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 September 30, 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 [ ]

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Item 1 - Financial Statements

NTS-PROPERTIES III
BALANCE SHEETS

	As of September 30, 2002 (UNAUDITED)	As of December 31, 2001*
ASSETS		
Cash and equivalents	$ 182,171	$ 354,992
Cash and equivalents - restricted	64,754	16,547
Accounts receivable, net of allowance for doubtful accounts of $860 at September 30, 2002 and $0 at December 31, 2001	595,895	519,451
Land, buildings and amenities, net	9,911,372	10,481,019
Other assets	386,444	413,300
TOTAL ASSETS	$ 11,140,636	$ 11,785,309
LIABILITIES AND PARTNERS' EQUITY		
Mortgages payable	$ 7,398,114	$ 8,396,915
Accounts payable	124,587	164,580
Security deposits	156,755	141,924
Other liabilities	156,207	76,073
TOTAL LIABILITIES	7,835,663	8,779,492
COMMITMENTS AND CONTINGENCIES (Note 9)		
PARTNERS' EQUITY	3,304,973	3,005,817
TOTAL LIABILITIES AND PARTNERS' EQUITY	$ 11,140,636	$ 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	335,624	(36,469)	299,155
Cash distributions declared to date	(11,349,844)	(206,985)	(11,556,829)
Repurchase of limited partnership Interests	(698,240)	--	(698,240)
BALANCES AT September 30, 2002	$ 3,669,726	$ (364,753)	$ 3,304,973

* Reference is made to the audited financial statements in the Annual Report on 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 September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
REVENUES				
Rental income	$ 889,223	$ 918,389	$ 2,676,778	$ 2,697,271
Rental income - affiliated	73,834	73,834	221,503	221,503
Interest and other income	5,159	9,088	16,884	173,654
TOTAL REVENUES	968,216	1,001,311	2,915,165	3,092,428
EXPENSES				
Operating expenses	210,328	239,706	633,550	698,869
Operating expenses - affiliated	69,097	81,134	236,322	293,560
Loss on disposal of assets	--	--	1,826	--
Interest expense	123,597	154,044	379,237	478,520
Management fees	46,694	48,471	140,992	147,694
Real estate taxes	51,570	54,273	154,710	162,819
Professional and administrative expenses	32,315	15,513	82,403	59,301
Professional and administrative expenses - affiliated	31,853	36,710	98,485	99,237
Depreciation and amortization	289,842	345,110	888,485	989,460
TOTAL EXPENSES	855,296	974,961	2,616,010	2,929,460
Net income	$ 112,920	$ 26,350	$ 299,155	$ 162,968
Net income allocated to the limited partners	$ 124,944	$ 43,138	$ 335,624	$ 212,492
Net income per limited partnership Interest	$ 9.94	$ 3.40	$ 26.70	$ 16.77
Weighted average number of limited partnership Interests	12,570	12,670	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)

	Nine Months Ended September 30, 2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 299,155	$ 162,968
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for doubtful accounts	15,202	29,532
Write-off of uncollectible accounts receivable	(14,342)	(24,821)
Loss on disposal of assets	1,826	--
Depreciation and amortization	973,268	1,075,072
Changes in assets and liabilities:		
Cash and equivalents - restricted	(48,207)	(92,847)
Accounts receivable	(77,304)	(38,922)
Other assets	(73,334)	(58,346)
Accounts payable	(39,993)	(153,217)
Security deposits	14,831	2,309
Other liabilities	80,134	134,295
Net cash provided by operating activities	1,131,236	1,036,023
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to land, buildings and amenities	(305,256)	(704,622)
Net cash used in investing activities	(305,256)	(704,622)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from mortgages payable	--	462,945
Principal payments on mortgages payable	(998,801)	(284,938)
Net cash (used in) provided by financing activities	(998,801)	178,007
Net (decrease) increase in cash and equivalents	(172,821)	509,408
CASH AND EQUIVALENTS, beginning of period	354,992	45,164
CASH AND EQUIVALENTS, end of period	$ 182,171	$ 554,572
Interest paid on a cash basis	$ 377,835	$ 475,020

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

NTS-PROPERTIES III
NOTES TO FINANCIAL STATEMENTS

The unaudited financial statements included herein should be read in conjunction with NTS-Properties III's (the "Partnership") 2001 Annual Report on 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 and nine months ended September 30, 2002 and 2001. As used in this Quarterly Report on 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 - Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in accordance with accounting principles generally accepted in the United States ("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 2 - 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 49% 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 3 - 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 September 30, 2002, approximately $388,000 of said investment was included in cash and cash equivalents.

Note 4 - 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 5 - Basis of Property and Depreciation

Land, buildings and amenities are stated at cost 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, less accumulated depreciation. 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.

Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," became effective January 1, 2002, and 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 September 30, 2002 did not result in any impairment loss.

Note 6 - Tender Offer

On May 10, 2002, ORIG, LLC, ("ORIG") an affiliate of ours, commenced a tender offer to purchase up to 2,000 Interests at a price of $300 per Interest. ORIG had the option to acquire additional Interests on a pro rata basis if more than 2,000 Interests were tendered. The tender offer was scheduled to expire on August 16, 2002.

On July 12, 2002, a third party unaffiliated with us or ORIG, commenced a tender offer at a price of $310 per Interest. On July 17, 2002, ORIG amended its tender offer to increase the purchase price to $315 per Interest. On August 7, 2002, ORIG amended its tender offer to extend the expiration date from August 16, 2002, to September 16, 2002.

ORIG's tender offer expired on September 16, 2002. A total of 669 Interests were tendered. ORIG accepted all Interests tendered at a purchase price of $315 per Interest for a total of $210,735. We did not participate in this tender offer.

Detailed information on ORIG's tender offer, including the amendments to the offer and the final results of the offer, is available from the various filings made by ORIG with the Securities and Exchange Commission in connection with the offer.

Note 7 - Mortgages Payable

Mortgages payable consist of the following:

	September 30, 2002	December 31, 2001
Mortgage payable to an insurance company, bearing interest at 6.89%, maturing April 10, 2015, secured by land and buildings.	$ 5,711,863	$ 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 September 30, 2002 is 4.50%.	1,686,251	2,476,250
	$ 7,398,114	$ 8,396,915

As of September 30, 2002, the fair value of long-term debt is approximately $7,861,000, based on the borrowing rates currently available to us for mortgages with similar terms and average maturities.

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 nine months ended September 30, 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.

	Nine Months Ended September 30, 2002	Nine Months Ended September 30, 2001
Property management fees	$ 140,992	$ 147,694
Property management	129,816	170,617
Leasing	79,563	95,775
Administrative - operating	22,275	22,414
Other	4,668	4,754
Total operating expenses - affiliated	236,322	293,560
Professional and administrative expenses - affiliated	98,485	99,237
Repairs and maintenance fee	14,726	34,941
Leasing commissions	2,340	8,580
Total related party transactions capitalized	17,066	43,521
Total related party transactions	$ 492,865	$ 584,012

During the nine months ended September 30, 2002 and 2001, we were charged $4,866 and $3,993 respectively, for property maintenance fees from an affiliate of NTS Development Company.

During the nine months ended September 30, 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 $221,503 in rental payments from NTS Development Company during the nine months ended September 30, 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 or 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 is vigorously defending it. No amounts have been accrued as a liability for this action in our financial statements at September 30, 2002. Under an indemnification agreement with our General Partner, we are responsible for the costs of the defense of this action. During the nine months ended September 30, 2002, our share of these legal costs was approximately $22,000, which was expensed.

On September 24, 2002, in a lawsuit filed in December 2001 against our General Partner, the general partners of four public partnerships affiliated with us and several individuals and entities affiliated with us, the plaintiffs voluntarily dismissed two of the individuals and one of the entities that had objected to the lawsuit on personal jurisdiction grounds. This dismissal was the result of an agreement under which some defendants agreed not to contest jurisdiction and plaintiffs agreed to dismiss other defendants. For a description of the lawsuit, see Part I, Item 3 of our Annual Report on Form 10-K for the year ended December 31, 2001, filed with the SEC on March 29, 2002. For information on a development in the lawsuit occurring after September 30, 2002, see Part II, Item 5 of this Quarterly Report on Form 10-Q (see Note 11 - Subsequent Event).

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.

Note 10 - Segment Reporting

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

Note 11 - Subsequent Event

On October 22, 2002, in a lawsuit filed in December 2001 against our General Partner, the general partners of four public partnerships affiliated with us and several individuals and entities affiliated with us, the court issued an order sustaining the demurrer of our General Partner and the general partners of two limited partnerships affiliated with us. The effect of this ruling is that our General Partner and these other two general partners are no longer parties to the lawsuit. On the same date the court overruled the demurrer of the general partner of two of the partnerships affiliated with us and one individual and two entities affiliated with us. The entities and individuals whose demurrers were overruled remain defendants in the lawsuit. For a description of the lawsuit, see Part I, Item 3 of our Annual Report on Form 10-K for the year ended December 31, 2001, filed with the SEC on March 29, 2002. For information on another development in this lawsuit, see Part II, Item 1 of this Quarterly Report on Form 10-Q (see Note 9 - Commitments and Contingencies).

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 September 30, 2002 and 2001 were as follows:

	Nine Months Ended September 30,	
	2002 (1)	2001
NTS Center (2)	85%	94%
Plainview Center (2)	70%	75%
Peachtree Corporate Center	87%	81%

(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 and nine months ended September 30, 2002 and 2001 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002 (1)	2001	2002 (1)	2001
NTS Center (2)	85%	94%	87%	93%
Plainview Center (2)	69%	75%	69%	73%
Peachtree Corporate Center	85%	82%	83%	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

Rental and other income generated by our properties for the three months and nine months ended September 30, 2002 and 2001 were as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
		2002		2001		2002		2001
NTS Center	$	315,850	$	354,536	$	982,677	$	1,046,430
Plainview Center	$	303,185	$	319,364	$	910,268	$	919,374
Peachtree Corporate Center	$	348,070	$	322,772	$	1,018,922	$	1,115,819

Results of Operations

If there has not been a material change in an item from September 30, 2001 to September 30, 2002, we have omitted any discussion concerning that item.

Interest and Other Income

Interest and other income decreased approximately $157,000, for the nine months ended September 30, 2002, as a result of a one-time settlement of certain claims in our favor in 2001.

Operating Expenses

Operating expenses decreased approximately $29,000, or 12%, and $65,000, or 9%, for the three months and nine months ended September 30, 2002, respectively, as compared to the same periods in 2001. The decrease is primarily due to decreased utilities (Plainview Center and NTS Center), decreased HVAC repairs (NTS Center and Peachtree Corporate Center), decreased cleaning services, bad debt expense, electrical repairs, landscaping, and travel expenses (Peachtree Corporate Center), decreased parking lot maintenance and increased utility reimbursements (Plainview Center). The decrease is partially offset by increased prepaid leasing commissions and outside management costs (Peachtree Corporate Center) and increased insurance premiums (NTS Center, Plainview Center, and Peachtree Corporate Center).

Operating Expenses - Affiliated

Operating expenses - affiliated decreased approximately $12,000, or 15%, and $57,000, or 20%, for the three months and nine months ended September 30, 2002, respectively, as compared to the same periods 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 approximately $30,000, or 20%, and $99,000, or 21%, for the three months and nine months ended September 30, 2002, respectively, as compared to the same periods in 2001, as a result of additional principal payments made on our mortgage payable secured by Plainview Center.

Professional and Administrative Expenses

Professional and administrative expenses increased approximately $17,000, or 108%, and $23,000, or 39%, for the three months and nine months ended September 30, 2002, respectively, as compared to the same periods in 2001, as a result of costs incurred for legal fees paid under an indemnification agreement with our General Partner.

Depreciation and Amortization Expense

Depreciation and amortization expense decreased approximately $55,000, or 16%, and $101,000, or 10%, for the three months and nine months ended September 30, 2002, respectively, as compared to the same periods in 2001, as a result of assets (primarily tenant finish improvements) becoming fully depreciated. The decrease in depreciation and amortization expense is partially offset by assets being placed in service. Assets placed in service are tenant improvements at Peachtree Corporate Center, NTS Center and Plainview Center, building improvements at Peachtree Corporate Center and NTS Center and land improvements at Peachtree Corporate Center. Depreciation is computed using the straight-line method over the estimated useful lives of the assets that 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.

Consolidated Cash Flows and Financial Condition

Cash flows provided by (used in):

	Nine Months Ended September 30, 2002	Nine Months Ended September 30, 2001
Operating activities	$ 1,131,236	$ 1,036,023
Investing activities	(305,256)	(704,622)
Financing activities	(998,801)	178,007
Net (decrease) increase in cash and equivalents	$ (172,821)	$ 509,408

Net cash provided by operating activities increased approximately $95,000 for the nine months ended September 30, 2002, as compared to the same period in 2001. The increase was primarily driven by an increase in net income and accounts payable.

Net cash used in investing activities decreased approximately $399,000 for the nine months ended September 30, 2002, as compared to the same period in 2001. The decrease is a result of decreased capital expenditures.

Net cash used in financing activities increased approximately $1,177,000 for the nine months ended September 30, 2002, as compared to the same period in 2001. This is the result of a draw in 2001 on a mortgage loan for renovations and tenant finish activity along with additional principal payments in 2002.

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 September 30, 2002 were $182,171.

Due to the fact that no distributions were made during the nine months ended September 30, 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 $552,000 will likely be needed for leasing expenses; especially those needed to refinish space for new tenants.

As of September 30, 2002, we anticipate making certain building improvements during 2002 totaling approximately $138,000 which will be funded from cash from operations. These improvements include restroom renovations at NTS Center ($118,000) and HVAC replacements at Peachtree Corporate Center ($20,000).

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.

Across the United States there have been recent reports of lawsuits against owners and managers of multi-family and commercial properties asserting claims of personal injury and property damage caused by the asserted presence of mold and other microbial organisms in residential units and commercial space. Some of these lawsuits have resulted in substantial monetary judgments or settlements. We have not, at present, been named as a defendant in any lawsuit that has alleged the presence of mold or other microbial organisms. Prior to September 13, 2002, we were insured against claims arising from the presence of mold due to water intrusion. However, since September 13, 2002, certain of our insurance carriers have excluded from insurance coverage property damage loss claims arising from the presence of mold, although certain of our insurance carriers do provide some coverage for personal injury claims. We are in the process of implementing protocols and procedures to prevent the build-up of mold and other microbial organisms in our properties, and are in the process of implementing more stringent maintenance, housekeeping and notification requirements for tenants in our properties. We believe that these measures will eliminate, or at least, minimize any effect that mold or other microbial organisms could have on our tenants. To date, we have not incurred any material costs or liabilities relating to claims of mold exposure or to abate mold conditions. Because the law regarding mold is unsettled and subject to change, however, we can make no assurance that liabilities resulting from the presence of, or exposure to, mold or other microbial organisms will not have a material adverse effect on our consolidated financial condition or results of operations and our subsidiaries taken as a whole.

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 reducing the number of public entities; 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 ($1,686,251 as of September 30, 2002), which we obtained on May 9, 2000. At September 30, 2002, a hypothetical 100 basis point increase in interest rates would result in an approximate $309,000 decrease in the fair value of the debt and would increase interest expense on the variable rate mortgage by approximately $17,000 annually.

Item 4 - Controls and Procedures

The Chief Executive Officer and Chief Financial Officer of NTS Capital Corporation, the General Partner of our General Partner, have concluded, based on their evaluation within 90 days of the filing date of this report, that our disclosure controls and procedures are effective for gathering, analyzing and disclosing the information we are required to disclose in our reports filed under the Securities Exchange Act of 1934. There have been no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the previously mentioned evaluation.

PART II - OTHER INFORMATION

Item 1 - Legal Proceedings

On September 24, 2002, in a lawsuit filed in December 2001 against our General Partner, the general partners of four public partnerships affiliated with us and several individuals and entities affiliated with us, the plaintiffs voluntarily dismissed two of the individuals and one of the entities that had objected to the lawsuit on personal jurisdiction grounds. This dismissal was the result of an agreement under which some defendants agreed not to contest jurisdiction and plaintiffs agreed to dismiss other defendants. For a description of the lawsuit, see Part I, Item 3 of our Annual Report on Form 10-K for the year ended December 31, 2001, filed with the SEC on March 29, 2002. For information on a development in the lawsuit occurring after September 30, 2002, see Part II, Item 5 of this Quarterly Report on Form 10-Q.

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

On October 22, 2002, in a lawsuit filed in December 2001 against our General Partner, the general partners of four public partnerships affiliated with us and several individuals and entities affiliated with us, the court issued an order sustaining the demurrer of our General Partner and the general partners of two limited partnerships affiliated with us. The effect of this ruling is that our General Partner and these other two general partners are no longer parties to the lawsuit. On the same date the court overruled the demurrer of the general partner of two of the partnerships affiliated with us and one individual and two entities affiliated with us. The entities and individuals whose demurrers were overruled remain defendants in the lawsuit. For a description of the lawsuit, see Part I, Item 3 of our Annual Report on Form 10-K for the year ended December 31, 2001, filed with the SEC on March 29, 2002. For information on another development in this lawsuit, see Part II, Item 1 of this Quarterly Report on Form 10-Q.

Item 6 - Exhibits and Reports on Form 8-K

a) Exhibits:
   99.1 Certification of Chief Executive Officer and Chief Financial Officer.

b) 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: November 14, 2002

CERTIFICATION

Pursuant to Section 302 of the Sarbanes Oxley Act of 2002

I, J.D. Nichols, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NTS-Properties III;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I (herein the "Certifying Officers") are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, (collectively the "Partnership") is made known to the Certifying Officers by others within the Partnership particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report the conclusions of the Certifying Officers about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's Certifying Officers have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors:

   a) all significant deficiencies (if any) in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's Certifying Officers have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

/s/ J.D. Nichols

Chief Executive Officer of NTS Capital Corporation, General Partner of NTS-Properties Associates, General Partner of NTS-Properties III

See also the certification pursuant to Section 906 of the Sarbanes Oxley Act of 2002, which is also attached to this report.

CERTIFICATION

Pursuant to Section 302 of the Sarbanes Oxley Act of 2002

I, Gregory A. Wells, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NTS-Properties III;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I (herein the "Certifying Officers") are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, (collectively the "Partnership") is made known to the Certifying Officers by others within the Partnership, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report the conclusions of the Certifying Officers about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's Certifying Officers have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors:

   a) all significant deficiencies (if any) in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's Certifying Officers have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

/s/ Gregory A. Wells
Chief Financial Officer of NTS Capital Corporation, General Partner of NTS-Properties Associates, General Partner of NTS-Properties III

See also the certification pursuant to Section 906 of the Sarbanes Oxley Act of 2002, which is also attached to this report.

EXHIBIT 99.1

Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350, as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of NTS-Properties III (the "Partnership") for the quarterly period ended September 30, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), J.D. Nichols, as Chief Executive Officer of the Partnership, and Gregory A. Wells, as Chief Financial Officer of the Partnership, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

/s/ J.D. Nichols

Name: J.D. Nichols
Title: Chief Executive Officer of NTS Capital Corporation, General Partner of NTS-Properties Associates, General Partner of NTS-Properties III
Date: November 14, 2002

/s/ Gregory A. Wells

Name: Gregory A. Wells
Title: Chief Financial Officer of NTS Capital Corporation, General Partner of NTS-Properties Associates, General Partner of NTS-Properties III
Date: November 14, 2002

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Partnership for purposes of §18 of the Securities Exchange Act of 1934, as amended.

See also the certification pursuant to Sec. 302 of the Sarbanes-Oxley Act of 2002, which is also attached to this Report.