decrease) increase in cash and equivalents	$ (85,681)	$ 321,933

Net cash provided by operating activities increased approximately $51,000 for the three months ended March 31, 2002, as compared to the same period in 2001. The increase was primarily driven by the change in accounts receivable which was partially offset by decreased net income.

Net cash used in investing activities decreased approximately $177,000 for the three months ended March 31, 2002, as compared to the same period in 2001. The decrease is a result of decreased capital expenditures for tenant improvements.

Net cash provided by financing activities decreased approximately $635,000 for the three months ended March 31, 2002, as compared to the same period in 2001. The decrease is the result of a decrease in funds drawn on the mortgage loan obtained May 9, 2000, due to a decrease in renovations, tenant finish activity and increased principal payments.

We indefinitely suspended distributions starting December 31, 1996, as a result of the anticipated decrease in occupancy at Plainview Center. Cash reserves, which consist of unrestricted cash as shown on our balance sheet, as of March 31, 2002 were $269,311.

Due to the fact that no distributions were made during the three months ended March 31, 2002 or 2001, the table which presents that portion of the distributions that represents a return of capital in accordance with GAAP basis has been omitted.

In the next 12 months, we expect the demand on future liquidity to increase as a result of future leasing activity driven primarily by the decreased occupancy at Plainview Center. There has been and will likely continue to be a protracted period for Plainview Center to become fully leased again and substantial funds, currently estimated to be $158,000, will likely be needed for leasing expenses; especially those needed to refinish space for new tenants.

Future liquidity will be affected by increased insurance expense. We have budgeted for an increase of approximately 25% upon renewal of our policies in September 2002, as compared to 2001.

As of March 31, 2002, we anticipate making certain building improvements in 2002 totaling approximately $216,000, which will be funded from cash from operations. These improvements include HVAC and exterior lighting replacements and landscaping renovations at Peachtree Corporate Center ($85,000), window repairs at Plainview Center ($80,000) and HVAC replacements and stairwell and parking lot repairs at NTS center ($51,000).

The following describes the efforts being taken by us to increase the occupancy levels at our properties. At Peachtree Corporate Center in Norcross, Georgia, we have an off-site leasing agent, who makes calls to potential tenants, negotiates lease renewals with current tenants and manages local advertising with the assistance of NTS Development Company's marketing staff. The leasing and renewal negotiations for NTS Center and Plainview Center are handled by leasing agents, employees of NTS Development Company, located in Louisville, Kentucky. The leasing agents are located in the same city as both commercial properties. All advertising for the Louisville properties is coordinated by NTS Development Company's marketing staff located in Louisville, Kentucky.

Leases at all our properties provide for tenants to contribute toward the payment of increases in common area maintenance expenses, insurance, utilities and real estate taxes. These lease provisions should protect our operations from the impact of inflation and changing prices.

Potential Consolidation

Our General Partner, along with the general partners of four other public limited partnerships affiliated with us, is investigating a consolidation of us with other entities affiliated with us. In addition to these entities, the consolidation would likely involve several private partnerships and other entities affiliated with us and our General Partner. The new combined entity would own all of the properties currently owned by the public limited partnerships, and the limited partners or other owners of these entities would receive an ownership interest in the combined entity. The number of ownership interests to be received by limited partners and the other owners of the entities participating in the consolidation would likely be determined based on the relative value of the assets contributed to the combined entity by each public limited partnership, reduced by any indebtedness assumed by the entity. The majority of the contributed assets would consist of real estate properties, whose relative values would be based on appraisals obtained at or near the consolidation date. The potential benefits of consolidating the entities include: reducing the administrative costs as a percentage of assets and revenues by creating a single public entity; diversifying limited partners' investments in real estate to include additional markets and types of properties; and creating an asset base and capital structure that may enable greater access to the capital markets. There are, however, also a number of potential adverse consequences such as, the expenses associated with a consolidation and the fact that the duration of the new entity would likely exceed our anticipated duration, and that the interests of our limited partners in the combined entity would be smaller on a percentage basis than their interests in us. Further, the new entity may adopt investment and management policies that are different from those presently used by our General Partner for us. A consolidation also requires approval of our limited partners and owners of the other proposed participants. Accordingly, there is no assurance that the consolidation will occur.

Item 3 - Quantitative and Qualitative Disclosures About Market Risk

Our primary market risk exposure with regards to financial instruments is changes in interest rates. All of our debt bears interest at a fixed rate with the exception of the $3,500,000 note payable, which we obtained on May 9, 2000. At March 31, 2002, a hypothetical 100 basis point increase in interest rates would result in an approximate $301,000 decrease in the fair value of the debt and would increase interest expense on the variable rate mortgage by approximately $21,000 annually.

PART II - OTHER INFORMATION

Item 1 - Legal Proceedings
None.

Item 2 - Changes in Securities
None.

Item 3 - Defaults Upon Senior Securities
None.

Item 4 - Submission of Matters to a Vote of Security Holders
None.

Item 5 - Other Information
None.

Item 6 - Exhibits and Reports on Form 8-K
None.

SIGNATURES

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

NTS-PROPERTIES III

BY: NTS-Properties Associates,
General Partner,
BY: NTS Capital Corporation,
General Partner

/s/ Gregory A. Wells
Gregory A. Wells
Senior Vice President and
Chief Financial Officer of
NTS Capital Corporation

Date: May 14, 2002