

**FORM 4**

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

OMB APPROVAL	
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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 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person <b>BANK OF AMERICA CORP /DE/</b>		2. Issuer Name and Ticker or Trading Symbol <b>BLACKROCK MUNIYIELD QUALITY FUND III, INC [MYI]</b>		5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) _____ Other (specify below) _____	
(Last) (First) (Middle) <b>BANK OF AMERICA CORPORATE CENTER, 100 N. TRYON STREET</b>		3. Date of Earliest Transaction (Month/Day/Year) <b>06/06/2011</b>			
(Street) <b>CHARLOTTE, NC 28255</b>		4. If Amendment, Date Original Filed (Month/Day/Year)		6. Individual or Joint/Group Filing (Check Applicable Line) <input type="checkbox"/> Form filed by One Reporting Person <input checked="" type="checkbox"/> Form filed by More than One Reporting Person	
(City) (State) (Zip)		<b>Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned</b>			

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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Auction Rate Preferred (1)(2)	06/06/2011		j(2)		652	D	(2)	0	I	See Footnote (1)
Auction Rate Preferred (1)	06/07/2011		j(2)		831	D	(2)	0	I	See Footnote (1)

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 Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				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		
MERRILL LYNCH, PIERCE, FENNER & SMITH INC. 4 WORLD FINANCIAL CENTER NORTH TOWER NEW YORK, NY 10080		X		

**Signatures**

Bank of America Corporation and Bank of America, N.A., By: /s/ Michael Didovic, Title: Director	06/08/2011
<small>Signature of Reporting Person</small>	<small>Date</small>
Merrill Lynch, Pierce, Fenner & Smith Incorporated, By: /s/ Lawrence Emerson, Title: Attorney-In-Fact	06/08/2011
<small>Signature of Reporting Person</small>	<small>Date</small>
Blue Ridge Investments, L.L.C., By: /s/ John Hiebendahl, Title: SVP	06/08/2011
<small>Signature of Reporting Person</small>	<small>Date</small>

**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).
- (1) The Auction Rate Preferred Shares ("Shares") reported in Table I represent Shares beneficially owned by Merrill Lynch, Pierce Fenner & Smith, Inc. ("MLPFS"), Bank of America, N.A. ("BANA") and Blue Ridge Investors, L.L.C. ("Blue Ridge"). MLPFS and BANA are wholly owned Corporation ("Bank of America") and Blue Ridge is a wholly owned subsidiary of BANA.
- (2) 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 of the issuer, which are treated herein as one class of securities in accordance with the Auction Rate Security letter issued by the Securities and Exchange Commission on September 22, 2008. The transactions relate to CUSIPs 09254E871 and 09254E707.

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

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